

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2002

| (Unaudited) | Share Capital HK\$'000 | Share Premium HK\$'000 | Capital Reserve HK\$'000 | Translation Reserve HK\$'000 | Deficit HK\$'000 | Total |
|---|------------------------------|------------------------------|--------------------------------|------------------------------------|---------------------|---------------|
| At 1 January 2002 | 71,230 | 97,888 | 2,099 | - | (104,889) | 66,328 |
| Exercise of options | 6 | - | - | - | - | 6 |
| Premium arising from exercise of options | - | 4 | - | - | - | 4 |
| Exchange translation differences | - | - | - | 49 | - | 49 |
| Net loss for the period | - | - | - | - | (6,455) | (6,455) |
| At 30 June 2002 | 71,236 | 97,892 | 2,099 | 49 | (111,344) | 59,932 |

| (Unaudited) | Share Capital HK\$'000 | Share Premium HK\$'000 | Capital Reserve HK\$'000 | Translation Reserve HK\$'000 | Deficit HK\$'000 | Total HK\$'000 |
|-------------------------|------------------------------|------------------------------|--------------------------------|------------------------------------|---------------------|-------------------|
| At 1 January 2001 | 55,976 | 87,984 | 2,099 | - | (59,030) | 87,029 |
| Net loss for the period | - | - | - | - | (29,572) | (29,572) |
| At 30 June 2001 | 55,976 | 87,984 | 2,099 | - | (88,602) | 57,457 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2002

1. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated interim statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The accounting policies adopted in preparing these condensed financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2001, except that the Group has adopted the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2002:

| | |
|--------------------|--------------------------------------|
| SSAP 1 (revised): | Presentation of financial statements |
| SSAP 11 (revised): | Foreign currency translation |
| SSAP 15 (revised): | Cash flow statements |
| SSAP 25 (revised): | Interim financial reporting |
| SSAP 33: | Discontinuing operations |
| SSAP 34: | Employee benefits |

The adoption of these standards has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

2. Segment Information

For management purposes, the Group is currently organised into three operating divisions – toy manufacturing business, food and beverages, and securities trading and investments. These divisions are the basis on which the Group reports its primary segment information.

An analysis of the Group's revenue and results for the period by business segments is as follows:

| 2002 (unaudited) | Toy Manufacturing Business HK\$'000 | Food and Beverages HK\$'000 | Securities Trading and Investments HK\$'000 | Total HK\$'000 |
|-----------------------------|--|--|--|---------------------------|
| Revenue | <u>34,340</u> | <u>3,146</u> | <u>–</u> | <u>37,486</u> |
| Segment result | <u>(3,305)</u> | <u>47</u> | <u>(37)</u> | <u>(3,295)</u> |
| Unallocated other revenue | | | | 148 |
| Unallocated other expenses | | | | <u>(1,367)</u> |
| Loss from operations | | | | <u>(4,514)</u> |

The Group has one business segment - toy manufacturing business in 2001 only.

An analysis of the Group's turnover and results for the period by geographical markets is as follows:

| 2002 (unaudited) | North America HK\$'000 | Asia HK\$'000 | Europe HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|-----------------------------|---------------------------------------|--------------------------|----------------------------|----------------------------|---------------------------|
| Revenue | <u>14,306</u> | <u>14,660</u> | <u>3,482</u> | <u>5,038</u> | <u>37,486</u> |
| Segment result | <u>(1,377)</u> | <u>(1,098)</u> | <u>(335)</u> | <u>(485)</u> | <u>(3,295)</u> |
| Unallocated other revenue | | | | | 148 |
| Unallocated other expenses | | | | | <u>(1,367)</u> |
| Loss from operations | | | | | <u><u>(4,514)</u></u> |
| 2001 (unaudited) | North America HK\$'000 | Asia HK\$'000 | Europe HK\$'000 | Others HK\$'000 | Total HK\$'000 |
| Revenue | <u>14,975</u> | <u>6,744</u> | <u>2,422</u> | <u>1,276</u> | <u>25,417</u> |
| Segment result | <u>(18,337)</u> | <u>(6,106)</u> | <u>(2,415)</u> | <u>(1,243)</u> | <u>(28,101)</u> |
| Unallocated other revenue | | | | | 2,174 |
| Loss from operations | | | | | <u><u>(25,927)</u></u> |

3. Loss From Operations

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

| | Six months ended | |
|---|----------------------|----------------------|
| | 30/06/02 HK\$'000 | 31/12/01 HK\$'000 |
| Depreciation and amortisation | 4,215 | 4,408 |
| Amortisation of goodwill | 26 | – |
| Staff costs | 9,308 | 8,700 |
| Cost of inventories sold | 17,922 | 33,195 |
| Interest income | (133) | (109) |
| Profit on disposal of property, plant and equipment | – | (82) |

4. Taxation

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

5. Loss Per Share

The calculation of the basic loss per share is based on the net loss for the period of HK\$6,455,000 (six months ended 30 June 2001: HK\$29,572,000) and on the weighed average number of 712,360,000 (six months ended 30 June 2001: 559,760,000) ordinary shares in issue during the period.

No diluted loss per share figures have been presented as the exercise of the share options of the Company in issue during the period is anti-dilutive for the six months ended 30 June 2002, and six months ended 30 June 2001.

6. Interim Dividends

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2002. (2001: Nil)

7. Capital Expenditure

| | Research and development cost | Goodwill | Property, plant and equipment |
|-------------------------------|--|-----------------|--|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Six months ended 30 June 2002 | | | |
| Opening net book amount | 2,732 | – | 91,122 |
| Additions | – | – | 1,319 |
| Acquisition of a subsidiary | – | 3,094 | 4,616 |
| Depreciation and amortisation | (309) | (26) | (3,906) |
| | <u>2,423</u> | <u>3,068</u> | <u>93,151</u> |
| Closing net book amount | <u>2,423</u> | <u>3,068</u> | <u>93,151</u> |

8. Trade and Other Receivables

In addition to cash on delivery and letters of credit terms, the Group also allows a credit period range from 14 days to 90 days to its trade customers.

The following is an aged analysis of accounts receivable at the reporting date:

| | 30/06/02 | 31/12/01 |
|--------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 – 60 days | 11,595 | 4,206 |
| 61 – 90 days | 512 | 1,222 |
| > 90 days | 9,078 | 7,720 |
| | <u>21,185</u> | <u>13,148</u> |

9. Trade and Other Payables

The following is an aged analysis of accounts payable at the reporting date:

| | 30/06/02 | 31/12/01 |
|--------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 – 60 days | 16,587 | 16,309 |
| 61 – 90 days | 1,422 | 3,178 |
| > 90 days | 10,702 | 6,828 |
| | <u>28,711</u> | <u>26,315</u> |

10. Finance Leases and Hire Purchase Contracts

At 30 June 2002, the present value of the obligations under finance leases and hire purchase contracts were repayable as follows:

| | 30/06/02 HK\$'000 | 31/12/01 <i>HK\$'000</i> |
|---------------------------------------|------------------------------------|-----------------------------|
| Within one year | 67 | 67 |
| In the second to fifth year inclusive | 50 | 84 |
| | 117 | 151 |

At 30 June 2002, the obligations under finance leases and hire purchase contracts were repayable as follows:

| | 30/06/02 HK\$'000 | 31/12/01 <i>HK\$'000</i> |
|--|------------------------------------|-----------------------------|
| Within one year | 81 | 81 |
| In the second to fifth year inclusive | 61 | 102 |
| | 142 | 183 |
| Future charges | (25) | (32) |
| Present value of the obligations under finance leases and hire purchase contracts | 117 | 151 |

11. Share Capital

| Ordinary shares of HK\$0.10 each | Number of shares <i>'000</i> | Share capital <i>HK\$'000</i> |
|---|--|---|
| Authorised | | |
| At 1 January 2002 and 30 June 2002 | 5,000,000 | 500,000 |
| Issued and fully paid | | |
| At 1 January 2002 | 712,300 | 71,230 |
| Exercise of options | 60 | 6 |
| At 30 June 2002 | 712,360 | 71,236 |

12. Acquisition of a Subsidiary

On 31 May 2002, the Group acquired 80% of the share capital of Masindo International Limited, an investment company which solely holds 51% interest in Brewerkz Singapore Pte Ltd and its subsidiary (collectively referred as to "Brewerkz") at a total cost of approximately HK\$7,386,000 by cash. Brewerkz is principally engaged in operating restaurant and brewing alcoholic beverages. The fair value of the net identifiable assets of Brewerkz is approximately HK\$4,292,000 (excluding minority interests). The resulting goodwill will be amortised on a straight-line basis over 10 years.

The effect of the acquisition is summarized as follows:

| | <i>HK\$'000</i> |
|---|---------------------|
| Plant and Equipment | 4,676 |
| Net current assets | 5,865 |
| Deferred taxation | (22) |
| Minority interests | (6,227) |
| | <u>4,292</u> |
| Goodwill | 3,094 |
| | <u>7,386</u> |
| Total purchase consideration | <u><u>7,386</u></u> |
| Net cash outflow arising on acquisition | |
| Cash consideration | (7,386) |
| Bank balances and cash acquired | 3,938 |
| | <u>(3,448)</u> |

Brewerkz did not make significant contribution to the results of the Group during the interim period.

13. Commitments

The Group did not have any significant capital commitments at the balance sheet date.

At 30 June 2002, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

| | Other properties | |
|---------------------------------------|----------------------|----------------------|
| | 30/06/02 HK\$'000 | 31/12/01 HK\$'000 |
| Within one year | 618 | 618 |
| In the second to fifth year inclusive | 773 | 1,082 |
| | <u>1,391</u> | <u>1,700</u> |

14. Audit Committee

The unaudited interim report has been reviewed by the Group's audit committee.

OTHER INFORMATION REQUIRED BY THE LISTING RULES

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS AND CHIEF EXECUTIVES'S INTERESTS IN EQUITY OR DEBT SECURITIES

(i) Shares

At 30 June 2002, the interests of the directors and the chief executives of the Group in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Number of ordinary shares held

| Name of directors | Personal interests | Corporate interests |
|------------------------|--------------------|---------------------|
| Chan Sheung Wai (Note) | – | 60,000,000 |
| Ma Tak Lun | 380,000 | – |

Note: The shares of the Company are held by MCC814 (Holdings) Limited, a company which is beneficially owned by Mr. Chan Sheung Wai.