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INTERIM REPORT



FORTEI HOLDINGS LIMITED

安權控股有限公司



(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(在百慕達註冊成立之有限公司)

INTERIM RESULTS

The Board of Directors of Fortei Holdings Limited ("the Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30th June, 1997, together with the comparative figures for the same period in the previous year, are as follows:

	<i>Notes</i>	Six months ended	
		30/6/1997	30/6/1996
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		<u>85,761</u>	<u>142,899</u>
Operating Profit			
From continuing operations before exceptional item		3,693	10,832
Exceptional item	(1)	<u>5,461</u>	<u>—</u>
Profit from ordinary activities before taxation		9,154	10,832
Taxation	(2)	<u>361</u>	<u>804</u>
Profit before minority interests		8,793	10,028
Minority Interests		<u>74</u>	<u>—</u>
Profit attributable to shareholders		8,719	10,028
Dividend		<u>4,000</u>	<u>4,000</u>
Profit for the period retained		<u>4,719</u>	<u>6,028</u>
Earnings per share	(3)	<u>2.18 cents</u>	<u>2.51 cents</u>

Notes:

- (1) The exceptional item in the current period represents the gain on disposal of a leasehold property.
- (2) Taxation represents Hong Kong Profits Tax calculated at 16.5% (1996: 16.5%) on the estimated assessable profits for the period.
- (3) The calculation of earnings per share for the period is based on the profit attributable to shareholders of HK\$8,719,000 (1996: HK\$10,028,000) and the 400,000,000 (1996: 400,000,000) shares in issue.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 1 cent per share for the six months ended 30th June, 1997 (1996: 1 cent) to the shareholders whose names appear on the register of members of the Company on 17th October, 1997. Dividend warrants will be despatched on or about 20th October, 1997.

CLOSURE OF REGISTERS

The register of members will be closed from 13th October, 1997 to 17th October, 1997 both days inclusive. In order to qualify for the interim dividend, all transfers should 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 not later than 4:00 p.m. on 9th October, 1997.

REVIEW AND OUTLOOK

The turnover of the Group decreased by 40% and the profit attributable to shareholders, inclusive of a gain on disposal of a leasehold property, decreased by 13% when compared with those in the same period last year. The decrease was mainly due to the planned reduction of wholesale activities of the Group in the People's Republic of China ("PRC") to lessen the Group's dependence on middlemen. The Group is actively engaged, directly and indirectly, in setting up specialty shops and counters in the PRC to gain closer access to ultimate customers. The access will allow the Group to react quickly to market trends and demands. The Group is taking a cautious approach in the transition from selling to wholesalers and sales have declined in the period. Looking ahead, the Group believes the transition is necessary to lay a firm foundation for the future and will therefore continue to develop the business of specialty shops and counters in the PRC so to expand its ultimate share of the PRC retail market.

The Group's knitting factory in Baoan in the PRC is now in full operation. It is expected that it will contribute to the supply of finished goods and to the performance of the Group.

DIRECTORS' INTERESTS IN SHARES

As at 30th June, 1997, the interests of the Directors and their associates in the share capital of the Company recorded in the register maintained by the Company

pursuant to Section 29 of the Securities (Disclosure of interests) Ordinance (the "SDI Ordinance") were as follows:

Name of Director	Number of shares	
	Personal interest	Corporate interest
Kong Yun Kan	6,285,700	286,226,600*

* Comprising 269,428,600 shares which are owned by Hoi Fat Investments (B.V.I.) Limited in which Cowin Enterprises Limited has a 42.26% interest and 16,798,000 shares which are owned by Cowin Enterprises Limited directly. Cowin Enterprises Limited is a company operated by a trustee for the benefit of a trust, the beneficiaries of which are Kong Yun Kan and his immediate family members.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 1997, the register of substantial shareholders required to be maintained by the Company pursuant to section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of a director, the Company was not notified of any interest representing 10% or more of the issued share capital of the Company.

DIRECTORS' 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, 1997.

Save as aforesaid:

- (a) none of the directors or their spouses or children under the age of 18 had any right to subscribe for shares of the Company, or had exercised any such right; and
- (b) at no time during the six months ended 30th June, 1997 was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of

the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30th June, 1997.

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 30th June, 1997, in compliance with the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

By Order of the Board
Kong Yun Kan
Chairman

Hong Kong, 15th September, 1997