



# ROCKAPETTA HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2001

The Board of Directors of Rockapetta Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2001 together with the comparative figures for the corresponding period as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Six months ended 30/06/01 HK\$'000 (unaudited)	30/06/00 HK\$'000 (unaudited)
Turnover	1	25,417	51,515
Cost of sales		(36,688)	(49,372)
Gross (loss)/profit		(11,271)	2,143
Other revenue		2,174	1,778
Provision for impairment loss of property, plant and equipment		(2,500)	—
Distribution costs		(848)	(811)
Administration expenses		(13,482)	(11,070)
Loss from operations	2	(25,927)	(7,960)
Finance costs		(3,754)	(1,826)
Investment income		109	407
Share of loss of associates		—	(3)
Net loss for the period		(29,572)	(9,382)
Loss per share — basic	5	(5.28 cents)	(2.85 cents)

Notes:

#### 1. Segment Information

The Group has one business segment only. The Group turnover analysed by geographical market is as follows:

2001 (unaudited)	North America HK\$'000	Asia HK\$'000	Europe HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	14,975	6,744	2,422	1,276	25,417
Segment result	(18,337)	(6,106)	(2,415)	(1,243)	(28,101)
Unallocated other revenue					2,174
Loss from operations					(25,927)
2000 (unaudited)	North America HK\$'000	Asia HK\$'000	Europe HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	37,935	7,760	2,323	3,497	51,515
Segment result	(7,171)	(1,267)	(589)	(711)	(9,738)
Unallocated other revenue					1,778
Loss from operations					(7,960)

#### 2. Loss From Operations

Loss from operations has been arrived at after charging/(crediting)

	Six months ended 30/06/01 HK\$'000	30/06/00 HK\$'000
Depreciation	4,408	4,869
Profit on sale of motor vehicle	(82)	—

#### 3. Taxation

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit for the period.

#### 4. Interim Dividends

No dividends were paid during the period. The directors do not recommend the payment of any interim dividend.

#### 5. Loss Per Share

The calculation of the basic loss per share is based on the net loss for the period of HK\$29,572,000 (six months ended 30 June 2000: HK\$9,382,000) and on the weighed average number of 559,760,000 shares (six months ended 30 June 2000: 329,594,000) in issue during the period.

No diluted loss per share figures have been presented as the exercise of the potential shares is anti-dilutive for the six months ended 30 June 2001, and six months ended 30 June 2000.

#### 6. Post Balance Sheet Events

In July 2001, convertible notes holders converted an aggregate face value of HK\$6.6 million convertible notes to 30 million ordinary shares at a price of \$0.22 per share. In August 2001, the Company placed 111 million new shares at \$0.15 per share for net proceeds of approximately HK\$16,650,000.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### BUSINESS OVERVIEW

For the six months ended 30 June 2001, the Group recorded a turnover of approximately HK\$25.4 million, representing a decline of approximately 51% compared with the previous corresponding period. Such decline was mainly attributable to the slow down in the US economy with a substantial amount of sales orders being deferred to second half year. Loss attributable to shareholders increased from approximately HK\$9.4 million to approximately HK\$29.6 million.

The net loss for the six months ended 30 June 2001 included a deficit arising on revaluation of the Group's property of HK\$2.5 million, a stock provision of HK\$6 million and a provision of doubtful debts of HK\$3.1 million.

### LIQUIDITY AND FINANCIAL RESOURCES

#### Borrowings and banking facilities

As at 30 June 2001, the Group had outstanding short-term bank borrowings of approximately HK\$24 million. The main purpose of the bank borrowings was to finance working capital of the Group.

The bank borrowings are mainly made in Hong Kong Dollars, United States Dollars and Renminbi. The Group did not enter into any hedging transactions. Foreign exchange exposure does not pose a significant risk to the Group given that the level of foreign currency exposure is small relative to its total asset base.

As at 30 June 2001, the gearing ratio of the Group, calculated as total debts divided by total assets was approximately 42.7%.

#### Net current liabilities and working capital

As at 30 June 2001, the Group's total current assets and current liabilities were approximately HK\$94 million and HK\$123 million respectively. The Group serviced its debts primarily through cash generated from its operations. After considering the financial resources available to the Group including internally generated funds and the Group's effort to reduce inventory held by the Group, the Directors are of the opinion that the Group has sufficient resources and working capital to meet its foreseeable debt repayment requirements.

### POST BALANCE SHEET EVENTS

In July 2001, convertible notes holders converted an aggregate face value of HK\$6.6 million convertible notes to 30 million ordinary shares at \$0.22 per share. In August 2001, the Company placed 111 million new shares at \$0.15 per share for net proceeds of approximately HK\$16,650,000.

### STAFF COST, DIRECTOR BONUSES AND SHARE OPTION SCHEME

Staff costs for the six months ended 30 June 2001 were HK\$8.7 millions, representing an increase of 15% compared with the previous corresponding period. The Group had a workforce of approximately 1,900 employees, all employees stationed in Shenzhen, PRC except for eight employees stationed in Hong Kong. Salaries are maintained at competitive levels while bonuses are granted on a discretionary basis.

The Group has adopted a share option scheme under which the Director of the Company may, at their discretion, granted options to the Executive Directors and full-time employees of the Group to subscribe for shares representing up to a maximum of 10% of the issued share capital of the Company from time to time.

### PROSPECTS AND FUTURE PLAN

As discussed earlier, the unsatisfactory results of the six months ended 30 June 2001 were mainly attributable to the slow down in US economy with a substantial amount of sales orders being deferred to second half year.

The Group has made substantial efforts to improve the business prospects. In 2001, the Group is prepared to launch 15 new light and sound OEM items, five new series of motorized ride-on and scooter OEM items and five new musical movement OEM toy items. The diversity of new items to be launched in 2001 is unprecedented in recent years.

In addition, utilizing the Group's extensive experiences in the manufacturing of musical movements, the Group endeavors to strengthen its musical movement manufacturing division in a bid to capture larger market segment.

The business operations in second half of 2001 demonstrate a significant improvement compared to the first half year. It is, however, uncertain at this stage for the Group the effect on the Group's performance in the future as affected by the tragedy happened in the US on 11 September 2001. The Directors will take all appropriate actions necessary to improve the prospects of the group in the circumstances.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### CODE OF BEST PRACTICE

None of the directors of the Company 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 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

### AUDIT COMMITTEE

Pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, an Audit Committee of the Company has been established in December 1999 and is answerable to the Board. The principal duties of the Committee include the review and supervision of the Company's financial reporting process and internal control.

### PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information in respect of the Group required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange of Hong Kong Limited's website (<http://www.hkex.com.hk>) in due course.

By Order of the Board  
Chan Sheung Wai  
Chairman

Hong Kong, 24th September 2001