



RBI HOLDINGS LIMITED
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

INTERIM REPORT 2003

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, 2003. The consolidated turnover of the Group fell by 7.8% over the same period last year to HK\$193,394,000. Net profit for the period was HK\$20,422,000, and earnings per share was 5.5 cents, a decrease of 18.4% and 19.1% respectively over the same period (as restated) last year.

INTERIM DIVIDEND

Although with lowered results, the Company continues to be profitable with healthy cash balances. The directors have resolved that an interim dividend of Hong Kong 5 cents (2002: Hong Kong 5 cents) per share be paid to the shareholders of the Company whose names appear in the Register of Members on 17th October, 2003. It is expected that the interim dividend will be paid on 5th November, 2003.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2003

	Notes	Six months ended 30th June	
		2003 HK\$'000 (unaudited)	2002 HK\$'000 (unaudited and restated)
Turnover	3	193,394	209,831
Cost of sales		(124,392)	(134,290)
Gross profit		69,002	75,541
Other operating income	4	3,408	3,295
Distribution costs		(19,778)	(22,196)
Administrative expenses		(29,470)	(29,665)
Profit from operations	5	23,162	26,975
Finance costs	6	(5)	(9)
Profit before taxation		23,157	26,966
Income tax expense	7	(2,735)	(1,952)
Net profit for the period		20,422	25,014
Interim dividend	8	18,389	18,416
		HK Cents	HK Cents
Earnings per share			
Basic	9	5.5	6.8
Diluted	9	5.5	6.8

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH JUNE, 2003

	<i>Notes</i>	30th June, 2003 HK\$'000 (unaudited)	31st December, 2002 HK\$'000 (audited and restated)
Non-current Assets			
Property, plant and equipment	10	258,760	237,669
Investment properties	10	4,400	4,400
Investments in securities	11	40,566	55,707
Deferred tax assets		4,751	4,106
		<u>308,477</u>	<u>301,882</u>
Current Assets			
Inventories		150,122	96,810
Investments in securities	11	25,955	814
Trade and other receivables	12	31,689	39,107
Bills receivable		33,650	7,712
Deposits and prepayments		5,835	5,147
Bank balances and cash		62,937	195,698
		<u>310,188</u>	<u>345,288</u>
Current Liabilities			
Trade and other payables	13	58,897	43,741
Deposits and accruals		35,426	41,371
Tax liabilities		822	3,406
		<u>95,145</u>	<u>88,518</u>
Net Current Assets		<u>215,043</u>	<u>256,770</u>
		<u>523,520</u>	<u>558,652</u>
Capital and Reserves			
Share capital	14	36,787	36,832
Reserves	15	482,801	518,440
		<u>519,588</u>	<u>555,272</u>
Non-current Liabilities			
Deferred tax liabilities		3,932	3,380
		<u>523,520</u>	<u>558,652</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2003

	Total HK\$'000 (unaudited)
At 1st January, 2002	
— as previously stated	499,808
— prior year adjustment (<i>note 2</i>)	4,403
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— as restated	504,211
2001 final dividend paid	(36,856)
Exercise of share options	9,600
Repurchase of shares	(781)
Net profit for the period	25,014
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At 30th June, 2002	501,188
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At 1st January, 2003	
— as previously stated	549,723
— prior year adjustment (<i>note 2</i>)	5,549
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— as restated	555,272
2002 final and special dividends paid	(55,200)
Repurchase of shares	(906)
Net profit for the period	20,422
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At 30th June, 2003	519,588
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT*FOR THE SIX MONTHS ENDED 30TH JUNE, 2003*

	Six months ended	
	30th June, 2003 HK\$'000 (unaudited)	30th June, 2002 HK\$'000 (unaudited and restated)
Net cash used in operating activities	(29,639)	(5,437)
Net cash used in investing activities	(47,016)	(337)
Net cash used in financing activities	(56,106)	(28,037)
Decrease in cash and cash equivalents	(132,761)	(33,811)
Cash and cash equivalents at beginning of the period	195,698	75,323
Cash and cash equivalents at end of the period	62,937	41,512
Being:		
Bank balances and cash	62,937	91,723
Less: Short term bank deposits not within 3 months of maturity	—	(50,211)
	62,937	41,512

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2003

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance 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") and with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA").

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, 2002, except as mentioned below.

In the current period, the Group has adopted SSAP 12 (Revised) "Income Taxes" issued by the HKSA, which is effective for accounting periods commencing on or after 1st January, 2003. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax.

In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount 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. Comparative amounts for 2002 have been restated accordingly.

As a result of this change in policy, the opening balance on retained earnings at 1st January, 2003 has been increased by HK\$6,988,000 (1st January, 2002: HK\$5,783,000). The balance on the Group's asset revaluation reserves at 1st January, 2003 has decreased by HK\$1,439,000 (1st January, 2002: HK\$1,380,000). The profit for the six months ended 30th June, 2003 has increased by HK\$93,000 (six months ended 30th June, 2002: HK\$993,000).

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, 2003

	Own brand HK\$'000	OEM/ODM HK\$'000	Moulds HK\$'000	Consolidated HK\$'000
TURNOVER				
External sales	<u>166,326</u>	<u>26,464</u>	<u>604</u>	<u>193,394</u>
SEGMENT RESULT	<u>33,779</u>	<u>2,809</u>	<u>50</u>	<u>36,638</u>
Interest and other income				3,408
Unallocated corporate expenses				<u>(16,884)</u>
Profit from operations				<u>23,162</u>

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>	40,035
Interest and other income				3,295
Unallocated corporate expenses				<u>(16,355)</u>
Profit from operations				<u>26,975</u>

4. OTHER OPERATING INCOME

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

	Six months ended	
	30th June, 2003 HK\$'000	30th June, 2002 HK\$'000
Interest on bank deposits	885	1,166
Yield on held-to-maturity securities	1,851	983
Dividends from listed securities	16	1
Rental from investment properties	170	183
	<u> </u>	<u> </u>

5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	Six months ended	
	30th June, 2003 HK\$'000	30th June, 2002 HK\$'000
Depreciation of property, plant and equipment	18,032	20,103
	<u> </u>	<u> </u>

6. FINANCE COSTS

	Six months ended	
	30th June, 2003 HK\$'000	30th June, 2002 HK\$'000
Interest on bank overdrafts	5	9
	<u> </u>	<u> </u>

7. INCOME TAX EXPENSE

	Six months ended	
	30th June, 2003 HK\$'000	30th June, 2002 HK\$'000
Tax on profit for the period:		
Hong Kong	1,531	2,738
Other regions in the People's Republic of China (the "PRC")		
— Current period	1,297	1,207
— Overprovision in prior year	—	(1,000)
	<u>1,297</u>	<u>207</u>
Deferred taxation	(93)	(93)
	<u>2,735</u>	<u>1,952</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 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. INTERIM DIVIDEND

On 18th June, 2003, a final dividend of Hong Kong 10 cents (2001: Hong Kong 10 cents) and a special cash dividend of Hong Kong 5 cents (2001: Nil) per share were paid to shareholders in respect of the year ended 31st December, 2002.

The directors have resolved that an interim dividend of Hong Kong 5 cents (2002: Hong Kong 5 cents) per share be paid to the shareholders of the Company whose names appear in the Register of Members on 17th October, 2003. It is expected that the interim dividend will be paid on 5th November, 2003.

9. EARNINGS PER SHARE

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

	Six months ended	
	30th June, 2003 HK\$'000	30th June, 2002 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	20,422	25,014
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	368,048,848	368,536,296
Effect of dilutive potential shares in respect of share options	2,438,882	1,790,055
Weighted average number of ordinary shares for the purpose of diluted earnings per share	370,487,730	370,326,351

10. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the period, the Group acquired land and buildings at a consideration of HK\$25.5 million and other property, plant and equipment at the total cost of around HK\$11 million.

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, 2003 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.

11. INVESTMENTS IN SECURITIES

	30th June, 2003	31st December, 2002
	HK\$'000	HK\$'000
Held-to-maturity securities, unlisted	65,707	55,707
Dealing equity securities listed in Hong Kong	814	814
	<u>66,521</u>	<u>56,521</u>
<i>Less:</i> Securities included in current assets	(25,955)	(814)
	<u>40,566</u>	<u>55,707</u>

12. 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, 2003	31st December, 2002
	HK\$'000	HK\$'000
0 — 30 days	26,089	17,486
31 — 60 days	2,360	8,613
61 — 90 days	1,988	9,014
> 90 days	1,252	3,994
	<u>31,689</u>	<u>39,107</u>

13. TRADE AND OTHER PAYABLES

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

	30th June, 2003	31st December, 2002
	HK\$'000	HK\$'000
0 — 30 days	55,207	31,526
31 — 60 days	3,528	9,290
61 — 90 days	129	2,746
> 90 days	33	179
	<u>58,897</u>	<u>43,741</u>

14. SHARE CAPITAL

Ordinary shares of HK\$0.10 each

	Number of shares '000	Nominal value HK\$'000
Issued and fully paid		
At 1st January, 2003	368,320	36,832
Shares repurchased and cancelled	<u>(450)</u>	<u>(45)</u>
At 30th June, 2003	<u>367,870</u>	<u>36,787</u>

During the period, the Company repurchased 450,000 ordinary shares of the Company on the Stock Exchange of Hong Kong Limited ("Stock Exchange") at an aggregate consideration of HK\$906,000, all of which have been cancelled, as follows:

Month	Number of ordinary shares of HK\$0.10 each	Purchase price		Total consideration paid HK\$
		Highest HK\$	Lowest HK\$	
2003				
January	50,000	1.950	1.950	97,500
March	270,000	2.000	2.000	540,000
April	100,000	2.025	2.025	202,500
May	<u>30,000</u>	2.200	2.200	<u>66,000</u>
	<u>450,000</u>			<u>906,000</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.

15. RESERVES

	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, 2002								
— as previously stated	121,977	1,979	12,605	17,653	(5,720)	36,856	278,282	463,632
— prior year adjustment (note 2)	—	—	(1,380)	—	—	—	5,783	4,403
— as restated	121,977	1,979	11,225	17,653	(5,720)	36,856	284,065	468,035
2001 final dividend paid	—	—	—	—	—	(36,856)	—	(36,856)
Exercise of share options	8,896	—	—	—	—	—	—	8,896
Repurchase of shares	(433)	48	—	—	—	—	(348)	(733)
Net profit for the period	—	—	—	—	—	—	25,014	25,014
Amounts set aside for dividend payments	—	—	—	—	—	18,416	(18,416)	—
Other appropriations	—	—	—	1,466	—	—	(1,466)	—
At 30th June, 2002	130,440	2,027	11,225	19,119	(5,720)	18,416	288,849	464,356
2002 interim dividend paid	—	—	—	—	—	(18,416)	—	(18,416)
Revaluation increase not recognised in the income statement	—	—	176	—	—	—	—	176
Deferred tax liability arising on revaluation of properties	—	—	(59)	—	—	—	—	(59)
Net profit for the period	—	—	—	—	—	—	72,383	72,383
Amounts set aside for dividend payments	—	—	—	—	—	55,200	(55,200)	—
At 31st December, 2002	130,440	2,027	11,342	19,119	(5,720)	55,200	306,032	518,440
2002 final and special dividends paid	—	—	—	—	—	(55,200)	—	(55,200)
Repurchase of shares	(418)	45	—	—	—	—	(488)	(861)
Net profit for the period	—	—	—	—	—	—	20,422	20,422
Amounts set aside for dividend payments (note 8)	—	—	—	—	—	18,389	(18,389)	—
At 30th June, 2003	130,022	2,072	11,342	19,119	(5,720)	18,389	307,577	482,801

16. CAPITAL COMMITMENTS

	30th June, 2003	31st December, 2002
	HK\$'000	HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	<u>1,272</u>	<u>687</u>

17. PLEDGE OF ASSETS

At 30th June, 2003, the Group had pledged its land and buildings having an aggregate net book value of HK\$22,684,000 (31st December, 2002: HK\$23,100,000) 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, 2003 within the meaning of the Securities and Futures Ordinance (SFO) as recorded in the register maintained under Section 352 of the SFO, and their interests in the share options of the Company at that date, are as follows:

Name of Director	Capacity/Nature of interest	Number of Shares held		Percentage of holding (%)
		Long position	Short position	
Mr. Yip Yun Kuen (Note 2)	Personal	30,564,600 (Note 1)	—	8.31
Ms. Chan Pik Ha	Personal	6,435,000 (Note 1)	—	1.75
Mr. Chan Shun Po	Personal	4,720,320 (Note 1)	—	1.28
Mr. Yip Yun Tim	Personal	1,100,000 (Note 1)	—	0.30
Mr. Shiu Chun Yuen	Personal	3,300,000 (Note 1)	—	0.90
Mr. Chan Hon Bui, Alvin	Personal	40,000 (Note 1)	—	0.01
Mr. Man Mo Leung	Personal	72,000 (Note 1)	—	0.02

Notes:

- 1 Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
- 2 In addition to above, Mr. Yip Yun Kuen and his spouse, Ms. Chan Pik Ha, also have corporate interest of 133,925,220 ordinary shares in the Company through Extrad Assets Limited .

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

		Outstanding at beginning of period	Granted during period	Exercised during period	Outstanding at end of period
	Option type				
Directors					
Mr. Yip Yun Kuen	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 Biu, Alvin	2002	200,000	—	—	200,000
Mr. Shiu Chun Yuen	2002	200,000	—	—	200,000
		<u>1,300,000</u>	<u>—</u>	<u>—</u>	<u>1,300,000</u>
Total Directors					
Employees	2002	<u>3,700,000</u>	<u>—</u>	<u>—</u>	<u>3,700,000</u>
Total		<u>5,000,000</u>	<u>—</u>	<u>—</u>	<u>5,000,000</u>

On 2nd January, 2002, option for 5,100,000 shares (the "2002" share options) of which 100,000 had lapsed 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.

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 allowed the 2002 share options to be granted under the existing share option scheme.

Save as disclosed above and for shares in certain subsidiaries held by directors in trust for their immediate holding companies, at 30th June, 2003, 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 SFO 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, 2003, the following shareholders were interested in 5 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 336 of the SFO:

Name of shareholder	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%)
			Long position	Short position	
Extrad Assets Limited (Note 2)	RBI Holdings Limited	Corporate	133,925,220 (Note 1)	—	36.41
Walbeck International Limited (Note 3)	RBI Holdings Limited	Corporate	74,062,352 (Note 1)	—	20.13
Arisaig Greater China Fund	RBI Holdings Limited	Corporate	20,564,000 (Note 1)	—	5.59

Notes:

- 1 Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
- 2 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.
- 3 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 5% or more of the Company's issued share capital as at 30th June, 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

During the period the worldwide economy was hit by the war in Iraq and the outbreak of the Severe Acute Respiratory Syndrome (SARS). Although the war is now over and SARS is at present under control, the world market remains slow with threats of terrorism and the possible reappearance of the deadly disease. Many markets and industries were adversely affected for the first half of the year and an increasing number of customers did not commit to any orders or deliveries. Businesses from the East were particularly badly hit following the travellers' warnings issued by the World Health Organisation on Asian countries. With the slowing of the U.S. economy at the beginning of the year coupled with the fact that during the SARS period, nearly all buyers cancelled their buying trips to Hong Kong, both the amount of order received and the shipment effected went down compared to the same period last year. As a result of the poor economic environment, turnover of the Company fell by about 7.8% to HK\$193,394,000.

Material costs were slightly higher than last year. Tighter Minimum wages requirements and other labour and social regulations that came into effect during the second half of last year also pushed up the cost of manufacturing. As a result, there is increase to the comparative expenses for the first half of the year.

Despite efforts by the Group to maintain costs at all levels, the lower contributions due to the drop in turnover coupled with the above rise in cost resulted in a drop of 18.4% in net profit.

Financial position and capital structure

Notwithstanding the difficult operating environment, the Group maintained healthy financial position. Following the payment of special cash dividend in respect of the year ended 31st December 2002, totalling HK\$18.4 million, acquisition of the new Hong Kong office premises of HK\$25.5 million and tie up of working capitals in inventories and receivables, the Group continues to hold net cash and bank balances as at the balance sheet date totalling HK\$62,937,000. The Group's monetary transactions and deposits were mostly denominated in 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 management approach, 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. Other than held to maturity securities of approximately HK\$65.7 million and listed securities of HK\$0.8 million, the Group has no other investments in securities.

Business Prospects

Operating costs in China are stabilizing and management will continue to tightly monitor all areas, particularly efficiency and control over labour costs in order to stay competitive.

Our strategies are to develop more innovative items and focus on specific licensed business to gain more market shares and recognition. Management will also introduce more automated machines to enhance efficiency and capacity.

Business has improved after the lifting of the travellers' warning on SARS. Both the order book and shipment shows improvement for the months of July and August. Although the toy industry will remain competitive for the rest of the year, given our strong financial position, good manufacturing facilities and dedicated team of experienced staff, management of the Group is reasonably optimistic for the future.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 14th October 2003 to Friday, 17th October 2003, 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 G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 13th October 2003.

Personnel

The average number of employees of the Group during the period was approximately 5,500 (year ended 31st December, 2002: 5,700) of whom 755 (year ended 31st December, 2002: 770) were office administration staff.

Total staff remuneration for the six months ended 30th June, 2003 was HK\$50,249,000 (1.1.2002 — 30.6.2002: HK\$46,252,000).

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

Review of interim financial statements

The interim financial statements are unaudited, but have been reviewed by the Company's audit committee and auditors.

Code Of Best Practice

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June 2003 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

On behalf of the Board
Yip Yun Kuen
Chairman

Hong Kong, 19th September, 2003