

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 2003 together with the comparative figures as follows.

These unaudited interim financial statements have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30 September	
		2003	2002
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$’000	HK\$’000
TURNOVER	2	64,722	70,835
Cost of sales		(47,263)	(59,552)
		<hr/>	<hr/>
Gross profit		17,459	11,283
Other revenue		21,424	25,950
Administrative expenses		(17,770)	(25,851)
Selling and distribution costs		(752)	(877)
Reversal of provision for doubtful debts		17,803	722
Net realised holding gain / (losses) on investments		1,366	(3,143)
Net unrealised holding gain / (losses) on investments		4,499	(13,359)
Loss on disposal of interest in subsidiaries		—	(710)
Amortisation of goodwill		(292)	(1,333)
Impairment loss of long term investments		(43,951)	(27,609)
Amortisation of investment in a joint venture		(34,255)	(34,255)
Other operating expenses		(1,829)	(15,788)
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LOSS FROM OPERATING ACTIVITIES		(36,298)	(84,970)
Finance costs		(4,507)	(5,665)
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LOSS BEFORE TAX	3	(40,805)	(90,635)
Tax	4	1,294	(541)
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LOSS BEFORE MINORITY INTERESTS		(39,511)	(91,176)
Minority interests		9,720	11,329
		<hr/>	<hr/>
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(29,791)	(79,847)
		<hr/> <hr/>	<hr/> <hr/>
DIVIDEND IN SPECIE	5	1,749	—
		<hr/> <hr/>	<hr/> <hr/>
LOSS PER SHARE	6		
Basic		(HK1.79 cents)	(HK5.26 cents)
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CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets		9,102	10,941
Goodwill:			
Goodwill		2,387	2,679
Negative goodwill		(3,787)	(4,869)
Investment properties		17,580	17,580
Properties under development		14,624	14,624
Properties held for redevelopment		33,000	33,000
Interest in a joint venture		352,688	372,467
Long term investments		23,012	65,809
		448,606	512,231
CURRENT ASSETS			
Inventories		1,827	4,143
Prepayments, deposits and other receivables		21,706	28,519
Loans receivable	7	100,038	72,018
Accounts receivable	8	14,470	13,633
Tax recoverable		706	706
Short term investments		13,387	1,287
Client trust bank accounts		14,216	15,661
Pledged deposit		9,014	4,000
Cash and cash equivalents		10,827	23,445
		186,191	163,412
CURRENT LIABILITIES			
Accounts payable, other payables and accrued expenses	9	46,145	48,956
Current portion of hire purchase payables		668	681
Tax payable		4,839	6,185
Interest-bearing bank loans and other borrowings	10	56,848	71,900
		108,500	127,722
NET CURRENT ASSETS		77,691	35,690
TOTAL ASSETS LESS CURRENT LIABILITIES		526,297	547,921

CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)

		As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Deposits received		14,624	14,624
Hire purchase payables		1,396	1,735
Interest-bearing bank loans and other borrowings	10	94,834	78,278
		<u>110,854</u>	<u>94,637</u>
MINORITY INTERESTS			
		<u>141,272</u>	<u>150,992</u>
		<u>274,171</u>	<u>302,292</u>
CAPITAL AND RESERVES			
Issued capital	11	17,352	16,334
Reserves		255,070	284,268
Proposed special dividend		1,749	—
Proposed final dividend		—	1,690
		<u>274,171</u>	<u>302,292</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Special capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Proposed dividend HK\$'000	Total HK\$'000
At 1 April 2003	16,334	33,438	6,040	571,147	601,636	(927,993)	1,690	302,292
Issue of shares upon exercise of share options	1,018	652	—	—	—	—	—	1,670
Net loss for the period	—	—	—	—	—	(29,791)	—	(29,791)
Withdrawal of proposed final dividend (<i>Note 5</i>)	—	—	—	—	1,690	—	(1,690)	—
Proposed special dividend (<i>Note 5</i>)	—	—	—	—	(1,749)	—	1,749	—
At 30 September 2003	<u>17,352</u>	<u>34,090</u>	<u>6,040</u>	<u>571,147</u>	<u>601,577</u>	<u>(957,784)</u>	<u>1,749</u>	<u>274,171</u>
At 1 April 2002	14,964	25,383	6,040	571,147	603,326	(659,571)	—	561,289
Issue of shares upon exercise of share options	370	2,035	—	—	—	—	—	2,405
Issue of new shares	1,000	6,200	—	—	—	—	—	7,200
Share issue expenses	—	(180)	—	—	—	—	—	(180)
Net loss for the period	—	—	—	—	—	(79,847)	—	(79,847)
At 30 September 2002	<u>16,334</u>	<u>33,438</u>	<u>6,040</u>	<u>571,147</u>	<u>603,326</u>	<u>(739,418)</u>	<u>—</u>	<u>490,867</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30 September	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(31,145)	(17,679)
Net cash inflow/(outflow) from investing activities	20,718	(54,001)
Net cash (outflow)/inflow from financing	(2,457)	40,021
	<hr/>	<hr/>
Decrease in cash and cash equivalents	(12,884)	(31,659)
Effect of foreign exchange rates	—	(4)
Cash and cash equivalents at 1 April	17,230	79,431
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	4,346	47,768
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Analysis of balances of cash and cash equivalents		
Cash and bank balances	10,827	47,768
Bank overdrafts	(6,481)	—
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	4,346	47,768
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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 (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants. The accounting policies and basis of preparation adopted in the preparation of these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2003 except for the adoption of SSAP 12 (Revised) “Income Taxes” which is effective for the accounting period commencing on or after 1 January 2003.

SSAP 12 (Revised) principally prescribes the accounting treatment and disclosure for deferred tax. In prior years, deferred tax is provided using the income statement liability method on all significant timing difference to the extent it is probable that the liabilities will crystallize in the foreseeable future. A deferred tax asset is not recognized until its realization is assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of the balance sheet liability method, whereby deferred tax is recognized in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statement and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements, SSAP 12 (Revised) has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no significant impact on the Group’s financial statements for the current and prior accounting periods.

2. Segmental information

(a) Business segments

The following table present revenue and results of the Group's business segments for the six months ended 30 September 2003 and 2002 respectively:

	General import and export trading		Securities dealing and broking		Financing		Property development and investment		Strategic investments		Corporate		Others		Eliminations		Consolidated		
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
	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	HK'000	HK'000	HK'000	HK'000	
Segmental revenue:																			
Sales to external customers	52,627	60,196	2,549	3,802	9,474	6,714	72	123	—	—	—	—	—	—	—	—	—	64,722	70,835
Other revenue	161	1,612	418	1,905	338	683	—	—	1,482	2,095	184	1,126	—	88	—	—	—	2,583	7,509
Inter-segment sales	—	—	463	1,819	—	—	—	—	—	—	7,700	6,528	—	—	(8,163)	(8,247)	—	—	—
Total revenue	<u>52,788</u>	<u>61,808</u>	<u>3,420</u>	<u>7,526</u>	<u>9,812</u>	<u>7,397</u>	<u>72</u>	<u>123</u>	<u>1,482</u>	<u>2,095</u>	<u>7,884</u>	<u>7,654</u>	<u>—</u>	<u>88</u>	<u>(8,163)</u>	<u>(8,247)</u>	<u>—</u>	<u>67,305</u>	<u>78,344</u>
Segment results	<u>1,661</u>	<u>(1,636)</u>	<u>(411)</u>	<u>(3,148)</u>	<u>23,088</u>	<u>(9,536)</u>	<u>(837)</u>	<u>349</u>	<u>(75,188)</u>	<u>(62,602)</u>	<u>(4,142)</u>	<u>(11,617)</u>	<u>691</u>	<u>(15,221)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(55,138)</u>	<u>(103,411)</u>
Interest and dividend income and unallocated gains																		<u>18,840</u>	<u>18,441</u>
Loss from operating activities																		<u>(36,298)</u>	<u>(84,970)</u>
Finance costs																		<u>(4,507)</u>	<u>(5,665)</u>
Loss before tax																		<u>(40,805)</u>	<u>(90,635)</u>
Tax																		<u>1,294</u>	<u>(541)</u>
Loss before minority interests																		<u>(39,511)</u>	<u>(91,176)</u>
Minority interests																		<u>9,720</u>	<u>11,329</u>
Net loss attributable to shareholders																		<u>(29,791)</u>	<u>(79,847)</u>

(b) Geographical segments

The following table present revenue of the Group's geographical segments for the six months ended 30 September 2003 and 2002 respectively:

	Hong Kong		Mainland China		Europe		North America		Others		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	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	<u>26,239</u>	<u>22,438</u>	<u>—</u>	<u>45</u>	<u>36,089</u>	<u>44,760</u>	<u>2,216</u>	<u>3,337</u>	<u>178</u>	<u>255</u>	<u>64,722</u>	<u>70,835</u>

3. **Loss before tax**

Loss before tax is arrived at after charging:

	Six months ended	
	30 September	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	663	1,091
Staff costs	8,699	10,113
	=====	=====

4. **Tax**

	Six months ended	
	30 September	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	—	(330)
Overprovision in prior periods	1,346	—
	1,346	(330)
Elsewhere	(52)	(211)
	1,294	(541)
	=====	=====

No Hong Kong profit tax has been provided for in the current period as there is no assessable profits. Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits in the prior period.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

5. Dividend in specie

As a circular incorporating a notice of a special general meeting for ratification of certain transactions, on which conditions the proposed final dividend for the year ended 31 March 2003 was relied, could not be dispatched to shareholders on or before 10 September 2003, the directors withdrew the resolution for approving the proposed final dividend at the annual general meeting of the Company held on 26 September 2003 (the "Proposed Final Dividend"). The directors then recommended a special dividend for the year ending 31 March 2004 which will be satisfied by the distribution to shareholders of one share of each of Inworld Group Limited, Riverhill Holdings Limited and Rainbow International Holdings Limited respectively for every 50 shares of HK\$0.01 each of the Company held on 26 September 2003 (the "Distribution Shares") to replace the Proposed Final Dividend. The net carrying value of the Distribution Shares at 30 September 2003 was approximately HK\$1,749,000 and they were dispatched to shareholders on 1 December 2003.

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2003 (2002: Nil).

6. Loss per share

The calculation of loss per share is based on the loss attributable to shareholders of HK\$29,791,000 for the six months ended 30 September 2003 (2002: HK\$79,847,000) and the weighted average number of 1,668,113,611 shares (2002: 1,518,753,809 shares) in issue during the period.

The computation of diluted loss per share does not assume the exercise of potential dilutive ordinary shares as their exercise would result in a decrease in loss per share.

7. Loans receivable

The ageing analysis of loans receivable is as follows:

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Within 6 months	44,405	36,336
Between 7 to 12 months	14,495	49,518
Over 1 year	145,405	102,192
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	204,305	188,046
Provision for doubtful debts	(104,267)	(116,028)
	<hr/>	<hr/>
	100,038	72,018
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8. Accounts receivable

The ageing analysis of accounts receivable is as follows:

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Within 6 months	14,655	13,355
Between 7 to 12 months	114	189
Over 1 year	4,089	4,218
	<hr/>	<hr/>
	18,858	17,762
Provision for doubtful debts	(4,388)	(4,129)
	<hr/>	<hr/>
	14,470	13,633
	<hr/> <hr/>	<hr/> <hr/>

9. Accounts payable, other payables and accrued expenses

The ageing analysis of accounts payable is as follows:

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Within 6 months	17,334	18,630
Between 7 to 12 months	217	2,583
Over 1 year	5,153	4,366
	<hr/>	<hr/>
	22,704	25,579
Other payables and accrued expenses	23,441	23,377
	<hr/>	<hr/>
	46,145	48,956
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
Bank loans, secured	145,201	143,963
Bank overdrafts, secured	6,481	6,215
	151,682	150,178
Portion classified as current liabilities	(56,848)	(71,900)
Long term portion	94,834	78,278
Bank loans and overdrafts are repayable:		
Within one year	56,848	71,900
In the second year	16,109	30,475
In the third to fifth years, inclusive	67,275	34,598
Beyond five years	11,450	13,205
	151,682	150,178

The bank loans are secured by the Group's time deposit, certain of the Group's investment properties, a property held for redevelopment and the Group's investment in a joint venture.

11. Share capital

	As at 30 September 2003 (Unaudited) HK\$'000	As at 31 March 2003 (Audited) HK\$'000
<i>Authorised:</i>		
200,000,000,000 ordinary shares of HK\$0.01 each	<u>2,000,000</u>	<u>2,000,000</u>
<i>Issued and fully paid:</i>		
1,735,188,679 (31 March 2003:1,633,398,618) ordinary shares of HK\$0.01 each	<u>17,352</u>	<u>16,334</u>

A summary of movements of the Company's ordinary share capital is as follows:

	Number of shares	Amount HK\$'000
At 1 April 2003	1,633,398,618	16,334
Share options exercised	<u>101,790,061</u>	<u>1,018</u>
At 30 September 2003	<u>1,735,188,679</u>	<u>17,352</u>

During the period under review, 101,790,061 share options were exercised at the subscription prices range from HK\$0.0148 to HK\$0.026 per share, resulting in the issue of 101,790,061 shares of HK\$0.01 each for a total cash consideration, before expenses, of HK\$1,669,000.

12. Share options

On 20 June 2003 (the "Granting Date"), a total of 116,339,861 share options were granted to certain employees for nil consideration under the Company's share option scheme (the "Scheme"). The options entitle the holders to subscribe for the Company's ordinary shares of HK\$0.01 each at an exercise price of HK\$0.0148 per share for a period of three years from the Granting Date.

14,549,800 shares options were subsequently lapsed upon a grantee's resignation and the same number of share options were granted to another employee to subscribe for the Company's ordinary shares of HK\$0.01 at the exercise price of HK\$0.026 per share for a period of three years commenced from 15 August 2003.

As detailed in the above note, a total of 101,790,061 share options were exercised during the period under review. As at 30 September 2003, the outstanding options under the Scheme were 14,549,800.

13. **Contingent liabilities**

At 30 September 2003, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries amounting to approximately HK\$153,610,000 (31 March 2003: HK\$115,100,000), subject to unlimited amount to two subsidiaries (31 March 2003, one subsidiary) to which the bank may renew the limit from time to time. As at 30 September 2003, the total amount utilized by the subsidiaries was approximately HK\$56,932,000 (31 March 2003: HK\$28,499,000).

14. **Litigation**

On 24 September 2003, the Company received a writ of summons from the High Court of Hong Kong, in which Messrs. Jinlin Sun and Wen Lin (the “Plaintiffs”) sued the Company and its existing directors and ex-directors (the “Defendants”) for breach of various duties owed to the Company and claimed against the Defendants for (a) damages to be assessed; (b) an account of profits made by the Defendants and that all sums found due upon such account be paid by them to the Company; (c) the existing directors of the Company be removed from the board of directors of the Company; (d) an order that a receiver and manager be appointed to preserve and safeguard the assets and undertaking of the Company; (e) interest; (f) further and/or other relief; and (g) costs.

Other than item (d), which was dismissed on 13 October 2003, other claims of the Plaintiffs are still pending. The management of the Company does not consider the legal proceedings taken against the Company to have material adverse impact on the operations and financial position of the Group at this stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim results

For the six months ended 30 September 2003, the Group recorded a turnover of HK\$64.7 million, representing a decrease of 8.6% as compared with the same period last year. The net loss attributable to shareholders reduced from HK\$79.8 million for the six months ended 30 September 2002 to HK\$29.8 million for the current period under review. The decrease in net loss was mainly attributable to the efforts made to control administrative expenses, reversal of provision for doubtful debts and gains on investment in marketable securities following the pick-up of stock market during the period.

Trading

The general import and export trading business continued to be the major business segment of the Group, which accounted for 81.3% of the Group's total turnover for the period under review. Turnover of the trading segment decreased by 12.6% from HK\$60.2 million in previous period to HK\$52.6 million of current period, mainly due to drop of the Group's exports to European market, which was still under its poor economic condition during the period under review, by 19.4% as compared with previous period. As a result of cost control, the trading business recorded a profit of HK\$1.7 million for the current period as compared with loss of HK\$1.6 million in the corresponding period in 2002.

Securities and financing

Comparing with the same period in 2002, the turnover of securities and financing business of the Group increased by 14.3% from HK\$10.5 million in 2002 to HK\$12.0 million in 2003. The increase is mainly due to the increase in local market turnover in particular after the removal of the effect of Severe Acute Respiratory Syndrome (the "SARS") in June 2003. The significant improvement of financing segment result was mainly due to reversal of provision for doubtful debts as a result of increase in market value of secured shares placed by our customers for their loans following the recovery of local stock market.

Infrastructure

For the period under review, the investment in the National Highway 318 Shengdong Section in Wuhan in the PRC ("Shengdong") has derived a dividend income of HK\$18.8 million (2002: HK\$18.1 million). The average daily traffic flows for the period was around 16,700 vehicles, representing a decrease of approximately 8.2% as compared with the corresponding period in 2002. The decrease in traffic flows was mainly due to a temporary contraction of traffic going in and out of Wuhan district during the SARS period. It is believed that the continued growth of economy in the PRC, particularly in Wuhan, will increase the traffic flows of Shengdong.

Investments

The Group's investments comprise of listed and unlisted equity investments which cover various potential industries, including high technology, beauty, logistic etc in Hong Kong and the PRC. The listed equity investments continue to take advantage of the blooming stock market in light of increasing market turnover as mentioned above. Certain unlisted equity investments may have been deteriorated as a result of unexpected global economic downturn over the past few years. The directors therefore plan to take a series measures to strengthen the control over these investments.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 September 2003, the Group had cash at bank and in hand amounted to approximately HK\$10.8 million (31 March 2003: HK\$23.4 million) and net asset value of approximately HK\$274.2 million (31 March 2003: HK\$302.3 million). Interest-bearing bank loans and other borrowings at 30 September 2003 amounted to HK\$151.7 million (31 March 2003: HK\$150.2 million), of which HK\$56.8 million (31 March 2003: HK\$71.9 million) were repayable within one year. The gearing ratio, being the ratio of total bank loans and other borrowings and hire purchase payables of approximately HK\$153.7 million to shareholders' fund of approximately HK\$274.2 million, was about 0.56 (31 March 2003: 0.50).

During the period under review, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars, Renminbi and US dollars. In view of stable exchange rates between these currencies, the foreign currency exchange risk of the Group is not significant. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial effect is material to the Group.

At 30 September 2003, a time deposit of HK\$9.0 million, properties held for redevelopment with carrying value of HK\$33.0 million, investment properties at a valuation of HK\$13.6 million and the Group's interest in a joint venture with a net book value of HK\$340.6 million were pledged to secure the banking facilities granted to the Group.

PROSPECT

Sign of global economic recovery was seen recently. It will be of much help to the Group's business developments like securities, financing and general import and export trading.

In addition, the Closer Economic Partnership Arrangement ("CEPA") between Hong Kong and mainland China would greatly enhance economic co-operations between the two regions. The directors expect that CEPA will facilitate the Group's development into China market and enables the Group to capitalize vast development potential in China.

STAFF

As at 30 September 2003, the Group had 61 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 2003, the interests and short positions of the Directors of the Company (the "Directors") in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Directors	Number of ordinary shares held		
	Family interests	Personal interests	Total
Ms. Yvonne Han Yi Yeung ("Ms. Yeung")	257,520,895 (Note)	24,649,272	282,170,167
Ms. Miranda Chi Mei Chan	—	39,288	39,288

Note:

Mr. Kenneth Chi Shing Cheung ("Mr. Cheung") is the sole shareholder of K.Y. Limited, which is the beneficial owner of 51,520,243 shares of the Company. In addition, Mr. 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. Mr. Cheung cannot ascertain whether the charged shares are still registered in the name of the pledgee and subject to their right of redemption.

Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 257,520,895 shares of the Company that Mr. Cheung is beneficially interested.

As at 30 September 2003, no short positions were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept under Section 352 of the SFO.

Save as disclosed above, as at 30 September 2003, none of the Directors or Chief Executive of the Company had any interest or short position whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, as at 30 September 2003, the Company had been notified of the following interests in the Company:

	Number of shares	Percentage
Mr. Cheung (<i>Note 1</i>)	282,170,167	16.3%
Ms. Yeung (<i>Note 2</i>)	282,170,167	16.3%
Mr. Wen Lin (<i>Note 3</i>)	165,050,000	9.5%
Mr. Jin Lin Sun (<i>Note 3</i>)	150,800,000	8.7%

Notes:

1. Please refer to the note under the heading "Directors' Interest in Securities" for details of the beneficial interests of Mr. Cheung in the shares of the Company. Mr. Cheung is the spouse of Ms Yeung and accordingly deemed to be interested in the 24,649,272 shares of the Company beneficially interested by Ms. Yeung.
2. Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 257,520,895 shares beneficially interested by Mr. Cheung.
3. The two shareholders notified the Company of the number of shares they held in the Company on 20 August 2002. As the Company did not receive any update information in respect of their interests in it thereafter, the directors cannot ascertain the accuracy of their shareholdings as at 30 September 2003.

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 the Company's listed 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 during the six months ended 30 September 2003 except 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 comprising 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 2003 and discussed the financial related matters with the management.

By Order of the Board
Johnny Wing Fai Tam
Managing Director

Hong Kong, 23 December 2003