

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September	
	2004	2003
	Unaudited HK\$'000	Unaudited HK\$'000
Net cash inflow from operating activities	75,926	50,136
Net cash outflow from investing activities	(350)	(218,498)
Net cash inflow/(outflow) from financing activities	(24,384)	16,171
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	51,192	(152,191)
Cash and cash equivalents at beginning of period	346,951	283,740
CASH AND CASH EQUIVALENTS AT END OF PERIOD	398,143	131,549

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited 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 Institute of Certified Public Accountants.

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the audited financial statements for the year ended 31 March 2004, except that SSAP 36 "Agriculture" has been adopted for the first time in the preparation of the current period's unaudited condensed consolidated interim financial statements.

SSAP 36 prescribes the accounting treatment, financial statement presentation and disclosures related to agricultural activity. Agricultural activity comprises an entity's management of the biological transformation of living animals or plants (biological assets) for sale, into either agricultural produce or into additional biological assets.

In general, biological assets on initial recognition and at each balance sheet date are measured at fair value less estimated point-of-sale costs. Agricultural produce harvested from an entity's biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. Gains and losses arising on initial recognition and subsequent changes in fair values are included in the profit and loss account.

The adoption of SSAP 36 has had no significant impact for these unaudited condensed consolidated interim financial statements on amounts recorded for biological assets.

## 2. SEGMENT INFORMATION

### (a) Geographical segments

The following table presents revenue and profit information for the Group's geographical segments.

	Hong Kong Six months ended 30 September		Mainland China Six months ended 30 September		Eliminations Six months ended 30 September		Consolidated Six months ended 30 September	
	2004	2003	2004	2003	2004	2003	2004	2003
	Unaudited HK\$'000	Unaudited HK\$'000 (Restated)	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000 (Restated)
Segment revenue:								
Sales to external customers	495,024	439,246	256,402	191,118	-	-	751,426	630,364
Intersegment sales	1,266	570	38,637	24,462	(39,903)	(25,032)	-	-
Other revenue	1,331	1,356	263	44	(286)	(304)	1,308	1,096
Total revenue	<u>497,621</u>	<u>441,172</u>	<u>295,302</u>	<u>215,624</u>	<u>(40,189)</u>	<u>(25,336)</u>	<u>752,734</u>	<u>631,460</u>
Segment results	<u>41,374</u>	<u>30,035</u>	<u>17,706</u>	<u>4,917</u>	<u>-</u>	<u>-</u>	<u>59,080</u>	<u>34,952</u>
Interest and dividend income and unallocated gains/(losses)							(8,243)	11,843
Unallocated expenses							(2,953)	(588)
Profit from operating activities							47,884	46,207
Finance costs							(2,540)	(3,316)
Share of profits and losses of associates	<u>6,895</u>	<u>1,245</u>	<u>2,652</u>	<u>2,102</u>	<u>-</u>	<u>-</u>	<u>9,547</u>	<u>3,347</u>
Profit before tax							54,891	46,238
Tax							(6,711)	(8,214)
Profit before minority interests							48,180	38,024
Minority interests							(6,741)	(1,714)
Net profit from ordinary activities attributable to shareholders							<u>41,439</u>	<u>36,310</u>

### (b) Business segments

The following table presents revenue information for the Group's business segments.

	Manufacturing and Wholesaling Six months ended 30 September		Retailing Six months ended 30 September		Others Six months ended 30 September		Consolidated Six months ended 30 September	
	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	<u>579,755</u>	<u>495,593</u>	<u>81,798</u>	<u>72,797</u>	<u>89,873</u>	<u>61,974</u>	<u>751,426</u>	<u>630,364</u>

**3. OTHER REVENUE AND GAINS/(LOSSES), NET**

An analysis of other revenue and gains/(losses), net is as follows:

	<b>Six months ended 30 September</b>	
	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>
<b>Other revenue</b>		
Interest income	1,944	932
Net income/(loss) from currency-link deposits	(5,759)	4,411
Dividend income from listed investments	169	562
Rental income	64	55
Negative goodwill recognised as income during the period	61	38
Others	1,183	1,003
	<u>(2,338)</u>	<u>7,001</u>
<b>Gain/(losses)</b>		
Gain on disposal of long term investments	–	1,949
Net exchange gains/(losses) on cash and cash equivalents	(4,597)	3,989
	<u>(4,597)</u>	<u>5,938</u>
	<u><b>(6,935)</b></u>	<u><b>12,939</b></u>

**4. PROFIT FROM OPERATING ACTIVITIES**

Profit from operating activities is arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation	11,841	11,521
Amortisation of goodwill	268	261
	<u><b>12,109</b></u>	<u><b>11,782</b></u>

**5. 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 profits 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.

	<b>Six months ended 30 September</b>	
	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Group:		
Hong Kong		
Provision for the period	<b>6,525</b>	7,094
Deferred tax charge/(credit), net	<b>347</b>	(378)
	<b>6,872</b>	6,716
Overseas	<b>121</b>	456
	<b>6,993</b>	7,172
Share of tax attributable to associates:		
Hong Kong	<b>(282)</b>	1,042
Tax charge for the period	<b>6,711</b>	8,214

**6. DIVIDENDS**

	<b>Six months ended 30 September</b>	
	<b>2004</b>	<b>2003</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend of HK2.0 cents per ordinary share (2003: HK2.0 cents)	<b>7,991</b>	7,991

**7. EARNINGS PER SHARE**

The calculation of earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the period of HK\$41,439,000 (2003: HK\$36,310,000) and on the 399,565,640 (2003: 399,565,640) ordinary shares in issue during the period.

Diluted earnings per share amounts for the six months ended 30 September 2004 and 30 September 2003 have not been disclosed as the options outstanding during the periods had an anti-dilutive effect on the basic earnings per share.

**8. TRADE RECEIVABLES**

The Group grants credit periods ranging from 30 days to 120 days to its trade customers. An aged analysis of trade receivables as at the balance sheet date, based on invoice date and net of provisions, is as follows:

	<b>30 September 2004 Unaudited HK\$'000</b>	31 March 2004 Audited HK\$'000
Current	<b>108,664</b>	112,164
1 to 2 months	<b>57,717</b>	58,654
2 to 3 months	<b>44,183</b>	49,206
Over 3 months	<b>78,874</b>	96,885
	<b>289,438</b>	316,909

Included in the Group's trade receivables is an aggregate amount due from the Group's associates of HK\$1,451,000 (31 March 2004: HK\$1,237,000) which are repayable on similar credit terms to those offered to the major customers of the Group.

**9. TRADE PAYABLES AND ACCRUED LIABILITIES**

Included in the trade payables and accrued liabilities is a trade payables balance of HK\$106,637,000 (31 March 2004: HK\$100,422,000). An aged analysis of trade payables as at the balance sheet date, based on invoice date, is as follows:

	<b>30 September 2004 Unaudited HK\$'000</b>	31 March 2004 Audited HK\$'000
Current	<b>55,270</b>	69,384
1 to 2 months	<b>27,625</b>	12,828
2 to 3 months	<b>11,639</b>	5,973
Over 3 months	<b>12,103</b>	12,237
	<b>106,637</b>	100,422

Included in trade payables are trade payables of HK\$47,345,000 (31 March 2004: HK\$39,855,000) due to associates, which are repayable on similar credit terms to those offered by the associates to their major customers.

**10. RELATED PARTY TRANSACTIONS**

The Group had the following material transactions with its related parties during the period:

		<b>Six months ended 30 September 2004 Unaudited HK\$'000</b>	2003 Unaudited HK\$'000
	<i>Notes</i>		
Sales of goods to associates	(a)	<b>9,159</b>	9,768
Purchases of goods from associates	(a)	<b>149,696</b>	130,120
Purchase of fixed assets from an associate	(b)	<b>–</b>	2,000

(a) The cost of purchases from associates was determined by reference to the prevailing market prices. The selling prices of sales to associates were determined by reference to prices and conditions similar to those offered to other major customers.

(b) The purchase consideration of fixed assets from an associate was determined between the Group and the associate.

## 11. CONTINGENT LIABILITIES

- (a) At the balance sheet date, contingent liabilities not provided for the financial statements were as follows:

	30 September 2004 Unaudited HK\$'000	31 March 2004 Audited HK\$'000
Bank guarantees given in lieu of utility and property rental deposits	2,711	2,307
Guarantees given to banks in connection with facilities granted to associates	20,670	22,911
	<b>23,381</b>	<b>25,218</b>

As at 30 September 2004, the bank facilities guaranteed by the Group to associates were utilised to the extent of approximately HK\$20,670,000 (31 March 2004: HK\$22,911,000).

- (b) The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$12,280,000 as at 30 September 2004 (31 March 2004: HK\$12,461,000). The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

## 12. COMPARATIVE AMOUNTS

Exchange gains/losses of currency-link deposits and foreign currency deposits have been reclassified from cost of sales to other revenue and gains/losses, net, for the 2003 comparative amounts to conform with the presentation adopted for the current period.

## 13. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 December 2004.

## INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.0 cents (2003: HK2.0 cents) per share for the period ended 30 September 2004, payable to shareholders whose names appear in the register of members of the Company on Thursday, 20 January 2005. The dividend will be payable on Friday, 28 January 2005.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 14 January 2005 to Thursday, 20 January 2005 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 13 January 2005.