

Development

Design

Manufacturing

Customer Service

Branded Label

Private Label

Retail



High Fashion International limited
達利國際有限公司

Interim Report 2003

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Chairman's Statement

Results

Turnover for the six months ended 30 June 2003 was HK\$985 million, up 9% from the six months ended 31 March 2002, or up 20% compared with the six months ended 30 June 2002. Unaudited net profit attributable to shareholders was HK\$11 million.

The board of directors declared an interim dividend of 1 HK cent per share.

Private Label and Manufacturing Operations

Price on silk apparel was particularly challenging. We swiftly changed our marketing and sales strategies, recaptured and increased our market share. We achieved 30% increase in our turnover over the corresponding six-month period.

Our Kaidi printing and dyeing plant in Hangzhou is well-fitted into our operations. We are moving our modernized Xinchang weaving operation to a new plant in order to cope with its expansion. As a growth engine of our Group, these two key operations provide strategic synergy in lowering our production cost and shortening our production cycle, and more importantly, enlarging our capabilities in new products development, thus increasing our competitiveness.

Branded Label

In our last report, we projected a profitable year for August Silk Inc.. However, silk apparel, knit products in particular, was soft at retail in USA. We met severe price-cutting. August Silk Inc. suffered an operating loss in the first half year.

We stepped up to the challenge. Revolutionarily, we drastically shortened our production cycle and designed closest to market trend, helping to improve our overall sell through. We anticipate quick overall improvement in the second half year.

Retail Business

The SARS outbreak badly hit our retail business throughout the Greater China and Singapore. It abruptly frustrated our franchisee expansion program in the PRC and slashed the sales of our own shops. SARS disrupted our cohesive action plan to turn Theme around this year. Theme recorded an unaudited net loss of HK\$13.6 million for the first half year.

SARS, however, helped expediting our reform on product and supply management. We relentlessly shortened our supply cycle time, enabling us to instantly respond to market environments, and to shield us against future shocks.

Chairman's Statement

We have been unsuccessful in turning around Theme thus far, but we firmly believe that PRC offers great retail potentials. Despite the enormous difficulties we have encountered in changing and revitalizing Theme, our commitment to turnaround Theme is absolute.

Prospects

The end of textile and garment quotas next year will offer tremendous challenges as well as opportunities. We have expanded our non-silk product supply chain to vigorously pursue non-silk business. Our strategic investments in weaving, printing and dyeing, our continuous investment in people and diversification into non-silk products as well as our broad customer base all work to enable us to intelligently capture these new opportunities.

Theme is a right vehicle for us to maximize the potential offered by the PRC retail market. The growth opportunities offered by the PRC warrant the hard work we have put in. We firmly believe Theme will become a reliable profit contributor of our group in the long term.

Appreciation

I want to thank our shareholders, customers, suppliers as well as our staff and management for their continuous cooperation and support to us.

Lam Foo Wah

Chairman

Hong Kong, 17 September 2003

Management Discussion and Analysis

Results

Turnover for the six months ended 30 June 2003 amounted to HK\$985 million, representing an increase of 9%, compared to HK\$907 million for the six months ended 31 March 2002. After the loss of HK\$18 million of our retail business, the contribution for the period was HK\$27 million, down 29%.

We have heightened our emphasis on increased efficiency and quicker response to our customers. The turnover of our core manufacturing and trading business increased 14% over the six months ended 31 March 2002. The Group's administrative expenses were down 16%. Our retail business, under Theme, was badly hit by the SARS outbreak.

	For the six months ended				Change %	
	30 Jun 2003	31 Mar 2002	30 Jun 2003	31 Mar 2002	Turnover	Contribution
	Turnover		Contribution			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
By principal activity:						
Manufacturing and trading	888,470	782,295	44,736	59,789	14	(25)
Retailing	96,561	124,615	(17,822)	(21,843)	(23)	18
	985,031	906,910	26,914	37,946	9	(29)

Liquidity and Financial Resources

The Group's total outstanding bank borrowings were approximately HK\$302 million at the period end date compared to HK\$364 million as at 31 December 2002. The Group's cash and bank balances totalled HK\$195 million at the balance sheet date, compared to HK\$149 million as at 31 December 2002.

The Group has strong working capital and liquidity to meet the operating needs.

Gearing ratio of non-current liabilities to shareholders' funds was 17% at the balance sheet date and the current ratio has been maintained at a healthy level of 1.5:1.

The Group's receivables were mainly denominated in US dollars. Bank borrowings were denominated in US dollars or Hong Kong dollars or Renminbi. Since the Hong Kong dollar is pegged to the US dollar, the Group considers that its foreign exchange risk is minimal. The Group also had no borrowings at fixed interest rates during the period.

Management Discussion and Analysis

The Group has no material contingent liabilities other than trade bills discounted in the ordinary course of business. Barring the pledge of trade receivables of certain subsidiaries of HK\$50 million and Chinese Value Added Tax receivable of HK\$39 million of certain subsidiaries as well as land and building with net book value of HK\$2.2 million, there are no other charges on the Group's assets.

The substantial decrease in bills and trade receivables, inventories and bills and trade payables at the balance sheet date compared to 31 December 2002 were mainly due to increase in receivables and inventories for peak months in the last quarter.

Human Resource

The total number of employees of the Group including jointly-controlled entities as at the balance sheet date was about 10,300. Other than the competitive remuneration package offered to the employees, share options may also be granted to selected employees based on the Group's performance. No share options were granted to employees during the period.

General

There was no material capital expenditure.

Condensed Consolidated Financial Statements

The Board of Directors of High Fashion International Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2003 together with the comparative figures are set out as follows: –

Condensed Consolidated Profit and Loss Account

		Six months ended	
		30 June 2003	31 March 2002
		(Unaudited) HK\$'000	(Unaudited and restated) HK\$'000
	Notes		
TURNOVER	2	985,031	906,910
Cost of sales		(712,606)	(619,664)
Gross profit		272,425	287,246
Other revenue and gains		8,910	10,054
Selling and distribution expenses		(126,306)	(106,702)
Administrative expenses		(128,115)	(152,652)
PROFIT FROM OPERATING ACTIVITIES	2, 3	26,914	37,946
Finance costs	4	(14,068)	(15,673)
Provision against investments in and amounts due from jointly-controlled entities		–	(8,716)
Share of profits and losses of:			
Jointly-controlled entities		499	557
Associates		–	300
PROFIT BEFORE TAX		13,345	14,414
Tax	5	(2,199)	(1,769)
PROFIT BEFORE MINORITY INTERESTS		11,146	12,645
Minority interests		–	(1,547)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		11,146	11,098
INTERIM DIVIDEND		3,257	3,230
EARNINGS PER SHARE			
Basic	6	3.43 cents	3.56 cents
Diluted		3.39 cents	3.44 cents

Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheet

	Notes	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets		352,215	351,920
Investment properties		29,000	29,000
Trademarks		5,707	6,053
Interests in jointly-controlled entities		19,060	19,761
Interests in associates		(608)	(608)
Long term investments		13,793	13,793
		<u>419,167</u>	<u>419,919</u>
CURRENT ASSETS			
Cash and bank balances		169,997	137,043
Time deposits		25,000	–
Pledged deposits		–	11,961
Bonds and certificate of deposits		10,000	10,000
Bills receivable		3,314	–
Trade receivables	7	152,069	223,083
Inventories		238,978	313,296
Deposits, prepayments and other receivables		194,466	195,243
Amounts due from jointly-controlled entities		24	2,780
		<u>793,848</u>	<u>893,406</u>
CURRENT LIABILITIES			
Bank loans and overdrafts		211,456	264,457
Other loans		654	–
Finance lease and hire purchase contract payables		377	508
Bills payable		2,352	9,568
Trade payables and accrued purchases	8	185,380	218,157
Other payables and accruals		130,730	134,673
Tax payable		6,567	4,177
Dividend payable		–	3,249
Amounts due to jointly-controlled entities		190	–
		<u>537,706</u>	<u>634,789</u>

Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheet (Continued)

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
NET CURRENT ASSETS	256,142	258,617
TOTAL ASSETS LESS CURRENT LIABILITIES	675,309	678,536
NON-CURRENT LIABILITIES		
Bank loans	90,760	100,120
Finance lease and hire purchase contract payables	430	589
Provision for long service payments	3,729	4,490
Deferred tax	3,430	3,430
	98,349	108,629
MINORITY INTERESTS	9,000	9,000
	567,960	560,907
CAPITAL AND RESERVES		
Issued capital	32,529	32,438
Reserves	532,174	525,220
Proposed dividend	3,257	3,249
	567,960	560,907

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Equity (Unaudited)

	Issued share capital	Share premium account	Exchange fluctuation reserve	PRC reserve funds	Capital reserve/ (goodwill)	Capital redemption reserve	Investment property revaluation reserve	Retained profits	Proposed dividend	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2003	32,438	292,131	666	5,940	6,061	4,703	213	215,506	3,249	560,907
Exchange realignment	-	-	(1,304)	-	-	-	-	-	-	(1,304)
Net profit for the period	-	-	-	-	-	-	-	11,146	-	11,146
Declared final dividend for 2002	-	-	-	-	-	-	-	-	(3,249)	(3,249)
Exercise of share options	91	369	-	-	-	-	-	-	-	460
Transfer from retained profits	-	-	-	66	-	-	-	(66)	-	-
Proposed interim dividend for 2003	-	-	-	-	-	-	-	(3,257)	3,257	-
At 30 June 2003	32,529	292,500	(638)	6,006	6,061	4,703	213	223,329	3,257	567,960
At 1 October 2001:										
As previously reported	31,192	275,941	(2,093)	11,607	(52,611)	4,703	213	307,647	-	576,599
Prior year adjustments:										
SSAP 9 – Proposed final dividend for 2001	-	-	-	-	-	-	-	-	24,955	24,955
SSAP 30 – Impairment of goodwill	-	-	-	-	58,672	-	-	(58,672)	-	-
SSAP 34 – Accrued paid leave	-	-	-	-	-	-	-	(5,999)	-	(5,999)
As restated	31,192	275,941	(2,093)	11,607	6,061	4,703	213	242,976	24,955	595,555
Exchange realignment	-	-	(839)	-	-	-	-	-	-	(839)
Net profit for the period	-	-	-	-	-	-	-	11,098	-	11,098
Declared final dividend for 2001	-	-	-	-	-	-	-	-	(24,955)	(24,955)
Proposed first interim dividend for 2002	-	-	-	-	-	-	-	(3,230)	3,230	-
At 31 March 2002	31,192	275,941	(2,932)	11,607	6,061	4,703	213	250,844	3,230	580,859

Condensed Consolidated Financial Statements

Condensed Consolidated Cash Flow Statement

	Six months ended	
	30 June 2003	31 March 2002
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	146,948	73,773
Net cash outflow from investing activities	(5,729)	(42,491)
Net cash inflow/(outflow) from financing activities	(83,234)	13,277
	<hr/>	<hr/>
Net increase in cash and cash equivalents	57,985	44,559
Cash and cash equivalents at beginning of period	136,040	271,520
Effect of foreign exchange rate changes, net	(1,177)	(764)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	192,848	315,315
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	169,997	237,711
Non-pledged time deposits with original maturity of less than three months when acquired	25,000	79,177
Bank overdrafts, unsecured	(2,149)	(1,573)
	<hr/>	<hr/>
	192,848	315,315
	<hr/>	<hr/>

Condensed Consolidated Financial Statements

Notes to Condensed Consolidated Financial Statements

1. Accounting policies

- (a) The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting". The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the fifteen months ended 31 December 2002 except for the adoption of SSAP 12 (Revised) "Income Taxes" issued by the Hong Kong Society of Accountants which for the Group became effective as of 1 January 2003.

SSAP 12 (Revised) principally prescribes the accounting treatment and disclosures for deferred tax. In prior years, 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 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 is 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 SSAP has had no significant impact on these financial statements.

(b) Comparative figures

Certain comparative figures for the six months ended 31 March 2002 were reclassified as in the opinion of the directors, such reclassification would produce a more appropriate presentation of the Group's operating results.

2. Segmental information

	Six months ended			
	30 June 2003	31 March 2002	30 June 2003	31 March 2002
	Turnover		Contribution	
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
By principal activity:				
Manufacturing and trading	888,470	782,295	44,736	59,789
Retailing	96,561	124,615	(17,822)	(21,843)
	<u>985,031</u>	<u>906,910</u>	<u>26,914</u>	<u>37,946</u>
By geographical area:				
United States of America	767,976	683,898	40,763	52,535
Europe	60,045	68,037	(5,941)	822
Greater China	151,398	148,747	(8,610)	(16,103)
Others	5,612	6,228	702	692
	<u>985,031</u>	<u>906,910</u>	<u>26,914</u>	<u>37,946</u>

Condensed Consolidated Financial Statements

3. Profit from operating activities

The Group's profit from operating activities is arrived at after charging:

	Six months ended	
	30 June 2003 (Unaudited) HK\$'000	31 March 2002 (Unaudited) HK\$'000
Depreciation of fixed assets	18,934	19,785
Amortisation of trademarks	<u>346</u>	<u>345</u>

4. Finance costs

	Six months ended	
	30 June 2003 (Unaudited) HK\$'000	31 March 2002 (Unaudited) HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	8,482	9,141
Interest on finance leases and hire purchase contracts	42	92
Factoring expenses	2,047	2,203
Bank charges	<u>3,497</u>	<u>4,237</u>
	<u>14,068</u>	<u>15,673</u>

5. Tax

	Six months ended	
	30 June 2003 (Unaudited) HK\$'000	31 March 2002 (Unaudited) HK\$'000
Group:		
Hong Kong	–	630
Elsewhere	<u>2,192</u>	<u>1,139</u>
	<u>2,192</u>	<u>1,769</u>
Share of tax attributable to jointly-controlled entities	<u>7</u>	<u>–</u>
Tax charge for the period	<u>2,199</u>	<u>1,769</u>

No Hong Kong profits tax has been provided for in the current period. Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits arising in Hong Kong in the prior 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.

Condensed Consolidated Financial Statements

6. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of HK\$11,146,000 (Six months ended 31 March 2002: HK\$11,098,000) and the weighted average of 324,940,003 (Six months ended 31 March 2002: 311,923,630) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the period of HK\$11,146,000 (Six months ended 31 March 2002: HK\$11,098,000). The weighted average number of ordinary shares used in the calculation was 324,940,003 (Six months ended 31 March 2002: 311,923,630) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 4,116,945 (Six months ended 31 March 2002: 10,664,965) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

7. Trade receivables

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Current to 90 days	145,574	219,778
91 to 180 days	4,217	2,432
181 to 360 days	1,156	582
Over 360 days	1,122	291
	<hr/> 152,069 <hr/>	<hr/> 223,083 <hr/>

The Group allows an average credit period of 30 to 60 days to its trade debtors.

8. Trade payables and accrued purchases

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Trade payables:		
Current to 90 days	85,333	126,962
91 to 180 days	18,203	11,998
181 to 360 days	9,685	9,311
Over 360 days	16,102	16,414
	<hr/> 129,323 <hr/>	<hr/> 164,685 <hr/>
Accrued purchases	56,057	53,472
	<hr/> 185,380 <hr/>	<hr/> 218,157 <hr/>

Condensed Consolidated Financial Statements

9. Related party transactions

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

	Six months ended	
	30 June 2003 (Unaudited) HK\$'000	31 March 2002 (Unaudited) HK\$'000
Purchases of raw materials and finished goods from jointly-controlled entities	11,268	29,548
Purchases of raw materials and finished goods from an associate	–	3,826
Professional fees paid to Wilkinson & Grist	<u>60</u>	<u>192</u>

10. Contingent liabilities

	Six months ended	
	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Bank guarantees given in lieu of utility, property rental and other service deposits	1,283	1,283
Bills discounted with recourse	28,908	21,771
Trade receivables factored with recourse	31	258
Guarantees given to banks in connection with facilities granted to third party	<u>283</u>	<u>3,774</u>
	<u>30,505</u>	<u>27,086</u>

Other Information

Dividend

The Board of Directors declared an interim dividend of 1 HK cent (6 months ended 31 March 2002: 1 HK cent) per share on the shares in issue aggregating a total of HK\$3,257,000 (6 months ended 31 March 2002: HK\$3,230,000), which will be payable on or about 20 October 2003 to shareholders whose names appear on the Register of Members on 9 October 2003.

Closure of Register of Members

The Register of Members will be closed from 6 October 2003 (Monday) to 9 October 2003 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's sub-registrar and transfer agent in Hong Kong, Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Friday, 3 October 2003.

Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited condensed financial statements for the six months ended 30 June 2003.

Purchase, Sale or Redemption of Company's Listed Securities

The Company has not redeemed any of the Company's listed securities during the six months ended 30 June 2003. During the six months ended 30 June 2003, neither the Company, nor any of its subsidiaries has purchased or sold any of the Company's listed securities.

Code of Best Practice

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2003, in compliance with Appendix 14.

Other Information

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2003, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) and have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which have been notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules"), were as follows:

(i) The Company Shares and Underlying Shares

Name of Director	Notes	Number of ordinary shares held and nature of interests			Underlying Share (Note 4)	Total
		Personal	Family	Other		
Lam Foo Wah	1, 2	–	–	121,407,986	3,800,000	125,207,986
Ip Weng Kun	3	–	–	5,627,848	1,500,000	7,127,848
So Siu Hang, Patricia		2,104,309	–	–	720,000	2,824,309
Hui Yip Wing		–	2,652,007	–	–	2,652,007
Wong Shing Loong, Raymond		2,600,000	–	–	1,000,000	3,600,000
Jack Weinstock		1,328,000	–	–	150,000	1,478,000

(ii) Subsidiary – High Fashion Knitters Limited

Name of Director	Note	Nature of interest	Number of ordinary shares held
Lam Foo Wah	5	Corporate	5,339,431

Notes:

- Mr. Lam Foo Wah is deemed to have an interest in 89,236,419 ordinary shares which are beneficially owned by Hinton Company Limited, the entire issued share capital of which is held under a related discretionary trust. Mr. Lam is regarded as a founder of the trust.
- Mr. Lam Foo Wah is deemed to have an interest in 32,171,567 ordinary shares which is beneficially owned by High Fashion Charitable Foundation Limited, the entire issued share capital of which is held under a related discretionary trust. Mr. Lam is regarded as a founder of the trust.
- Mr. Ip Weng Kun is deemed to have an interest in 5,627,848 shares which are beneficially owned by Major Rank Holdings Limited, the entire issued share capital of which is held under a related discretionary trust. Mr. Ip is regarded as a founder of the trust.

Other Information

4. Details of the interests of directors and chief executive of the Company in the underlying shares of equity derivatives in respect of options granted to them are stated in the "Share Option" section below.
5. These shares are held through three companies beneficially owned by Mr. Lam Foo Wah.

None of the above directors has any interest of short position in the shares, underlying shares and debentures of the Company.

Save as disclosed above, as at 30 June 2003, none of the directors and chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the above mentioned Model Code of the Listing Rules. Furthermore, save as disclosed in the "Share Option" section below, at no time during the six months ended 30 June 2003 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Option

Pursuant to the Company's share option scheme, the Company granted options on the Company's ordinary shares in favour of certain directors and employees on 5 May 1999, the details of which are as follows:

Name of director and employees	Outstanding at beginning of the period	Exercised during the period	Outstanding at end of the period	Exercise price HK\$	Weighted Average Closing Price* HK\$
Lam Foo Wah	3,800,000	–	3,800,000	–	–
Ip Weng Kun	1,500,000	–	1,500,000	–	–
So Siu Hang, Patricia	1,200,000	480,000	720,000	0.505	0.79
Wong Shing Loong, Raymond	1,000,000	–	1,000,000	–	–
Jack Weinstock	300,000	150,000	150,000	0.505	0.86
Aggregate figures for other employees	5,120,000	280,000	4,840,000	0.505	0.69
	<u>12,920,000</u>	<u>910,000</u>	<u>12,010,000</u>		

Note: 40% of the options granted are exercisable during the period from 5 May 2002 to 4 May 2009, 30% of the options granted are exercisable during the period from 5 May 2003 to 4 May 2009 and the remaining 30% are exercisable during the period from 5 May 2004 to 4 May 2009.

* The weighted average closing price of the shares immediately before the dates on which the options were exercised.

Other Information

Save as disclosed above, no options were granted, exercised, cancelled or lapsed under the Company's share option schemes during the period.

Apart from the Company's share option scheme, during the six months ended 30 June 2003 no rights were granted to the Directors, chief executives of the Company, or any of their spouses or children under eighteen years of age to subscribe for equity or debt securities of the Company.

Substantial Shareholders

As at 30 June 2003, the interests of the following substantial shareholders, other than directors and chief executive of the Company, in the shares or underlying shares of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of SFO.

Name	Capacity	Number of ordinary shares held	Percentage
Hinton Company Limited	Controlled Corporation	89,236,419	27.43
High Fashion Charitable Foundation Limited	Controlled Corporation	32,171,567	9.89
Excel Investments Ltd.	Controlled Corporation	27,150,000	8.35

None of the above substantial shareholders has any interest of short positions in the shares or underlying shares of the Company.