

Notes to Unaudited Interim Financial Statements

1 BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (“Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Committee in so far as is in compliance with the Main Board Listing Rules of the Stock Exchange.

2 SEGMENTAL INFORMATION

	<i>Group Revenue Six months ended 30 June</i>		<i>Contribution to Profit from operations Six months ended 30 June</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By business segments				
Motor vehicle distribution	2,608,310	1,987,846	244,130	151,934
Heavy commercial vehicle and industrial equipment distribution	143,558	157,240	17,863	15,415
Sale of telecommunication products	16,577	48,884	131	789
Properties rental	12,810	20,843	(5,948)	9,675
Other operation	66,798	59,613	11,178	10,809
	2,848,053	2,274,426	267,354	188,622

	<i>Group Revenue Six months ended 30 June</i>	
	<i>2001</i>	<i>2000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
By geographical locations		
Singapore	2,757,600	2,188,041
Hong Kong	49,098	42,386
PRC	12,403	10,278
Others	28,952	33,721
	2,848,053	2,274,426

3 PROFIT BEFORE TAXATION AND MINORITY INTERESTS

Profit before taxation and minority interests is arrived at after charging/(crediting):

	<i>Six months ended 30 June</i>	
	<i>2001</i>	<i>2000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense	3,626	4,907
Write-down in value of investment properties	15,661	-
Loss on revaluation of long-term quoted equity investment	10,964	-
Depreciation	21,869	20,929
Gain on sale of fixed assets	(2,130)	(2,798)

4 TAXATION

The analysis of income tax expense is as follows:

	<i>Six months ended 30 June</i>	
	<i>2001</i>	<i>2000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	Nil	Nil
Elsewhere	78,984	53,946
Associates	3,558	2,997
	82,542	56,943

The Group's applicable tax rate represents the weighted average of the statutory corporate income tax rates, which mainly range between 16% (2000: 16%) and 24.5% (2000: 25.5%), in the tax jurisdictions in which the Group operates.

5 DIVIDENDS

	<i>Six months ended 30 June</i>	
	<i>2001</i>	<i>2000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) At balance sheet date the following dividend has been approved and declared:		
Final dividend paid in respect of the prior year	60,399	50,400
(ii) After balance sheet date the following dividend has been declared by the directors. The dividend has not been provided for:		
Interim dividend of 1.5 cents (2000: 1.5 cents) per share	30,200	30,200

6 EARNINGS PER SHARE

Earnings per share for the six months ended 30 June 2001 is calculated by dividing the Group's profit attributable to shareholders of approximately HK\$192,087,000 (2000: HK\$134,461,000) by the weighted average number of shares of 2,013,309,000 (2000: 2,013,591,000) in issue during the period. The amount of diluted earnings per share is not presented as there were no dilutive shares outstanding during the six months ended 30 June 2001 and 2000.

7 TRADE DEBTORS

Included in trade debtors are debtors (net of specific provisions for bad and doubtful debts) with the following ageing analysis:

	<i>at</i>	<i>at</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2001</i>	<i>2000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	130,750	155,737
1 to 3 months overdue	30,292	32,959
More than 3 months overdue but less than 12 months overdue	595	4,464
	161,637	193,160

Debts are due within 1 month from the date of billing. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted.

8 CASH AND CASH EQUIVALENTS

	<i>at</i> <i>30 June</i> <i>2001</i> <i>HK\$'000</i>	<i>at</i> <i>31 December</i> <i>2000</i> <i>HK\$'000</i>
Bank deposits	878,237	569,966
Bank balances	20,418	33,388
Cash on hand	230	269
Cash and cash equivalents	898,885	603,623
Bank overdrafts (unsecured)	(46,121)	(36,869)
Cash and cash equivalents in the statement of cash flows	852,764	566,754

9 TRADE CREDITORS

Included in trade creditors are creditors with the following ageing analysis:

	<i>at</i> <i>30 June</i> <i>2001</i> <i>HK\$'000</i>	<i>at</i> <i>31 December</i> <i>2000</i> <i>HK\$'000</i>
Due within one month or on demand	127,823	121,349
Due after 1 month but within 3 months	38,480	38,780
Due after 3 months but within 6 months	6,346	3,788
Due after 6 months but within 12 months	480	1,650
	173,129	165,567

10 SHARE CAPITAL

	<i>at</i> 30 June 2001 HK\$'000	<i>at</i> 31 December 2000 HK\$'000
Authorised:		
3,000,000,000 ordinary shares of \$0.50 each	1,500,000	1,500,000
Issued and fully paid:		
At 1 January	1,006,655	1,008,000
Shares repurchased	-	(1,345)
	1,006,655	1,006,655

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11 RESERVES

	<i>Note</i>	<i>Share premium</i> HK\$'000	<i>Capital reserve</i> HK\$'000	<i>Investment properties revaluation reserve</i> HK\$'000	<i>Translation reserve</i> HK\$'000	<i>Contributed surplus</i> HK\$'000	<i>Retained profits</i> HK\$'000	<i>Total</i> HK\$'000
Balance at 1 January 2001		550,547	9,549	294,868	(430,453)	377,690	1,235,069	2,037,270
Change in accounting policy	15	-	-	(294,868)	-	-	294,868	-
Restated balance at 1 January 2001		550,547	9,549	-	(430,453)	377,690	1,529,937	2,037,270
Total recognised gains and losses		-	-	-	(118,789)	-	192,087	73,298
Dividends to shareholders	5	-	-	-	-	-	(60,399)	(60,399)
Balance at 30 June 2001		550,547	9,549	-	(549,242)	377,690	1,661,625	2,050,169

12 CAPITAL COMMITMENTS

There were no capital commitments outstanding at 30 June 2001.

13 CONTINGENT LIABILITIES

At 30 June 2001, the Group had contingent liabilities in respect of unsecured guarantees amounting to HK\$12,161,000 (31 December 2000: HK\$12,424,000) to banks in respect of credit facilities extended to related companies, out of which HK\$419,000 (31 December 2000: HK\$266,000) was utilised at 30 June 2001.

14 RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions carried out in the normal course of business between the Group and its related companies during the period:

	<i>Six months ended 30 June</i>	
	<i>2001</i>	<i>2000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of goods and services	2,842	5,224
Purchase of stocks	8,508	13,638

All the sales and purchases and services rendered were on normal commercial terms.

15 CHANGE IN ACCOUNTING POLICIES

As required by the International Accounting Standards Committee, the Group has adopted IAS 39 "Financial instruments: recognition and measurement" and IAS 40 "Investment property".

16 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.