

FINANCIAL RESULTS

The Group's unaudited consolidated turnover for the six months ended 31 December 2001 amounted to HK\$782 million (2000: HK\$738 million). China market continued to sustain growth, contributing HK\$625 million, or 80 per cent of the Group's turnover, compared to HK\$553 million or 75 per cent in the last corresponding period. European sales were affected by the economic recession, and turnover accounted for HK\$110 million, or 14 per cent of total, compared to HK\$131 million or 18 per cent in the previous corresponding period.

Gross profit remained steady at HK\$362 million (2000: HK\$383 million). Net profit for the six months ended 31 December 2001 was HK\$101 million (2000: HK\$159 million), and earnings per share was HK0.84 cent. The lower profitability was in part due to higher operating costs resulting from the deferment of customer orders subsequent to the September incident in the US.

Compared to the prior six-month period, the Group's profitability trend continued with a slight increase of about 8 per cent (Net Profit for the six months ended 30 June 2001: HK\$94 million). The results of both consecutive periods reflected in part an increase of amortisation of the Group's e-commerce capital assets, which was not yet matched by corresponding revenue growth, as is common for new businesses in their initial phase of revenue generation. Yet the quality of the Group's e-commerce investments remained high, and some of these were quick to evolve into revenue-generating clicks-and-mortar businesses that integrate smoothly in synchronization with its core activities.