



**KINGMAKER FOOTWEAR HOLDINGS LIMITED**  
**信星鞋業集團有限公司**



**INTERIM REPORT**  
**2003**

## UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Kingmaker Footwear Holdings Limited (the “Company”) takes the pleasure to announce the unaudited interim results of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30th September 2003, which were prepared in accordance with accounting principles generally accepted in Hong Kong and reviewed by the Company’s audit committee, as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>30th September</b>	
		<b>2003</b>	2002
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$’000</b>	HK\$’000
Turnover	2	<b>692,114</b>	658,085
Cost of Sales		<b>(568,809)</b>	(519,123)
Gross Profit		<b>123,305</b>	138,962
Other Revenue		<b>2,327</b>	3,340
Distribution and Selling Costs		<b>(14,473)</b>	(23,840)
Administrative Expenses		<b>(40,462)</b>	(39,616)
Profit from Operating Activities		<b>70,697</b>	78,846
Finance Costs		<b>(2,027)</b>	(2,786)
Profit Before Tax	3	<b>68,670</b>	76,060
Tax	4	<b>(2,229)</b>	(3,630)
Net Profit from Ordinary Activities			
Attributable to Shareholders		<b>66,441</b>	72,430
Dividend – interim	5	<b>22,919</b>	22,916
Earnings Per Share			
– Basic	6	<b>HK10.15 Cents</b>	HK11.14 Cents
– Diluted	6	<b>HK10.15 Cents</b>	HK11.08 Cents

## CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30th September 2003 HK\$'000	(Unaudited)* 30th September 2002 HK\$'000	(Audited) 31st March 2003 HK\$'000
Non-current assets				
Fixed Assets	7	447,693	391,185	420,712
Long Term Investments		288	465	288
		<b>447,981</b>	391,650	421,000
Current Assets				
Inventories		194,390	165,752	187,899
Accounts and Bills Receivable	8	129,720	132,020	127,736
Prepayment, Deposits and Other Receivables		3,635	1,794	4,602
Tax Recoverable		90	–	111
Cash and Cash Equivalents		195,939	201,223	166,170
		<b>523,774</b>	500,789	486,518
Current Liabilities				
Accounts Payable	9	148,516	114,169	83,836
Accrued Liabilities and Other Payables		60,271	74,246	79,895
Tax Payable		73,182	71,917	72,920
Interest-bearing bank borrowings	11	38,400	9,750	36,019
		<b>320,369</b>	270,082	272,670
Net Current Assets		<b>203,405</b>	230,707	213,848
Total Assets less Current Liabilities		<b>651,386</b>	622,357	634,848
Non-current Liabilities				
Bank Loan, unsecured	11	1,950	23,800	5,850
		<b>649,436</b>	598,557	628,998
Capital and Reserves				
Issued Capital	10	65,483	65,476	65,476
Reserves		561,034	510,165	517,684
Proposed Dividend		22,919	22,916	45,838
		<b>649,436</b>	598,557	628,998

\* For reference only.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2003

	Unaudited	
	Six months ended 30th September	
	2003	2002
	HK\$'000	HK\$'000
Net cash generated from operating activities	120,726	7,559
Net cash used in investing activities	(45,613)	(73,964)
Net cash used in financing activities	(32,819)	(31,681)
Increase/(Decrease) in cash and cash equivalents	42,294	(98,086)
Cash and cash equivalents at beginning of period	153,456	303,246
Effect of exchange rate changes, net	189	(3,937)
Cash and cash equivalents at end of period	195,939	201,223
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	195,939	201,223

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)						
	Share Capital	Share Premium	Capital		Retained Profits	Proposed dividend	Total
			Redemption Reserves	Exchange Reserves			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>For the six months ended 30th September 2003</b>							
At 1st April 2003	65,476	71,489	12	(1,678)	447,861	45,838	628,998
Issue of shares							
– exercised options	48	351	–	–	–	–	399
Shares repurchased and cancelled	(41)	–	41	–	(750)	–	(750)
Exchange reserve arising on consolidation of subsidiaries	–	–	–	189	–	–	189
2002/03 final dividends paid	–	–	–	–	(3)	(45,838)	(45,841)
Net profit for the period	–	–	–	–	66,441	–	66,441
2003 interim dividend proposed	–	–	–	–	(22,919)	22,919	–
At 30th September 2003	<b>65,483</b>	<b>71,840*</b>	<b>53*</b>	<b>(1,489)*</b>	<b>490,630*</b>	<b>22,919</b>	<b>649,436</b>
<b>For the six months ended 30th September 2002</b>							
At 1st April 2002	63,893	59,878	–	(2,617)	396,203	–	517,357
Issue of shares							
– exercised options	1,595	11,836	–	–	–	–	13,431
Shares repurchased and cancelled	(12)	–	12	–	(238)	–	(238)
Exchange reserve arising on consolidation of subsidiaries	–	–	–	(3,937)	–	–	(3,937)
Dividends paid in the period	–	–	–	–	(486)	–	(486)
Net profit for the period	–	–	–	–	72,430	–	72,430
Interim dividend	–	–	–	–	(22,916)	22,916	–
At 30th September 2002	<b>65,476</b>	<b>71,714*</b>	<b>12*</b>	<b>(6,554)*</b>	<b>444,993*</b>	<b>22,916</b>	<b>598,557</b>

\* These reserve accounts comprise the consolidated reserves of HK\$561,034,000 (2002: HK\$510,165,000).

Notes:

## 1. Basis of Preparation

The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”).

The unaudited condensed interim financial statements have been prepared under the historical cost convention. The accounting policies and basis of preparation of these interim reports are consistent with those used in the annual financial statements for the year ended 31 March 2003 except that the Group has adopted the new revised SSAP 12 (Revised) “Income Tax” for the first time in the preparation of the unaudited condensed consolidated financial statements for the accounting period.

SSAP 12 (Revised) prescribed the basis for accounting for income taxes payable or recoverable, arising the taxable profit or loss for the current period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carried forward of unused tax losses (deferred tax).

The adoption of the SSAP 12 has had no material impact on these condensed consolidated interim financial statements and no prior period adjustment has been made in these financial statements.

## 2. Segmental Information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

2. **Segmental Information** (*Cont'd*)(i) *Business segments*

The following tables present revenue, results and certain expenditure information for the Group's business segments.

	Rugged footwear	Casual footwear	Baby and children's footwear	Sportswear and sport shoes	Consolidated
	2003 HK\$'000	2003 HK\$'000	2003 HK\$'000	2003 HK\$'000	2003 HK\$'000
Segment revenue:					
Sales to external customers	146,968	226,197	311,607	7,342	692,114
Segment results	16,207	24,573	33,171	(1,864)	72,087
Unallocated income					2,327
Unallocated expenses					(3,717)
Profit from operating activities					70,697
Finance costs					(2,027)
Profit before tax					68,670
Tax					(2,229)
Net profit from ordinary activities attributable to shareholders					66,441
	Rugged footwear	Casual footwear	Baby and children's footwear	Sportswear and sport shoes	Consolidated
	2002 HK\$'000	2002 HK\$'000	2002 HK\$'000	2002 HK\$'000	2002 HK\$'000
Segment revenue:					
Sales to external customers	147,713	194,030	304,153	12,189	658,085
Segment results	20,642	23,595	38,348	(3,706)	78,879
Unallocated income					3,340
Unallocated expenses					(3,373)
Profit from operating activities					78,846
Finance costs					(2,786)
Profit before tax					76,060
Tax					(3,630)
Net profit from ordinary activities attributable to shareholders					72,430

## 2. Segmental Information (Cont'd)

### (ii) Geographical segments

The following tables present revenue for the Group's geographical segments.

	United States of America	Europe	Others	Consolidated
	2003	2003	2003	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:				
Sales to external customers	461,427	195,613	35,074	692,114

	United States of America	Europe	Others	Consolidated
	2002	2002	2002	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:				
Sales to external customers	455,405	168,554	34,126	658,085

## 3. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30th September	
	2003	2002
	HK\$'000	HK\$'000
Depreciation	19,927	12,107
Minimum lease payments under operating lease for land and buildings	1,358	2,281
Interest on bank loans repayable within 5 years	2,027	2,786
Interest income	(1,297)	(2,245)



## 4. Tax

	For the six months ended 30th September	
	2003 HK\$'000	2002 HK\$'000
Hong Kong	34	116
Overseas	<b>2,195</b>	3,514
	<b>2,229</b>	3,630

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. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the countries in which the Group operates.

No provision for deferred tax has been made as the Group did not have any significant unprovided deferred tax liabilities in respect of the interim period.

## 5. Interim Dividend

The Board resolved to declare an interim dividend of HK3.5 cents (2002: HK3.5 cents) per ordinary share for the six months ended 30th September 2003 payable to shareholders whose names appear in the Register of Members of the Company at the close of business on 5th January 2004. The dividend is expected to be paid on 16th January 2004.

## 6. Earnings per shares ("EPS")

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

	For the six months ended 30th September	
	2003 HK\$'000	2002 HK\$'000
Earnings for basic and diluted EPS	<b>66,441</b>	72,430
	Number of shares	
Weighted average number of ordinary shares for the basic EPS	<b>654,718,682</b>	650,469,292
Effect of dilutive share options	<b>82,603</b>	2,956,918
Weighted average number of ordinary shares for the diluted EPS	<b>654,801,285</b>	653,426,210

## 7. Fixed Assets

During the period, the Group has incurred approximately HK\$20 million on the 6 lines facilities in Zhongshan, the People's Republic of China (the "PRC") and Vietnam. The facilities in Zhuhai factory were also renewed and upgraded.

## 8. Accounts and Bills Receivable

The majority of the Group's sales are mainly on credit with varying credit terms of 30 to 90 days. The ageing analysis of accounts and bills receivable is as follows:

	Within	Between	Between	Over	Total
	90 days	91-180 days	181-365 days	365 days	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30th September 2003	126,095	1,489	1,773	363	129,720
As at 31st March 2003	124,724	932	1,939	141	127,736

## 9. Accounts Payable

The ageing analysis of accounts payable is as follows:

	Within 90 days	Between 91–180 days	Total
	HK\$'000	HK\$'000	HK\$'000
<b>As at 30th September 2003</b>	<b>138,419</b>	<b>10,097</b>	<b>148,516</b>
As at 31st March 2003	80,860	2,976	83,836

## 10. Issued Capital

During the period, the Company issued 478,500 shares of HK\$0.10 each as a result of the exercise of share options under the share option scheme approved and adopted by shareholders on 3rd September 1994. And in April 2003, the Company had repurchased 410,000 shares at the average of HK\$1.82 each.

## 11. Interest-bearing Bank Borrowings

	30th September 2003 HK\$'000	31st March 2003 HK\$'000
Trust Receipt loans, unsecured	–	2,455
Bank overdrafts, unsecured	–	12,714
Bank Loan, unsecured	<b>40,350</b>	26,700
	<b>40,350</b>	41,869
Trust receipt loans repayable within one year	–	2,455
Bank overdrafts repayable on demand	–	12,714
Bank Loans repayable:		
Within one year	<b>38,400</b>	20,850
In the second year	<b>1,950</b>	5,850
	<b>40,350</b>	41,869
Portion classified as current liabilities	<b>(38,400)</b>	(36,019)
Long term portion	<b>1,950</b>	5,850

The banking facilities are supported by corporate guarantees given by the Company and certain of its subsidiaries.

## 12. Contingent liabilities and Commitments

As at 30th September 2003, the Group had no significant contingent liabilities (2002: Nil). The commitment were as follows:

	<b>30th September</b>	31st March
	<b>2003</b>	2003
	<b>HK\$'000</b>	HK\$'000
(i) The Group had commitments in respect of management fees payable:		
Within 1 year	<b>310</b>	306
2-5 years	<b>1,240</b>	1,240
Over 5 years	<b>20,928</b>	21,083
	<b>22,478</b>	22,629
(ii) Commitments contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and machinery	<b>9,668</b>	10,249
Investment in subsidiary companies	<b>40,465</b>	46,064
	<b>50,133</b>	56,313

## REVIEW OF OPERATIONS

### Financial Results

During the first half of the financial year, the Group's focus was on the continued fortification of its footwear manufacturing operations in China, Vietnam and Macau helping it weather overall weak market sentiments and the unexpected interruption on business operations brought by the outbreak of the Severe Acute Respiratory Syndrome ("SARS") in the second quarter of 2003. Management efforts were dedicated and also initiated in the period to hold administrative and selling costs flat.

Business operations of the Group, along with the rest of the footwear industry, were further disrupted by the Iraqi war and subsequent instability in the Gulf area. In the face of mounting uncertainties, wholesalers and retailers also tended to be more conservative in order placements. Group turnover gained 5.17% year on year to HK\$692,114,000 despite adverse market conditions. Net profit decreased moderately by 8.27% to HK\$66,441,000.

The slight decrease in net profit margin from 11.01% of the corresponding period last year to 9.60% reflected higher operating costs, including the slight increase in leather material costs and additional training expenses for newly recruited staff to support capacity expansion. Also included in the operating costs were a depreciation charge of approximately HK\$5,000,000 for the new factory in Zhongzhan, China, and in research and development expenses in preparation for the launch of new footwear styles, in particular a number of premium casual shoe items. During the period, the Group also undertook refurbishment and enhancement works at its main facilities in Zhuhai, China, to meet increasingly stringent customer requirements.

The Group's resilience to the adverse operating environment was supported by its strong cash flow generating ability and its prudent financial structure.

### **Operational Performance**

The Group continued to steer through worldwide difficulties by constantly advancing operational efficiency and active business pursuits. The Group has also proceeded prudently and with flexibility in the pace of its long-term capacity expansion to cope with demand growth and to sustain its leadership advantage in high-end fashion casual footwear. During the period, the Group had added 4 production lines to its Vietnam facility and 2 more to the premises in Zhongshan.

As of today, the Group operated an aggregate of 35 production lines – 15 in Zhuhai, 9 in Zhongshan, 10 in Vietnam and 1 in Macau – to turn out approximately 20 million pairs of footwear per annum. The production lines were served by a team of approximately 20,000 skilled workers.

The geographical focus for market expansion still remained in Europe, leading to a further diversified spread among core markets. In the first half, 67% and 28% of total revenues were derived respectively from the North American and European markets.

Balanced development remained the key to the Group's management of portfolio of its three core product lines – casual, baby and children, and rugged shoes, which contributed 32.68%, 45.02% and 21.23% respectively of the headline turnover in the reporting period. Distribution business, accounting for 1.06% of Group revenue, was on the right track for turning around.

The Group maintained its strong franchise in premium brand-name footwear manufacturing. In the past six months, Timberland, Skechers, Clarks, Stride Rite and Wolverine remained its five largest customers, contributing a total of 92% of Group turnover. At the same time, the Group had devoted considerable management efforts to the development of new programs for Geox, Pony, Nautica, Stonefly and other new customers.

The distribution operation for *Lotto* footwear label in mainland China was scaled down to provide the Group with more effective coverage mainly in southern China. Loss from this segment was trimmed down as a result and management holds an optimistic view of the segment's imminent turnaround.

### **Future Plans and Prospects**

Although the first signs of recovery are finally foreseeable, business operators are expected to remain conservative in order placements. Price pressures will therefore prevail for a further period before full recovery becomes more visible. The Group's near-term results will also be somewhat restrained by the anticipated investments in further R&D of new products to sustain its product versatility and innovative edge.

Continued rollout of the long-term expansion plan will envisage the addition of production lines in Vietnam and Zhongshan in the coming years. The Group's commitment in investing in future production capability is expressed in its mid-term target of growing its scale to 40-42 production lines by 2005. Management also ensures that sufficient space is reserved for development to keep pace with further demand growth of existing and potential customers.

The Group's policy to maintain a balanced product portfolio translates to a targeted 40:40:20 spread among casual, baby and children and rugged footwear offerings. While the baby and children footwear segment is expected to register mild growth after years of strong performance, order books for the premium casual line from both existing and new European customers point to optimistic segment outlook.

Customers are increasingly looking to business partners for support in meeting new market challenges. They expect shorter production lead times, strictly compliance of the human rights standard and flexible payment arrangements from suppliers to help them cope with tough market conditions. Equipped with an advanced and cost-effective production base, and supported by a strong financial position, the Group is well placed to comfortably accommodate these rigorous requirements.



It is one of the Group's long range commitments to place itself closer to the clients. Sample centers were therefore built within its facilities to allow customers exclusive and well-equipped space to work directly with front line personnel on new product developments. The Group plans to further enhance its 5 sample centers in Zhongshan, Zhuhai and Taiwan.

The Board of Directors is committed to continuous improvement in the Group's operational strengths and market competencies in its pursuit of sustained business growth and success.

## **FINANCIAL POSITION**

As at 30th September 2003, the Group, after the anticipated expansion in Zhongshan and Vietnam factories, has a cash position of HK\$196 million (2002: HK\$201 million). The Directors are of the opinion that the current cash position and available banking facilities of approximately HK\$317 million (2002: HK\$400 million) will provide sufficient working capital to facilitate its planned expansion and investments in the next 2 years.

As at 30th September 2003, the Group has the total indebtedness amounted to approximately HK\$43 million (2002: approximately HK\$34 million), representing approximately 6.78% (2002: approximately 7.1%) to the shareholders equity.

The Group's activities involve currencies such as Renminbi, Taiwan dollars, and US dollars. It is the Group's policy to adopt a conservative approach on foreign exchange exposure management. The Group does not anticipate significant foreign exchange losses as long as the Hong Kong SAR government's policy to peg the Hong Kong dollar to the US dollar remains in effect. The Group will continue to monitor its foreign exchange exposure and market conditions to determine if any hedging is required.

## DIRECTORS INTERESTS IN SECURITIES

As at 30th September 2003, the interests and short positions of each director 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”)) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Exchange”) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) were as follows:

	Number of Shares held		Total
	Personal interest	Corporate interest *	
Chen Ming Hsiung	7,906,250	269,704,752	277,611,002
Huang Hsiu Duan	9,219,250	269,704,752	278,924,002
Lee Kung	–	269,704,752	269,704,752
Chan Ho Man	3,173,750	–	3,173,750
Kimmel Phillip Brian	2,400,000	–	2,400,000

\* These shares represents a 41.2% equity interest in the Company and are owned by King Strike Limited. The issued share capital of King Strike Limited is beneficially owned by Chen Ming Hsiung as to 75.80%, Huang Hsiu Duan as to 22.07% and Lee Kung as to 2.13%.

Save as disclosed above, as at 30th September 2003, the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the Listing Rules recorded no other interests or short positions of the directors in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO).



## SUBSTANTIAL SHAREHOLDERS AND OTHERS

As at 30th September 2003, the interests and short positions of every person, other than directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follow:

Shareholders	No. of ordinary shares held	Approximately % of interest
King Strike Limited – Long position	269,704,752	41.19%
J.P. Morgan Chase & Co. – Long position	51,534,086	7.87%
J.P. Morgan Chase & Co. – Lending pool	51,184,086	7.82%

Save as disclosed above, as at 30th September 2003, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in shares and underlying shares of the Company.

### Share Options

The following table discloses movements in the Company's shares options during the period:

Participants	Number of share options			Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$	Price of Company's shares at exercise date of options HK\$
	At 1st April 2003	Exercised during the period	At 30th September 2003				
Employees	82,500	82,500	–	31st December 1996	31st December 1996 to 2nd September 2004	0.429	2.025
	396,000	396,000	–	2nd January 2001	2nd January 2001 to 2nd September 2004	0.918	2.100
	478,500	478,500	–				

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday 6th January 2004 to Friday 9th January 2004, both days inclusive, during which period no transfers of shares shall be effected. To qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Registrar, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:30 p.m. on Monday 5th January 2004.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the period, the Company repurchased certain of its own shares of HK\$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Month of repurchase	Number of ordinary shares repurchased '000	Price per share		Total price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2003	410	1.87	1.81	750

The repurchased shares were cancelled during the period and the issued share capital of the Company was reduced by the par value thereof. The premium paid on the repurchase of the shares of HK\$708,000 has been charged to the retained profits. An amount equivalent to the par value of the shares cancelled has been transferred from retained profits of the Company to the capital redemption reserve.

The repurchase of the Company's shares during the period was effected by the directors, pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.



## EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong, Taiwan, PRC, Vietnam and Macau employed approximately 20,000 employees as at 30th September 2003. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Share options may also be granted in accordance to the terms of the Group's approved share option scheme.

## CORPORATE GOVERNANCE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or, was not during the six months ended 30th September 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 of Exchange except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to the retirement and rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

## AUDIT COMMITTEE

The Audit Committee ("Committee") has reviewed with the management, the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including a review of the unaudited interim results for the period.

The members of the Committee included the two independent non-executive directors of the Company.

On behalf of the Board  
**Chen Ming Hsiung, Mickey**  
*Chairman*

Hong Kong, 11th December 2003