

## Notes to the Unaudited 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 (the “Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

### 2 SEGMENTAL INFORMATION

	<i>Group Revenue</i>		<i>Profit from operations</i>	
	<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>By business segments</b>				
Motor vehicle distribution	1,664,414	1,802,512	90,678	74,484
Heavy commercial vehicle and industrial equipment distribution	279,201	112,349	28,123	10,954
Property rentals	9,715	11,904	2,258	6,308
Other operations	79,982	88,731	34,147	26,828
	2,033,312	2,015,496	155,206	118,574

	<i>Group Revenue</i>	
	<i>Six months ended 30 June</i>	
	<i>2003</i>	<i>2002</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>By geographical locations</b>		
Singapore	1,807,471	1,945,607
Hong Kong	26,644	33,637
PRC	26,093	14,619
Others	173,104	21,633
	2,033,312	2,015,496

### 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>2003</i>	<i>2002</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense	2,055	2,052
Amortisation of lease prepayments	1,682	1,810
Depreciation	24,848	24,276
Gain on sale of property, plant and equipment	(3,615)	(1,557)

### 4 TAXATION

The analysis of income tax expense is as follows:

	<i>Six months ended 30 June</i>	
	<i>2003</i>	<i>2002</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	Nil	Nil
Elsewhere	31,054	25,472
Associates	3,824	3,431
	<u>34,878</u>	<u>28,903</u>

The Group's applicable tax rate represents the weighted average of the statutory corporate income tax rates, which mainly range between 16% (2002: 16%) and 22% (2002: 22%), in the tax jurisdictions in which the Group operates.

### 5 DIVIDENDS

	<i>Six months ended 30 June</i>	
	<i>2003</i>	<i>2002</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	70,466	70,466
(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 (2002: 1.5 cents) per share	30,200	30,200

**6 EARNINGS PER SHARE**

Earnings per share for the six months ended 30 June 2003 is calculated by dividing the Group's profit attributable to shareholders of approximately HK\$135,592,000 (2002:HK\$102,885,000) by the weighted average number of shares of 2,013,309,000 (2002:2,013,309,000) 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 2003 and 2002.

**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 30 June 2003 HK\$'000</i>	<i>At 31 December 2002 HK\$'000</i>
Current	210,164	262,635
1 to 3 months overdue	30,162	31,758
More than 3 months overdue but less than 12 months overdue	3,169	3,496
	<hr/> 243,495	<hr/> 297,889

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 30 June 2003 HK\$'000</i>	<i>At 31 December 2002 HK\$'000</i>
Bank deposits	995,970	885,094
Bank balances	23,335	32,214
Cash on hand	525	324
	<hr/>	<hr/>
Cash and cash equivalents (exclude bank overdrafts)	1,019,830	917,632
Bank overdrafts (unsecured)	(59,286)	(48,231)
	<hr/>	<hr/>
Cash and cash equivalents	960,544	869,401

**9 TRADE CREDITORS**

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

	<i>At 30 June 2003 HK\$'000</i>	<i>At 31 December 2002 HK\$'000</i>
Due within one month or on demand	93,734	111,049
Due after 1 month but within 3 months	97,702	65,638
Due after 3 months but within 6 months	40,717	1,779
Due after 6 months but within 12 months	1,382	4,316
	<u>233,535</u>	<u>182,782</u>

**10 SHARE CAPITAL**

	<i>At 30 June 2003 HK\$'000</i>	<i>At 31 December 2002 HK\$'000</i>
<i>Authorised:</i>		
3,000,000,000 ordinary shares of HK\$0.50 each	1,500,000	1,500,000
<i>Issued and fully paid:</i>		
At 1 January	1,006,655	1,006,655
Movements during the period/year	-	-
	<u>1,006,655</u>	<u>1,006,655</u>

**11 RESERVES**

	<i>Note</i>	<i>Share premium HK\$'000</i>	<i>Capital reserve HK\$'000</i>	<i>Translation reserve HK\$'000</i>	<i>Contributed surplus HK\$'000</i>	<i>Retained profits HK\$'000</i>	<i>Total HK\$'000</i>
Balance at							
1 January 2003		550,547	9,549	(427,362)	377,690	1,997,757	2,508,181
Total recognised gains and losses		-	-	(37,128)	-	135,592	98,464
Dividends to shareholders	5	-	-	-	-	(70,466)	(70,466)
Balance at							
30 June 2003		550,547	9,549	(464,490)	377,690	2,062,883	2,536,179

## 12 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2003 not provided for in the financial statements were as follows:

	<i>At 30 June</i> <i>2003</i> <i>HK\$'000</i>	<i>At 31 December</i> <i>2002</i> <i>HK\$'000</i>
Authorised and contracted for:		
- Construction of properties	236,000	257,000

## 13 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>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
Sale of goods and services	7,286	8,897
Purchase of stocks	7,477	5,453

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

## 14 COMPARATIVE FIGURES

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