

INTERIM RESULTS

The Board of Directors of RBI Holdings Limited (the "Company") are pleased to present the Interim Report of the Company and its subsidiaries (together the "Group") to the shareholders of the Company for the six months ended 30th June, 2002. The consolidated turnover of the Group for the period was HK\$209,831,000, which is an increase of approximately 11% over that of the same period last year. Profit attributable to shareholders for the period rose by 6.8% to HK\$24,021,000, and the earnings per share rose by approximately 5% to Hong Kong 6.5 cents over that of the same period last year.

INTERIM DIVIDEND

The directors have resolved that an interim dividend of Hong Kong 5 cents (2001: Hong Kong 5 cents) per share be paid to the shareholders of the Company whose names appear in the Register of Members on 18th October, 2002. It is expected that the interim dividend will be paid on 6th November, 2002.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2002

		Six months ended	
		30th June, 2002	30th June, 2001
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Turnover	3	209,831	189,094
Cost of sales		<u>(134,290)</u>	<u>(118,642)</u>
Gross profit		75,541	70,452
Other operating income	4	3,295	4,718
Distribution costs		(22,196)	(20,178)
Administrative expenses		<u>(29,665)</u>	<u>(29,087)</u>
Profit from operations	5	26,975	25,905
Finance costs	6	(9)	(16)
Profit before taxation		26,966	25,889
Taxation	7	<u>(2,945)</u>	<u>(3,391)</u>
Net profit for the period		<u>24,021</u>	<u>22,498</u>
Interim dividend		<u>18,416</u>	<u>18,088</u>
		HK Cents	HK Cents
Earnings per share			
Basic	8	<u>6.5</u>	<u>6.2</u>
Diluted	8	<u>6.5</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH JUNE, 2002

	<i>Notes</i>	30th June, 2002 HK\$'000 (unaudited)	31st December, 2001 HK\$'000 (audited)
Non-current Assets			
Property, plant and equipment	9	236,856	237,881
Investment properties	9	4,600	4,600
Investments in securities		45,935	25,678
		<hr/> 287,391 <hr/>	<hr/> 268,159 <hr/>
Current Assets			
Inventories		141,144	108,819
Investments in securities		1,183	11,232
Trade and other receivables	10	48,406	39,637
Bills receivable		19,649	8,743
Deposits and prepayments		5,122	4,054
Bank balances and cash		91,723	153,216
		<hr/> 307,227 <hr/>	<hr/> 325,701 <hr/>
Current Liabilities			
Trade and other payables	11	56,027	47,267
Deposits and accruals		35,728	38,023
Tax liabilities		3,903	4,712
Bank overdrafts, secured		–	882
		<hr/> 95,658 <hr/>	<hr/> 90,884 <hr/>
Net Current Assets			
		<hr/> 211,569 <hr/>	<hr/> 234,817 <hr/>
		<hr/> 498,960 <hr/>	<hr/> 502,976 <hr/>
Capital and Reserves			
Share capital	12	36,832	36,176
Reserves		458,960	463,632
		<hr/> 495,792 <hr/>	<hr/> 499,808 <hr/>
Non-current Liabilities			
Deferred tax liabilities		3,168	3,168
		<hr/> 498,960 <hr/>	<hr/> 502,976 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2002

	Share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Capital reserve HK\$'000	Goodwill reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January, 2001	33,008	126,411	1,857	8,719	15,133	(5,720)	32,919	244,311	456,638
2000 final dividend paid	-	-	-	-	-	-	(32,919)	-	(32,919)
Bonus issue of shares	3,290	(3,290)	-	-	-	-	-	-	-
Repurchase of shares	(117)	(1,097)	117	-	-	-	-	(468)	(1,565)
Profit for the period	-	-	-	-	-	-	-	22,498	22,498
2001 interim dividend declared	-	-	-	-	-	-	18,088	(18,088)	-
Other appropriations	-	-	-	-	1,399	-	-	(1,399)	-
At 30th June, 2001	36,181	122,024	1,974	8,719	16,532	(5,720)	18,088	246,854	444,652
2001 interim dividend paid	-	-	-	-	-	-	(18,088)	-	(18,088)
Repurchase of shares	(5)	(47)	5	-	-	-	-	(17)	(64)
Revaluation increase not recognised in the income statement	-	-	-	3,886	-	-	-	-	3,886
Profit for the period	-	-	-	-	-	-	-	69,422	69,422
2001 final dividend proposed	-	-	-	-	-	-	36,856	(36,856)	-
Other appropriations	-	-	-	-	1,121	-	-	(1,121)	-
At 31st December, 2001	36,176	121,977	1,979	12,605	17,653	(5,720)	36,856	278,282	499,808
2001 final dividend paid	-	-	-	-	-	-	(36,856)	-	(36,856)
Exercise of share options	704	8,896	-	-	-	-	-	-	9,600
Repurchase of shares	(48)	(434)	48	-	-	-	-	(347)	(781)
Profit for the period	-	-	-	-	-	-	-	24,021	24,021
2002 interim dividend declared	-	-	-	-	-	-	18,416	(18,416)	-
Other appropriations	-	-	-	-	1,466	-	-	(1,466)	-
At 30th June, 2002	36,832	130,439	2,027	12,605	19,119	(5,720)	18,416	282,074	495,792

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2002

	Six months ended	
	30th June, 2002 HK\$'000 (unaudited)	30th June, 2001 HK\$'000 (unaudited and restated)
Net cash used in operating activities	(5,425)	(6,568)
Net cash (used in) from investing activities	(338)	906
Net cash used in financing activities	<u>(28,048)</u>	<u>(34,500)</u>
Decrease in cash and cash equivalents	(33,811)	(40,162)
Cash and cash equivalents at beginning of the period	<u>75,323</u>	<u>99,759</u>
Cash and cash equivalents at end of the period	<u>41,512</u>	<u>59,597</u>
Being:		
Bank balances and cash	91,723	59,675
Less: Short term bank deposits not within 3 months of maturity	(50,211)	-
Bank overdraft, secured	<u>-</u>	<u>(78)</u>
	<u>41,512</u>	<u>59,597</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2002

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2001, except as described below.

In the current period, the Group has adopted, for the first time, the following new and revised SSAPs issued by the HKSA:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 25 (Revised)	Interim financial reporting
SSAP 34	Employee benefits

The adoption of these SSAPs has resulted in the introduction of the statement of changes in equity and a change in the format of presentation of the cash flow statement but has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

Business segments

The Group is principally engaged in the design, manufacture and sales of toys. Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the period. The businesses based upon which the Group reports its primary segment information are as follows:

- Own brand – Manufacture of toys designed/developed by the Group and sold under the Group's brand name or the labels of customers.
- OEM/ODM – Manufacture of toys with design originated from customers and where the toolings are owned by customers.
- Moulds – Manufacture of moulds for sale to customers.

Segment information about these businesses is presented below.

For the six months ended 30th June, 2002

	Own brand HK\$'000	OEM/ODM HK\$'000	Moulds HK\$'000	Consolidated HK\$'000
TURNOVER				
External sales	<u>172,122</u>	<u>36,048</u>	<u>1,661</u>	<u>209,831</u>
SEGMENT RESULT	<u>35,292</u>	<u>4,526</u>	<u>217</u>	<u>40,035</u>
Interest and other income				3,295
Unallocated corporate expenses				<u>(16,355)</u>
Profit from operations				<u>26,975</u>

For the six months ended 30th June, 2001

	Own brand HK\$'000	OEM/ODM HK\$'000	Moulds HK\$'000	Consolidated HK\$'000
TURNOVER				
External sales	<u>139,449</u>	<u>45,913</u>	<u>3,732</u>	<u>189,094</u>
SEGMENT RESULT	<u>31,762</u>	<u>6,562</u>	<u>481</u>	38,805
Interest and other income				4,718
Unallocated corporate expenses				<u>(17,618)</u>
Profit from operations				<u>25,905</u>

3. SEGMENT INFORMATION (continued)

An analysis of the Group's turnover by geographical locations is set out below:

	Six months ended	
	30th June, 2002	30th June, 2001
	HK\$'000	HK\$'000
North America	101,696	85,789
Europe	79,856	69,218
Asia	12,608	22,414
Other locations	15,671	11,673
	<u>209,831</u>	<u>189,094</u>

The contribution to operating results from each location is substantially in line with the overall ratio of profit to turnover.

Segment disclosures for the six months ended 30th June, 2001 have been amended in order to be consistent with the current period's presentation.

4. OTHER OPERATING INCOME

Included in other operating income is income from investments as follows:

	Six months ended	
	30th June, 2002	30th June, 2001
	HK\$'000	HK\$'000
Interest on bank deposits	1,166	2,670
Yield on held-to-maturity debt securities	983	845
Dividends from listed securities	1	22
Rental from investment properties	183	156
	<u>183</u>	<u>156</u>

5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	Six months ended	
	30th June, 2002	30th June, 2001
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	<u>20,103</u>	<u>20,627</u>

6. FINANCE COSTS

	Six months ended	
	30th June, 2002	30th June, 2001
	HK\$'000	HK\$'000
Interest on bank overdrafts	<u>9</u>	<u>16</u>

7. TAXATION

	Six months ended	
	30th June, 2002	30th June, 2001
	HK\$'000	HK\$'000
Tax on profit for the period:		
Hong Kong		
– Current period	<u>2,738</u>	<u>2,530</u>
Other regions in the People's Republic of China (the "PRC")		
– Current period	1,207	861
– Overprovision in prior year	<u>(1,000)</u>	<u>–</u>
	<u>207</u>	<u>861</u>
	<u>2,945</u>	<u>3,391</u>

Hong Kong Profits Tax is calculated at 16% (2001: 16%) of the estimated assessable profit for the period. Taxation arising in the PRC is calculated at the applicable rates prevailing in the relevant jurisdictions.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	30th June, 2002	30th June, 2001
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>24,021</u>	<u>22,498</u>
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	368,536,296	<u>362,124,074</u>
Effect of dilutive potential shares in respect of share options	<u>1,790,055</u>	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>370,326,351</u>	

No diluted earnings per share figure has been presented for the six months ended 30th June, 2001 because the exercise price of the share options granted by the Company was higher than the average market price for shares for that period.

9. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the period, the Group incurred approximately HK\$5 million on additions to plant, machinery and HK\$13 million on additions to moulds for toys manufacturing and did not acquire any investment properties.

There were no material disposals of property, plant and equipment or investment properties during the period.

The directors have considered the carrying value of the Group's leasehold land and buildings, and investment properties at 30th June, 2002 which were carried at valuation and have estimated that their carrying values did not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

10. TRADE AND OTHER RECEIVABLES

The Group normally allows credit periods ranging from 30 to 90 days to its trade customers.

The following is an aged analysis of trade and other receivables outstanding at the reporting date:

	30th June, 2002	31st December, 2001
	HK\$'000	HK\$'000
0 – 30 days	33,379	20,412
31 – 60 days	9,836	7,827
61 – 90 days	3,428	5,102
> 90 days	1,763	6,296
	<u>48,406</u>	<u>39,637</u>

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and other payables outstanding at the reporting date:

	30th June, 2002	31st December, 2001
	HK\$'000	HK\$'000
0 – 30 days	52,163	44,533
31 – 60 days	3,489	1,744
61 – 90 days	214	189
> 90 days	161	801
	<u>56,027</u>	<u>47,267</u>

12. SHARE CAPITAL

Ordinary shares of HK\$0.10 each

	Number of shares '000	Nominal value HK\$'000
Issued and fully paid		
At 1st January, 2002	361,756	36,176
Exercise of option	7,040	704
Repurchased and cancelled	(476)	(48)
	<u>368,320</u>	<u>36,832</u>
At 30th June, 2002	<u>368,320</u>	<u>36,832</u>

During the period, the Company:

- a. issued a total of 7,040,000 ordinary shares of HK\$0.10 each at a price of HK\$1.3636 pursuant to the exercise of the share options (the "1997" share options) previously granted by the Company; and
- b. granted options for 5,100,000 shares at no consideration to certain eligible employees, including directors, which are exercisable during the period from 1st January, 2004 to 31st December, 2013 at the price of HK\$1.10 per share.

During the period, the Company repurchased 476,000 ordinary shares of the Company on the Stock Exchange, all of which have been cancelled, as follows:

Month	Number of ordinary shares of HK\$0.10 each	Purchase price		Total consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
2002				
January	60,000	1.33	1.33	80
February	30,000	1.65	1.65	49
March	142,000	1.70	1.63	234
May	30,000	1.88	1.85	56
June	214,000	1.70	1.68	362
	<u>476,000</u>			<u>781</u>

The repurchases were effected by the directors pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by the enhancement of the earnings per share of the Company.

None of the Company's subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the period.

12. SHARE CAPITAL (continued)**Share options**

The following table discloses details of options outstanding under the Company's share option scheme and movements during the period:

	Option type	Outstanding at beginning of period	Granted during period	Exercised during period	Outstanding at end of period
Directors					
Mr. Yip Yun Kuen	1997	7,040,000	–	(7,040,000)	–
	2002	–	300,000	–	300,000
Mr. Chan Shun Po	2002	–	300,000	–	300,000
Mr. Yip Yun Tim	2002	–	300,000	–	300,000
Mr. Chan Hon Bui, Alvin	2002	–	200,000	–	200,000
Mr. Shiu Chun Yuen	2002	–	200,000	–	200,000
		<u>7,040,000</u>	<u>1,300,000</u>	<u>(7,040,000)</u>	<u>1,300,000</u>
Total Directors		<u>7,040,000</u>	<u>1,300,000</u>	<u>(7,040,000)</u>	<u>1,300,000</u>
Employees					
	2002	–	3,800,000	–	3,800,000
Total Employees		<u>–</u>	<u>3,800,000</u>	<u>–</u>	<u>3,800,000</u>
Total		<u>7,040,000</u>	<u>5,100,000</u>	<u>(7,040,000)</u>	<u>5,100,000</u>

On 11th August 1997, options for 6,400,000 shares were granted at no consideration to Mr. Yip Yun Kuen, a director of the Company, under the Company's Share Option Scheme (the "Scheme") which were exercisable during the period from 11th August 1997 to 10th August 2007 at the price of HK\$1.50 per share. The exercise price and the number of shares under the options granted had been adjusted to HK\$1.3636 per share and 7,040,000 shares respectively in May 2001 as a result of the bonus issue of shares made during the year 2001. All of these options were exercised during the period.

On 2nd January, 2002, option for 5,100,000 shares (the "2002" share options) were granted at no consideration to certain eligible employees, including directors of the Company, under the Scheme which are exercisable during the period from 1st January, 2004 to 31st December, 2013 at the price of HK\$1.10 per share.

12. SHARE CAPITAL (continued)

The closing price of the Company's shares immediately before 2nd January, 2002, the date of grant of the 2002 share options, was HK\$1.30. The five days weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$1.30.

Pursuant to Rule 17.10 of the Listing Rules, The Stock Exchange of Hong Kong Limited ("Stock Exchange") allowed the 2002 share options to be granted under the existing share option scheme.

The calculation of the value of the options granted requires the input of highly subjective assumptions, including the volatility of share price. Because the share options are not assignable and that changes in subjective assumptions can materially affect the value of options, in the directors' opinion, the value so calculated does not necessarily provide a reliable and meaningful information to shareholders. Accordingly, the value of options granted is not disclosed.

13. CAPITAL COMMITMENTS

	30th June, 2002	31st December, 2001
	HK\$'000	HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	10,386	511

14. CONTINGENCIES

The Company has given guarantees to banks amounting to approximately HK\$38,500,000 (31st December, 2001: HK\$38,500,000) in respect of general banking facilities granted to the Group.

15. PLEDGE OF ASSETS

At 30th June, 2002, the Group had pledged its land and buildings having an aggregate net book value of HK\$23,684,000 (31st December, 2001: HK\$24,100,000) to secure the general banking facilities granted to the Group.

DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO SUBSCRIBE FOR SHARES

The beneficial interests of the directors of the Company and their associates in the shares of the Company and its associated corporations at 30th June, 2002 within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register maintained under Section 29 of the SDI Ordinance, and their interests in the share options of the Company at that date, are as follows:

	Number of ordinary shares of HK\$0.10 each in the Company			
	Personal interests	Family interests	Corporate interests	Total (after elimination of duplication)
Mr. Yip Yun Kuen	28,175,600	140,360,220	133,925,220	168,535,820 (Note)
Ms. Chan Pik Ha	6,435,000	162,100,820	133,925,220	168,535,820 (Note)
Mr. Chan Shun Po	4,720,320	–	–	4,720,320
Mr. Yip Yun Tim	1,100,000	–	–	1,100,000
Mr. Shiu Chun Yuen	3,300,000	110,000	–	3,410,000

Note: Extrad Assets Limited, a company owned by Mr. Yip Yun Kuen and his spouse, Ms. Chan Pik Ha, was beneficially interested in 133,925,220 ordinary shares of the Company.

The family interests and corporate interests of Mr. Yip Yun Kuen and Ms. Chan Pik Ha included the ordinary shares held by Extrad Assets Limited.

The total interests of 168,535,820 ordinary shares of Mr. Yip Yun Kuen and Ms. Chan Pik Ha are arrived at after taking into account of the 133,925,220 shares held by Extrad Assets Limited, 6,435,000 shares held by Ms. Chan Pik Ha and 28,175,600 shares held by Mr. Yip Yun Kuen.

Detailed information in relation to directors' interests in the share options of the Company are shown in Note 12 of this report.

Save as disclosed above and for shares in certain subsidiaries held by directors in trust for their immediate holding companies, at 30th June, 2002, none of the directors and chief executive of the Company, or any of their associates, had any interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors and chief executives of the Company, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

At 30th June, 2002, the following shareholders were interested in 10 per cent. or more of the issued share capital of the Company according to the register of interests required to be kept by the Company under Section 16(1) of the SDI Ordinance:

Name	Number of shares	Percentage of holding
Extrad Assets Limited	133,925,220	36.36%
Walbeck International Limited*	92,532,352	25.12%

* *Walbeck International Limited is a subsidiary of First Shanghai Investments Limited, a company listed on the Stock Exchange.*

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 30th June, 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

The worldwide economy is still weak. The toy industry is very competitive, and customers are looking for more innovative items with better quality and shorter delivery dates for their orders. With all these add-on requests from customers, and the code of best business practices including compliance with labour and social regulations in China, they have inevitably pushed up manufacturing costs, thus putting lots of pressure on toy manufacturers. Nevertheless, through our vertically integrated structure, from design to manufacture to eventual marketing, we were able to meet the requests and expectations of customers, enhancing the reputation of the Group. As a result, sales have increased by about 11% in the first half of the year 2002 to HK\$209,831,000 when compared to the same period last year.

Prices of plastic material were high in the first half of the year but comparable to the same period last year. With general inflation in China and the continual increase in manufacturing costs adding more weight to the cost of sales, toy business is getting tougher and tougher leading to a slight fall in margin. As a result, the overall margin was pulled down and the profit attributable to shareholders only rose by 6.8% to HK\$24,021,000 when compared to the same period last year.

Financial position and capital structure

The Group maintained sound financial position and the net cash and bank balances at the balance sheet date were HK\$91,723,000, an increase of about HK\$32 million from same period last year. The Group's monetary transactions and deposits continue to be in the form of US Dollars, Renminbi and HK Dollars. The Group's deposits are placed with our principal bankers at competitive time-deposit interest rates.

The Group adopts a prudent approach on cash management, and all of the Group's offices and factory premises are self-owned, with all machinery and equipment paid off from internal resources. At the balance sheet date, the Group has no borrowings. Besides some marketable securities of approximately HK\$1.2 million and long term investments of HK\$45.9 million, the Group has no other investments in securities.

BUSINESS PROSPECTS

It is expected that the operating costs in China will continue to rise in line with the economical growth and tightening of the labour laws in China. Management needs to react promptly to the market situation to maintain competitiveness in the market. It is important, therefore, to closely monitor the size of its labour force and their efficiency in order to contain the rise in labour cost, and our strategies are to develop innovative items, improve efficiency, minimise wastage and access to a higher degree of automation to enhance capacity to offset against the increasing manufacturing costs.

We consider that the key business drivers will be new products development and more resources will be allocated in this area. The Group will also solicit more licensing businesses and upgrade our product quality with higher added value in order to strengthen our products and business status. Nevertheless, the toy industry is expected to remain competitive, but given our strong financial position, good manufacturing facilities and team of experienced staff and management, we will explore more business opportunities in the future.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 15th October 2002 to Friday, 18th October 2002, both days inclusive, during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited at 4/F Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on Friday, 11th October 2002.

PERSONNEL

The average number of employees of the Group during the period was approximately 5,000 (year ended 31st December, 2001: 4,900) of which 730 (year ended 31st December, 2001: 730) were office administration staff.

Total staff remuneration for the six months ended 30th June, 2002 was HK\$46,252,000 (1.1.2001 – 30.6.2001: HK\$45,142,000).

Bonuses are awarded based on individual performance and are made available to certain employees of the Group.

AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30th June, 2002.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the period.

On behalf of the Board

Yip Yun Kuen

Chairman

Hong Kong, 12th September, 2002