

Interim Financial Statements

Condensed Consolidated Income Statement

| | Notes | Six months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|
| | | 2002 (Unaudited) HK\$'000 | 2001 (Unaudited) HK\$'000 |
| Turnover | 2 | 128,507 | 128,956 |
| Cost of sales | | (98,151) | (93,100) |
| Gross profit | | 30,356 | 35,856 |
| Other revenue | | 2,065 | 2,938 |
| Selling expenses | | 32,421 | 38,794 |
| Administrative expenses | | (8,122) | (12,159) |
| Other operating expenses | 4 | (16,862) | (24,018) |
| Profit/(loss) from operating activities | | (3,010) | (7,808) |
| Finance costs | 10(a) | 4,427 | (5,191) |
| Share of profits of associates | | (8,425) | (12,394) |
| | | 3,972 | 3,521 |
| | | (26) | (14,064) |
| Write off of accrued interest on bank loan and bank overdraft | 5 | 16,917 | — |
| Write off of bank overdraft | 6 | 349 | — |
| Restructuring cost | 7 | (8,022) | — |
| Disposal of Swank China Retail operations | 8 | — | (287) |
| Reversal of impairment loss on interest in an associate | 9 | — | 1,667 |
| Profit/(loss) from ordinary activities before tax | 10 | 9,218 | (12,684) |
| Tax | 11 | — | (377) |
| Profit/(loss) from ordinary activities after tax | | 9,218 | (13,061) |
| Minority interests | | 12 | (218) |
| Profit/(loss) attributable to shareholders | | 9,230 | (13,279) |
| Interim dividends | | — | — |
| Earning/(loss) per share | 12 | | |
| Basic | | 0.5 cent | (1.8 cents) |
| Diluted | | N/A | N/A |

The notes on pages 7 to 15 form part of these interim financial statements.

Interim Financial Statements

Condensed Consolidated Statement of Changes In Equity

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2002 (Unaudited) HK\$'000 | 2001 (Unaudited) HK\$'000 |
| 1 January – total equity | (398,607) | (322,928) |
| Change in accounting policy for long service payment adjusted against accumulated losses as at 1 January 2001 | — | (1,000) |
| Restated balance | (398,607) | (323,928) |
| Exchange differences on translation of the financial statements of overseas subsidiaries | (54) | (226) |
| Net loss not recognised in the income statement | (54) | (226) |
| Net profit/(loss) for the period | 9,230 | (13,279) |
| Exchange gains transferred to the income statement on disposal of Swank China Retail operations | — | (424) |
| Issue of shares upon exercise of convertible rights of convertible notes | 300,000 | — |
| 30 June – total equity | (89,431) | (337,857) |

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Interim Financial Statements

Condensed Consolidated Balance Sheet

| | Notes | At 30 June 2002 (Unaudited) HK\$'000 | At 31 December 2001 (Audited) HK\$'000 |
|---|-------|---|---|
| Non-current assets | | | |
| Fixed assets | 13 | 127,236 | 133,164 |
| Interest in associates | | 38,134 | 31,530 |
| | | 165,370 | 164,694 |
| Current assets | | | |
| Inventories | 14 | 36,357 | 31,076 |
| Debtors, deposits and prepayments | 15 | 67,350 | 56,869 |
| Cash and cash equivalents | 16 | 12,140 | 10,129 |
| | | 115,847 | 98,074 |
| Current liabilities | | | |
| Bank overdrafts and bank loans due within one year | 18 | 100 | 25,441 |
| Loan due to immediate holding company | 19 | 62,500 | — |
| Creditors and accrued charges | 17 | 53,856 | 48,592 |
| Tax payable | | 837 | 834 |
| Amounts due to associates | | 18,558 | 14,199 |
| | | 135,851 | 89,066 |
| Net current assets/(liabilities) | | (20,004) | 9,008 |
| Total assets less current liabilities | | 145,366 | 173,702 |
| Non-current liabilities | | | |
| Bank loans due after one year | 18 | — | 225,000 |
| Loan due to immediate holding company | 19 | 187,500 | — |
| Convertible notes | | — | 300,000 |
| Provision for long service payments | | 1,000 | 1,000 |
| | | 188,500 | 526,000 |
| Minority interests | | 46,297 | 46,309 |
| NET LIABILITIES | | (89,431) | (398,607) |
| CAPITAL AND RESERVES | | | |
| Share capital | 20 | 446,409 | 146,409 |
| Reserves | | (535,840) | (545,016) |
| | | (89,431) | (398,607) |

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Interim Financial Statements

Condensed Consolidated Cash Flow Statement

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2002 (Unaudited) HK\$'000 | 2001 (Unaudited) HK\$'000 |
| Net cash inflow/(outflow) from operating activities | 3,480 | (860) |
| Net cash (outflow)/inflow from investing activities | (1,128) | 3,306 |
| Net cash inflow before financing activities | 2,352 | 2,446 |
| Net cash outflow from financing activities | — | (227) |
| Increase in cash and cash equivalents | 2,352 | 2,219 |
| Cash and cash equivalents at 1 January | 9,688 | 9,337 |
| Cash and cash equivalents at 30 June | 12,040 | 11,556 |
| Analysis of the balances of cash and cash equivalents | | |
| Cash at bank and on hand | 12,110 | 10,564 |
| Deposits with banks maturing within three months | 30 | 1,428 |
| Bank overdrafts repayable within three months | (100) | (436) |
| | 12,040 | 11,556 |

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