



CHANGE OF NAME OF THE COMPANY

In relation to the change of name of the Company from “Hong Kong Fortune Limited” to “Chia Tai Enterprises International Limited (正大企業國際有限公司)”, a special resolution has been passed by the shareholders of the Company at the extraordinary general meeting held on 18th June, 2003. The Registry of Companies of the Cayman Islands has approved the change of name of the Company and issued the certificate of incorporation on change of name to the Company on 18th June, 2003. The certificate of registration of change of name of overseas company was issued by the Companies Registry in Hong Kong on 30th July, 2003.

CAPITAL STRUCTURE

There has been no material change in capital structure of the Group from the information disclosed in the most recent published annual report.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial conditions remain healthy. During the Period, the Group collected a total HK\$79.34 million for the repayment/advances from jointly controlled entities and paid HK\$12.57 million and HK\$93.53 million for the partial payment for the consideration of an acquisition and repayment to related companies. Hence, as at 30th June, 2003, its cash and cash equivalents amounted to approximately HK\$247.86 million, representing a decrease of 25.32% when compared with the balance as at 31st December, 2002.

GEARING AND CURRENT RATIOS

As at 30th June, 2003, the gearing ratio was zero (gearing ratio was calculated by dividing interest-bearing bank loans and other borrowings by shareholders' equity) (31st December, 2002: zero) and the current ratio was 1.24 (31st December, 2002: 4.35).

FOREIGN CURRENCY EXPOSURE

As at 30th June, 2003, the Group had approximately RMB137.08 million (equivalent to HK\$128.85 million) and US\$14.84 million (equivalent to HK\$115.78 million) in cash. The Group also had US dollar denominated receivables of US\$21.27 million (equivalent to HK\$165.91 million) due from its jointly controlled entities and US dollar denominated payable of US\$30.61 million (equivalent to HK\$238.73 million) for the consideration of an acquisition.

The fluctuation in the exchange rates between Hong Kong dollars and RMB, and Hong Kong dollars and US dollars, respectively, has been relatively small in recent years. The Group believes it faces minimal foreign currency risk and thus has not undertaken any hedging activities.

CONTINGENT LIABILITY

The Company and the Group have a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$1.38 million as at 30th June, 2003. The contingent liability has arisen as a number of current employees have achieved the required number of years of service to the Company and the Group, to the balance sheet date, in order to be eligible for long service payments under the Hong Kong Employment Ordinance and their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation could result in material future outflow of reserves from the Company and the Group.