

[NOTES TO CONDENSED CONSOLIDATED ACCOUNTS]

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim accounts (“Interim Accounts”) have been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Statement of Standard Accounting Practice (“SSAP”) 25 (revised) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 30th September, 2004 except for the early adoption of Hong Kong Accounting Standard (“HKAS”) 40 “Investment Property” issued by the HKICPA which is effective for accounting periods commencing on or after 1st January, 2005.

In prior years, investment properties held on leases with unexpired periods of greater than 20 years are valued by independent valuers annually. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the accounts: increases in valuation are credited to the investment properties revaluation reserve; decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit; and any subsequent increases are credited to operating profit up to the amount previously debited.

Pursuant to the fair value model of HKAS 40, which the Group has elected to apply, fair value changes in investment properties are to be recognized in the Interim Accounts in the period in which they arise. As a result of the adoption of this accounting policy, the Group’s operating profit for the current period has included approximately HK\$15.6 million as gain on increase in fair value of investment properties attributable to the Group.

The effect of adopting the new accounting policy was adjusted to the opening balance of investment properties revaluation reserve and retained profits of approximately HK\$6.4 million, respectively, as at 1st October, 2004 in accordance with the transitional provisions of HKAS 40. Comparative information has not been restated. Certain comparative figures have been reclassified to conform to current period’s presentation.

2. SEGMENT INFORMATION

The Group is principally engaged in the retail sales of skin-care products, provision of beauty-salon, spa and other related services. An analysis of the Group's turnover and contribution to operating profit for the period by business segments is as follows:

	Turnover Six months ended 31st March,		Contribution to operating profit Six months ended 31st March,	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Primary reporting format – business segments				
Retail sales of skin-care products	144,936	136,636	14,297	10,727
Provision of beauty-salon, spa and other related services	54,649	45,305	5,313	4,642
	199,585	181,941	19,610	15,369
Other revenues			1,287	1,561
Gain arising from change in fair value of investment properties			15,563	1,299
Unallocated corporate expenses			(18,290)	(15,508)
Operating profit			18,170	2,721

The geographical analysis of the Group's turnover for the period is as follows:

	Turnover Six months ended 31st March,	
	2005 HK\$'000	2004 HK\$'000
Secondary reporting format – geographical segments		
Hong Kong and Macau	104,228	100,506
China	52,139	42,997
Taiwan	39,753	38,109
Singapore	3,465	329
	199,585	181,941

3. OPERATING PROFIT

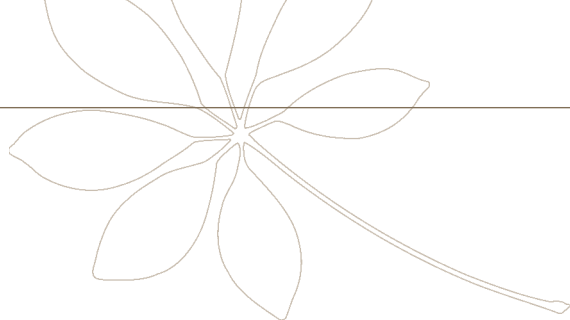
Operating profit is stated after crediting and charging the following:

	Six months ended 31st March,	
	2005 HK\$'000	2004 HK\$'000
Crediting		
Gain on disposals of fixed assets	16	151
Gain on disposals of trading investments	580	–
Gain on redemption of other investment	34	–
Charging		
Amortization of intangible assets	637	583
Depreciation	7,958	8,448
Loss on disposals of trading investments	–	61
Staff costs	61,967	47,304
Interest expenses on long-term bank loan	203	–

4. TAXATION

	Six months ended 31st March,	
	2005 HK\$'000	2004 HK\$'000
Hong Kong profits tax	129	196
Overseas taxation	1,560	1,010
Deferred taxation	3,361	–
	5,050	1,206

Hong Kong profits tax has been provided for the period at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit, after setting off available tax losses brought forward from prior year. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.



5. DIVIDENDS

At the Board meeting held on 15th June, 2005, the directors declared an interim dividend of 1.0 HK cent per share (2004: 0.5 HK cent per share) and a special dividend of 2.5 HK cent per share (2004: Nil) (collectively the "Interim Dividend"). This proposed Interim Dividend is not reflected as a dividend payable in the Interim Accounts, but will be reflected as an appropriation of retained profits for the year ending 30th September, 2005.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of approximately HK\$12,601,000 (2004: HK\$1,343,000) and the weighted average number of 342,116,000 (2004: 325,935,497) ordinary shares in issue during the six months ended 31st March, 2005.

No diluted earnings per share is calculated for the period ended 31st March, 2005 (2004: Nil) since the exercise prices of the Company's outstanding options were higher than the average fair value per share of the Company during the period and the potential ordinary shares would have no dilutive effect.

7. FIXED ASSETS

During the period ended 31st March 2005, the Group incurred capital expenditure of approximately HK\$20,720,000 (30th September, 2004: HK\$54,190,000). No significant disposal of fixed assets was made during the period.

8. ACCOUNTS RECEIVABLE

Details of the ageing analysis are as follows:

	As at 31st March,	As at 30th September,
	2005 HK\$'000	2004 HK\$'000
0 to 30 days	27,904	22,277
31 days to 60 days	2,003	1,205
61 days to 90 days	968	1,610
Over 90 days	1,314	80
	32,189	25,172

Credit terms generally range from 30 days to 90 days.

9. ACCOUNTS PAYABLE

Details of the ageing analysis are as follows:

	As at 31st March,	As at 30th September,
	2005 HK\$'000	2004 HK\$'000
0 to 30 days	10,419	6,583

10. LONG-TERM BANK LOAN

	As at 31st March,	As at 30th September,
	2005 HK\$'000	2004 HK\$'000
Total of long-term bank loan – secured	17,713	18,687
Current portion of long-term bank loan	(1,950)	(1,950)
	15,763	16,737

At 31st March 2005, the Group's long-term bank loan was repayable as follows:

	As at 31st March,	As at 30th September,
	2005 HK\$'000	2004 HK\$'000
Within one year	1,950	1,950
In the second year	1,950	1,950
In the third to fifth year	5,850	5,850
After the fifth year	7,963	8,937
	17,713	18,687
Current portion of long-term bank loan	(1,950)	(1,950)
	15,763	16,737

The long-term bank loan was secured by certain investment properties of the Group.

11. SHARE CAPITAL

Authorised ordinary shares of HK\$0.1 each		
	No. of shares	HK\$'000
At 31st March, 2005	1,000,000,000	100,000

Issued and fully paid ordinary shares of HK\$0.1 each		
	No. of shares	HK\$'000
At 1st October, 2004 and 31st March, 2005	342,116,000	34,212

12. COMMITMENTS

(a) Capital commitments for fixed assets

	As at 31st March, 2005 HK\$'000	As at 30th September, 2004 HK\$'000
Contracted but not provided for	–	9,744

(b) Commitments under operating leases

The Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	As at 31st March, 2005 HK\$'000	As at 30th September, 2004 HK\$'000
Not later than one year	34,225	38,232
Later than one year and not later than five years	35,375	35,892
	69,600	74,124

13. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31st March, 2005 (30th September, 2004: Nil).