NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting polices

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those adopted in the Group's audited consolidated financial statements for the year ended 31 March 2006 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective or available for early adoption for accounting periods beginning on or after 1 December 2005. The adoption of new HKFRSs had no material effect on how the results for current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. Segmental information

(a) Business segments

The following tables present revenues and results of the Group's business segments for the six months ended 30 September 2006 and 2005 respectively:

	General import and export trading HK\$'000	Securities dealing and broking HK\$'000	Financing HK\$'000	Trading of listed securities HK\$'000	Property redevelopment and investment <i>HKS'000</i>	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
2006										
Segment revenue:										
External sales	7,500	5,095	1,964	24,324	-	-	-	-	-	38,883
Other revenue	80	973	781	-	-	-	-	-	-	1,834
Inter-segment sales		139	-		600		3,707	-	(4,446)	
Total revenue	7,580	6,207	2,745	24,324	600		3,707	-	(4,446)	40,717
Segment results	(1,919)	1,159	2,491	(865)	(101)	(983)	(5,117)	(81)	(139)	(5,555)
Unallocated income										249
Finance costs										(3,646)
1.11.2										
Loss before taxation Taxation										(8,952)
Loss for the period										(8,952)

2. Segmental information (Continued)

(a) Business segments (Continued)

	General import and export trading HK\$'000	Securities dealing and broking HK\$*000	Financing HK\$'000	Trading of m listed securities HK\$ '000	Property edevelopment and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$ '000	Eliminations HK\$'000	Consolidated HK\$'000
2005										
Segment revenue:										
External sales	42,118	4,158	1,592	-	-	-	-	-	-	47,868
Other revenue	503	1,766	231	-	-	20	295	1	(7.770)	2,816
Inter-segment sales		126			600		7,053		(7,779)	
Total revenue	42,621	6,050	1,823		600	20	7,348	1	(7,779)	50,684
Segment results	1,512	1,108	1,286	-	(21)	(3,191)	101	(2,431)	(125)	(1,761)
Unallocated income										125
Finance costs										(3,294)
Loss before taxation										(4,930)
Taxation										(200)
Loss for the period										(5,130)

(b) Geographical segments

The following table presents revenue of the Group's geographical segments for the six months ended 30 September 2006 and 2005 respectively:

	Six months ended	
	30 Sept	ember
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$′000	HK\$'000
Hong Kong	32,292	28,798
Europe	3,799	19,070
North America	2,792	
	38,883	47,868

3. Loss before taxation

Loss before taxation is arrived at after charging:

	Six months ended 30 September		
	2006	2005	
	(Unaudited)	(Unaudited)	
	HK\$′000	HK\$'000	
Depreciation	256	385	
Staff costs	5,035	6,869	

4. Taxation

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the current period.

	Six months ended 30 September		
	2006	2005	
	(Unaudited)	(Unaudited)	
	HK\$′000	HK\$′000	
Hong Kong			
Provision of Profits Tax for current period		(200)	

5. Dividend

The Board do not recommend the payment of any interim dividend for the six months ended 30 September 2006 (2005: nil).

6. Loss per share

The calculation of loss per share is based on the loss attributable to equity holders of HK\$7,081,000 (2005: HK\$2,987,000) for the six months ended 30 September 2006 on 1,871,188,679 (2005: 1,871,188,679) ordinary shares in issue during the period.

Diluted loss per share for the periods ended 30 September 2006 and 2005 have not been disclosed, as the options outstanding during both periods had an anti-dilutive effect on the basic loss per share for these periods.

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7. Loans receivable

	As at 30 September 2006 (Unaudited) <i>HK\$'000</i>	As at 31 March 2006 (Audited) <i>HK\$'000</i>
Securities dealing and broking business:		
 Secured margin loans 	31,057	37,986
Less: Impairment	(11,000)	(11,000)
	20,057	26,986
Financing business:		
– Secured loans	6,793	16,623
– Unsecured loans	41,709	43,056
	48,502	59,679
Less: Impairment	(45,153)	(45,369)
	3,349	14,310
Total	23,406	41,296

An aged analysis of the Group's loans receivable excluding margin loans is as follows. In the opinion of the Directors, an aged analysis is not meaningful in view of the nature of the business of securities margin financing, which is more concerned about the market value, marketability and liquidity of the collaterals.

Financing business:		
Within 6 months	2,529	4,689
7 to 12 months	1,280	5,550
Over 1 year	44,693	49,440
	48,502	59,679
Less: Impairment	(45,153)	(45,369)
	3,349	14,310

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8. Accounts receivable

	As at	As at
	30 September	31 March
	2006	2006
	(Unaudited)	(Audited)
	HK\$′000	HK\$'000
Balance in relation to:		
Securities dealing and broking	4,988	6,715
General trading and others	1,188	1,876
	6,176	8,591

An aged analysis of the accounts receivable is as follows:

Within 6 months 7 to 12 months Over 1 year	5,445 436 935	8,314 224 617
Less: Impairment	6,816 (640)	9,155 (564)
	6,176	8,591

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9. Investment in a joint venture held-for-sale

	As at 30 September 2006 (Unaudited) <i>HKS</i> '000	As at 31 March 2006 (Audited) <i>HK\$</i> '000
Unlisted investment, at cost Less: Accumulated amortization Impairment	551,837 (268,331) (131,672)	551,837 (268,331) (131,672)
Amount due to the joint venture Dividend receivable	151,834 (17,758) 	151,834 (13,125) 19,153
Classified as: Non-current assets:	153,229	157,862
Dividend receivable Current assets: Investment in a joint venture held-for-sale Dividend receivable	- 151,834 19,153	19,153 151,834
Current liabilities: Amount due to the joint venture, included in other payables	(17,758)	(13,125)
	153,229	157,862

Styland	Holdings	Limited
Local sectors		

10. Accounts payable, other payables and accruals

	As at 30 September 2006 (Unaudited) <i>HK\$'000</i>	As at 31 March 2006 (Audited) <i>HK\$</i> '000
Balance in relation to:		
Securities dealing and broking	10,715	13,001
General trading and others	28,657	23,719
	39,372	36,720
An aged analysis of the accounts payable is as f	ollows:	
Within 6 months	8,880	7,910
7 to 12 months	1,091	1,161
Over 1 year	1,909	2,567
	11,880	11,638
Other payables and accruals	27,492	25,082
	39,372	36,720

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11. Bank borrowings

	As at 30 September 2006 (Unaudited) HK\$'000	As at 31 March 2006 (Audited) <i>HK\$</i> '000
Bank borrowings comprise:		
Bank loans, secured Bank overdrafts, secured	106,575 4,702	106,393 7,006
Less: Portion classified as current liabilities (Note)	111,277 (94,601)	113,399 (95,775)
Long term portion	16,676	17,624
Bank loans and overdrafts are payable:		
Within one year (<i>Note</i>) In the second year In the third to fifth years, inclusive Beyond five years	94,601 1,896 5,688 9,092	95,775 1,896 5,688 10,040
	111,277	113,399

The Group's bank loans and overdrafts are secured by:

- (i) clients' collaterals;
- (ii) the Group's investment property and property held for redevelopment situated in Hong Kong;
- (iii) the Group's time deposit; and
- (iv) the Group's investment in a joint venture.
- Note: As at 30 September 2006, included in the current portion of the bank borrowings was the bank loan HK\$86.9 million relating to and secured by the Group's investment in a joint venture in the PRC (the "JV"). The loan will expire on 27 December 2006. In October 2006, the bank demanded for early repayment of the loan. The Group is now under negotiation with the bank. In November 2006, the Group repaid RMB16.0 million and intends to apply part of the transfer price of approximately RMB157.3 million to be received from the JV partner (the "JV" Partner") for the full repayment of the balance of the loan. (For more information regarding to the JV, please refer to the section headed "Investments" below and the Company's announcement dated 28 November 2006 and future announcement.) As such, the Company does not consider it having any material impact on the Group.

12. Share capital

	As at	As at
	30 September	31 March
	2006	2006
	(Unaudited)	(Audited)
	HK\$′000	HK\$'000
Authorised:		
200,000,000,000 ordinary shares of HK\$0.01 each	2,000,000	2,000,000
Issued and fully paid:		
1,871,188,679 ordinary shares of HK\$0.01 each	18,712	18,712

13. Contingent liabilities

As at 30 September 2006, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK\$19.7 million (31 March 2006: HK\$19.5 million) had been utilized at 30 September 2006. The Company understands that they are the subsidiaries to sign the loan agreements and they have the primary obligation for repayment of such bank loans. In addition, included in the contingent liabilities were the mortgage loans, HK\$18.6 secured by those subsidiaries' properties with the total market value of HK\$61.6 million. As such, the Company considers its exposure is minimal.

14. Litigation

In December 2004, the Company received a writ of summons from C.A. Pacific Finance Limited (in liquidation) claiming a sum of HK\$1,197,349.50 (the "Claimed Amount") due by Eastex Investment Far East Limited (formerly known as Styland Investment Far East Limited), a former subsidiary of the Company that was disposed in December 1997 (the "CAP Case"). After having sought legal advices, the Company filed a defence to deny the claim. After that and up to the date of this report, there is no further progress of the CAP Case. In view of the foregoing and that the Claimed Amount is relatively small compared to the net asset value of the Company, the Directors do not consider the CAP Case having a material financial impact on the Company.

15. Post balance sheet event

Reference is made to note 39(2) to the financial statements for the year ended 31 March 2006, the Company is pleased to report that the lawsuit against Sheng Da Investment Holding (Hong Kong) Limited, a non-wholly owned subsidiary of the Company, was dismissed in October 2006 and the Group has recovered RMB17,000,000 of the retained money. The Group will receive the balance RMB2,270,000 of the retained money in December 2006. (For details of the lawsuit, please refer to the Company's announcement dated 28 November 2006 and future announcements.)

16. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.