

## **2002 Interim Results**

*For the six months ended 30 June 2002*

### **BUSINESS REVIEW AND PROSPECTS**

The Board of Directors (the "Board") of Mainland Headwear Holdings Limited (the "Company") is pleased to announce the unaudited condensed interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2002 (the "Period") together with the comparative figures for the corresponding period in 2001.

The unaudited interim report and the accounting principles and practices adopted by the Group have been reviewed by the auditors of the Group.

### **RESULTS**

The Group achieved a profit attributable to shareholders for the six months ended 30 June 2002 of HK\$32,613,000 as compared with HK\$32,955,000 for the same period last year. Turnover was HK\$173,000,000, an increase of 17% over the same period last year.

### **REVIEW**

This favourable turnover was mainly due to the robust organized sporting events as well as steady growth from a number of brandname customers including Nike, Reebok and Wrangler.

Although the United States ("US") economy remained generally weak, its sports business industry is one of the largest and fastest growing industries. The Group's first half year business is thus very encouraging in view of our licensed manufacturing rights to produce headwear for most of the renowned sports leagues and brands.

During the period under review, the Group has won an exclusive headwear license for the US National Motor Sports League TRAC (Team Racing Auto Circuit), which will be launched next year. The Group has also obtained the master license to develop the famous and popular American brand, MUDD, in Europe, and the initial launch in February was a huge success.

The first production line of our new factory facilities commenced its production on 25 April 2002. It is expected that our production capacity will be increased by approximately 80% when the new factory is being fully utilized.

## **PROSPECTS**

The Group is confident that its acquisition of further interests in Drew Pearson Marketing, Inc. ("DPM") and Drew Pearson International, Inc. ("DPI") in April 2002 has further strengthened its market share and business development in the US. The placement and subscription of 18,000,000 shares to Templeton Strategic Emerging Funds LDC ("Templeton") and 2,000,000 shares to Paramount Apparel International, Inc. ("Paramount") has enhanced the Group's liquidity.

Looking ahead to the second half of the financial year, the Group is optimistic in sustaining its healthy business growth with new production facilities to meet the increasing business demand, the introduction of innovative product designs, the mission of top quality products and first-class customer service.

We shall continue to expand our US market and develop potential markets in other countries. We also plan to identify new corporate development opportunities and prudently expand our business to heighten our leadership position in the headwear industry.

At the same time, we will also continue to maintain our stringent cost control and improve our operational efficiency in order to maximize returns to our shareholders.