The Board of Directors (the "Directors") of Tomorrow International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2003 with comparative figures as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Six months ended 30 June 2003 HK$'000 (unaudited)	2002 HK$'000 (unaudited)
Turnover	3	**321,984**	341,116
Cost of sales		**(265,922)**	(261,675)
Gross profit		**56,062**	79,441
Other revenue		**12,321**	16,266
Gain on disposal of partial interest in Swank		**–**	3,480
Distribution costs		**(12,110)**	(10,755)
Administrative expenses		**(52,506)**	(53,586)
Other operating expenses		**(4,176)**	(2,368)
Profit/(loss) from operating activities	4	**(409)**	32,478
Finance costs		**(1)**	–
Share of profits less losses of associates		**1,333**	1,900
Profit before tax		**923**	34,378
Tax	5	**(579)**	(2,471)
Profit before minority interests		**344**	31,907
Minority interests		**659**	50
Net profit from ordinary activities attributable to shareholders		**1,003**	31,957
Earnings per share	6		
Basic		**0.35 cent**	11.51 cents
Diluted		**N/A**	11.46 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2003 HK$'000 (unaudited)	As at 31 December 2002 HK$'000 (audited)
NON-CURRENT ASSETS			
Fixed assets		**195,500**	201,955
Negative goodwill	7	**(53,790)**	(58,671)
Interests in associates		**33,709**	30,894
Prepaid rental		**3,746**	4,114
Rental deposits		**1,359**	972
Deferred product development costs		**4,306**	4,195
		184,830	183,459
CURRENT ASSETS			
Cash and bank balances		**56,509**	75,329
Time deposits		**278,755**	146,025
Pledged deposits		**101,604**	101,056
Accounts receivable	8	**130,761**	104,856
Bills receivable		**4,842**	1,905
Loans receivable		**84**	110,534
Interest receivable on loans		**–**	122
Prepayments, deposits and other receivables		**19,877**	21,675
Properties held for sale		**13,000**	13,000
Inventories		**92,584**	101,739
		698,016	676,241
CURRENT LIABILITIES			
Accounts payable	9	**101,420**	71,118
Accrued liabilities and other payables		**28,551**	35,981
Due to associates		**8,271**	8,848
Tax payable		**21,270**	20,545
		159,512	136,492
NET CURRENT ASSETS		**538,504**	539,749
TOTAL ASSETS LESS CURRENT LIABILITIES		**723,334**	723,208
NON-CURRENT LIABILITIES			
Provision for long service payments		**1,465**	1,465
Deferred tax		**1,433**	1,433
		2,898	2,898
MINORITY INTERESTS		**31,574**	32,233
		688,862	688,077
CAPITAL AND RESERVES			
Share capital	10	**2,861**	286,069
Reserves		**686,001**	402,008
		688,862	688,077

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2003

		Reserves								
	Share capital HK$'000	Share premium HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Retained profits HK$'000	Total reserves HK$'000	Total HK$'000
At 1 January 2003	**286,069**	**200,556**	**1,744**	**801**	**-**	**77**	**1,290**	**197,540**	**402,008**	**688,077**
Exchange realignment	**-**	**-**	**(218)**	**-**	**-**	**-**	**-**	**-**	**(218)**	**(218)**
Net loss not recognised in the profit and loss account	**-**	**-**	**(218)**	**-**	**-**	**-**	**-**	**-**	**(218)**	**(218)**
Capital reorganisation	**(283,208)**	**-**	**-**	**-**	**283,208**	**-**	**-**	**-**	**283,208**	**-**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,003**	**1,003**	**1,003**
At 30 June 2003	**2,861**	**200,556**	**1,526**	**801**	**283,208**	**77**	**1,290**	**198,543**	**686,001**	**688,862**

For the six months ended 30 June 2002

	Share capital HK$'000	Share premium HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Retained profits HK$'000	Total reserves HK$'000	Total HK$'000
At 1 January 2002	268,269	192,518	913	801	-	77	1,321	134,693	330,323	598,592
Exchange realignment	-	-	(199)	-	-	-	-	-	(199)	(199)
Net loss not recognised in the profit and loss account	-	-	(199)	-	-	-	-	-	(199)	(199)
Issue of shares	17,800	8,900	-	-	-	-	-	-	8,900	26,700
Share issue expenses	-	(862)	-	-	-	-	-	-	(862)	(862)
Profit for the period	-	-	-	-	-	-	-	31,957	31,957	31,957
At 30 June 2002	286,069	200,556	714	801	-	77	1,321	166,650	370,119	656,188

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2003	2002
	HK$'000	HK$'000
	(unaudited)	(unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**126,096**	25,620
Net cash inflow /(outflow) from investing activities	**(11,640)**	7,535
Net cash inflow from financing activities	**–**	25,838
INCREASE IN CASH AND CASH EQUIVALENTS	**114,456**	58,993
Cash and cash equivalents at beginning of period	**322,410**	373,819
Effect of foreign exchange rate changes, net	**2**	(28)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**436,868**	432,784
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**56,509**	68,648
Non-pledged time deposits with original maturity of less than three months when acquired	**278,755**	263,914
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	**101,604**	100,322
Bank overdraft	**–**	(100)
	436,868	432,784

Notes :

1. Basis of preparation

The interim financial statements are unaudited but have been reviewed by the Audit Committee.

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. The accounting policies and basis of preparation used in the preparation of the interim financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2002.

In addition, the Group has adopted SSAP 12 (Revised) "Income Taxes". SSAP 12 (Revised) principally prescribes the accounting treatment and disclosures for deferred tax. In prior periods, deferred tax is provided using the income statement liability method on all significant timing differences to the extent it is probable that the liability will be crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of the balance sheet liability method, whereby deferred tax recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively.

The retrospective adoption of this new standard has not resulted in any significant effect on the financial statements in the prior periods, and, accordingly no prior period adjustment has been made.

2. Principal activities

During the period, the principal activities of the Group remained unchanged and mainly consisted of the design, development, manufacture and sale of electronic products, the manufacture and sale of printed circuit boards ("PCBs"), the trading and distribution of electronic components and parts, the trading of listed equity investments, the provision of loan financing, and the manufacture and sale of optical products.

3. Business segment information

The Group's operating businesses are classified as follows:

(a) the electronic products segment consists of the manufacture and sale of electronic products;

(b) PCBs segment consists of the manufacture and sale of PCBs;

(c) the electronic components and parts segment consists of the trading and distribution of electronic components and parts;

(d) the listed equity investments segment consists of the trading of listed equity investments;

(e) the provision of finance segment consists of the provision of loan financing services; and

(f) the optical products segment consists of the manufacture and sale of optical products.

The following tables present revenue and results for the Group's business segments.

3. Business segment information (continued)

Group

	Electronic products Six months ended 30 June		PCBs Six months ended 30 June		Electronic components and parts Six months ended 30 June		Listed equity investments Six months ended 30 June		Provision of finance Six months ended 30 June		Optical products Six months ended 30 June		Eliminations Six months ended 30 June		Consolidated Six months ended 30 June	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Segment revenue:																
Sales to external customers	**161,999**	196,710	**57,372**	50,079	**-**	172	**-**	667	**371**	310	**102,242**	93,178	**-**	-	**321,984**	341,116
Inter-segment sales	**-**	-	**5,717**	4,569	**-**	15,589	**-**	-	**-**	-	**-**	-	**(5,717)**	(20,158)	**-**	-
Other revenue	**762**	173	**2,589**	1,335	**-**	665	**265**	490	**-**	-	**1,659**	1,332	**-**	-	**5,275**	3,995
Total	**162,761**	196,883	**65,678**	55,983	**-**	16,426	**265**	1,157	**371**	310	**103,901**	94,510	**(5,717)**	(20,158)	**327,259**	345,111
Segment results	**3,985**	19,625	**(1,067)**	432	**-**	233	**160**	397	**351**	295	**(1,962)**	5,770	**-**	-	**1,467**	26,752
Interest, dividend income and unallocated gains															**7,046**	12,271
Gain on disposal of partial interest in Swank															**-**	3,480
Unallocated expenses															**(8,922)**	(10,025)
Profit/(loss) from operating activities															**(409)**	32,478
Finance costs															**(1)**	-
Share of profits less losses of associates	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,333**	1,900	**-**	-	**1,333**	1,900
Profit before tax															**923**	34,378
Tax															**(579)**	(2,471)
Profit before minority interests															**344**	31,907
Minority interests															**659**	50
Net profit from ordinary activities attributable to shareholders															**1,003**	31,957

4. Profit/(loss) from operating activities

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Six months ended 30 June	
	2003	2002
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Cost of inventories sold	**265,922**	261,072
Depreciation	**17,181**	15,660
Amortisation of prepaid rental	**368**	368
Amortisation and write-off of deferred product development costs	**573**	544
Net gain on disposals of listed equity investments	**–**	(64)
Provision against inventories / (write-back of provision against inventories)	**1,762**	(1,526)
Interest income	**(2,168)**	(2,709)

5. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 June	
	2003	2002
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Group :		
The People's Republic of China:		
Hong Kong	**347**	2,122
Mainland China	**232**	349
	579	2,471

6. Earnings per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK$1,003,000 (2002: HK$31,957,000) and the weighted average of 286,068,644 (2002: 277,611,185 shares adjusted for a capital reorganisation which took effect on 30 June 2003) shares in issue during the period. Diluted earnings per share for the period ended 30 June 2003 has not been disclosed, as the share options outstanding during the period had an anti-dilutive effect on the basic earnings per share for the period. In the prior period, the calculation of diluted earnings per share was based on the net profit attributable to shareholders for the period of HK$31,957,000 and the weighted average of 278,973,439 ordinary shares in issue during the period as adjusted for a capital reorganisation which took effect on 30 June 2003.

The comparative basic earnings per share and dilute earnings per share have been adjusted to reflect the capital reorganisation completed on 30 June 2003, on the basis that 10 existing ordinary shares of HK$0.100 each be effectively reorganised to 1 new ordinary share of HK$0.010 each.

7. Negative goodwill

	HK$'000 (unaudited)
Cost:	
Balance brought forward and at 30 June 2003	83,455
Accumulated recognition as income:	
Balance brought forward	24,784
Recognition as income during the period	4,881
At 30 June 2003	29,665
Net carrying amount at	
30 June 2003	53,790
31 December 2002	58,671

8. Accounts receivable

The aged analysis of the Group's accounts receivable is as follows:

	As at	
	30 June 2003	31 December 2002
	HK$'000	HK$'000
	(unaudited)	(audited)
Current to three months	**123,255**	82,268
Four to six months	**4,682**	18,228
Seven months to one year	**4,912**	6,254
Over one year	**7,994**	8,173
	140,843	114,923
Provision	**(10,082)**	(10,067)
	130,761	104,856

The normal credit period granted by the Group to customers ranges from 21 days to 120 days.

9. Accounts payable

The aged analysis of the Group's accounts payable is as follows:

	As at	
	30 June 2003	31 December 2002
	HK$'000	HK$'000
	(unaudited)	(audited)
Current to three months	**87,235**	62,317
Four to six months	**11,146**	7,019
Seven months to one year	**2,525**	641
Over one year	**514**	1,141
	101,420	71,118

10. Share capital

	As at 30 June 2003	
	No. of shares (in thousand)	HK$'000
Authorised		
Ordinary shares of HK$0.01 each	50,000,000	500,000
Issued and fully paid		
At beginning of period	2,860,686	286,069
Capital reorganisation by transfering to the contributed surplus	(2,574,617)	(283,208)
At end of period	286,069	2,861

On 28 April 2003, the Company proposed a capital reorganisation (the "Capital Reorganisation") comprising a capital reduction (the "Capital Reduction") and a share consolidation (the "Share Consolidation"). Under the Capital Reduction, the nominal value of the issued shares would be reduced from HK$0.10 to HK$0.001 each by the cancellation of HK$0.099 of the paid up capital on each issued share. As a result of the Capital Reduction, each authorised but unissued share would be subdivided into 100 new shares. An amount of approximately HK$283,207,958 arising from the then 2,860,686,445 issued shares would be credited to a contributed surplus account of the Company, which may be used in future for such purposes as the Directors may direct subject to the Companies Act 1981 of Bermuda (as amended) and the bye-laws of the Company. Immediately after the Capital Reduction, the Company would then effect the Share Consolidation, whereby every 10 issued shares of HK$0.001 each would be consolidated into 1 new share of HK$0.01 each. On passing of relevant special resolutions at the special general meeting held on 27 June 2003, the Capital Reorganisation became effective on 30 June 2003 and the issued share capital of the Company comprises 286,068,644 new shares of HK$0.01 each.

11. Connected and related party transactions

As at 30 June 2003, the Group had the following connected party transactions:

(1) A loan of HK$7,000,000 (31 December 2002: HK$7,000,000) was granted by a wholly-owned subsidiary of the Group to E-Top PCB Limited ("E-Top"), a 65% owned subsidiary of the Group, for its general working capital. The loan was unsecured, bore interest at the one-month Hong Kong dollar time deposit rate and had no fixed terms of repayment.

(2) In addition, the Group had certain banking facilities, with a total limit of HK$22.4 million (31 December 2002: HK$22.4 million), which were used by a wholly-owned subsidiary of the Group. These banking facilities were secured by corporate guarantees executed by E-Top and Plentiful Light Limited, both of which are 65% owned subsidiaries of the Group, and certain wholly-owned subsidiaries of the Group, and certain leasehold land and buildings of the Group.

11. Connected and related party transactions (continued)

(3) As at 30 June 2003, Swank International Manufacturing Company Limited ("Swank"), a 57.9% owned subsidiary of the Group, had an outstanding loan including HK$20,852,000 (31 December 2002: HK$12,957,000) accrued interest due to Probest Holdings Inc. ("Probest"), a wholly-owned subsidiary of the Group, of HK$270,852,000 (31 December 2002: HK$262,757,000). The loan due from Swank to Probest was unsecured, bore interest at 1% per annum over the Hong Kong prime rate and repayable in five annual instalments commencing from 1 June 2002. At 30 June 2003, the loan principal of HK$62,500,000 and the accrued interest of HK$20,852,000 were overdue.

(4) Below is a summary of material transactions between the Swank group and of its certain associates which were carried out in the normal course of business on commercial terms during the period:

	Six months ended 30 June	
	2003	2002
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Sales of products to associates	**4,087**	7,462
Purchases of products from associates	**6,207**	10,996
Management fee income from associates	**1,559**	1,236

Amount due to associates are disclosed in the condensed consolidated balance sheet. Amount due from associates at 30 June 2003 amounted to HK$3,376,000 (31 December 2002: HK$1,894,000). These balances are non-interest bearing and have no fixed terms of repayment.

12. Contingent liabilities

	Company	
	As at	
	30 June	31 December
	2003	2002
	HK$'000	HK$'000
	(unaudited)	(audited)
Guarantee of banking facilities granted to subsidiaries	**22,400**	22,400

INTERIM DIVIDEND

The Directors have resolved that no interim dividend will be declared in respect of the six months ended 30 June 2003 (2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the half year under review, the Group experienced a drop in both the revenue and the profit attributable to shareholders. Turnover amounted to HK$322 million (2002: HK$341 million) and net profit attributable to shareholders amounted to HK$1 million (2002: HK$32 million).

Overshadowed by the war in Iraq early this year, the world economy was weak and uncertain during the period under review. In addition to the Severe Acute Respiratory Syndrome ("SARS") outbreak in Hong Kong for more than three months, the business activities were significantly affected in the first half of 2003. For the six months ended 30 June 2003, the turnover of the Group's electronic business decreased by 11% to HK$219 million.

For the manufacture and sale of electronic products, owing to the impact by SARS, most of the promotional activities in either Hong Kong or overseas countries were withheld during the period. Face-to-face communication with overseas customers was suspended that made the confirmed sales orders being significantly reduced and most of the potential orders being postponed. As a result, except for the European market which recorded a slight growth, the export sales to the major markets, including North America and Japan decreased by over 20%. The sales in the local market, inevitably, also suffered a drop of 22%. In consequence, the total turnover was reduced by about 18% compared with the same period of last year. In early 2003, with full technology support from an internationally well-known Japanese electronic company, the Group successfully established new production lines for the manufacture of lithium battery parts on sub-contracting basis at a new factory building in Shenzhen. The new factory is expected to be in full operation in the fourth quarter of this year. During the initial investment period, the Group has invested about HK$8 million in the new factory and unavoidably incurred additional operating costs thereon. Nevertheless, being benefited from the effective management control, the Group's Electronic Products Division remained profitable for the six months ended 30 June 2003.

The printed circuit boards ("PCB") business continually confronted with keen competition in the industry. Although its turnover increased by 15% over last year, the narrow profit margin derived an operating loss for the period under review.

Trading of listed equity investments remained inactive during the first half year while contribution from provision of loan financing was lean.

Similar to the Group's electronic business, the period under review had been a tough time for Swank due to the war in Iraq and the SARS outbreak. With the persistent keen competition in the optical industry, the Group has been experiencing a general suppression in the gross margin as more advantages in form of price cut are being offered to the customers. Turnover dropped by HK$26 million to HK$102 million and net loss before finance costs to shareholder's loan amounted to HK$2 million. High Euro exchange rate had also hit us hard on our imported material cost. Gross profit of Swank decreased to HK$16 million and gross profit margin dropped by approximately 8% to 16% when compared to same period of last year.

In dealing with these adverse external conditions, the Group has taken effective measures to lower the profit breakeven point. That was, the loss was partly offset by a decrease in selling and administrative expenses which resulted from staff reorganisation being downsized as well as tight expense control.

Corporate Move

On 4 March 2003, the Company, Probest Holdings Inc. ("Probest"), an indirect wholly-owned subsidiary of the Company and Swank International Manufacturing Company Limited ("Swank"), a listed subsidiary of the Company, entered into a conditional asset disposal agreement (the "Asset Disposal Agreement") and a conditional loan restructuring agreement (the "Loan Restructuring Agreement") to restructure the principal loan of HK$250 million and the accrued loan interest due to Probest. Further details of the Asset Disposal Agreement and the Loan Restructuring Agreement are set out in a circular to shareholders dated 7 April 2003. Subsequently, the above two mentioned agreements were terminated on 27 August 2003.

On 3 September 2003, the Company, Probest and Swank entered into a conditional share sale agreement pursuant to which Probest would acquire a 30% equity interest in a wholly-owned subsidiary of Swank and 30% of loan owing by that subsidiary of Swank for a consideration of HK$3 million (the "Share Sale Agreement").

In addition, Swank and Probest entered into a conditional loan settlement agreement pursuant to which Probest agreed to waive the repayment of the outstanding principal loan of HK$47 million due by Swank and the accrued loan interest thereon since 1 March 2002 up to the effective date of the loan settlement agreement (the "Loan Settlement Agreement").

Moreover, Swank also proposes to raise not less than HK$37.7 million before expenses by way of the Open Offer on the basis of 13 offer shares at HK$0.013 each for every existing share of HK$0.01 each in the issued share capital of Swank held by the shareholders, who have addresses in Hong Kong on the register of members of Swank, as at 16 October 2003, being the date to which entitlements under the open offer will be determined (the "Open Offer"). Net proceeds from the Open Offer of approximately HK$37.0 million will be used to repay partly the loan due to Probest. On 3 September 2003, the Company, Probest and Swank also entered into an underwriting agreement in relation to the underwriting of the Open Offer.

The outstanding principal loan of HK$163 million due to Probest by Swank shall be repaid by three instalments in accordance with the terms of the promissory note with maturity date on 1 June 2006. The promissory note is unsecured and bears interest at a rate per annum equivalent to 1% over Hong Kong prime rate.

The Share Sale Agreement and the Loan Settlement Agreement are subject to the approval by the shareholders of the Company at a special general meeting and Swank's independent shareholders at Swank's extraordinary general meeting. The Open Offer is subject to the approval by the independent shareholders of Swank at the extraordinary general meeting of Swank. Further details are also set out in the announcement dated 9 September 2003.

Liquidity and Financial Review

As at 30 June 2003, cash and bank balances (including time deposits and pledged deposits) maintained by the Group were HK$437 million, representing an increase of HK$114 million compared with the position as at 31 December 2002. On the other hand, the Group has available banking facilities of HK$178 million. It is believed that the Group has adequate cash resources to meet the normal working capital requirements and all commitments for future development. The gearing of the Group, measured as total debts to total assets, was 22% as at 30 June 2003, comparing with 20% as at 31 December 2002.

Most of the business transactions conducted by the Group were nominated in Hong Kong Dollars, United States Dollars and RMB. As at 30 June 2003, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

Human Resources

As at 30 June 2003, the Group employed approximately 4,900 employees, with about 4,740 in the Mainland China and about 160 in Hong Kong. All employees are remunerated based on industry practice and in accordance with the prevailing labour law. In Hong Kong, apart from basic salary, staff benefits including medical insurance, performance related bonus and mandatory provident fund, would be provided by the Group.

Pledged Deposits

The Group's overdraft facilities amounting to US$20 million which equivalent to approximately HK$156 million. At 30 June 2003, the pledged deposits of the Group and the Company amounting to HK$102 million (2002 : HK$101 million) were used to secure the overdraft facilities, whereas none of the overdraft facilities was utilised.

Future Plans

As the war in Iraq being under control and the SARS in Greater China having subsided, most of the U.S. economists expected a higher GDP growth in the next few quarters. Moreover, recent surveys have shown an upbeat assessment of the U.S. economy and a willingness to begin taking some risks in investments on the part of the U.S. entrepreneurs. It might lead to a strong recovery of the world economy and will benefit the export business in Hong Kong. The management maintains a cautious optimistic view towards the future economic outlook and is quite optimistic that the electronic business of the Group will be recovered in the second half of the year.

The Electronic Products Division will continue to focus on Original Equipment Manufacturing ("OEM") business and the development of radio-frequency ("RF") products. As part of our OEM business, the new production lines for the manufacture of lithium battery parts will have profit contribution to the Group by next year. It is also expected that the business for the production of battery parts will grow up rapidly within the Group in the years to come. On the other hand, since RF products will play an important role in the consumer electronic product market, the Group has decided to allocate more resources in the development of related new products. The Directors believe that, with diversified products serving different markets, the Group is well-positioned in the competitive electronic industry.

In the PCB industry, keen price competition still exists. The Group will exercise stringent control on the operating costs to maintain its competitive position in the market.

Demand for loan financing and trading of listed equity investments is expected to be low.

Even though the result of optical business was disappointing, the Group is on track with our plans to revitalize the optical business' revenue generating abilities. Looking ahead, the Group will focus on the enhancement of production efficiency and product quality as well as developing new optical products to meet customers' need. Adequate investment will be spent in these respects in appropriate time and stringent cost control measures will continue to be in place.

With the current favourable cash position, we are constantly looking out for investment opportunities which would bring stable incomes and prosperity to the Group.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2003, the interests of the directors in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows :

(a) Directors' interest in shares

Name of Director	Notes	Nature of interest	Number of shares
Mr. Yau Tak Wah, Paul	1	Corporate	14,847,400*
Mr. Tam Ping Wah	2	Corporate	8,000*

Notes :

1. These shares were held through Pacific Shore Profits Limited, a company beneficially owned by Mr. Yau Tak Wah, Paul.

2. These shares were held through Strong Trend International Limited, a company beneficially owned by Mr. Tam Ping Wah.

* The number of shares were adjusted in accordance with the Capital Reorganisation which took effect on 30 June 2003.

(b) Directors' interests in underlying shares

Directors	Date of grant of share options	Exercise period of share options	Exercise price of share options at 1 January 2003 HK$	Exercise price of share options at 30 June 2003 HK$	Number of share options outstanding at 1 January 2003 '000	Number of share options outstanding at 30 June 2003* '000
Ms. Louie Mei Po	11 February 2000	11 August 2000 to 10 August 2003	0.227	2.27	23,700	2,370
	20 March 2000	20 September 2000 to 19 September 2003	0.163	1.63	19,800	1,980
	2 May 2000	2 November 2000 to 1 November 2003	0.090	0.90	9,000	900
					52,500	5,250
Ms. Wong Shin Ling, Irene	20 March 2000	20 September 2000 to 19 September 2003	0.163	1.63	10,800	1,080
	2 May 2000	2 November 2000 to 1 November 2003	0.090	0.90	19,200	1,920
					30,000	3,000
Mr. Tam Ping Wah	2 May 2000	2 November 2000 to 1 November 2003	0.090	0.90	9,000	900
					9,000	900
					91,500	9,150

* The number of shares options were adjusted in accordance with the Capital Reorganisation which took effect on 30 June 2003.

Saved as disclosed herein, none of the directors or their associates held any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

SHARE OPTION SCHEME

As at 30 June 2003, the particulars in relation to the share option schemes of the Company or any of its subsidiaries that are required to be disclosed under Rules 17.07 and 17.08 of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules") and SSAP 34, were as follows:

(a) Share option scheme of the Company

Since the adoption of the new share option scheme on 29 May 2002, no options to subscribe for ordinary shares in the Company have been granted to any eligible participants, including directors or their respective associates or employees of the Company, its holding company or any of its subsidiaries and associates. The options granted under the old scheme will remain in force and effect.

(b) Share option scheme of Swank

Pursuant to the Swank's share option scheme adopted on 28 May 2002 for a period of 10 years, on 12 June 2003, Swank granted 5 share options to an employee with an exercise period ranging from 12 June 2003 to 11 July 2003. These 5 share options were exercised at an exercise price of HK$0.20 per share on 12 June 2003. The Stock Exchange of Hong Kong Limited ("the "Stock Exchange") closing price of Swank's shares on the trading day immediately prior to the date of the grant of the share options was HK$0.01. The Stock Exchange closing price of Swank's shares at the date of the exercise of the share options was HK$0.01.

The Directors consider that it is not appropriate to state the theoretical value of the options granted during the period under Swank's share option scheme. The Directors believe that any calculation of the value of share options may not be meaningful as the exercise price is greater than the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options and also the share options were exercised at the same day of granting the share options.

Apart from the above, no other options were granted by Swank during the period. Swank has no share options outstanding as at the balance sheet date.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, according to the register of interest in shares and short positions required to be kept by the Company under section 336 of the SFO, the Company has been notified that the following shareholder was interested in 5% or more of the share capital of the Company.

Name of Shareholder	Notes	Number of Ordinary Shares	Approximate Percentage
Winspark Venture Limited	1	165,835,963*	58.0%
Mr. Yau Tak Wah, Paul	2	14,847,400*	5.2%

Notes :

1. The entire issued share capital of Winspark Venture Limited is beneficially owned by Mr. Chan Yuen Ming.

2. These shares were held through Pacific Shore Profits Limited, a company beneficially owned by Mr. Yau Tak Wah, Paul.

* The number of shares were adjusted in accordance with the Capital Reorganisation which took effect on 30 June 2003.

Saved as disclosed above, the directors of the Company are not aware of any person who is, directly or indirectly, interested in 5% or more of the issued share capital of the Company, has short positions in the share or underlying shares or has any rights to subscribe for shares in respect of such capital.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 Listing Rules during the six months ended 30 June 2003, except that the independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

AUDIT COMMITTEE

The 2003 interim report has been reviewed by the Company's Audit Committee which comprises two independent non-executive directors.

By Order of the Board
Yau Tak Wah, Paul
Chairman

Hong Kong, 18 September, 2003