ROCKAPETTA HOLDINGS LIMITED

樂 家 集 團 有 限 公 司

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2002

The directors of Rockapetta Holdings Limited (the "Company") are pleased to announce that the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December 2002 together with comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December 2002

	Notes	**2002**	2001
		HK$'000	*HK$'000*
Turnover	2	**119,718**	112,944
Cost of sales		**(108,837)**	(117,152)
Gross profit (loss)		**10,881**	(4,208)
Other operating income		**1,042**	3,568
Distribution costs		**(5,641)**	(11,105)
Administrative expenses		**(20,913)**	(24,132)
Other operating expenses		**(5,421)**	(4,319)
Loss from operations	3	**(20,052)**	(40,196)
Finance costs	4	**(2,343)**	(5,644)
Share of results of associates		**—**	(10)
Gain on disposal of subsidiaries		**14,208**	—
Loss before taxation		**(8,187)**	(45,850)
Taxation	5	**(4)**	(9)
Loss before minority interests		**(8,191)**	(45,859)
Minority interests		**(221)**	—
Net loss for the year		**(8,412)**	(45,859)
Loss per share-Basic	6	**(1.2 cents)**	(7.5 cents)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. **Principal accounting policies**

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants. The adoption of these new and revised SSAPs has resulted in a change in the format of presentation of the cash flow statement and the inclusion of a statement of changes in equity. The adoption of these new and revised standards has had no material effect on the results for the current or prior accounting years. Accordingly, no prior year adjustment has been required.

2. **Segmental Information**

Business Segments

No business segment analysis of the Group's financial information is presented for 2001 as the Group was engaged in toy manufacturing and distribution business only. An analysis of the Group's turnover and contribution to operating results by business segments for 2002 is as follows:

For the year ended 31st December 2002

	Continuing operations			Discontinued operation	
	Consumer products trading	**Restaurants operation**	**Securities trading and investments**	**Toy manufacturing and distribution**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	17,021	20,570	8,716	73,411	119,718
RESULT					
Segment result before amortisation of goodwill	295	470	(4,742)	(11,308)	(15,285)
Less: Amortisation of goodwill	—	(208)	—	—	(208)
Segment result	295	262	(4,742)	(11,308)	(15,493)
Other operating income					598
Unallocated corporate expenses					(5,157)
Loss from operations					(20,052)

Geographical Segments

The Group's restaurants operation and consumer products trading business are carried out in Singapore and the securities trading and investments are carried out in Hong Kong. Also the customers of the Group's discontinued operation of toy manufacturing and distribution business are mainly located in North America and Asia Pacific region.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	2002	2001
	HK$'000	*HK$'000*
Hong Kong	**8,716**	—
Singapore	**37,591**	—
North America	**35,652**	84,255
Europe	**7,087**	5,350
South America	**—**	187
Other Asia Pacific regions	**17,207**	21,553
Others	**13,465**	1,599
	119,718	112,944

3. **Loss from operations**

	2002	2001
	HK$'000	*HK$'000*
Loss from operations has been arrived at after charging:		
Depreciation and amortisation		
Owned assets	**4,925**	8,582
Asset under a finance lease	**61**	88
Goodwill (charged to other operating expenses)	**208**	—
Intangible assets (charged to other operating expenses)	**585**	928
Allowance for bad and doubtful debts	**—**	2,625
Allowance for slow-moving and obsolete inventories	**—**	10,743
Impairment loss recognized in respect of intangible assets (charged to other operating expenses)	**1,000**	—
Impairment loss recognized in respect of property, plant and equipment (charged to other operating expenses)	**—**	2,500
Net unrealised holding loss on other investments (charged to other operating expenses)	**3,560**	—
Cost of inventories recognized as expenses	**90,908**	117,152
	101,247	142,618
and after crediting:		
Bank interest income	**231**	150
Dividend income from investments in listed securities	**180**	—
Gain on disposal of property, plant and equipment	**—**	109
	411	259

4. **Finance costs**

	2002	2001
	HK$'000	*HK$'000*
Interest on:		
bank borrowings wholly repayable within five years	1,193	2,175
other loans wholly repayable within five years	1,139	2,333
a finance lease	11	103
a loan from a former director wholly repayable within five years	—	1,033
	2,343	5,644

5. **Taxation**

The charge for both years represent tax in other jurisdictions calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made in the financial statements as the group companies incurred tax losses for both years.

6. **Loss per share**

The calculation of the basic loss per share is based on the net loss for the year of approximately HK$8,412,000 (2001: HK$45,859,000) and on the weighted average number of 712,358,521 (2001: 615,213,726) shares in issue during the year.

No diluted loss per share has been presented as the effect of the exercise of the outstanding share options of the Company would result in a decrease in the loss per share for both years.

FINAL DIVIDEND

The directors do not recommend the payment of dividend for the year ended 31st December 2002 (2001: Nil).

REVIEW OF THE RESULTS

The turnover of the Group, was increased by 6% to approximately HK$120 million for the financial year 2002 when compared to approximately HK$113 million in 2001 and the net loss of the Group for the year was reduced by 81.7% to approximately HK$8.4 million from approximately HK$46 million in last year. The substantial improvement in the final results of the Group for the year ended 31st December 2002 reflected the successful accomplishment of the reorganization and the net gain on disposal of toy manufacturing and distribution business of approximately HK$14.2 million.

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group has become much solid after the disposal of the toy manufacturing and distribution business at cash consideration of HK$25 million. The total bank borrowings of the Group had significantly decreased by 88% to approximately HK$7.8 million from approximately HK$65.3 million in last year as a result of the elimination of all borrowings associated with the disposal of toy manufacturing and distribution business. The gearing ratio of the Group, expressed as the percentage of the Group's total borrowing over the shareholders' fund of approximately HK$58.2 million was decreased significantly from 98.4% to 13.4%.

The working capital of the Group was also improved significantly to net current assets of approximately HK$46.3 million from net current liabilities of approximately HK$26.8 million in last year. Current ratio was maintained at a healthy level of around 3.0 times. As at 31st December 2002, the Group's bank and cash balances amounted to approximately HK$13.1 million.

The Group currently earns revenue and incurs expenses mainly in Hong Kong dollars and Singapore dollars. The Group's borrowings and bank and cash balances are also denominated in Hong Kong dollars and Singapore dollars. The Group will conduct periodic review of its exposure to foreign exchange risk.

CORPORATE REVIEW AND PROSPECT

Business Review

Diversification of Group's business

The Group's focus had primarily been on the businesses of toy manufacturing and distribution. Nevertheless, in response to the severe competition and continued consolidation in the toy sector, the Group had since the middle of 2002 begun to identify opportunities for the strategic diversification of its businesses. As such, the businesses of food and beverages distribution, and securities trading and investment, were identified, and the Group then diversified into these areas which became the other core businesses of the Group.

Food and beverages distribution

During the year, the Group acquired 89.7% interest in Brewerkz Singapore Pte Ltd. which operates Brewerkz microbrewery restaurant and Cafe Iguana bar restaurant at the Riverside Point in Singapore for a consideration of approximately HK$16 million.

In September 2002, the Group acquired the entire issued capital of Crystal Wines & Spirits Pte Ltd. which is an international sourcing and distribution house for wines and spirits and also a retailer of wines for a consideration of approximately HK$2 million.

Securities trading and investment

During the year under review, the Group has commenced the trading and investment holding in certain under-appreciated securities for short to medium term. Given the volatility in the capital market, the Group will exploit opportunities in order to take advantage of the price recovery of other under-valued securities which may have been be overlooked by the market.

Disposal of the Group's non-profitable business

Despite the continued efforts in attempting to broaden the Group's customer base and the various cost-saving measures implemented by the Group's toy manufacturing and distribution divisions, profit margins for the Group's products had failed to improve and the operating results generated from these divisions continued to show a loss during the period under review.

In view of the consolidation in the toy manufacturing sector and the global economic down-turn in general, improvement in operating environments for manufacturers appeared unlikely in the near future. Further, despite vigorous cost-saving measures implemented by the Group, significant financial and human resources were required to support the labour intensive operation of the Group's toy manufacturing and distribution divisions. As such, in order to better utilize the Group's resources, avoid further operating losses and hindering the future performance of the Group, the entire operation of Group's toy manufacturing and distribution business was disposed of at an aggregate cash consideration amounting to HK$25 million in October 2002. Following the disposal, the Group's financial and human resources were much strengthened and thus the Group's ability to capture opportunities for future growth has been much improved.

Prospect

In general, business operating environment for the past twelve months had been difficult and are expected to continue to be difficult, with investors' and consumers' confidence remaining weak. However, the Group will continue to focus on measures to control operating expenses, retain customer loyalty, reinvigorate current business portfolio, stay ahead of competition, institute effective and efficient management with appropriate incentives, so as to achieve profitable growth.

With the divestment of the Group's toy manufacturing and distribution business, the Group's financial strengths have been much improved. Accordingly, the Group's ability to make timely strategic investments, as and when such opportunities arise, has been greatly enhanced. Further, with the newly gained expertise in the areas of retail operations and distribution of consumer products as a result of the Group's recent diversification of its businesses, the Group will continue to explore opportunities in enhancing shareholders' value by identifying and making appropriate investments and expansions, including to identify potential investment projects with synergetic values with the other undertakings of the Group, and if though fit, to expand into retail operations and distribution of consumer products other than those related to food and beverages.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at the balance sheet date, except a corporate guarantee was given to a financial institution in respect of securities margin facilities granted to a subsidiary. Such facility was not utilized by the subsidiary as at 31st December 2002.

PLEDGE OF ASSETS

As at 31st December 2002, bank deposits of approximately HK$5.7 million and marketable securities of approximately HK$7.6 million were pledged to secure banking facilities and securities margin facilities granted to the Group.

HUMAN RESOURCES

As at 31st December 2002, the Group had approximately 170 employees in Hong Kong and Singapore.

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries and sales commission, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. Share options may be granted to senior management as a recognition of their contribution and an incentive to motivate them.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the year.

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 during the year, in compliance with the Code of Best Practice stipulated in Appendix 14 to the Listing Rules, except the independent non-executive directors of the Company are not appointed for specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A results announcement containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

AUDIT COMMITTEE

The audit committee has reviewed the financial statements of the Company for the year ended 31st December 2002.

By order of the Board
Choo Yeow Ming
Executive Chairman

Hong Kong, 24th April 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Rockapetta Holdings Limited (the "Company") will be held at Board Room, 7/F, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 25th June 2003 at 9:30a.m. for the following purposes:

1. To receive and consider the Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31st December 2002.
2. To re-elect Directors and authorize the Board of Directors to fix their remuneration.
3. To re-appoint Auditors of the Company and authorize the Board of Directors to fix their remuneration.

By order of the Board
Ma Wai Man, Catherine
Company Secretary

Hong Kong, 24th April 2003

Notes:

(1) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

(2) The form of proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A form of proxy for use at the above meeting will be sent to the shareholders of the Company together with the 2002 Annual Report.

(3) To be valid, this form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority must be deposited at the head office and principal place of business of the Company at 2809-11, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(4) During the year, Charles Chan, Ip & Fung CPA Limited resigned and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company.