INTERIM DIVIDEND

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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 16 November 2004 to 19 November 2004 (both days inclusive), during which period no share transfers will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 15 November 2004.

BUSINESS REVIEW

The Group managed an increase in both turnover and profit for the six months ended 31 August 2004. During the review period, turnover grew 7.6% to HK$2,243 million when compared with HK$2,085 million recorded in the corresponding period the previous year. Gross profit margin maintained at 25.6% as compared to 25.7% in the same period in 2003. Profit attributable to shareholders increased by 356.4% to HK$26.7 million. This substantial growth was mainly attributable to the overall satisfactory performance of our stores in Hong Kong and the PRC.

BUSINESS REVIEW (continued)

With market sentiment in Hong Kong picking up since the second half of 2003, customers have been more willing to spend, putting the local retail market on the road of recovery during the period. Hong Kong at large is benefiting from the PRC relaxing its restrictions on individual travellers to the territory. Hong Kong sales rose 1.8% to HK$1,631 million. Profit from operations increased 16.9% to HK$25.3 million. The slight sales increment was due to the closure of the Tsz Wan Shan Store in January 2004. The Group opened its fifth JUSCO $10 Plaza in Tseung Kwan O in April 2004. The Group partially closed its Tseung Kwan O Store from March to May 2004 for renovation. Based on survey findings of the needs and preferences of customers in Tseung Kwan O and neighbouring districts, a "new-concept" JUSCO, with an expanded supermarket (the largest among all JUSCO Stores in Hong Kong) and a comprehensive children corner "Kids Land", reopened by the end of May. The renovated store received positive feedback from customers. The Group will consider applying the same model when renovating existing stores and in enhancing product displays in other General Merchandise Store ("GMS") to ensure that customers are provided with excellent services.

Strong economic growth in the PRC during the period was the catalyst that boosted the overall performance of the Group's GMS network in the South China Region. Smoother daily operations and increasing popularity of our brand led to overall improvement of our results. The PRC sales increased 26.7% to HK$612 million when compared with HK$483 million recorded in 2003. Profit from operations recorded HK$12.7 million, successfully turned around from HK$13.0 million loss last year. Our Zhongshan Store was in full operation during the period as compared to 2 months of operation in the corresponding period in 2003. The Teem Plaza Store resumed full operation after renovation last year with a bigger supermarket to satisfy the needs of customers in Guangzhou.

BUSINESS REVIEW (continued)

With services enhanced and the ability to promptly respond to customers' needs, the operation of the PRC stores picked up and business began to grow at a steady yet faster rate, generating contribution to the Group. The management believes that the opening of more GMS will on the one hand further boost sales and on the other allow the Group to enjoy economies of scale in the long term.

To maintain its leading position, the Group is committed to enriching and diversifying its product mix, while strengthening its promotional campaigns to enhance its competitive edges. Additional promotional campaigns were mounted to create momentum, attract and retain loyal customers.

During the period, staff cost against turnover dropped from 9.5% to 9.1% while rental cost against turnover also fell from 8.8% to 8.4%. These were due to the lower staff and rental cost ratio in the PRC operations, slashing the overall cost ratio in staff and rental.

The Group maintained a strong and healthy financial position with no bank borrowings and a net cash balance of HK$626 million as at 31 August 2004 (29 February 2004: HK$832 million).

Capital expenditure during the period amounted to HK$39 million (2003: HK$44 million), which was used on renovations and opening of new stores. The Group will continue to fund its capital expenditure by internal resources.

Exchange rate fluctuations had no material impact on the Group as less than 5% of its total purchases were settled in foreign currencies.