

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES

The unaudited consolidated condensed interim accounts (the “Interim Accounts”) for the six months ended 30th September, 2003 are prepared in accordance with Statements of Standard Accounting Practice (“SSAP”) 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual financial statements for the year ended 31st March, 2003 except that the Group has adopted the new SSAP 12 “Income taxes” issued by the Hong Kong Society of Accountants which is effective for the accounting periods commencing on or after 1st January, 2003. The effect to the Group arising from adopting this revised SSAP is set out as below:

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in the condensed consolidated statement of changes in equity, opening retained earnings at 1st April, 2003 has been increased by HK\$4,350,000 (1st April, 2002: HK\$5,276,000) which represent the unprovided net deferred tax assets. This change has resulted in an increase in deferred tax assets and deferred tax liabilities at 31st March, 2003 by HK\$4,720,000 and HK\$370,000 respectively. The profit for the six months ended 30th September, 2002 and 30th September, 2003 has been decreased by HK\$626,000 and increased by HK\$74,000 respectively.

## 2. BUSINESS AND GEOGRAPHICAL SEGMENTS

In accordance with the Group's internal financial reporting, the Group has determined that geographical segments by market are its primary reporting format.

### Geographical segments

The Group reports its primary segment information by geographical location of its customers who are principally located in Hong Kong, Macau, Taiwan and Singapore. Segment information about these geographical markets is presented below:

	Unaudited six months ended 30th September, 2003					
	Hong Kong and Macau HK\$'000	Taiwan HK\$'000	Singapore HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>						
Sales of goods	103,260	48,456	14,613	9,051	-	175,380
Inter-segment sales	4,582	-	-	-	(4,582)	-
	<u>107,842</u>	<u>48,456</u>	<u>14,613</u>	<u>9,051</u>	<u>(4,582)</u>	<u>175,380</u>

Inter-segment sales are charged at prevailing market rates.

<b>SEGMENT RESULT</b>	<u>11,912</u>	<u>3,753</u>	<u>(2,503)</u>	<u>1,024</u>		14,186
Unallocated corporate income						2,140
Unallocated corporate expenses						(2,581)
Profit from operations						13,745
Finance costs						(20)
Profit before taxation						13,725
Taxation						(1,388)
Profit attributable to shareholders						<u>12,337</u>

**2. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)**

	Unaudited six months ended 30th September, 2002					(Restated)
	Hong Kong and Macau HK\$'000	Taiwan HK\$'000	Singapore HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>						
Sales of goods	121,649	50,842	13,130	9,951	-	195,572
Inter-segment sales	3,957	-	-	-	(3,957)	-
	<u>125,606</u>	<u>50,842</u>	<u>13,130</u>	<u>9,951</u>	<u>(3,957)</u>	<u>195,572</u>

Inter-segment sales are charged at prevailing market rates.

<b>SEGMENT RESULT</b>	<u>10,012</u>	<u>3,511</u>	<u>(331)</u>	<u>1,639</u>		14,831
Unallocated corporate income						1,560
Unallocated corporate expenses						<u>(1,405)</u>
Profit from operations						14,986
Finance costs						<u>(483)</u>
Profit before taxation						14,503
Taxation						<u>(1,612)</u>
Profit attributable to shareholders						<u>12,891</u>

**3. PROFIT FROM OPERATIONS**

	Six months ended 30th September,	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000

Profit from operations has been arrived at after charging:

Depreciation of property, plant and equipment	<u>8,780</u>	<u>10,372</u>
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and after crediting:

Interest income	<u>142</u>	<u>115</u>
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## 4. TAXATION

	<b>Six months ended 30th September,</b>	
	<b>2003</b>	2002
	<b>(Unaudited)</b>	(Unaudited) (Restated)
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	577	914
Overseas Taxation	885	72
Deferred taxation relating to the origination and reversal of temporary difference		
	76	626
Deferred taxation resulting from an increase in tax rate		
	<u>(150)</u>	<u>–</u>
	<u><b>1,388</b></u>	<u><b>1,612</b></u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) on the estimated assessable profits for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$12,337,000 (2002 restated: HK\$12,891,000) and on the 1,656,000,000 shares in issue (2002: 1,656,000,000 shares) during the period.

**6. TRADE AND OTHER RECEIVABLES**

At 30th September, 2003, included in the Group's trade and other receivables were trade receivables of HK\$17,469,000 (31st March, 2003: HK\$22,845,000). The Group allows 30 to 60 days credit period for credit card receivables arising from its retail customers and receivables from sales counters and an average credit period of 60 to 120 days to its wholesale customers. Details of the aged analysis of trade receivables are as follows:

	<b>30th September, 2003 (Unaudited) HK\$'000</b>	31st March, 2003 (Audited) HK\$'000
Within 30 days	7,639	4,746
31 – 60 days	4,159	5,210
60 – 90 days	2,387	1,599
Over 90 days	3,284	11,290
	<u>17,469</u>	<u>22,845</u>

**7. TRADE AND OTHER PAYABLES**

At 30th September, 2003, included in the Group's trade and other payables were trade payables of HK\$10,540,000 (31st March, 2003: HK\$5,132,000). Details of the aged analysis of the trade payables are as follows:

	<b>30th September, 2003 (Unaudited) HK\$'000</b>	31st March, 2003 (Audited) HK\$'000
Within 30 days	5,565	2,479
31 – 60 days	4,312	904
Over 60 days	663	1,749
	<u>10,540</u>	<u>5,132</u>

## 8. SHARE CAPITAL

	<b>30th September, 2003</b>	31st March, 2003
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Authorised:		
10,000,000,000 shares of HK\$0.01 each	<b><u>100,000</u></b>	<u>100,000</u>
Issued and fully paid:		
1,656,000,000 ordinary shares of HK\$0.01 each	<b><u>16,560</u></b>	<u>16,560</u>

## 9. CONTINGENT LIABILITIES

At 30th September, 2003, the Company had guarantees of approximately HK\$84,390,000 (31st March, 2003: HK\$84,390,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company. The amount utilised by the subsidiaries was approximately HK\$713,000 (31st March, 2003: HK\$922,000) as at 30th September, 2003.

## 10. OPERATING LEASE COMMITMENTS

At 30th September, 2003, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>30th September, 2003</b>	31st March, 2003
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>88,730</b>	84,825
In the second to fifth year inclusive	<b>53,898</b>	77,982
Over five years	<b>–</b>	12,685
	<b><u>142,628</u></b>	<u>175,492</u>

In addition to these commitments, the Group may pay additional rental expenses in respect of certain premises which are dependent upon the level of sales achieved by particular shops.

**11. PLEDGE OF ASSETS**

At 30th September, 2003, the following assets were pledged by the Group to certain banks to secure general banking facilities granted to the Group:

	<b>30th September, 2003 (Unaudited) HK\$'000</b>	31st March, 2003 (Audited) HK\$'000
Investment properties	<b>24,950</b>	24,950
Leasehold land and buildings	<b>14,125</b>	14,400
Short term bank deposits	<b>1,353</b>	1,349
	<b><u>40,428</u></b>	<u>40,699</u>

**INTERIM DIVIDEND**

At the board meeting held on 15th December, 2003, the board of directors has resolved to declare the payment of an interim dividend of HK0.30 cent (2003: HK0.23 cent) per share of HK\$0.01 each for the financial year ending 31st March, 2004. The interim dividend will be payable on 15th January, 2004 to shareholders whose names appeared on the register of members of the Company at the close of business on 9th January, 2004.

**CLOSURE OF REGISTER OF MEMBERS**

The register of members of the company will be closed from Wednesday, 7th January, 2004 to Friday, 9th January, 2004 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 6th January, 2004.