

The Board of Directors (the “Board”) of 139 Holdings Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2003 (the “Period”) together with comparative figures for the corresponding previous period as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the six months ended 30 September	
	Notes	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Turnover	2		
Continuing operations		8,522	8,241
Discontinued operations		–	53,243
		8,522	61,484
Cost of Sales		(11,089)	(46,699)
Gross Profit/(Loss)		(2,567)	14,785
Other revenue	3	1,185	3,438
Selling and distribution costs		(338)	(4,945)
Administrative expenses		(7,321)	(17,528)
Other operating expenses		(87)	(408)
Gain/(loss) on disposal of other securities		15,830	(1,520)
Unrealised gain/(loss) on other securities		62,975	(21,016)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	69,677	(27,194)
Finance costs	5	(136)	(3,103)
PROFIT/(LOSS) BEFORE TAX			
Continuing operations		69,541	(32,125)
Discontinued operations		–	1,828
		69,541	(30,297)
Tax	6		
Continuing operations		–	–
Discontinued operations		–	–

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (continued)

		For the six months ended 30 September	
	Notes	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		69,541	(30,297)
Minority Interests		–	25
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		69,541	(30,272)
DIVIDEND	7	–	–
EARNINGS/(LOSS) PER SHARE	8		
– Basic		0.81 cents	(0.35 cents)
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September 2003 (Unaudited) HK\$'000	31 March 2003 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets		10,516	12,703
Convertible notes		10,500	10,500
		21,016	23,203
CURRENT ASSETS			
Other securities	9	218,659	166,606
Inventories	10	2,958	3,594
Trade receivables	11	1,189	581
Prepayments, deposits and other receivables		4,102	4,031
Pledged time deposits		6,523	6,493
Cash and cash equivalents		37,041	21,191
		270,472	202,496
CURRENT LIABILITIES			
Trade and bills payables	12	1,900	2,750
Tax payable		363	363
Other payables and accruals		6,233	7,329
Interest -bearing bank and other borrowings		6,014	7,820
		14,510	18,262
NET CURRENT ASSETS		255,962	184,234
TOTAL ASSETS LESS CURRENT LIABILITIES		276,978	207,437
CAPITAL AND RESERVES			
Issued Capital	13	86,194	86,194
Reserves		190,784	121,243
		276,978	207,437

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2003

Group

	Unaudited six months ended 30 September 2003							
	Issued Share Capital HK\$'000	Share Premium Account HK\$'000	Goodwill Reserve HK\$'000	Capital Redemption Reserve HK\$'000	Contributed Surplus HK\$'000	Exchange Fluctuation Reserve HK\$'000	Accumulated Profit/(Losses) HK\$'000	Total HK\$'000
As at 1 April 2003	86,194	259,399	(4,413)	556	449,182	32	(583,513)	207,437
Net profit for the Period	-	-	-	-	-	-	69,541	69,541
As at 30 September 2003	86,194	259,399*	(4,413)*	556*	449,182*	32*	(513,972)*	276,978

	Unaudited six months ended 30 September 2002							
	Issued Share Capital HK\$'000	Share Premium Account HK\$'000	Goodwill Reserve HK\$'000	Capital Redemption Reserve HK\$'000	Contributed Surplus HK\$'000	Exchange Fluctuation Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
As at 1 April 2002	86,194	259,399	(9,623)	556	449,820	(1,161)	(521,615)	263,570
Net loss for the Period	-	-	-	-	-	-	(30,272)	(30,272)
As at 30 September 2002	86,194	259,399	(9,623)	556	449,820	(1,161)	(551,887)	233,298

* These reserve accounts comprise the consolidated reserves of HK\$190,784,000 (31 March 2003: HK\$121,243,000) in the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
Continuing operations	(10,219)	(8,474)
Discontinued operations	–	2,707
	(10,219)	(5,767)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		
Continuing operations	27,906	(18,483)
Discontinued operations	–	(2,520)
	27,906	(21,003)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		
Continuing operations	–	2,540
Discontinued operations	–	(188)
	–	2,352
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	17,687	(24,418)
Cash and cash equivalents at beginning of period	19,864	55,338
CASH AND CASH EQUIVALENTS AT END OF PERIOD	37,551	30,920
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,215	1,748
Non-pledged time deposits with original maturity of less than three months when acquired	32,827	23,418
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	6,523	15,603
Bank overdrafts	(6,014)	(9,849)
	37,551	30,920

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal Accounting Policies

These consolidated interim financial statements have not been audited by the Company's Auditors but have been reviewed by the Company's Audit Committee.

The unaudited consolidated interim financial statements are prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting", issued by the Hong Kong Society of Accountants (the "HKSA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and basis of preparation used in the preparation of these interim financial statements are same as those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2003 except that the Group has adopted SSAP 12 (Revised) "Income taxes" issued by the HKSA which is effective for the accounting periods commencing on or after 1 January 2003.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognized in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of balance sheet liability method, whereby deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit with limited exceptions. The adoption of new revised SSAP 12 represents a change in accounting policy. However, the accumulated deferred taxation in relation to prior years has not been restated as the effect of this change is not material to the current and prior periods' accounts.

2. Segmental information

(i) Primary reporting format – business segments

For the management purpose, the Group is currently organised into two operating divisions – car audio and corporate & others. The following tables present the unaudited revenue and results of the Group's operation for the Period, together with comparative figures for the corresponding previous period:

Group

	Discontinued operations		Continuing operations		Corporate & others		Consolidated	
	Garment		Car audio					
	For the six months ended 30 September 2003 (Unaudited) HK\$'000	For the six months ended 30 September 2002 (Unaudited) HK\$'000	For the six months ended 30 September 2003 (Unaudited) HK\$'000	For the six months ended 30 September 2002 (Unaudited) HK\$'000	For the six months ended 30 September 2003 (Unaudited) HK\$'000	For the six months ended 30 September 2002 (Unaudited) HK\$'000	For the six months ended 30 September 2003 (Unaudited) HK\$'000	For the six months ended 30 September 2002 (Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	-	53,243	8,522	8,200	-	41	8,522	61,484
Other revenue	-	29	-	-	-	6	-	35
Total	-	53,272	8,522	8,200	-	47	8,522	61,519
Segment results	-	4,701	(4,859)	(5,785)	(5,141)	1	(10,000)	(1,083)
Bank interest income, gains and unallocated revenue							79,990	3,403
Unallocated expenses							(313)	(29,514)
Profit/(loss) from operating activities							69,677	(27,194)
Finance costs							(136)	(3,103)
Profit/(loss) before tax							69,541	(30,297)
Tax							-	-
Profit/(loss) before minority interests							69,541	(30,297)
Minority interests							-	25
Net profit/(loss) from ordinary activities attributable to shareholders							69,541	(30,272)

The discontinued operation had no impact on the results of the Group's operation for the Period.

(ii) *Secondary reporting format – geographical segments*

An analysis of the Group's unaudited turnover and results for the Period by geographical segments, together with comparative figures for the corresponding previous period are as follows:

Group

	The People's Republic of China ("PRC") (including Hong Kong)		United States of America and Europe		Consolidated	
	For the six months ended 30 September 2003 (Unaudited) HK\$'000	For the six months ended 30 September 2002 (Unaudited) HK\$'000	For the six months ended 30 September 2003 (Unaudited) HK\$'000	For the six months ended 30 September 2002 (Unaudited) HK\$'000	For the six months ended 30 September 2003 (Unaudited) HK\$'000	For the six months ended 30 September 2002 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	–	53,284	8,522	8,200	8,522	61,484
Other revenue	–	35	–	–	–	35
Total	–	53,319	8,522	8,200	8,522	61,519
Segment results	(5,141)	4,702	(4,859)	(5,785)	(10,000)	(1,083)

3. Other revenue

	For the six months ended 30 September	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Interest income	538	2,350
Others	647	1,088
	1,185	3,438

4. Profit/(loss) from operating activities

The Group's profit/(loss) from operating activities is arrived at after charging:

	For the six months ended 30 September	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Depreciation :		
Owned fixed assets	2,325	3,913
Leased fixed assets	–	110

5. Finance costs

	For the six months ended 30 September	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Interest expenses on:		
Bank loans, overdraft and other loans wholly repayable within five years	136	3,092
Interest on finance lease	–	11
	136	3,103

6. Tax

No Hong Kong profits tax has been provided during the Period (2002: Nil) as the Group did not derive any assessable profit attributable to its operation in Hong Kong.

No provision for tax in the PRC has been made during the Period (2002: Nil) since no assessable profit has been generated by the subsidiaries operating in the PRC. The other overseas subsidiaries did not generate any profits subject to foreign taxes during the Period (2002: Nil).

No deferred tax has been provided by the Group because there were no significant temporary differences at the balance sheet date.

7. Dividend

The Board has resolved not to pay any interim dividend for the six months ended 30 September 2003 (2002 : Nil).

8. Earnings/(loss) per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the Period of HK\$69,541,000 (2002: net loss of HK\$30,272,000) and the 8,619,360,478 (2002: 8,619,360,478) ordinary shares in issue during the Period.

Diluted earnings/loss per share for the periods ended 30 September 2003 and 2002 respectively have not been shown as the share options outstanding during these periods had no dilutive effect on the basic earnings/loss per share for the periods.

9 Investments in Securities

	At 30 September 2003 (Unaudited) HK\$'000	At 31 March 2003 (Audited) HK\$'000
Other securities :		
Unlisted debt investments in Hong Kong, at fair value	–	26,200
Listed equity investments in Hong Kong, at market value	214,733	136,549
Unlisted investment fund	3,926	3,857
	218,659	166,606

10 Inventories

	At 30 September 2003 (Unaudited) HK\$'000	At 31 March 2003 (Audited) HK\$'000
Raw materials	1,519	1,563
Work in progress	959	1,222
Finished goods	480	809
	2,958	3,594

No inventories were carried at net realisable value at 30 September 2003 (2002: Nil)

11 Trade receivables

Ageing analysis:

	At 30 September 2003 (Unaudited) HK\$'000	At 31 March 2003 (Audited) HK\$'000
0- 120 days	1,007	581
121 - 210 days	182	–
Total	1,189	581

Trading terms with customers are largely on credit except for new customers where payment in advance is normally required. The Group maintains strict credit control over its outstanding receivables.

12 Trade payables bills payables

Ageing analysis:

	At 30 September 2003 (Unaudited) HK\$'000	At 31 March 2003 (Audited) HK\$'000
0- 120 days	1,796	2,547
121 - 210 days	83	197
Over 210 days	21	6
Total	1,900	2,750

13 Share capital

	Number of Shares '000	Nominal Value HK\$'000
Authorised		
- ordinary shares of HK\$ 0.01 each		
As at 1 April and 30 September 2003	60,000,000	600,000
Issued and fully paid		
- ordinary shares of HK\$ 0.01 each		
As at 1 April and 30 September 2003	8,619,360	86,194

14 Related party transactions

During the Period, the Group had no related party transactions.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the Period decreased by HK\$53 million, or 86% to HK\$8.5 million. The profit attributable to shareholders for the Period was HK\$69.5 million, comparing to a net loss of HK\$30.3 million for the same period last year.

The decrease in the Group's turnover was attributed to the disposal of garment, shoes and leather goods business in March 2003. The significant improvement in the bottom line was mainly due to the fact that an unrealised gain on other securities of HK\$63.0 million and a realised gain on disposal of other securities of HK\$15.8 million were recorded during the Period.

Car audio business

Amid the extreme price pressures, the sales of car audio products for the Period was HK\$8.5 million, flat over the same period last year. The operating loss for the car audio business segment was narrowed to HK\$4.9 million, 16% lower than the operating loss of HK\$5.8 million for the same period last year.

During the Period, the Group continued to place efforts on lowering down the fixed manufacturing overheads. To maximize the operational efficiency and trim down the operation, the Group has shifted the production of low margin products to the subcontractors and focused on manufacturing the higher margin products. Such costs savings resulting from these cost control measures have already taken effect on reducing the operating loss for the Period.

Apart from exercising cost control, the Group has also attempted to achieve the breakeven sales volume through product proliferation and strengthening sales and marketing force. During the Period, several existing models with new features were successfully developed and launched. Several trial orders were received from new and existing customers. The sales and marketing team has been making endeavor to secure new sales orders.

Prospects

The Group's car audio business will continue to operate in a difficult market environment. In view of these lingering market challenges and difficulties, the Group will continue to put in place the cost control measures. With signs of economic recovery in the United States, the Board believes that the market demand for the car audio products will become much stronger for the year to come.

Financial Review

The profit attributable to shareholders for the Period was HK\$69.5 million, comparing to a net loss of HK\$30.3 million for the corresponding period of last year. As at 30 September 2003, the Group's net asset value stood at HK\$277.0 million (at 31 March 2003: HK\$207.4 million). The increase in the Group's net worth was mainly attributed to the realised and unrealised gains on other securities in the aggregate amount of HK\$78.8 million during the Period. The Group maintained a sound financial position in terms of high assets liquidity and low gearing ratio.

Liquidity and Financial Resources

During the Period, the Group generally financed its operation with internally generated cash flow and banking facilities. The Group's bank and short-term deposits as at 30 September 2003 amounted to HK\$37.0 million (at 31 March 2003: HK\$21.2 million).

As at 30 September 2003, the total interest-bearing bank and other loan of the Group was HK\$6.0 million (at 31 March 2003: HK\$7.8 million) which are repayable within one year.

As at 30 September 2003, the Group's current ratio was 18.6 times (at 31 March 2003: 11.1 times) based on current assets of HK\$270.5 million (at 31 March 2003: HK\$202.5 million) and current liabilities of HK\$14.5 million (at 31 March 2003: HK\$18.3 million).

The Group had no material commitments for the purchase of property, plant and equipment during the Period.

As at 30 September 2003, the Company had contingent liabilities in relation to provision of corporate guarantees for banking facilities granted to a former subsidiary of the Company which were utilized to the extent of HK\$1.7 million (at 31 March 2003: HK\$13.0 million).

Capital Structure

As at 30 September 2003, the Group's gearing ratio was 2% (at 31 March 2003: 4%) based on total interest-bearing bank and other borrowings of HK\$6.0 million (at 31 March 2003: HK\$7.8 million) and net worth of HK\$277.0 million (at 31 March 2003: HK\$207.4 million).

The Group's bank deposits and short term borrowings are mainly denominated in Hong Kong dollars. Most of Group's sales and purchases are made in United States dollars and Hong Kong dollars. Therefore, the exchange risks exposed to the Group is minimal.

Significant Investments

As at 30 September 2003, the Group had convertible notes issued by a company listed on The Stock Exchange of Hong Kong Limited with carrying amount of HK\$10.5 million.

As at 30 September 2003, the Group maintained a portfolio of other securities with market value of HK\$218.7 million. The interest and dividend income for the convertible notes and other securities for the Period was HK\$1.1 million.

Details of Charge on Assets

At 30 September 2003, a fixed deposit of HK\$6.5 million and an unlisted investment fund of HK\$3.9 million were pledged to secure banking facilities granted to the Group.

Material acquisitions and disposals

There was no material acquisition and disposal of subsidiaries and associates during the Period.

Employment, Training and Development

At 30 September 2003, the Group has a total of 214 employees of which 25 are based in Hong Kong and 189 based in PRC. The Group has committed itself to its staff training and development and structured training programs for all employees.

Remuneration packages are maintained at competitive level and reviewed on a periodical basis. Bonus and share options are awarded to certain employees according to the assessment of individual performance and industry practice.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2003, the interests of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of the SFO (including interests and short positions which he was deemed or taken to have under such provisions of the SFO) or which were required to be entered in the register maintained by the Company pursuant to Section 352 of SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules (the "Model Code") were as follows:-

1. Interests in ordinary shares of the Company

Name of Director	Nature of interests	Number of ordinary shares of the Company (Note 2)
Chan Chun Tung, John	Beneficial owner	13,000,000(L)

Notes:

1. The letter "L" denotes a long position in the shares.
2. As defined in section 311 of the SFO, a reference to interests in shares comprised in the share capital of a listed corporation includes a reference to interests in shares so comprised, which are the underlying shares of equity derivatives (as defined in the SFO). The 13,000,000 shares do not include underlying shares of equity derivatives which are separately disclosed below.

2. Interests in equity derivatives (as defined in the SFO) of the Company

Certain Directors were granted share options under the share option scheme dated 22 February 1994. The share options granted to the Directors to subscribe for ordinary shares of the Company which were outstanding at 30 September 2003 were as follows:

Name of Directors	Number of underlying shares in respect of options granted	Nature of interests	Exercise period	Exercise price per share HK\$
Chan Chun Tung, John	2,400,000 (L)	Beneficial owner	27-3-2000 to 21-2-2004	0.1888
Wong Howard	212,990,000 (L)	Beneficial owner	21-8-2001 to 21-2-2004	0.0215
Wong Yat Fai	212,990,000 (L)	Beneficial owner	21-8-2001 to 21-2-2004	0.0215
Wu Qing	212,990,000 (L)	Beneficial owner	21-8-2001 to 21-2-2004	0.0215

Note: The letter "L" denotes a long position in the underlying shares.

3. Interests in shares of associated corporations of the Company

In addition to the above, Messrs. Wong Howard, Wong Yat Fai and Chan Chun Tung, John hold shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying the minimum company membership requirements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed above, at no time during the Period was the Company or its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Save as disclosed above herein, none of the Directors or the Chief Executive of the Company had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the

shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Under a share option scheme ("Scheme") adopted by the Company on 22 February 1994, the Directors of the Company may, on or before 21 February 2004, grant options to employees and Directors of the Company or any of its subsidiaries, to subscribe for shares in the Company. The maximum number of shares which can be granted under the Scheme may not exceed 10% of the issued share capital of the Company from time to time.

Details of the share options under the Scheme during the Period were as follows:-

Name of category of participant	Number of underlying shares in respect of options granted at 1 April and 30 September 2003	Date of grant	Exercise period	Exercise price per share HK\$	Price of Company's share at grant date of options HK\$ (per share)
Directors					
Chan Chun Tung, John	2,400,000	29-9-1997	27-3-2000 to 21-2-2004	0.1888	0.155
Wong Howard	212,990,000	17-8-2001	21-8-2001 to 21-2-2004	0.0215	0.026
Wong Yat Fai	212,990,000	17-8-2001	21-8-2001 to 21-2-2004	0.0215	0.026
Wu Qing	212,990,000	17-8-2001	21-8-2001 to 21-2-2004	0.0215	0.026
	641,370,000				
Other employees					
In aggregate	80,100,000	17-8-2001	21-8-2001 to 21-2-2004	0.0215	0.026
	721,470,000				

No options were granted, exercised, cancelled or lapsed during the Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 30 September 2003, the Company has not been notified of any interests or short positions in the shares or underlying shares of the Company amounting to 5% or more of the Company's ordinary shares in issue, which is required to be recorded in the register required to be kept under section 336 of the SFO.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the Period, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's financial reporting process and internal controls including the review of the unaudited interim financial statements for the Period.

On behalf of the Board

Wong Howard

Executive Director

Hong Kong, 11 December 2003