

FORTEI HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM REPORT



1993

INTERIM RESULTS

The Directors of Fortei Holdings Limited ("the Company") are pleased to announce that the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 30th June, 1993 together with comparative figures for the corresponding period in 1992 are summarised as follows:—

	Notes	Six months ended 30th June	
		1993 HK\$'000	1992 HK\$'000
Turnover		<u>133,209</u>	<u>58,943</u>
Operating profit		28,382	8,768
Share of profits of Associated Company		<u>100</u>	<u>—</u>
Profit before taxation		28,482	8,768
Taxation	(2)	<u>5,230</u>	<u>1,639</u>
Profit attributable to shareholders		23,252	7,129
Dividend		<u>4,000</u>	<u>—</u>
Profit for the period retained		<u>19,252</u>	<u>7,129</u>
Earnings per share	(3)	<u>7.75 cents</u>	<u>2.38 cents</u>

Notes:—

1. **Basis of presentation**

The Company was incorporated in Bermuda on 7th June, 1993. Following a corporate reorganization in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, the Company became the holding company of the Group in June 1993. The Group's unaudited interim results and the comparative figures set out above have been prepared on the basis of merger accounting as if the current group structure had been in existence throughout the two periods presented.

2. **Taxation**

Hong Kong profits tax has been provided at the rate of 17.5% (1992: 17.5%), on the estimated assessable profits for the period.

3. **Earnings per share**

The calculation of earnings per share is based on the unaudited combined profits attributable to shareholders of HK\$23,252,000 (1992: HK\$7,129,000) and the 300,000,000 shares which would have been in issue throughout the period had the Group reorganisation been completed prior to the period covered by this report.

INTERIM DIVIDEND

The Directors have declared the payment of an interim dividend of one cent per share for the year ending 31st December, 1993 as stated in the Company's prospectus dated 22nd June, 1993. The interim dividend will be paid on 1st November, 1993 to shareholders whose names appear on the Register of Members of the Company on 11th October, 1993.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5th October, 1993 to 11th October, 1993, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the above dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4 p.m. on 4th October, 1993.

BUSINESS REVIEW AND PROSPECTS

The Group has experienced a strong growth in its results for the six months ended 30th June, 1993 as compared to the corresponding period last year, during which turnover and profit attributable to shareholders increased by 126 per cent. and 226 per cent. respectively. The sales of the summer series of sports shoes are encouraging and, barring unforeseeable circumstances during the second half of the current financial year, the Directors are confident that 1993 will be another record year for the Group in terms of turnover and profitability achieved.

The recent implementation of macro economic policy in the People's Republic of China does not so far have any significant effects on the Group's business. Moreover, it has been observed that the exchange rate for Renminbi to United States dollars has stabilised and the Directors consider that this will be greatly beneficial to the future business of the Group.

DIRECTOR'S INTEREST IN SHARES

As at 30th June, 1993, the interest of the Directors and of their associates in the securities of the Company notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Securities (Disclosure of Interests) Ordinance (the "SDI" Ordinance") were as follows:—

Name	Type of interest	Number of shares
Kong Yun Kan	Personal (1)/Others (2)	277,714,300
Kwong Yun Nin	Others (3)	Nil
Kwong Yun Sing, Jarvis		Nil
Wong Wing Keung		Nil
Chan Cheung Ho		Nil
Liu Wing Ting, Stephen		Nil
John Anthony Ellison		Nil
John Charles Ross Collis		Nil

Notes:—

- (1) 6,285,700 shares of the Company are owned by and registered in the name of Mr. Kong Yun Kan.
- (2) 24,087 shares of Hoi Fat Investments (B.V.I.) Limited ("Hoi Fat") representing 42.26 per cent. of its issued share capital are owned by and registered in the name of Cowin Enterprises Limited, a British Virgin Islands Company operated by a trustee for the benefit of a trust the beneficiaries of which are Mr. Kong Yun Kan and his immediate family members. Pursuant to the provisions of

the SDI Ordinance, Mr. Kong Yun Kan is deemed to be in control of Cowin Enterprises Limited and Hoi Fat and is therefore interested in 271,428,600 shares of the Company owned by Hoi Fat.

- (3) Mr. Kwong Yun Nin has an option under the share option scheme of the Company to subscribe up to 10,000,000 shares of the Company at a subscription price of \$1.28 per share, the shares the subject of such option representing 2.5 per cent. of the issued share capital of the Company.
- (4) In addition, certain of the Directors hold non-voting deferred shares in Onpower Company Limited, a subsidiary of the Company.

SUBSTANTIAL SHAREHOLDER

The only holder of 10 per cent. or more of the shares of the Company in issued of which the Directors are aware as follows:

Name	Number of shares	Percentage of holding
Hoi Fat	271,428,600	67.9

By Order of the Board
Kong Yun Kan
Chairman

Hong Kong, 2nd September, 1993