



NOTES TO THE CONDENSED CONSOLIDATED ACCOUNTS

(1) Principal accounting policies and basis of presentation

These condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

The consolidated interim financial statements for the period ended 30 June 2003 are unaudited and have been reviewed by the Audit Committee of the Company.

The accounting policies and basis of preparation adopted in the preparation of the consolidated interim financial statements are consistent with those adopted in the audited financial statements for the nine months from 1 April 2002 to 31 December 2002, except for the adoption of the revised SSAP 12 "Income taxes" which is effective for the accounting periods commencing on or after 1 January 2003. This change in new accounting policy does not have any material impact on the Group's results and net assets for the current or prior periods.

During 2002, the directors of the Company resolved to change its accounting year end date from 31 March to 31 December in order to facilitate the preparation of the consolidated accounts. As a result, the condensed consolidated profit and loss account for the current period cover the six months period from 1 January 2003 to 30 June 2003. Accordingly, the comparative amounts shown for the condensed consolidated profit and loss account and related notes cover the six months period from 1 April 2002 to 30 September 2002.

(2) Segment information

(a) Business segments

	Retail operations		Export operations		Others		Consolidated	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30 June	30 September	30 June	30 September	30 June	30 September	30 June	30 September
	2003	2002	2003	2002	2003	2002	2003	2002
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:								
Sales to external customers	831,244	799,082	584,376	693,550	113,437	128,538	1,529,057	1,621,170
Other revenue and gains	11,039	2,424	10,543	16,302	14,030	21,311	35,612	40,037
Total revenue	<u>842,283</u>	<u>801,506</u>	<u>594,919</u>	<u>709,852</u>	<u>127,467</u>	<u>149,849</u>	<u>1,564,669</u>	<u>1,661,207</u>
Segment results	<u>70,634</u>	<u>60,561</u>	<u>60,910</u>	<u>74,441</u>	<u>28,543</u>	<u>30,923</u>	<u>160,087</u>	<u>165,925</u>
Interest income and unallocated revenue							5,895	6,803
Unallocated expenses							(13,078)	(12,543)
Profit from operating activities							152,904	160,185
Finance costs							(10,317)	(13,304)
Share of profits and losses of:								
Jointly-controlled entities	-	-	501	603	2,805	482	3,306	1,085
Associates	-	-	28,824	19,809	-	-	28,824	19,809
Profit before tax							174,717	167,775
Tax							(31,731)	(17,630)
Profit before minority interests							142,986	150,145
Minority interests							(50,818)	(58,088)
Net profit from ordinary activities attributable to shareholders							<u>92,168</u>	<u>92,057</u>



(2) Segment information (Continued)

(b) Geographical segments

For the six months ended 30 June 2003 (Unaudited)

	Mainland China HK\$'000	Hong Kong HK\$'000	United States of America HK\$'000	Australia and New Zealand HK\$'000	Canada HK\$'000	Others HK\$'000	Consolidated HK\$'000
Segment revenue:							
Sales to external customers	<u>597,709</u>	<u>78,930</u>	<u>489,631</u>	<u>262,829</u>	<u>33,408</u>	<u>66,550</u>	<u>1,529,057</u>

For the six months ended 30 September 2002 (Unaudited)

	Mainland China HK\$'000	Hong Kong HK\$'000	United States of America HK\$'000	Australia and New Zealand HK\$'000	Canada HK\$'000	Others HK\$'000	Consolidated HK\$'000
Segment revenue:							
Sales to external customers	<u>555,015</u>	<u>80,094</u>	<u>603,952</u>	<u>280,907</u>	<u>33,928</u>	<u>67,274</u>	<u>1,621,170</u>

(3) Profit from operating activities

Profit from operating activities is arrived at after charging depreciation amounting to HK\$51,578,000 (2002: HK\$56,277,000).



(4) Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profit assessable elsewhere have been calculated at the rates of taxation prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended	
	30 June 2003 (Unaudited) <i>HK\$'000</i>	30 September 2002 (Unaudited) <i>HK\$'000</i>
Company and subsidiaries:		
Hong Kong	6,114	9,024
Elsewhere	14,760	1,837
Deferred tax	(269)	1,326
	20,605	12,187
Share of tax attributable to:		
Jointly-controlled entities	87	-
Associates	11,039	5,443
	11,126	5,443
Tax charge for the period	31,731	17,630

(5) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the six months ended 30 June 2003 of HK\$92,168,000 (2002: HK\$92,057,000) and 1,000,584,000 (2002: 1,000,584,000) shares in issue during the period.

(b) Diluted earnings per share

As the subscription prices of the share options outstanding during the period ended 30 June 2003 and 30 September 2002 are higher than the respective average market price of the Company's shares during both period, there is no dilution effect on the basic earnings per share. Accordingly no diluted earnings per share for both periods have been disclosed.



(6) Trade and bills receivable

The trade and bills receivable include trade debtors of HK\$116,220,000 (31 December 2002: HK\$169,531,000), an aged analysis of which is as follows:

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Less than 4 months	89,861	132,774
4-6 months	12,277	21,480
Over 6 months	14,082	15,277
	<u>116,220</u>	<u>169,531</u>

Majority of the balances are on letter of credit (sight or usance).

(7) Trade and bills payable

Trade and bills payable include trade creditors of HK\$195,052,000 (31 December 2002: HK\$241,741,000), an aged analysis of which is as follows:

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Less than 4 months	174,232	208,189
4-6 months	10,768	18,896
Over 6 months	10,052	14,656
	<u>195,052</u>	<u>241,741</u>

(8) Comparative amounts

Certain comparative amounts have been reclassified to conform with the current period's presentation.