

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(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 six months ended 30 June 2004 are unaudited and have been reviewed by the Audit Committee of the Company.

The accounting policies and basis of preparation used in the preparation of the consolidated interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2003.

(2) Segment information

(a) Business segments

Six months ended 30 June

	Retail operations		Export operations		Others		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	1,060,642	831,244	562,775	584,376	81,969	113,437	1,705,386	1,529,057
Other revenue and gains	11,196	11,039	14,141	10,543	7,982	14,030	33,319	35,612
	<u>1,071,838</u>	<u>842,283</u>	<u>576,916</u>	<u>594,919</u>	<u>89,951</u>	<u>127,467</u>	<u>1,738,705</u>	<u>1,564,669</u>
Total revenue								
	<u>93,506</u>	<u>70,634</u>	<u>51,884</u>	<u>60,910</u>	<u>21,630</u>	<u>28,543</u>	<u>167,020</u>	<u>160,087</u>
Segment results								
Interest income and unallocated revenue							5,225	5,895
Unallocated expenses							(16,314)	(13,078)
Profit from operating activities							155,931	152,904
Finance costs							(9,570)	(10,317)
Share of profits and losses of:								
Jointly-controlled entities	-	-	330	501	87	2,805	417	3,306
Associates	-	-	31,441	28,824	-	-	31,441	28,824
Profit before tax							178,219	174,717
Tax							(42,361)	(31,731)
Profit before minority interests							135,858	142,986
Minority interests							(34,173)	(50,818)
Net profit from ordinary activities attributable to shareholders							<u>101,685</u>	<u>92,168</u>



(2) Segment information (Continued)

(b) Geographical segments

Six months ended 30 June 2004 (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>711,662</u>	<u>79,131</u>	<u>468,165</u>	<u>366,757</u>	<u>37,319</u>	<u>42,352</u>	<u>1,705,386</u>

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>

(3) Profit from operating activities

The Group's profit from operating activities is arrived at after charging depreciation amounting to HK\$53,675,000 (2003: HK\$51,578,000).



(4) Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profit assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong	8,174	6,114
Current – Elsewhere	26,290	14,760
Deferred	(584)	(269)
	<u>33,880</u>	<u>20,605</u>
Share of tax attributable to:		
Jointly-controlled entities	–	87
Associates	8,481	11,039
	<u>8,481</u>	<u>11,126</u>
Tax charge for the period	<u>42,361</u>	<u>31,731</u>

(5) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the six months ended 30 June 2004 of HK\$101,685,000 (2003: HK\$92,168,000) and 1,000,584,000 (2003: 1,000,584,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit from ordinary activities attributable to shareholders for the six months ended 30 June 2004 of HK\$101,685,000. The weighted average number of ordinary shares used in the calculation is the 1,000,584,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 14,609,068 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

A diluted earnings per share for 2003 has not been disclosed as no diluting events existed during that period.



(6) Trade and bills receivable

The trade and bills receivable include trade receivables, net of provision for doubtful debts of HK\$105,294,000 and bills receivables of HK\$246,577,000. The aged analysis of trade receivables is as follows:

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Less than 4 months	80,065	131,431
4-6 months	20,164	7,425
Over 6 months	5,065	2,985
	<u>105,294</u>	<u>141,841</u>

The Group allows an average credit period of 45 days to its trade customers.

(7) Trade and bills payable

Trade and bills payable include trade payables of HK\$190,619,000. The aged analysis of trade payables is as follows:

	30 June 2004 (Unaudited) HK\$'000	31 December 2003 (Audited) HK\$'000
Less than 4 months	169,623	276,012
4-6 months	15,787	7,705
Over 6 months	5,209	7,806
	<u>190,619</u>	<u>291,523</u>

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of 2.70 HK cents (2003: 2.70 HK cents) per share for the six months ended 30 June 2004 to shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 23 September 2004. The interim dividend is expected to be paid to shareholders by post on or around Tuesday, 28 September 2004.

