

# Notes to the Accounts

## 1. BASIS OF PREPARATION

The unaudited consolidated interim accounts have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies used in the preparation of the interim accounts are consistent with those used in the annual accounts for the fifteen months ended 31 March 2001 except method of accounting for segment reporting as described below:

In Note 2 to the accounts, the Group has disclosed segment revenue and results as defined under SSAP 26 “Segment Reporting”. In accordance with the Group’s internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Comparative information has been given.

## 2. SEGMENT INFORMATION

The Group is principally engaged in sales of designer fashion garments, cosmetics, homeware and accessories, and food and beverages.

An analysis of the Group’s revenue and contribution to operating (loss)/profit for the period by business segment is as follows:

	Revenue		Operating (loss)/profit	
	30/09/2001	30/06/2000	30/09/2001	30/06/2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Business segments:</b>				
Retail	<b>230,058</b>	394,983	<b>(24,354)</b>	10,685
Food & beverage	<u>6,147</u>	<u>8,142</u>	<u>(1,536)</u>	<u>(1,111)</u>
	<b><u>236,205</u></b>	<u>403,125</u>	<b><u>(25,890)</u></b>	<u>9,574</u>

The Group is organised into two main business segments as follows:

Retail – sales of designer fashion garments, cosmetics, homeware and accessories

Food & beverage – restaurant operations

There are no sale or other transaction between the business segments.

An analysis of the Group's revenue and contribution to operating (loss)/profit for the period by geographical segment is as follows:

	<b>Revenue</b>		<b>Operating (loss)/profit</b>	
	<b>30/09/2001</b>	30/06/2000	<b>30/09/2001</b>	30/06/2000
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
<b>Geographical segments:</b>				
Hong Kong	<b>208,243</b>	359,417	<b>(23,117)</b>	8,573
Taiwan	<b>27,637</b>	42,699	<b>(2,711)</b>	1,342
Others	<b>325</b>	1,009	<b>(62)</b>	(341)
	<b><u>236,205</u></b>	<u>403,125</u>	<b><u>(25,890)</u></b>	<u>9,574</u>

The Group operates in two main geographical areas as follows:

Hong Kong – retail and food & beverage

Taiwan – retail only

### 3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging the followings:

	<b>30/09/2001</b>	30/06/2000
	<b>HK\$'000</b>	HK\$'000
Cost of inventories sold	<b>110,615</b>	173,512
Depreciation	<b><u>17,682</u></b>	<u>20,856</u>

### 4. BORROWING COSTS

	<b>30/09/2001</b>	30/06/2000
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans and overdrafts	<b><u>178</u></b>	<u>1,191</u>

### 5. TAXATION

No provision for Hong Kong and overseas profits tax has been made as there were no net assessable profits generated during the period (period ended 30 June 2000 – Nil).

## 6. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the net loss attributable to shareholders for the period of HK\$26,068,000 (period ended 30 June 2000 – a profit of HK\$8,383,000) and the weighted average of 1,600,000,000 shares (period ended 30 June 2000 – 780,000,000 shares) in issue.

### (b) Diluted (loss)/earnings per share

As the share options of the Company would not result in the issue of ordinary shares for less than fair value, there is no dilutive effect on the (loss)/earnings per share for either the period ended 30 September 2001 or 30 June 2000.

## 7. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the period ended 30 September 2001 (period ended 30 June 2000 – Nil).

## 8. TRADE AND OTHER RECEIVABLES

The amount of trade receivables included in the balance of trade and other receivables as at 30 September 2001 amounted to HK\$9,487,000 (31 March 2001 – HK\$4,399,000), which are all receivable within 30 days.

## 9. TRADE PAYABLES AND BILLS PAYABLE

The ageing analysis of trade payables and bills payable is as follows:

	<b>30/09/2001</b>	31/03/2001
	<b>HK\$'000</b>	HK\$'000
Aged:		
Within 30 days	<b>23,293</b>	28,255
Between 31 to 60 days	<b>8,482</b>	9,744
Between 61 to 90 days	<b>4,116</b>	4,725
Over 90 days	<b>418</b>	—
	<b><u>36,309</u></b>	<u>42,724</u>

## 10. CONTINGENT LIABILITIES

The contingent liabilities of the Group as at 30 September 2001 are as follows:

	<b>30/09/2001</b> <b>HK\$'000</b>	31/03/2001 HK\$'000
Forward foreign exchange contracts	<u>33,178</u>	<u>—</u>

## 11. CAPITAL COMMITMENTS

There were no significant capital commitments outstanding at 30 September 2001 (31 March 2001 — Nil).

## 12. MATERIAL RELATED PARTY TRANSACTIONS

Saved as disclosed below, neither the Group nor the Company has been a party to any material related party transaction during the period ended 30 September 2001.

	<b>30/09/2001</b> <b>HK\$'000</b>	30/06/2000 HK\$'000
Rental expenses paid to a company in which a Director of the Company has a beneficial interest	—	5,040
Rental expenses paid to an associate of the ultimate holding company	<b>1,364</b>	—
Rental expenses paid to a subsidiary of the ultimate holding company	<b>1,370</b>	—

Note: The rental expenses related to the leasing of certain retail areas/shops were based on estimated open market rentals.

## 13. COMPARATIVE AMOUNTS

The profit and loss account presentation has been revised to a functional based layout, which is considered more appropriate and representative of the current structure as instigated by the ultimate holding company. Accordingly, certain comparative amounts of the profit and loss account have been reclassified to conform with the current period's presentation.

## 14. REVIEW OF UNAUDITED INTERIM ACCOUNTS

The unaudited interim accounts for the six months ended 30 September 2001 have been reviewed by the audit committee of the Company.