



INTERIM REPORT 2003

嘉利美商國際有限公司

FRANKIE DOMINION

INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Lam Po Kwai, Frankie (*Chairman*)

Ms. Wong Yau Ching, Maria (*Vice Chairman*)

Ms. Lee Yuen Bing, Nina

Ms. So Man Yee, Katherine

Mr. Au Son Yiu (*Independent Non-Executive Director*)

Mr. Lee Johnson (*Independent Non-Executive Director*)

Ms. He Ling (*Non-Executive Director*)

AUDIT COMMITTEE

Mr. Lee Johnson

Mr. Au Son Yiu

COMPANY SECRETARY

Mr. Cheung Chiu Fan

COMPANY SOLICITORS

In Hong Kong

Sit, Fung, Kwong & Shum

Deacons

In Bermuda

Appleby, Spurling & Kempe

AUDITORS

Deloitte Touche Tohmatsu

Certified Public Accountants

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

SHARE REGISTRARS AND TRANSFER OFFICE

In Hong Kong

Secretaries Limited

In Bermuda

Butterfield Corporate Services Limited

PRINCIPAL OFFICE IN HONG KONG

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Hong Kong

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REGISTERED OFFICE

Canon's Court

22 Victoria Street

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Bermuda

RESULTS

The board of directors (the “Directors”) of Frankie Dominion International Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”), for the six months ended 30th June, 2003 with comparative figures for the corresponding period of 2002 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th June,	
		2003	2002
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$	HK\$
Turnover	3	497,741,303	440,119,881
Cost of sales		(430,265,754)	(373,634,970)
Gross profit		67,475,549	66,484,911
Other operating income		1,293,480	469,363
Distribution costs		(31,685,280)	(29,982,538)
Administrative expenses		(35,331,593)	(35,200,368)
Unrealized holding loss on other investments		(2,107,308)	(4,741,441)
Loss from operations	4	(355,152)	(2,970,073)
Finance costs	5	(2,592,611)	(1,857,849)
Share of losses of associates		(2,947,763)	(4,827,922)
		(362,374)	(461,631)
Loss before taxation		(3,310,137)	(5,289,553)
Taxation	6	(627,660)	–
Net loss after taxation		(3,937,797)	(5,289,553)
Minority interests		4,641,023	1,656,353
Profit (loss) attributable to shareholders		703,226	(3,633,200)
Interim dividend		–	–
Earnings (loss) per share – basic	7	0.15 Cent	(0.76) Cent

CONDENSED CONSOLIDATED BALANCE SHEET

		At 30th June, 2003 (unaudited) <i>HK\$</i>	At 31st December, 2002 (audited) <i>HK\$</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	8	181,334,129	192,143,075
Interest in associates		1,754,219	2,116,597
Investments in securities		5,530,000	5,530,000
Club debenture		880,000	880,000
		<u>189,498,348</u>	<u>200,669,672</u>
Current assets			
Inventories		141,314,263	141,404,907
Amount due from associates		516,165	516,165
Debtors and prepayments	9	96,363,816	100,082,698
Investments in securities		4,682,318	4,198,851
Tax recoverable		1,109,932	1,109,932
Short term bank deposits		64,089,690	28,876,145
Short term pledged bank deposits		2,668,310	2,668,310
Bank balances and cash		22,081,811	18,939,702
		<u>332,826,305</u>	<u>297,796,710</u>
Current liabilities			
Creditors, bills payable and accrued charges	10	130,292,020	146,502,672
Obligations under finance leases			
– due within one year		3,091,054	5,418,342
Taxation		179,903	179,903
Bank borrowings – due within one year		108,642,514	56,985,888
		<u>242,205,491</u>	<u>209,086,805</u>
Net current assets		<u>90,620,814</u>	<u>88,709,905</u>
Total assets less current liabilities		<u>280,119,162</u>	<u>289,379,577</u>
Capital and reserves			
Share capital	11	47,792,629	47,792,629
Reserves	12	167,530,623	171,606,660
Total capital and reserves		<u>215,323,252</u>	<u>219,399,289</u>
Minority interests		<u>57,384,680</u>	<u>62,025,703</u>
Non-current liabilities			
Deferred taxation	13	7,322,690	6,695,030
Obligations under finance leases			
– due after one year		88,540	1,259,555
		<u>7,411,230</u>	<u>7,954,585</u>
		<u>280,119,162</u>	<u>289,379,577</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2003

	Total equity (unaudited) <i>HK\$</i>
At 30th June, 2002	214,612,492
Exchange differences arising on translation of overseas operations not recognised in income statement	(169,604)
Net profit for the period	4,956,401
	<hr/>
At 31st December, 2002	219,399,289
Net profit for the period	703,226
Final dividend for 2002 paid	(4,779,263)
	<hr/>
At 30th June, 2003	215,323,252
	<hr/> <hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30th June,	
	2003	2002
	(unaudited) HK\$	(unaudited) HK\$
Net cash (used in) from operating activities	(2,338,876)	20,870,072
Net cash used in investing activities	(2,684,530)	(8,536,771)
Net cash from financing activities	43,379,060	4,671,628
Increase in cash and cash equivalents	38,355,654	17,004,929
Cash and cash equivalents at 1st January	47,815,847	31,067,643
Cash and cash equivalents at 30th June	<u>86,171,501</u>	<u>48,072,572</u>
Being:		
Short term bank deposits	64,089,690	36,926,387
Bank balances and cash	22,081,811	11,155,634
Bank overdrafts	–	(9,449)
	<u>86,171,501</u>	<u>48,072,572</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed financial statements of the Group for the six months ended 30th June, 2003 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 and with the applicable disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Principal accounting policies

The principal accounting policies used in the preparation of the condensed financial statements are consistent with those adopted by the Group in its financial statements for the year ended 31st December, 2002 except adoption of the following which is effective for the accounting periods commencing on or after 1st January, 2003.

SSAP 12 (revised) : Income Taxes

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 methods, i.e. a liability was recognized 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 recognized in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions.

The adoption of SSAP 12 (revised) represents a change in accounting policy, which has not had any material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The condensed financial statements of the Group for the six months ended 30th June, 2003 are unaudited and have been reviewed by the Audit Committee of the Company.

3. Turnover

Turnover represents the net amounts received and receivables for goods sold by the Group to outside customers, less returns and allowance for the six months ended 30th June, 2003.

Business segments

The Group is mainly engaged in trading, manufacturing and sale of household and consumer products and operates under three divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Trading – resale of household products
- Manufacturing – household products – manufacturing and sale of household products
- Manufacturing – others – manufacturing and sale of other consumer products

Segment information about these businesses is presented below.

Unaudited income statement for the six months ended 30th June, 2003

	Trading <i>HK\$</i>	Manufacturing – household products <i>HK\$</i>	Manufacturing – others <i>HK\$</i>	Consolidated <i>HK\$</i>
Turnover				
External sales	<u>70,471,914</u>	<u>81,043,094</u>	<u>346,226,295</u>	<u>497,741,303</u>
Results				
Segment results	<u>3,315,580</u>	<u>22,864,871</u>	<u>9,609,818</u>	35,790,269
Unallocated income and expenses				(34,038,113)
Unrealised holding loss on other investments				<u>(2,107,308)</u>
Loss from operations				(355,152)
Finance costs				(2,592,611)
Share of losses of associates				<u>(362,374)</u>
Loss before taxation				(3,310,137)
Taxation				<u>(627,660)</u>
Loss after taxation				<u><u>(3,937,797)</u></u>

Unaudited income statement for the six months ended 30th June, 2002

	Trading	Manufacturing – household products	Manufacturing – others	Consolidated
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover				
External sales	<u>55,937,964</u>	<u>64,462,142</u>	<u>319,719,775</u>	<u>440,119,881</u>
Results				
Segment results	<u>2,882,917</u>	<u>14,593,671</u>	<u>19,025,786</u>	36,502,374
Unallocated income and expenses				(34,731,006)
Unrealised holding loss on other investments				<u>(4,741,441)</u>
Loss from operations				(2,970,073)
Finance costs				(1,857,849)
Share of losses of associates				<u>(461,631)</u>
Loss before taxation				(5,289,553)
Taxation				<u>–</u>
Loss after taxation				<u><u>(5,289,553)</u></u>

Geographical segments

The Group's operations are mainly located in Hong Kong and the People's Republic of China (other than Hong Kong) (the "PRC").

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods.

Geographical market	For the six months ended 30th June,	
	2003	2002
	(unaudited) <i>HK\$</i>	(unaudited) <i>HK\$</i>
North America	186,914,771	170,526,312
Holland	85,864,148	62,066,712
Germany	61,601,978	60,158,569
United Kingdom	57,893,758	43,280,738
France	28,644,148	37,613,652
Other European countries	34,783,393	26,945,089
Hong Kong	24,925,884	17,743,076
Australia	6,068,117	10,734,213
China	5,095,884	4,882,305
Others	5,949,222	6,169,215
	<u>497,741,303</u>	<u>440,119,881</u>

4. Loss from operations

Loss from operations has been arrived at after charging (crediting):

	For the six months ended 30th June,	
	2003	2002
	(unaudited) <i>HK\$</i>	(unaudited) <i>HK\$</i>
Depreciation and amortisation	13,074,859	14,901,760
Loss (Gain) on disposal of property, plant and equipment	704,172	(18,619)
Operating lease payments in respect of rented properties	9,196,811	9,036,821
Provision for bad and doubtful debts	250,200	–
	<u>250,200</u>	<u>–</u>

5. Finance costs

	For the six months ended 30th June,	
	2003	2002
	(unaudited)	(unaudited)
	HK\$	HK\$
Interest on:		
Bank borrowings wholly repayable within five years	2,481,523	1,828,263
Obligations under finance leases	111,088	29,586
	<u>2,592,611</u>	<u>1,857,849</u>

6. Taxation

	For the six months ended 30th June,	
	2003	2002
	(unaudited)	(unaudited)
	HK\$	HK\$
Deferred taxation resulting from an increase in tax rate (<i>note 13</i>)	627,660	–

No provision for profit tax is payable by the Group since the Group had no assessable profit for the period. Profits tax for 2003 and 2002 was calculated at the rate of 17.5% and 16% respectively on the estimated assessable profit for that period.

7. Earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the profit attributable to shareholders for the period of HK\$703,226 (2002: Loss of HK\$3,633,200) and the weighted average of 477,926,292 (2002: 477,926,292) shares in issue during the period.

No diluted earnings (loss) per share is shown as there is no dilutive effect on the earnings (loss) per share for the six months ended 30th June, 2002 and 30th June, 2003.

8. Property, plant and equipment

During the period, the Group spent approximately HK\$6,009,000 (2002: HK\$8,908,000) on additions to property, plant and equipment to upgrade its manufacturing capabilities.

9. Debtors and prepayments

	30th June, 2003 (unaudited) HK\$	31st December, 2002 (audited) HK\$
Trade debtors	86,068,290	80,404,126
Bills receivable	–	1,762,269
Other debtors and prepayments	10,295,526	17,916,303
	<u>96,363,816</u>	<u>100,082,698</u>

The Group allows an average credit period of 90 days to its trade customers.

The following is an aged analysis of trade debtors as at the reporting date:

	30th June, 2003 (unaudited) HK\$	31st December, 2002 (audited) HK\$
0 – 60 days	70,614,760	65,215,315
61 – 90 days	8,402,915	8,993,850
> 90 days	7,050,615	6,194,961
	<u>86,068,290</u>	<u>80,404,126</u>

10. Creditors, bills payable and accrued charges

	30th June, 2003 (unaudited) HK\$	31st December, 2002 (audited) HK\$
Trade creditors	85,504,285	90,288,298
Bills payable	1,965,822	9,463,721
Other creditors and accrued charges	42,821,913	46,750,653
	<u>130,292,020</u>	<u>146,502,672</u>

The following is an aged analysis of trade creditors as at the reporting date:

	30th June, 2003 (unaudited) HK\$	31st December, 2002 (audited) HK\$
0 – 60 days	67,215,283	58,357,958
61 – 90 days	12,769,972	23,467,095
> 90 days	5,519,030	8,463,245
	<u>85,504,285</u>	<u>90,288,298</u>

11. Share capital

There were no movements in the share capital of the Company during the period from 1st January, 2003 to 30th June, 2003.

	Number of ordinary shares of HK\$0.10 each		Nominal value	
	30th June, 2003 (unaudited) HK\$	31st December, 2002 (audited)	30th June, 2003 (unaudited) HK\$	31st December, 2002 (audited) HK\$
Authorised:				
Ordinary shares of HK\$0.1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:				
Ordinary share of HK\$0.1 each	<u>477,926,292</u>	<u>477,926,292</u>	<u>47,792,629</u>	<u>47,792,629</u>

12. Reserves

	Share Premium HK\$	Goodwill HK\$	Translation reserve HK\$	Capital redemption reserve HK\$	Dividend reserve HK\$	Retained Profits HK\$	Total HK\$
At 1st January, 2002	144,997,035	(42,196,793)	1,295,807	85,000	4,779,263	66,272,014	175,232,326
Exchange adjustment	-	-	(169,604)	-	-	-	(169,604)
Profit for the period	-	-	-	-	-	1,323,201	1,323,201
Amount set aside for 2002 dividend	-	-	-	-	4,779,263	(4,779,263)	-
Final dividend for 2001 paid	-	-	-	-	(4,779,263)	-	(4,779,263)
At 31st December, 2002	144,997,035	(42,196,793)	1,126,203	85,000	4,779,263	62,815,952	171,606,660
Profit for the period	-	-	-	-	-	703,226	703,226
Final dividend for 2002 paid	-	-	-	-	(4,779,263)	-	(4,779,263)
At 30th June, 2003	<u>144,997,035</u>	<u>(42,196,793)</u>	<u>1,126,203</u>	<u>85,000</u>	<u>-</u>	<u>63,519,178</u>	<u>167,530,623</u>

13. Deferred Taxation

Movement in deferred tax liabilities during the period as follows:

	Accelerated tax depreciation 2003 (unaudited) HK\$	2002 (audited) HK\$
At 1st January	6,695,030	6,872,929
Charged (credited) to income statement	627,660	(177,899)
At 30th June, 2003/31st December, 2002	<u>7,322,690</u>	<u>6,695,030</u>

14. Contingent liabilities

	30th June, 2003 (unaudited) HK\$	31st December, 2002 (audited) HK\$
Export bills discounted with recourse	<u>49,645,065</u>	<u>40,634,703</u>

15. Capital commitments

	30th June, 2003 (unaudited) HK\$	31st December, 2002 (audited) HK\$
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	<u>272,000</u>	<u>138,000</u>

INTERIM DIVIDEND

The directors have resolved not to pay any interim dividend for the six months ended 30th June, 2003 (2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2003, the global economy continued to be volatile with weak consumer confidence and the retail market remained sluggish. The Group faced persistent pressure on order prices and fierce market competition. For the six months ended 30th June 2003, the Group recorded an unaudited turnover of approximately HK\$497,741,000, representing an increase of 13% from approximately HK\$440,119,000 for the same period in the previous year. The Group's unaudited profit attributable to shareholders amounted to HK\$703,226 compared with a loss of HK\$3,633,200 for the previous corresponding period. Earnings per share recovered to HK\$0.0015 from a loss per share of HK\$0.0076 in 2002. The unsatisfactory performance of the first half of this year was mainly attributable to the loss in operations from a non wholly-owned subsidiary and unrealized holding losses on other investments during the current period.

Bigfield Goldenford Holdings Limited

Bigfield Goldenford Holdings Limited, a 62.50% subsidiary of the Group, recorded a half year turnover of approximately HK\$341,561,500, an increase of 8.20% from that of the previous corresponding period. It has been suffering losses over the last two years and continued to incur a loss of approximately HK\$11.50 million in the first half of 2003, comparable to a loss of approximately HK\$4.15 million in the corresponding period in 2002. The loss was primarily attributable to an increase in cost of production and drop of profit margin. In early April of this year, the new management implemented stringent control over expenses through rationalization of its processes and system re-engineering aiming to improve operational efficiency at lower overhead and reduced break-even volume. Management focus on improvements in profitability continues to be a priority in the second half of 2003.

Frankie Dominion (Holdings) Limited

Frankie Dominion (Holdings) Limited remained a profitable operation, albeit under constant margin squeezes from its customers. Turnover amounted to approximately HK\$168,084,000 in the first half of the year, an increase of 25.45% compared with the same period in 2002. The Management expects that it will maintain a steady growth with stable profit contribution to the Group in 2003.

Finance costs

As a result of increasing bank borrowings, finance cost rose to 0.52% in the first half of 2003 compared with 0.42% of the Group's turnover as at 30th June, 2002.

Provisions for bad and doubtful debt

A provision of HK\$250,200 was made for the six months ended 30th June, 2003. In the corresponding period of 2002, no provision was being provided.

Charges on assets

There has been no material change in the charges on the Group's assets since 31st December, 2002.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets and current ratio were HK\$88,709,905 and 1.42:1 as at 31st December, 2002 and HK\$90,620,814 and 1.37:1 as at 30th June, 2003. A slight increase in net current assets is largely due to an increase in bank deposits and inventories.

The Group's gearing ratio was increased from 6% as at 31st December, 2002 to 10.67% as at 30th June, 2003, which was calculated based on the net borrowings of HK\$22,982,297 (31st December, 2002: HK\$13,179,628) and the shareholders' funds of HK\$215,323,252 (31st December, 2002: HK\$219,399,289).

As at 30th June, 2003, the Group does not engage in foreign currency speculation or any financial instrument used for hedging purposes.

The Group generally finances its business with internally generated cash flows and revolving credit facilities provided by the Group's principal bankers. With net current assets of HK\$90,620,814 the management believes that the Group has sufficient financial resources to discharge its debts and to finance its daily operations and capital expenditure.

EMPLOYEES AND REMUNERATION

During the first half of 2003, the Group continued to consolidate and improve its staff productivity with the number of employees reducing to approximately 8,500 as at 30th June, 2003 (31st December, 2002: 9,800 employees). Less than 130 staff are stationed in Hong Kong and the rest are PRC workers.

Employees are remunerated according to the nature of the job and market trends, with a built-in merit component incorporated in the annual increment and a year-end performance bonus to reward and motivate individual performance. There was no share option granted to any employee during the period.

PROSPECTS

The global economic recovery is likely to remain uncertain for the rest of the year. The business environment will remain highly competitive. In this difficult operating environment, the Group is consolidating and restructuring the existing production bases into a more streamlined operation. At the same time, the Group will continue to adopt prudent cost control policies to improve profitability and competitiveness. The Board is cautiously optimistic for the second half of the year and believes the Group may improve its performance in 2003.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the interim financial statements for the period ended 30th June, 2003.

DIRECTORS' INTERESTS IN SHARES

As at 30th June, 2003, the interests 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 Future Ordinance (the "SFO") which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by

Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of directors	Number of shares held		Total	Percentage of shareholding
	Personal interests	Corporate interests		
Lam Po Kwai Frankie	71,345,785	104,729,411 (a)	176,075,196 (c)	36.84
Wong Yau Ching Maria	19,073,433	–	19,073,433	3.99
Lee Yuen Bing Nina	10,867,059	24,367,798 (b)	35,234,857 (d)	7.37
So Man Yee Katherine	737,045	–	737,045	0.15
Au Son Yiu	1,433,660	–	1,433,660	0.30

Notes:

- (a) These shares are held through Carrson Holdings Investment Limited and Frankfort Capital Investment Limited, both of which are companies beneficially owned by Mr. Lam Po Kwai Frankie.
- (b) These shares are held through Joint Admin Benefit Corporation Limited, a company beneficially owned by Ms. Lee Yuen Bing Nina.
- (c) Ms. Lee Yuen Bing, Nina is the spouse of Mr. Lam Po Kwai, Frankie and is deemed to be interested in these shares.
- (d) Mr. Lam Po Kwai, Frankie is the spouse of Ms. Lee Yuen Bing, Nina and is deemed to be interested in these shares.

All the interests stated above represent long positions. Save as disclosed above, as at 30th June, 2003, none of the directors or chief executives held any interest or short position in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTEREST

As at 30th June, 2003, the register of substantial shareholders maintained by the Company pursuant to the SFO recorded that, other than interest disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company.

Name	Capacity	Number of shares held	Percentage of shareholdings
Solidpole Ltd.	Interest of controlled corporation	34,855,428	7.29
China Everbright Holdings Company Ltd.	Beneficial owner	34,855,428 (<i>e</i>)	7.29

Note(e): China Everbright Holdings Company Ltd. is the holding company of Solidpole Ltd. and is deemed to be interested in these shares.

The interests stated above represent long positions. Save as disclosed above, as at 30th June, 2003, the Company has not been notified of any other interests required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to a resolution passed on 25th April, 2002, the Company adopted a new executive share option scheme (the "New Scheme") which became effective on 31st May, 2002 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 30th May, 2012. Under the New Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties.

No share options were granted under the New Scheme during the period or were outstanding as at 30th June, 2003.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30th June, 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

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

By Order of the Board
Lam Po Kwai, Frankie
Chairman

Hong Kong, 19th September, 2003