



RBI HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)



INTERIM REPORT 2004

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Yip Yun Kuen (*Chairman*)
Yip Yun Tim
Chan Shun Po
Shiu Chun Yuen

NON-EXECUTIVE DIRECTORS

Chan Pik Ha
Xin Shu Lin
Yeung Wai Kin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Man Mo Leung
Yap Alfred Donald, J.P.

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

SOLICITORS

Jennifer Cheung & Co.
Unit A, 19th Floor
Two Chinachem Plaza
68 Connaught Road Central
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Lee Kin Fai

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7/F, Tower1, South Seas Centre
75 Mody Road
Tsimshatsui East
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Corporate Services Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

STOCK CODE

566

HONG KONG BRANCH SHARE REGISTRAR

Tengis Limited
G/F, Bank of East Asia
Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

UNAUDITED INTERIM RESULTS

The Board of Directors of RBI Holdings Limited (the "Company") are pleased to present the unaudited Interim Report of the Company and its subsidiaries (together the "Group") to the shareholders of the Company for the six months ended 30 June 2004.

INTERIM DIVIDEND

The directors have resolved that an interim dividend of Hong Kong 3 cents (2003: Hong Kong 5 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 15 October 2004. It is expected that the interim dividend will be paid on 3 November 2004.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2004

		Six months ended 30 June	
		2004	2003
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	3	205,090	193,394
Cost of sales		(143,782)	(124,392)
Gross profit		61,308	69,002
Other operating income	4	4,142	3,408
Distribution costs		(20,913)	(19,778)
Administrative expenses		(29,253)	(29,470)
Profit from operations	5	15,284	23,162
Finance costs	6	(3)	(5)
Profit before taxation		15,281	23,157
Income tax expense	7	(1,651)	(2,735)
Net profit for the period		13,630	20,422
Interim dividend	8	11,151	18,386
		HK Cents	<i>HK Cents</i>
Earnings per share			
Basic	9	3.7	5.5
Diluted	9	3.7	5.5

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2004

		30 June 2004 (unaudited) HK\$'000	31 December 2003 (audited) HK\$'000
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment	10	203,410	215,342
Investment properties	10	4,400	4,400
Investments in securities	11	64,079	46,835
Deposits held at banks	12	15,600	15,600
Deferred tax assets		4,720	5,300
		292,209	287,477
Current Assets			
Inventories		172,445	116,551
Investments in securities	11	20,381	35,988
Trade and other receivables	13	37,514	37,003
Bills receivable		28,264	34,056
Deposits and prepayments		5,127	4,915
Bank balances and cash		62,600	126,812
		326,331	355,325
Current Liabilities			
Trade and other payables	14	49,366	33,331
Deposits and accruals		36,235	40,620
Tax liabilities		3,270	553
		88,871	74,504
Net Current Assets			
		237,460	280,821
		529,669	568,298
Capital and Reserves			
Share capital	15	37,161	36,741
Reserves	16	489,842	527,880
		527,003	564,621
Non-current Liability			
Deferred tax liabilities		2,666	3,677
		529,669	568,298

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Total (unaudited) HK\$'000
At 1 January 2003	555,272
2002 final and special dividends paid	(55,200)
Repurchase of shares	(906)
Net profit for the period	20,422
	<hr/>
At 30 June 2003	519,588
	<hr/>
At 1 January 2004	564,621
2003 final and special dividends paid	(55,758)
Issue of shares pursuant to exercise of options	4,730
Repurchase of shares	(220)
Net profit for the period	13,630
	<hr/>
At 30 June 2004	527,003

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Six months ended 30 June	
	2004	2003
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(4,211)	(29,639)
Net cash used in investing activities	(8,754)	(47,016)
Net cash used in financing activities	(51,247)	(56,106)
Decrease in cash and cash equivalents	(64,212)	(132,761)
Cash and cash equivalents at beginning of the period	126,812	195,698
Cash and cash equivalents at end of the period	62,600	62,937
Being:		
Bank deposits and cash	78,200	62,937
Less: Bank deposits not within three months of maturity when acquired	(15,600)	—
	62,600	62,937

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2004

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 Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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 31 December 2003.

3. SEGMENT INFORMATION

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 30 June 2004

	Own brand <i>HK\$'000</i>	OEM/ODM <i>HK\$'000</i>	Moulds <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER				
External sales	<u>182,995</u>	<u>21,026</u>	<u>1,069</u>	<u>205,090</u>
SEGMENT RESULT				
	<u>27,236</u>	<u>1,769</u>	<u>99</u>	<u>29,104</u>
Interest and other income				4,142
Unallocated corporate expenses				<u>(17,962)</u>
Profit from operations				<u>15,284</u>

For the six months ended 30 June 2003

	Own brand <i>HK\$'000</i>	OEM/ODM <i>HK\$'000</i>	Moulds <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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>

4. OTHER OPERATING INCOME

Included in other operating income is income from investments and investment properties as follows:

	Six months ended 30 June	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank deposits	870	885
Yield on held-to-maturity debt securities	2,301	1,851
Dividends from listed securities	8	16
Rental from investment properties	<u>170</u>	<u>170</u>

5. PROFIT FROM OPERATIONS

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

	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	21,806	18,032
Net realised loss on dealing equity securities	43	—
Net unrealised holding gain on dealing equity securities	(97)	—
	_____	_____

6. FINANCE COSTS

	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Interest on bank overdrafts	3	5
	_____	_____

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Current tax on profit for the period:		
Hong Kong	1,396	1,531
Other regions in the People's Republic of China (the "PRC")	686	1,297
	_____	_____
	2,082	2,828
Deferred taxation	(431)	(93)
	_____	_____
	1,651	2,735
	_____	_____

Hong Kong Profits Tax is calculated at 17.5% (six months ended 30 June 2003: 17.5%) 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 16 June 2004, a final dividend of Hong Kong 10 cents (2002: Hong Kong 10 cents) and a special cash dividend of Hong Kong 5 cents (2002: Hong Kong 5 cents) per share were paid to shareholders in respect of the year ended 31 December 2003.

The directors have resolved that an interim dividend of Hong Kong 3 cents (six months ended 30 June 2003: Hong Kong 5 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 15 October, 2004. It is expected that the interim dividend will be paid on 3 November, 2004.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	13,630	20,422
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	370,228,991	368,048,848
Effect of dilutive potential ordinary shares in respect of share options	372,091	2,438,882
Weighted average number of ordinary shares for the purpose of diluted earnings per share	370,601,082	370,487,730

10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment at the total cost of approximately HK\$11 million.

There were no other material additions or disposals of property, plant and equipment and investment properties during the period.

The directors have considered the carrying amount of the Group's leasehold land and buildings, and investment properties at 30 June 2004 which are carried at valuation and have estimated that their carrying amount 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

	30 June 2004 <i>HK\$'000</i>	31 December 2003 <i>HK\$'000</i>
Held-to-maturity debt securities, unlisted	84,037	81,905
Dealing equity securities listed in Hong Kong	423	918
	84,460	82,823
<i>Less: Securities included in current assets</i>	(20,381)	(35,988)
	64,079	46,835
Market value of listed equity securities	423	918

12. DEPOSITS HELD AT BANKS

The deposits of the Group represent funds placed with banks which can only be withdrawn when the interest income accrued on such deposit reaches certain pre-determined amounts.

13. 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:

	30 June 2004 <i>HK\$'000</i>	31 December 2003 <i>HK\$'000</i>
0 — 30 days	21,213	15,852
31 — 60 days	8,119	6,709
61 — 90 days	2,226	9,076
Over 90 days	5,956	5,366
	37,514	37,003

14. TRADE AND OTHER PAYABLES

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

	30 June 2004	31 December 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 — 30 days	46,705	23,498
31 — 60 days	2,477	7,603
61 — 90 days	184	2,219
Over 90 days	—	11
	<u>49,366</u>	<u>33,331</u>

15. SHARE CAPITAL

Ordinary shares of HK\$0.10 each

	Number of shares	Nominal value
	<i>'000</i>	<i>HK\$'000</i>
Issued and fully paid		
At 1 January 2004	367,412	36,741
Shares repurchased and cancelled	(100)	(10)
Shares issued pursuant to exercise of options	4,300	430
	<u>371,612</u>	<u>37,161</u>
At 30 June 2004		

During the period, the Company repurchased 100,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") at an aggregate consideration of HK\$220,000, all of which have been cancelled.

None of the Company's subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the period.

16. 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 1 January, 2003	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 payment	—	—	—	—	—	18,386	(18,386)	—
At 30 June, 2003	<u>130,022</u>	<u>2,072</u>	<u>11,342</u>	<u>19,119</u>	<u>(5,720)</u>	<u>18,386</u>	<u>307,580</u>	<u>482,801</u>
2003 interim dividend paid	—	—	—	—	—	(18,386)	—	(18,386)
Repurchase of shares	(427)	46	—	—	—	—	(694)	(1,075)
Revaluation decrease	—	—	(3,283)	—	—	—	—	(3,283)
Reversal of deferred tax liability arising on revaluation of properties	—	—	201	—	—	—	—	201
Net profit for the period	—	—	—	—	—	—	67,622	67,622
Amounts set aside for dividend payment	—	—	—	—	—	55,404	(55,404)	—
Other appropriations	—	—	—	2,362	—	—	(2,362)	—
At 31 December, 2003	<u>129,595</u>	<u>2,118</u>	<u>8,260</u>	<u>21,481</u>	<u>(5,720)</u>	<u>55,404</u>	<u>316,742</u>	<u>527,880</u>
2003 final and special dividends paid	—	—	—	—	—	(55,404)	(354)	(55,758)
Repurchase of shares	(93)	10	—	—	—	—	(127)	(210)
Issue of shares	4,300	—	—	—	—	—	—	4,300
Net profit for the period	—	—	—	—	—	—	13,630	13,630
Amounts set aside for dividend payment (note 8)	—	—	—	—	—	11,151	(11,151)	—
At 30 June, 2004	<u>133,802</u>	<u>2,128</u>	<u>8,260</u>	<u>21,481</u>	<u>(5,720)</u>	<u>11,151</u>	<u>318,740</u>	<u>489,842</u>

17. CAPITAL COMMITMENTS

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided for in interim financial report	<u>4,861</u>	<u>164</u>

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 30 June 2004 within the meaning of the Securities and Futures Ordinance (the "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 (<i>Note 2</i>)	Personal	30,864,600 (<i>Note 1</i>)	—	8.31
Ms. Chan Pik Ha	Personal	6,435,000 (<i>Note 1</i>)	—	1.73
Mr. Chan Shun Po	Personal	4,720,320 (<i>Note 1</i>)	—	1.27
Mr. Yip Yun Tim	Personal	400,000 (<i>Note 1</i>)	—	0.11
Mr. Shiu Chun Yuen (<i>Note 3</i>)	Personal	3,500,000 (<i>Note 1</i>)	—	0.94
Mr. Chan Hon Biu, Alvin (<i>Note 4</i>)	Personal	240,000 (<i>Note 1</i>)	—	0.06
Mr. Man Mo Leung	Personal	182,000 (<i>Note 1</i>)	—	0.05

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 .
3. In addition to above, Mr. Shui Chun Yuen has family interest of 110,000 ordinary shares with his spouse.
4. Mr. Chan Hon Biu, Alvin has resigned as the Director of the Company with effect from 30 June 2004.

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 the 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 (<i>Note 1</i>)	2002	200,000	—	(200,000)	—
Mr. Shiu Chun Yuen	2002	200,000	—	(200,000)	—
Total Directors		<u>1,300,000</u>	<u>—</u>	<u>(700,000)</u>	<u>600,000</u>
Employees	2002	<u>3,700,000</u>	<u>—</u>	<u>(3,600,000)</u>	<u>100,000</u>
Total		<u>5,000,000</u>	<u>—</u>	<u>(4,300,000)</u>	<u>700,000</u>

Notes:

1. Mr. Chan Hon Biu, Alvin has been resigned as the Director of the Company with effect from 30 June 2004.

On 2 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 1 January 2004 to 31 December 2013 at the price of HK\$1.10 per share.

The closing price of the Company's shares immediately before 2 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 30 June 2004, 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 30 June 2004, 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	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%)
		Long position	Short position	
Extrad Assets Limited (Note 2)	Corporate	133,925,220 (Note 1)	—	36.04
Walbeck International Limited (Note 3)	Corporate	74,062,352 (Note 1)	—	19.93
Arisaig Greater China Fund	Corporate	20,564,000 (Note 1)	—	5.53

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 30 June 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group had encountered a tough time for the period under review. Compared with those of the corresponding period of 2003, turnover slightly increased from HK\$193,394,000 to HK\$205,090,000, but net profit decreased from HK\$20,422,000 to HK\$13,630,000. The decrease in profit was mainly due to higher costs of production.

Market condition

Although turnover of the Group had increased, it did not truly reflect the severe competition in the toy industry. The market remained slow and businesses remained competitive during the reported period. Oversupplies in the market led to keen competition among toy manufacturers and continued pressures from buyers for lower prices.

High production costs

Production costs increased due to the rising cost of raw materials and higher operating costs.

Cost of plastic, a major raw material for the production of toys had increased during the period and the costs of other raw materials like zinc and alloy for the production of die cast toys had also increased although of a lesser extent.

The production schedule of the Group's plants in Shenzhen and Dongguan were affected by the shortage of water, electricity and labour. Furthermore, the increases in statutory minimum wages, various social security requirements and inflation in the PRC also inevitably pushed up the operating costs.

In spite of the unfavourable operating environment, the Group managed to remain profitable in the period under review, through the management's effort in controlling costs and maintaining production efficiency.

Financial Position and Capital Structure

Notwithstanding the difficult operating environment, the Group maintained healthy financial position. The Group continued to hold cash and bank balances as at the balance sheet date totalling HK\$62,600,000 (31 December 2003: HK\$126,812,000). 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 cash 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. As at the balance sheet date, the Group has no borrowings. Other than held to maturity debt securities of approximately HK\$84,037,000 (31 December 2003: HK\$81,905,000) and listed securities of HK\$423,000 (31 December 2003: HK\$918,000), the Group has no other investments in securities.

Business Prospect

The cost of plastic has continued to rise in July and August 2004 as a result of the hike in oil price. The Group will continue to be affected by the high cost of production for the rest of 2004.

The management has taken measures to counter the negative impacts from the aforesaid unfavourable factors:

- monitor selling prices more closely and adjust them where possible to compensate for the higher production costs;
- invest more resources to enhance the product design, quality control and automation activities in production;
- the Group has purchased a piece of land in Heyuan City of Guangdong Province and to build a new production plant on the site. The first phase of the plant is expected to commence operation in the first half of 2005; and
- monitor and maintain the overall production efficiency and cost control closely at all times.

The management of the Group is well prepared for the forthcoming challenges of market competitions and difficult operation condition.

PERSONNEL

The average number of employees of the Group during the period was approximately 5,800 (year ended 31 December 2003: 5,800) of whom 790 (year ended 31 December 2003: 740) were office administration staff.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period, the Company repurchased 100,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HK\$220,000. All the repurchased shares have been cancelled.

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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 12 October 2004 to Friday, 15 October 2004, 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, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 11 October 2004.

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 30 June 2004 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

REVIEW OF INTERIM FINANCIAL STATEMENTS

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

On behalf of the Board
Yip Yun Kuen
Chairman

Hong Kong, 17 September 2004