



安權控股有限公司

FORTEI HOLDINGS LIMITED

(在百慕達註冊成立之有限公司)

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

中期業績報告

INTERIM REPORT

INTERIM RESULTS

The Board of Directors of Fortei Holdings Limited (“the Company”) announces the unaudited consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30th June, 2000, together with the comparative figures for the same period in the previous year as follows:

		Six months ended	
	Note	30/6/2000	30/6/1999
		HK\$'000	HK\$'000
Turnover	1	1,300	51,704
Cost of sales		—	(47,004)
Gross profit		1,300	4,700
Other revenues		642	3,975
Distribution costs		—	(11,607)
Administrative expenses		(3,775)	(8,564)
Other operating expenses		(7)	(7,845)
Provision for doubtful debts		—	(24,790)
Operating loss		(1,840)	(44,131)
Finance costs		—	(92)
Share of loss of an associated company		(37)	—
Loss before taxation		(1,877)	(44,223)
Taxation credit	2	—	340
Loss attributable to shareholders		(1,877)	(43,883)
Loss per share	3	(0.44) cents	(10.97) cents

Notes:

1. Turnover

	Six months ended	
	30/6/2000	30/6/1999
	HK\$'000	HK\$'000
Sale of goods	—	51,704
Interest income	1,300	—
	1,300	51,704

2. Taxation credit

- No Hong Kong profits tax has been made in the accounts as the Group has no assessable profits for the current period. Last year's taxation credit represented an overprovision of taxation of previous years being written back.
- No provision for deferred taxation has been made in the accounts as the effect of timing difference is not material to the Group.

3. Loss per share

The calculation of loss per share for the period is based on the loss attributable to shareholders of HK\$1,877,000 (1999: HK\$43,883,000) and the weighted average of 426,791,209 (1999: 400,000,000) shares in issue during the period.

4. Transfer to and from reserves

During the period, the Company completed a placement of 70,000,000 ordinary shares at a price of HK\$0.20 per share. The premium of HK\$7,000,000 arising from this issue has been recorded as share premium.

Besides, during the period, the Company issued and allotted 8,000,000 ordinary shares at a value of HK\$0.50 per share in exchange for shares of an associated company as partial consideration for the acquisition of the associated company. The excess value of the shares acquired over the nominal value of the shares issued was credited to the contributed surplus account.

During the period, goodwill arose from the acquisition of the abovementioned associated company amounting to HK\$8,118,000 has been offset against capital reserve account.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2000 (1999: Nil).

REVIEW AND OUTLOOK

For the six months ended 30th June, 2000, the Group had a turnover of HK\$1,300,000 compared to HK\$51,704,000 for the same period last year. The drastic fall in turnover was mainly due to the structural change of consumer demand in retail market which resulted in suspension of all the retail operations over the financial period that were loss-making.

During the period under review, the Group focused mainly on the following two aspects:

- (1) Recovery of long outstanding debts – The Group successfully recovered about 48% of the debts incurred under previous management representing approximately HK\$34 million. In fact the current management has recovered altogether 60% of the Group's debts representing HK\$42 million since the change of management in September, 1999.
- (2) Strategic Investment – As Hong Kong is gradually recovering from the impact of the Asian economic turmoil, the management has appraised a variety of business opportunities. On 1st June, 2000, the Group completed the acquisition of a 40% minority stake in a software developer, Integrated Solutions Limited for a consideration of HK\$8 million. In July, 2000, the Group invested approximately HK\$11.5 million in subscription of 3,500,000 shares in AcrossAsia Multimedia Limited whose shares were listed on the Growth Enterprise Market of the Stock Exchange on 13th July, 2000.

Looking forward, the management is aiming to recover more outstanding debts before the end of this year. In addition, negotiation has been taking place with an interested party for granting of certain rights relating to the FORTEI brand name in order to realign our marketing strategy and to reestablish the retail business in Mainland China. Most important of all, the Group will continue to search for projects with good investment potential on a prudent basis so as to protect the interests of its shareholders and to broaden its revenue base.

DISCLOSURE OF INTERESTS

At 30th June, 2000, the interests of the Directors and Chief Executives in the shares, warrants and options of the Company and its associated corporation, as recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or as notified to the Company were as follows:

Name	Number of shares in the Company beneficially held			
	Personal interest	Corporate interest	Family interest	Other interest
Mr. TSANG Chiu Ching	-	(note 1)	-	-
Mr. TSANG Chiu Mo, Samuel	-	(notes 1 and 2)	-	-

Notes:

- 289,463,300 shares were held by Century Legend Limited ("Century Legend"), which is owned as to 5% by Mr. TSANG Chiu Ching and 5% by Mr. TSANG Chiu Mo, Samuel respectively.
- 204,114,700 shares were deemed to be held by China Sky Finance Limited ("China Sky") by virtue of a Share Charge dated 6th December, 1999 made between China Sky as chargee and Century Legend as chargor whereby Century Legend charged to China Sky by way of first fixed charge all of Century Legend's present and future right, title and interest in and to 204,114,700 shares in the Company. China Sky is 100% beneficially owned by Mr. TSANG Chiu Mo, Samuel. Both Mr. CHAN Yuk Sang and Mr. TSANG Chiu Mo, Samuel are Directors of China Sky.

Save as disclosed above and the holding of certain nominees shares in trustee for the Group, none of the Directors and Chief Executives of the Company or their associates had any interest in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30th June, 2000.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 30th June, 2000, other than the interests of certain Directors and their associates disclosed under the section headed "Disclosure of Interests" above, no other person is

recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance as having an interest of 10% or more in the issued share capital of the Company.

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

A share option scheme was approved at a special general meeting of the Company held on 16th June, 1993 under which the Directors may, at their discretion, grant options to Executive Directors and full time employees of the Company or its subsidiaries to subscribe for shares in the Company.

There were no options exercised, granted or outstanding during the six months ended 30th June, 2000.

Apart from the share option scheme of the Company, at no time during the period was the Company, its holding company or any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the Directors or Chief Executives to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors, Chief Executives nor any of their spouses or children under the age of 18 had been granted any right to subscribe for securities of the Company, or exercised any such right.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the period.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF LISTING RULES

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 30th June, 2000, in compliance with the Code of Best Practice set out in appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited save that the Independent Non-Executive Directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

By order of the Board
Chan Yuk Sang
Chairman

Hong Kong, 28th September, 2000