

The board of directors of Styland Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2002 as below.

These interim financial statements have not been audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	Six months ended	
		30 September	
		2002	2001
		(Unaudited)	(Unaudited)
		HK\$’000	HK\$’000
TURNOVER	2	70,835	77,592
Cost of sales		(59,552)	(63,665)
Gross profit		11,283	13,927
Other revenue		25,950	27,403
Administrative expenses		(25,851)	(21,578)
Selling and distribution costs		(877)	(869)
Reversal of provision for doubtful debts		722	10,328
Net realised holding losses on investments		(3,143)	(2,675)
Net unrealised holding losses on investments		(13,359)	(3,505)
Gain / (loss) on disposal of interest in subsidiaries		(710)	13,000
Amortisation of goodwill		(1,333)	(3,326)
Impairment loss of long term investments		(27,609)	(28,514)
Amortisation of investment in a joint venture		(34,255)	(34,255)
Other operating expenses		(15,788)	(1,313)
LOSS FROM OPERATING ACTIVITIES		(84,970)	(31,377)
Finance costs		(5,665)	(7,232)
Share of results of associates		—	(4,098)
LOSS BEFORE TAX	3	(90,635)	(42,707)
Tax	4	(541)	(2,505)
LOSS BEFORE MINORITY INTERESTS		(91,176)	(45,212)
Minority interests		11,329	11,475
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(79,847)	(33,737)
LOSS PER SHARE	5		
Basic		(5.26 cents)	(6.89 cents)

There were no recognised gains or losses other than the loss attributable to shareholders.

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets		14,449	15,984
Goodwill:			
Goodwill		6,658	7,992
Negative goodwill		(5,409)	(6,493)
Investment properties		30,300	30,300
Properties under development		14,624	14,624
Properties held for redevelopment		40,000	40,000
Investment in a joint venture		409,107	439,553
Long term investments and related advance		153,555	116,624
		<u>663,284</u>	<u>658,584</u>
CURRENT ASSETS			
Inventories		7,219	9,096
Prepayments, deposits and other receivables		24,776	63,374
Loans receivable	6	132,147	106,002
Accounts receivable	7	15,358	13,670
Short term investments		4,935	12,579
Client trust bank accounts		14,588	27,388
Pledged deposits		9,003	20,360
Cash and cash equivalents		47,768	79,431
		<u>255,794</u>	<u>331,900</u>
CURRENT LIABILITIES			
Accounts payable, other payables and accrued expenses	8	49,009	63,155
Current portion of hire purchase payables		277	334
Tax payable		10,320	10,933
Interest-bearing bank loans and other borrowings	9	65,315	59,648
		<u>124,921</u>	<u>134,070</u>
NET CURRENT ASSETS		<u>130,873</u>	<u>197,830</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>794,157</u>	<u>856,414</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)

		As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Deposits received		14,824	14,624
Hire purchase payables		650	796
Interest-bearing bank loans and other borrowings	9	117,530	98,090
		<u>133,004</u>	<u>113,510</u>
MINORITY INTERESTS			
		<u>170,286</u>	<u>181,615</u>
		<u>490,867</u>	<u>561,289</u>
CAPITAL AND RESERVES			
Issued capital	11	16,334	14,964
Reserves	12	474,533	546,325
		<u>490,867</u>	<u>561,289</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow / (outflow) from operating activities	(17,679)	19,316
Net cash outflow from investing activities	(54,001)	(52,900)
Net cash inflow / (outflow) from financing	40,021	(7,188)
Decrease in cash and cash equivalents	(31,659)	(40,772)
Effect of foreign exchange rates	(4)	—
Cash and cash equivalents at 1 April	79,431	132,135
Cash and cash equivalents at 30 September	47,768	91,363
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	47,768	91,363

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

The accounting policies and basis of preparation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2002 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (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 34	:	Employee benefits

The effect adopting these new policies is not material to the current and prior periods. Certain presentational changes, however, have been made upon the adoption of SSAP 1 (revised): “Presentation of financial statements”, SSAP 15 (revised): “Cash flow statements” and SSAP 25 (revised): “Interim financial reporting”.

2. Segmental information

(a) Business segments

The following tables present revenue and profit/(loss) for the Group's business segments for the six months ended 30 September.

	General import and export trading		Securities dealing and broking		Financing		Property development and investment		Corporate and other		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
Segmental revenue:														
Sales to external customers	60,196	64,669	3,802	5,502	6,714	7,294	123	127	—	—	—	—	70,835	77,592
Other revenue	1,243	695	1,963	2,929	282	40	—	127	534	157	—	—	4,022	3,948
Inter-segment sales	—	—	1,828	480	—	589	—	—	7,228	12,250	(9,056)	(13,319)	—	—
Total revenue	61,439	65,364	7,593	8,911	6,996	7,923	123	254	7,762	12,407	(9,056)	(13,319)	74,857	81,540
Segment results	(2,652)	(3,182)	(4,175)	14,995	(9,729)	(2,077)	(1,679)	(1,531)	(19,853)	(17,156)	11,601	13,393	(26,487)	4,442
Interest and dividend income and unallocated gains													21,927	36,456
Unallocated expenses													(80,410)	(72,275)
Loss from operating activities													(84,970)	(31,377)
Finance costs													(5,665)	(7,232)
Share of results of associates													—	(4,098)
Loss before tax													(90,635)	(42,707)
Tax													(541)	(2,505)
Loss before minority interests													(91,176)	(45,212)
Minority interests													11,329	11,475
Loss attributable to shareholders													(79,847)	(33,737)

(b) Geographical segments

The following tables present revenue and profit / (loss) for the Group's geographical segments for the six months ended 30 September.

	Hong Kong		Elsewhere in PRC		Europe		North America		Corporate and other		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
Segmental revenue:												
Sales to external customers	26,460	33,536	45	—	44,760	42,855	3,337	4,905	255	244	74,857	81,540
Segment results	(27,858)	4,610	3	—	1,245	(146)	81	(20)	42	(2)	(26,487)	4,442

3. Loss before tax

Loss before tax was determined after charging the following:

	Six months ended	
	30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	1,091	1,536
Staff costs	10,113	9,426
	<u> </u>	<u> </u>

4. Tax

Hong Kong profits tax had been provided for at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period.

5. Loss per share

The calculation of loss per share is based on the loss attributable to shareholders of HK\$79.85 million (2001: loss of HK\$33.74 million) and the weighted average number of 1,518,753,809 (2001: 489,375,772) shares in issue during the period.

Diluted loss per share has not been presented for the six months ended 30 September 2002 and 2001 as no diluting effect existed for the periods.

6. Loans receivable

	As at 30	As at 31
	September 2002	March 2002
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
The ageing analysis of loans receivable is as follows:		
Within 6 months	80,817	53,425
Between 6 to 12 months	24,624	54,065
Over 1 year	85,200	41,897
	<u> </u>	<u> </u>
	190,641	149,387
Provision for doubtful debts	(58,494)	(43,385)
	<u> </u>	<u> </u>
	<u>132,147</u>	<u>106,002</u>

7. **Accounts receivable**

As at 30	As at 31
September 2002	March 2002
(Unaudited)	(Audited)
HK\$'000	HK\$'000

The ageing analysis of accounts receivable is as follows:

Within 6 months	14,430	13,715
Between 6 to 12 months	944	683
Over 1 year	3,971	3,625
	<u>19,345</u>	<u>18,023</u>
Provision for doubtful debts	(3,987)	(4,353)
	<u>15,358</u>	<u>13,670</u>

8. **Accounts payable, other payables and accrued expenses**

As at 30	As at 31
September 2002	March 2002
(Unaudited)	(Audited)
HK\$'000	HK\$'000

The ageing analysis of accounts payable is as follows:

Within 6 months	19,916	22,847
Between 6 to 12 months	1,635	5,493
Over 1 year	3,346	1,487
	<u>24,897</u>	<u>29,827</u>
Other payables and accrued expenses	24,112	33,328
	<u>49,009</u>	<u>63,155</u>

9. **Interest-bearing bank loans and other borrowings**

	As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
Bank loans, secured	182,845	136,545
Other borrowings, secured	<u>—</u>	<u>21,193</u>
Total bank loans and other borrowings	182,845	157,738
Portion classified as current liabilities	<u>(65,315)</u>	<u>(59,648)</u>
Long term portion	<u>117,530</u>	<u>98,090</u>
Bank loans are repayable:		
Within one year	65,315	38,455
In the second year	30,920	29,065
In the third to fifth years, inclusive	64,710	59,234
Beyond five years	<u>21,900</u>	<u>9,791</u>
	<u>182,845</u>	<u>136,545</u>
Other borrowings are repayable:		
Within one year	<u>—</u>	<u>21,193</u>

The bank loans are secured by the Group's time deposits of approximately HK\$9,003,000 (As at 31 March 2002: HK\$20,360,000), certain of the Group's leasehold land and buildings and investment properties and the investment in a joint venture.

10. **Contingent liabilities**

As at 30 September 2002, the Company had contingent liabilities in respect of corporate guarantees of approximately HK\$216,340,000 (31 March 2002: HK\$207,000,000) given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK\$25,746,000 (31 March 2002: HK\$4,267,000) had been utilized as at 30 September 2002.

11. Share capital

Shares

	As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
Authorised:		
200,000,000,000 (31 March 2002: 200,000,000,000) ordinary shares of HK\$0.01 each	<u>2,000,000</u>	<u>2,000,000</u>

Movements in the issued and fully paid share capital of the Company were as follows:

	Number of Ordinary shares	Amount HK\$'000
At beginning of period	1,496,398,618	14,964
Share options exercised (a)	37,000,000	370
Issue of new shares (b)	<u>100,000,000</u>	<u>1,000</u>
At 30 September 2002	<u>1,633,398,618</u>	<u>16,334</u>

- (a) On 19 August 2002, 37,000,000 share options were exercised at the subscription price of HK\$0.065 per share, resulting in the issue of 37,000,000 shares of HK\$0.01 each for a total cash consideration, before expenses, of HK\$2,405,000.
- (b) On 3 September 2002, the Company placed 100,000,000 shares to independent third parties at HK\$0.072 per share. The total cash consideration, before expenses, of HK\$7,200,000.

Share options

On 12 August 2002, the Company granted 37,000,000 share options in favour of its employees for nil consideration. The options entitle the holders to subscribe for the Company's ordinary shares at HK\$0.01 each at an exercise price of HK\$0.065 per share, at any time on or before 11 August 2005. All of the options were exercised on 19 August 2002, resulting in the issue of 37,000,000 shares of HK\$0.01 each for a total cash consideration, before expenses, of HK\$2,405,000.

On 22 August 2002, a new share option scheme was adopted by the Company to replace the old share option scheme (the "Old Scheme"). No further share options can be offered under the old Scheme.

12. Reserves

Movement of reserves during the period are as follows:

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Special capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31 March 2002 and 1 April 2002 (audited)	25,383	6,040	571,147	603,326	(659,571)	546,325
Issue of shares upon exercise of share options	2,035	—	—	—	—	2,035
Issue of new shares	6,200	—	—	—	—	6,200
Share issue expenses	(180)	—	—	—	—	(180)
Loss for the period	—	—	—	—	(79,847)	(79,847)
At 30 September 2002 (unaudited)	<u>33,438</u>	<u>6,040</u>	<u>571,147</u>	<u>603,326</u>	<u>(739,418)</u>	<u>474,533</u>

13. Post balance sheet event

On 25 November 2002, the directors proposed a share consolidation for eight shares of HK\$0.01 each into one consolidated share of HK\$0.08 each.

At the same time, the directors also proposed a rights issue on the basis of two rights shares for every consolidated share at HK\$0.1 per rights share.

The above proposals are subject to the approval of shareholders at a special general meeting to be held on 2 January 2003.

14. Approval of the interim financial statements

The interim financial statements were approved by the board of directors on 23 December 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim results

The Group's unaudited consolidated turnover for the six months ended 30 September 2002 was approximately HK\$70.8 million (2001: HK\$77.6 million) with a decrease of 8.8% as compared with that of the corresponding period in the previous year. Unaudited consolidated loss after tax attributable to shareholders was approximately HK\$79.8 million (2001: loss of HK\$33.7 million).

Securities and finance

Turnover of securities and finance business was about HK\$10.5 million (2001: HK\$12.8 million), representing a decrease by approximately 18% as compared with that of the corresponding period in the previous year. It accounted for approximately 14.8% of the Group's total turnover (2001: 16.5%). In view of ongoing economic uncertainty in the period under review, the business was adversely affected by low propensity to invest in the stock market. According to the monthly market statistics published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the average daily turnover for each of the months since April 2002 was lower than that of the corresponding period in year 2001. Consequently, the commission income generated from securities dealing and brokerage business in the period was also reduced.

Trading

Turnover of trading business recorded a decrease by approximately 7% to about HK\$60.2 million (2001: HK\$64.7 million) which accounted for approximately 85% of the Group's total turnover (2001: 83.4%). Worldwide economic slowdown and keen price competition, especially in Europe and North America, exerted pressure on the business. However, we will continue to put extra effort to control cost and we are confident that the business will emerge from the global economic downturn and take full advantage of the eventual recovery of consumers' confidence.

Infrastructure

National Highway 318 in Wuhan in the PRC has brought a steady income stream to the Group and has derived a dividend income of about HK\$18 million (2001: 20.4 million) for the period under review. The average daily traffic flow for the six months ended 30 September 2002 were around 18,200 vehicles which means an increase of approximately 3.4 % as compared with the corresponding period in year 2001. The rapid economic growth in the region leads to a rise of traffic flow on the Highway. The Group will continue to seek investment opportunity in infrastructure projects.

Investment

The Group continues to adopt a strategy to diversify investments into different potential industries, including high technology industry, retail and wholesale of consumer products in Hong Kong, the provision of transportation and logistics service in the PRC, beverage manufacture, highway infrastructure projects in the PRC and environmental protection industry. Several of the investments have been successfully listed on the Stock Exchange and some of the others are being prepared for application for listing. Although the investments generally encountered a diminution in value, we believe that they will eventually contribute to the Group on recovery of economy.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2002, the Group had cash and bank balances of approximately HK\$56.8 million (31 March 2002: HK\$99.8 million). The gearing ratio was about 0.37 (31 March 2002: 0.28). This was calculated based on the Group's total interest bearing loans of approximately HK\$183.8 million (31 March 2002: HK\$158.9 million) to shareholders' fund of approximately HK\$490.9 million (31 March 2002: HK\$561.3 million). The Group's borrowings were primarily denominated in Hong Kong dollars and Reminbi for which facilities the Group has pledged certain assets. The Group successfully completed a placement in September 2002 with a net proceeds of approximately HK\$7 million and improved the liquidity of the Group.

PROSPECT

PRC's accession to the World Trade Organization offers grounds for optimism and unprecedented opportunities for the Group's businesses in Mainland China. Barring unforeseen circumstances, our efforts made in the past will enable us to strengthen our competitiveness to meet future challenges.

The reform and internationalization of the PRC's financial market will improve the investment environment in Hong Kong in the coming future. Moreover, we will put more effort to expand financing and underwriting businesses in order to cope with a rapidly increasing number of the PRC based enterprises which prepare to apply for listing in Hong Kong.

STAFF

As at 30 September 2002, the Group had 77 employees. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed annually based on performance appraisal and other relevant factors. Staff benefit plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2002, the interests of the directors in equity or debt securities of the Company or its associated corporations (within the meaning of the SDI Ordinance) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Section 28 of the SDI Ordinance (including interests which any such Director is taken or deemed to have under Section 31 of or Part 1 of the Schedule to, the SDI Ordinance) or which are required to be entered in the register kept by the Company pursuant to Section 29 of the SDI Ordinance or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Share capital

Name of Director	Number of ordinary shares of HK\$0.01 each held		
	Family interests	Personal interests	Total
Ms. Yvonne Han Yi Yeung	257,520,895 (Note)	24,649,272	282,170,167
Mr. Steven Wang Tai Li	—	516,330	516,330
Ms. Miranda Chi Mei Chan	—	39,288	39,288

Notes:

Mr. Kenneth Chi Shing Cheung is the sole shareholder of K.Y. Limited which is the beneficial owner of 51,520,243 shares. In addition, Mr. Kenneth Chi Shing Cheung is deemed to be interested in another 2,954,685 shares indirectly held by K.Y. Limited through its wholly-owned subsidiary, K.C. (Investment) Limited. 400,000 shares held by K.Y. Limited have been pledged to C.A. Pacific Finance Limited which is in liquidation. The principal shareholders cannot ascertain whether the charged shares are still registered in their associates' name and subject to their right of redemption.

Mr. Kenneth Chi Shing Cheung is the spouse of Ms. Yvonne Han Yi Yeung. Ms. Yvonne Han Yi Yeung is accordingly deemed to be interested in the 257,520,895 shares in which Mr. Kenneth Chi Shing Cheung is beneficially interested.

Save as disclosed above, as at 30 September 2002, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations which are required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they are taken or deemed to have under Section 31 of or Part 1 of the Schedule to, the SDI Ordinance) or which are required to be entered in the register kept by the Company pursuant to Section 29 of the SDI Ordinance or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2002, those persons having an interest of 10% or more in the issued share capital of the Company as recorded in the register kept by the Company pursuant to Section 16 of the SDI Ordinance were as follows:

	Number of shares	Percentage
Mr. Kenneth Chi Shing Cheung (<i>Note 1</i>)	282,170,167	17.3%
Ms. Yvonne Han Yi Yeung (<i>Note 2</i>)	282,170,167	17.3%
Mr. Wen Lin	165,050,000	10.1%

Notes:

1. Please refer to the note which under the heading "Directors' Interest in Securities" for details of the beneficial interests of Mr. Kenneth Chi Shing Cheung in the Company. Ms. Yvonne Han Yi Yeung is the spouse of Mr. Kenneth Chi Shing Cheung. Mr. Kenneth Chi Shing Cheung is accordingly deemed to be interested in the 24,649,272 shares beneficially interested by Ms. Yvonne Han Yi Yeung.
2. Mr. Kenneth Chi Shing Cheung is the spouse of Ms. Yvonne Han Yi Yeung. Ms. Yvonne Han Yi Yeung is accordingly deemed to be interested in the 257,520,895 shares beneficially interested by Mr. Kenneth Chi Shing Cheung.

DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its securities during the period under review.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied 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 during the six months ended 30 September 2002 save that the independent non-executive directors are not appointed on specific terms but subject to retirement by rotation in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Company has an audit committee comprises two independent non-executive directors of the Company. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2002 and discussed financial related matters with the management.

By order of the Board
Steven Wang Tai Li
Chairman

Hong Kong, 23 December 2002