

## 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>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</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	2,163,507	1,664,414	136,637	90,678
Heavy commercial vehicle and industrial equipment distribution	329,053	279,201	35,272	28,123
Property rentals	12,586	9,715	3,494	2,258
Other operations	86,908	79,982	25,362	34,147
	2,592,054	2,033,312	200,765	155,206

	<i>Group Revenue</i>	
	<i>Six months ended 30 June</i>	
	<i>2004</i>	<i>2003</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>By geographical locations</b>		
Singapore	2,299,737	1,807,471
Hong Kong	22,000	26,644
PRC	36,033	26,093
Others	234,284	173,104
	2,592,054	2,033,312

**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>2004</i>	<i>2003</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense	3,588	2,055
Amortisation of lease prepayments	1,798	1,682
Depreciation	27,703	24,848
Gain on sale of property, plant and equipment	(4,193)	(3,615)

**4 TAXATION**

The analysis of income tax expense is as follows:

	<i>Six months ended 30 June</i>	
	<i>2004</i>	<i>2003</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	Nil	Nil
Elsewhere	39,002	31,054
Associates	3,225	3,824
	42,227	34,878

The Group's applicable tax rate represents the weighted average of the statutory corporate income tax rates, which mainly range between 17.5% (2003: 17.5%) and 20% (2003: 22%), in the tax jurisdictions in which the Group operates.

**5 DIVIDENDS**

	<i>Six months ended 30 June</i>	
	<i>2004</i>	<i>2003</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		
(2003: 1.5 cents) per share	30,200	30,200

**6 EARNINGS PER SHARE**

Earnings per share for the six months ended 30 June 2004 is calculated by dividing the Group's profit attributable to shareholders of approximately HK\$171,107,000 (2003:HK\$135,592,000) by the weighted average number of shares of 2,013,309,000 (2003:2,013,309,000) 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 2004 and 2003.

**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 2004 HK\$'000</i>	<i>At 31 December 2003 HK\$'000</i>
Current	161,734	212,124
1 to 3 months overdue	76,903	27,817
More than 3 months overdue but less than 12 months overdue	4,060	5,063
	<u>242,697</u>	<u>245,004</u>

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 2004 HK\$'000</i>	<i>At 31 December 2003 HK\$'000</i>
Bank deposits	897,387	915,469
Bank balances	48,752	49,137
Cash on hand	317	402
Cash and cash equivalents (exclude bank overdrafts)	<u>946,456</u>	<u>965,008</u>
Bank overdrafts (unsecured)	<u>(42,693)</u>	<u>(53,345)</u>
Cash and cash equivalents	<u>903,763</u>	<u>911,663</u>

**9 TRADE CREDITORS**

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

	<i>At 30 June 2004 HK\$'000</i>	<i>At 31 December 2003 HK\$'000</i>
Due within one month or on demand	116,633	145,045
Due after 1 month but within 3 months	74,055	72,556
Due after 3 months but within 6 months	32,697	20,456
Due after 6 months but within 12 months	1,070	1,260
	<u>224,455</u>	<u>239,317</u>

**10 SHARE CAPITAL**

	<i>At 30 June 2004 HK\$'000</i>	<i>At 31 December 2003 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>		
2,013,309,000 ordinary shares of HK\$0.50 each	1,006,655	1,006,655

**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 2004		550,547	9,549	(376,504)	377,690	2,186,084	2,747,366
Total recognised gains and losses		-	-	(23,576)	-	171,107	147,531
Dividends to shareholders	5	-	-	-	-	(70,466)	(70,466)
Balance at							
30 June 2004		550,547	9,549	(400,080)	377,690	2,286,725	2,824,431

## 12 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2004 not provided for in the financial statements were as follows:

	<i>At 30 June 2004 HK\$'000</i>	<i>At 31 December 2003 HK\$'000</i>
Authorised and contracted for:		
- Construction of properties	205,192	227,700

## 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 2004 HK\$'000</i>	<i>2003 HK\$'000</i>
Sale of goods and services	2,465	7,286
Purchase of stocks	8,750	7,477

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

With respect to the Group's 50/50 joint venture with a related company to set up TC Capital (Thailand) Co Ltd ("TCCT") in Thailand, the cash consideration of THB25m (approximately HK\$4.8m) was paid in June 2004. TCCT is principally engaged in automotive hire purchase business activities.

## 14 ACQUISITION OF SUBSIDIARY

On 15 March 2004, the Group completed the acquisition of 100% of Brizay Property Pte Limited, which is primarily engaged in the holding and operation of an investment property, the Wilby Residence. The total cash consideration of the acquisition amounted to S\$184.9m (approximately HK\$838.4m) and was funded internally.