

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2004

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and SSAP No. 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those adopted by the Group in its annual financial statements for the year ended 29 February 2004.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

3. SEGMENT INFORMATION

The Group is principally engaged in the operation of general merchandise stores. No business segment analysis is presented as the management considers that the Group has one single business segment. The Group's operations are located in Hong Kong and the PRC, other than Hong Kong.

An analysis of the Group's revenue and results by geographical segment is as follows:

2004

	Hong Kong	PRC	Consolidated
	HK\$'000	HK\$'000	HK\$'000
TURNOVER	1,630,587	612,409	2,242,996
SEGMENT RESULT			
Profit from operations	25,336	12,686	38,022
Finance costs	(8)	–	(8)
Profit from ordinary activities before taxation	25,328	12,686	38,014
Income tax expenses	(7,138)	(1,984)	(9,122)
Profit before minority interest	18,190	10,702	28,892

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

3. SEGMENT INFORMATION (continued)

2003

	Hong Kong HK\$'000	PRC HK\$'000	Consolidated HK\$'000
TURNOVER	1,602,085	483,393	2,085,478
SEGMENT RESULT			
Profit (loss) from operations	21,677	(13,038)	8,639
Finance costs	(13)	–	(13)
Profit (loss) from ordinary activities before taxation	21,664	(13,038)	8,626
Income tax (expenses) credit	(8,583)	58	(8,525)
Profit (loss) before minority interest	13,081	(12,980)	101

4. PRE-OPERATING EXPENSES

Amounts represent set up costs for new stores. Included in pre-operating expenses were staff costs of HK\$1,507,000.

5. FINANCE COSTS

The finance costs represent interest on bank overdraft.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(continued)**

6. INCOME TAX EXPENSES

	Six months ended	
	31.8.2004	31.8.2003
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	7,300	8,265
PRC income tax	1,984	863
Overprovision of PRC income tax in previous periods	-	(921)
	9,284	8,207
Deferred tax in Hong Kong:		
(Credit) charge for the current period Attributable to a change in tax rate in Hong Kong	(162)	1,241
	-	(923)
	(162)	318
	9,122	8,525

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the six months ended 31 August 2004.

PRC income tax is calculated at 33% of the estimated assessable profit of the subsidiaries.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

7. DIVIDENDS

On 28 July 2004, a dividend of 13.0 HK cents (2003: 9.0 HK cents) per share amounting to HK\$33,800,000 (2003: HK\$23,400,000) was paid to shareholders as the final dividend for the year ended 29 February 2004.

The Board of Directors has declared that an interim dividend of 4.0 HK cents (2003: 1.0 HK cent) per share amounting to HK\$10,400,000 (2003: HK\$2,600,000) be paid to the shareholders of the Company whose names appear on the Register of Members of the Company on 19 November 2004. The interim dividend will be paid on or before 30 November 2004.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's net profit for the period of HK\$26,711,000 (2003: HK\$5,853,000) and on 260,000,000 (2003: 260,000,000) ordinary shares in issue during the period.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$39 million (six months ended 31 August 2003: HK\$44 million) on property, plant and equipment to expand its operations.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

10. TRADE RECEIVABLES

The Group does not have a defined fixed credit policy as its major trade receivables arise from credit card sales.

The following is an aged analysis of trade receivables at the balance sheet date:

	31.8.2004 HK\$'000	29.2.2004 HK\$'000
Within due dates	9,758	15,451
Overdue under 30 days	91	61
Overdue over 30 days	–	10
	9,849	15,522

11. TRADE PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	31.8.2004 HK\$'000	29.2.2004 HK\$'000
Within due dates	511,150	778,221
Overdue under 30 days	28,007	48,390
Overdue over 30 days	32,910	38,771
	572,067	865,382

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

12. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.20 each		
Authorised:		
At 31 August 2004 and 29 February 2004	350,000,000	70,000
Issued and fully paid:		
At 31 August 2004 and 29 February 2004	260,000,000	52,000

13. CAPITAL COMMITMENTS

	31.8.2004	29.2.2004
	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	972	19,557