The Board of Directors of Mansion Holdings Limited (the "Company") presents the interim financial report which comprises the condensed consolidated profit and loss account, condensed consolidated cash flow statement and condensed consolidated statement of changes in equity for the six months ended 30th June 2002 of the Company and its subsidiaries ("the Group") and the condensed consolidated balance sheet of the Group as at 30th June 2002, all of which are unaudited, together with the comparative figures for 2001.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30th June 2002

		Unaudited Six months ended 30th June	
		2002	2001
	Note	**HK$'000**	HK$'000
Turnover	2	**31,882**	27,948
Cost of sales		**(20,280)**	(19,452)
Gross profit		**11,602**	8,496
Other revenues		**2,047**	5,265
Operating expenses		**(23,584)**	(16,419)
Operating loss	3	**(9,935)**	(2,658)
Finance costs		**(251)**	–
Loss before taxation		**(10,186)**	(2,658)
Taxation	4	**(172)**	(284)
Loss after taxation		**(10,358)**	(2,942)
Minority interests		**(959)**	–
Loss for the period attributable to shareholders		**(11,317)**	(2,942)
Basic loss per share	6	**0.27 cents**	0.07 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2002

	Note	**Unaudited 30th June 2002 HK$'000**	Audited 31st December 2001 HK$'000
Intangible assets	7	**19,439**	12,214
Fixed assets	7	**154,277**	149,857
Current assets			
Contracts work in progress		**4,275**	7,254
Inventories		**9,608**	4,183
Trade and other receivables	8	**43,181**	30,008
Cash and bank balances		**6,302**	32,614
		63,366	74,059
Current liabilities			
Trade and other payables	9	**64,476**	62,578
Provisions		**2,570**	2,570
Trust receipt loans		**997**	1,350
Progress payments on account		**924**	878
Taxation		**9,099**	9,038
		78,066	76,414
Net current liabilities		**(14,700)**	(2,355)
Total assets less current liabilities		**159,016**	159,716
Financed by:			
Share capital	10	**418,243**	418,243
Reserves		**(269,844)**	(258,527)
Shareholders' funds		**148,399**	159,716
Minority interests		**10,617**	–
		159,016	159,716

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2002

	Unaudited Six months ended 30th June	
	2002	2001 (as restated)
	HK$'000	HK$'000
Net cash outflow from operating activities	**(15,967)**	(17,216)
Net cash used in investing activities	**(10,120)**	(3,158)
Net cash used in financing activities	**(225)**	–
Decrease in cash and cash equivalents	**(26,312)**	(20,374)
Cash and cash equivalents at 1st January	**32,614**	74,255
Cash and cash equivalents at 30th June	**6,302**	53,881
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**6,302**	53,881

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2002

	Share capital	Share premium	Reserve on consolidation	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2002	**418,243**	**257,073**	**3,000**	**(518,600)**	**159,716**
Loss for the period	**–**	**–**	**–**	**(11,317)**	**(11,317)**
At 30th June 2002	**418,243**	**257,073**	**3,000**	**(529,917)**	**148,399**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2001	404,243	257,073	3,000	(507,296)	157,020
Issue of shares	14,000	–	–	–	14,000
Loss for the period	–	–	–	(2,942)	(2,942)
At 30th June 2001	418,243	257,073	3,000	(510,238)	168,078

NOTES TO THE CONDENSED ACCOUNTS

1. Basis of preparation and accounting policies

These unaudited consolidated condensed accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

These condensed accounts should be read in conjunction with the 2001 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st December 2001 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002 and are applicable to the Group:

(a) Pursuant to the adoption of SSAP 11 (revised), "Foreign currency translation", the profit and loss accounts of subsidiaries denominated in foreign currencies are translated at the weighted average rates during the year as opposed to previous years that the exchange rates ruling at the balance sheet date were used. The effect of such change is not material to the Group.

(b) SSAP 34 "Employee benefits" prescribes the accounting treatment and disclosure for employee benefits and requires the Group to recognise:

   (i) a liability when it has an obligation to pay employee benefits in the future; and

   (ii) an expense when the Group consumes the economic benefits arising from services provided by an employee in exchange for employee benefits.

   The adoption of this SSAP has no significant effect to the Group.

(c) Certain presentational changes have been made upon the adoption of SSAP 1 (revised) "Presentation of financial statements", SSAP 15 (revised) "Cash flow statements", SSAP 25 (revised) "Interim financial reporting", and SSAP 33 "Discontinuing operations". The comparative figures have been restated or reclassified accordingly.

2. Segment information

The Group is principally engaged in (i) the contracting activities for installation of fire prevention and fighting systems, (ii) the maintenance and servicing of fire prevention and fighting systems; and (iii) the manufacturing, trading and sourcing of pipes, fittings and other parts in relation to fire prevention and fighting systems.

In view of the continued loss-making position and low-tide of the market environment in the construction industry in Hong Kong, the Board entered into an agreement with an independent third party on 12th September 2002 to dispose of the contracting operations together with those subsidiaries involved in various litigation cases. Accordingly, these operations are classified as discontinuing operations in the segment information below. The gain on disposal of these subsidiaries, estimated to be approximately HK$27 million based on the consideration of HK$2,000,000, subject to adjustment, and the net liabilities disposed of approximately HK$25 million (based on the unaudited management accounts) attributed to these subsidiaries at 30th June 2002, will be included in the annual accounts for the year ending 31st December 2002.

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

Six months ended 30th June 2002

	Continuing operations					Discontinuing operations	Group total
	Maintenance and servicing	Trading and sourcing	Manufacturing	Property investment	Total continuing operations	Contracting	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenues	7,002	1,601	7,834	–	16,437	15,445	31,882
Segment results	689	(518)	2,690	1,972	4,833	(3,087)	1,746
Interest income					37	–	37
Unallocated costs					(11,718)	–	(11,718)
Finance costs					(251)	–	(251)
Loss before taxation					(7,099)	(3,087)	(10,186)
Taxation					(172)	–	(172)
Minority interests					(959)	–	(959)
Loss attributed to shareholders					(8,230)	(3,087)	(11,317)

2. Segment information *(continued)*

	Six months ended 30th June 2001						
	Continuing operations					Discontinuing operations	Group total
	Maintenance and servicing HK$'000	Trading and sourcing HK$'000	Manufacturing HK$'000	Property investment HK$'000	Total continuing operations HK$'000	Contracting HK$'000	HK$'000
Revenues	7,125	455	–	–	7,580	20,368	27,948
Segment results	(122)	95	–	3,577	3,550	(592)	2,958
Interest income					1,594	–	1,594
Unallocated costs					(7,210)	–	(7,210)
Finance costs					–	–	–
Loss before taxation					(2,066)	(592)	(2,658)
Taxation					(284)	–	(284)
Minority interests					–	–	–
Loss attributed to shareholders					(2,350)	(592)	(2,942)

An analysis of the Group's turnover and contribution to operating profit for the period by geographical segment is as follows:

	Turnover Six months ended 30th June		**Contribution to profit/(loss) Six months ended 30th June**	
	2002 HK$'000	2001 HK$'000	**2002 HK$'000**	2001 HK$'000
Continuing operations				
Hong Kong	**8,603**	7,580	**2,143**	3,550
Mainland China	**7,834**	–	**2,690**	–
Unallocated costs including net interests	**–**	–	**(11,932)**	(5,616)
	16,437	7,580	**(7,099)**	(2,066)
Discontinuing operations				
Hong Kong	**15,445**	20,368	**(3,087)**	(592)
	31,882	27,948	**(10,186)**	(2,658)

3. Operating loss

Operating loss is stated after crediting / charging the following:

	Six months ended 30th June	
	2002	2001
	HK$'000	HK$'000
Crediting		
Gain on disposal of a subsidiary	**2,015**	–
Gain on disposal of properties	**–**	1,322
Write-back of unclaimed payables	**2,020**	2,463
Charging		
Loss on disposal of fixed assets	**28**	48
Amortisation of goodwill and patent	**2,232**	958
Depreciation of fixed assets	**2,506**	2,575

4. Taxation

The taxation charge for the period represents provision for People's Republic of China ("PRC") income tax at 33% on the estimated assessable PRC income of the Group for the period.

No provision for Hong Kong profits tax has been made as the companies comprising the Group have no assessable profit for the period or have available tax losses carried forward at 30th June 2002.

5. Dividends

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

6. Loss per share – Group

The calculation of basic loss per ordinary share is based on the Group's loss attributable to the shareholders of HK$11,317,000 (2001: HK$2,942,000) and the weighted average number of 4,182,438,973 (2001: 4,132,161,965) ordinary shares in issue during the six months ended 30th June 2002.

The exercise of share options and the issue of potential shares as contingent consideration for acquisition would have anti-dilutive effect on the basic loss per share and accordingly no diluted loss per share for the period is presented.

7. Capital expenditure

	Patent HK$'000	Goodwill HK$'000	Total intangible assets HK$'000	Fixed assets HK$'000
Opening net book value	–	12,214	12,214	149,857
Acquisition of a subsidiary	943	8,514	9,457	6,604
Additions	–	–	–	350
Amortisation and depreciation	(94)	(2,138)	2,232	(2,506)
Disposals	–	–	–	(28)
Net book value as at 30th June 2002	**849**	**18,590**	**23,903**	**154,277**

8. Trade receivables

The Group maintains a defined credit policy. The ageing analysis of accounts receivable at 30th June 2002 is as follows:

	30th June 2002 HK$'000	31st December 2001 HK$'000
0-30 days	**10,533**	9,195
31-60 days	**1,527**	2,915
61-90 days	**864**	547
over 90 days	**20,848**	10,617
	33,772	23,274

9. Trade payables

The ageing analysis of accounts payable at 30th June 2002 is as follows:

	30th June 2002 HK$'000	31st December 2001 HK$'000
0-30 days	**7,962**	8,866
31-60 days	**2,753**	800
61-90 days	**1,198**	734
over 90 days	**11,353**	7,863
	23,266	18,263

10. Share capital

	Authorised	
	No of shares	HK$'000
Ordinary shares of HK$0.10 each		
At 30th June 2001 and 2002	20,000,000,000	2,000,000

	Issued and fully paid	
	No. of shares	HK$'000
Ordinary shares of HK$0.10 each		
At 1st January 2001	4,042,436,573	404,243
Issue of shares	140,002,400	14,000
At 30th June 2001	4,182,438,973	418,243
At 1st January and 30th June 2002	4,182,438,973	418,243

11. Establishment of a joint venture

On 10th January 2002, the Group established a joint venture company, Shanghai Mansion Wananda Fire Systems Co., Ltd. ("Mansion-Wananda"), with an independent third party group. For 51% equity interest in Mansion-Wananda and a profit projection of Mansion-Wananda, the Group had invested approximately HK$18.6 million cash . The profit of Mansion-Wananda for the 14 months from the set up date as projected by the joint venture partner was not less than RMB12.5 million (the "Projected Profit"). In the event that Mansion-Wananda can meet the Projected Profit, the Company will issue a maximum number of 156 million ordinary shares of HK$0.10 each in the Company to the joint venture partner. Details of the transaction are set out in the announcements dated 19th November 2001, 18th December 2001 and 14th January 2002, respectively.

The asset and liabilities acquired by the Group arising from the transaction are as follows:

	HK$'000
Intangible asset – Patent	943
Fixed assets	6,604
Net current assets	12,163
Fair value of net assets	19,710
Goodwill	8,514
Minority interests	(9,658)
Total investment consideration	18,566

12. Contingent liabilities

At 30th June 2002, cross guarantees totalling HK$25,000,000 (31st December 2001: HK$25,000,000) including guarantees given in respect of performance bonds had been given by the Company and certain of its subsidiaries in respect of a shared banking facilities between the Company and these subsidiaries. The facilities were also secured by a pledge of certain properties of the Group with a total net book value of HK$55,250,000 (31st December 2001: HK$ 56,950,000). In addition, at 30th June 2002, a performance bond for HK$391,000 (31st December 2001: HK$ 2,775,000) had been issued in favour of a customer of the Group without expiry date.

There have been no material changes and development in the Group's contingent liabilities in respect of the outstanding litigation cases since the disclosure in the annual report of the Group for the year ended 31st December 2001.

13. Subsequent events

Save as disclosed in note 2 in respect of the disposals of subsidiaries, there were no other significant events since 30th June 2002.

BUSINESS REVIEW

For the six months ended 30th June 2002, the Group recorded consolidated turnover amounting to HK$31,882,000, increasing slightly by 14% compared to the corresponding period last year. Gross profit increased by 37% compared to the same period in 2001. This achievement is mainly attributed by the Group's Shanghai joint venture company, Shanghai Mansion Wananda Fire Systems Co., Ltd. ("Mansion-Wananda") Mansion-Wananda was set up in January 2002 and represented the manufacturing division of the Group. This newly established joint venture has performed well, generating substantial revenue of HK$7,834,000 for the Group. During the first six months, Mansion-Wananda completed the fire prevention projects for petrochemical corporations and the transportation infrastructure and it had successfully expanded the sales network in key locations in the PRC, such as Beijing and Hangzhou. The Group is optimistic with regard to the development of Mansion-Wananda, which is creating a new significant stream of income for the Group.

Meanwhile, the maintenance and servicing division achieved steady results during the period reviewed. Turnover was amounted to HK$7,002,000, accounting for 22% of the Group's turnover. Profit for the segment was HK$689,000, a significant improvement as compared to a loss of HK$122,000 in the corresponding period last year. During the past six months, the Group successfully won six projects from new and well-known clients, including the Vitasoy Group, Mercedes-Benz Group, Hong Kong Jockey Club and KCRC's Light Rail Division. The Group also received an MTR Property Management maintenance contract for 106 MTR residential blocks on Hong Kong Island.

Turnover of the trading and sourcing division amounted to HK$1,601,000 for the period. In the first half of 2002, the Group obtained distribution rights of the addressable fire alarm system from Edwards and the watermist system from Fogtec. Coupled with fire fighting systems and products from Wananda and Kidde, the Group has established a solid client base consisting of the MTRC, KCRC and Modern Terminals, among others.

Following the depression in the installation market for fire prevention and fighting systems, contracting activities remained sluggish in the first half of 2002. Turnover generated from the contracting division was HK$15,445,000, decreased by 24% as compared to the corresponding period last year. The Group had rationalized the operating structure and divided it into an electrical and mechanical section and fire services section and provides air-conditioning and mechanical ventilation, electrical, plumbing and drainage installation services.

BUSINESS REVIEW *(continued)*

Despite the continuous efforts by the Group, this division continued to make loss. On 31st January 2002 the Group had disposed of a wholly-owned subsidiary which engaged in Government term contracts to a third party realising a gain on disposal of approximately HK$2 million. The Group's loss attributable to shareholders of HK$11,317,000 for the six months ended 30th June 2002 had included HK$321,000 loss attributed to this wholly-owned subsidiary prior to the disposal.

In view of the low-tide of the market environment in the construction industry in Hong Kong, the Board had entered into agreement with an independent third party on 12th September 2002 to dispose the contracting operations together with those subsidiaries involved in various litigation cases at a consideration of HK$2,000,000, subject to adjustment. At 30th June 2002, the net liabilities attributed to the discontinuing operations were approximately HK$24,900,000 (based on the unaudited management accounts). The gain on disposal of these subsidiaries, estimated to be approximately HK$27 million, will be included in the annual accounts for the year ending 31st December 2002.

LIQUIDITY AND FINANCIAL RESOURCES

Despite the Group's prudent funding and treasury policies adopted during the past six-month period, the Group held net current liabilities of HK$14,700,000 including cash and bank balances of HK$6.3 million as at 30th June 2002. The Group's gearing ratio, which is the ratio of total liabilities (excluding minority interests) to shareholders' equity, increased slightly from 0.48 as at 31st December 2001 to 0.53 as at 30th June 2002.

EMPLOYEES

The Group adopts a competitive remuneration package for its employees based on their performance. Aside from salary payments, other benefits include contributions to provident fund schemes and medical subsidies. In general, a salary review is conducted annually. The Group is committed to providing its staff with various training and development programs. Study leave is offered by the Group to assist staff in specific external training and development programmes.

At 30th June 2002, the Group has 80 employees who are remunerated in accordance with job nature and market trend.

PROSPECTS

The downturn in the construction industry in Hong Kong affects the fire prevention installation business and had adversely affected the Group's business during the first half of the year. In view of the harsh business environment, the Group had adopted the strategy to exit from its loss-making contracting businesses and focuses on the manufacturing businesses in PRC in addition to the existing maintenance and servicing businesses.

Leveraging on the extensive distribution network and quality fire prevention products of Mansion-Wananda, the Group intends to strengthening its manufacturing division in PRC and facilitating the development of the joint venture company and to capturing the vast potential arising in the PRC market. China's accession to WTO and its hosting of the 2008 Olympic Games in Beijing demand numerous new infrastructure projects as well as commercial construction. Mansion-Wananda is well positioned to capture the tremendous opportunities in this market and is expected to generate substantial revenues for the Group into the future.

Meanwhile, the Group will implement stringent cost control measures to stay ahead of market changes. To curtail operating losses, the Group will implement restructuring plans and a capital reorganisation proposal to terminate the historical losses and improve profitability. With the continuous efforts in souring profitable projects and the tremendous potential in the PRC market, the Group expects results to improve in the second half of the year.

SHARE OPTION SCHEME

The Company adopted a new share option scheme on 18th May 2001 ("the 2001 Option Scheme") and cancelled the old scheme adopted on 12th June 1992. Pursuant to the 2001 Option Scheme, the Company may grant options to employees (including executive directors) of the Group to subscribe for shares in the Company, subject to a maximum of 10% of the issued share capital of the Company from time to time excluding for this purpose shares issued on exercise of options. The options are exercisable within two years starting from six months after the date of grant and before 17th May 2011. The subscription price will be determined by the directors, and will not be less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the five trading days immediately preceding the date of granting the options.

SHARE OPTION SCHEME *(continued)*

Furthermore, the Company has adopted another new share option scheme on 16th May, 2002 ("the 2002 Option Scheme"), to adopt the changes in the Listing Rules (Chapter 17), under which the Company may grant options to any executive or non-executive directors, any executives and employees and those persons who have contributed or will contribute to the Group. The Company has not yet granted any options under the 2002 Option Scheme as at 30th June, 2002.

Pursuant to the adoption of the 2002 Option Scheme, no further options will be granted under the 2001 Option Scheme. Details of the share options outstanding as at 30th June, 2002 which have been granted under the 2001 Option Scheme are as follows:

	Subscription price per share	**Exercisable period**	**Granted on 2/8/2001**	**Lapsed during the period**	**Options outstanding at 30/6/2002**
	HK$		'000	'000	'000
Directors:					
Kyota Yamada	0.10	7/2/2002-1/8/2003	100,000	–	100,000
Yiu Ying Fai	0.10	9/2/2002-1/8/2003	100,000	–	100,000
Hong Cheong Fye	0.10	7/2/2002-1/8/2003	100,000	–	100,000
Masahiro Funayama	0.10	7/2/2002-1/8/2003	50,000	–	50,000
Ho Hoi Tuen	0.10	14/2/2002-1/8/2003	5,000	–	5,000
Continuous contract employees	0.10	7/2/2002-1/8/2003	377,060	(360,000)	17,060

The Directors consider it inappropriate to value the options as a number of factors that are crucial for the valuation cannot be determined accurately. Accordingly, such information is not disclosed in the interim report.

DIRECTORS' INTERESTS IN SHARES

As at 30th June 2002, the interests of the directors and chief executive of the Company and their associates in the shares of the Company as recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	*Notes*	**Nature of interest**	**Number of shares**
Kyota Yamada	(1)	Corporate	805,570,000
Yiu Ying Fai	(2)	Family	37,500,000
Ho Hoi Tuen	(3)	Corporate/Personal	72,020,000

DIRECTORS' INTERESTS IN SHARES *(continued)*

Notes:

(1) 805,570,000 shares in the Company are held by e-Compact Limited, a company wholly owned by Mr. Yamada.

(2) HKSCC Nominees Limited, held 37,500,000 shares for Ms. Tsang Kit Man, Kitty, the spouse of Mr. Yiu Ying Fai. Mr. Yiu is deemed to be interested in these shares.

(3) HKSCC Nominees Limited, held 70,000,000 shares for Kimpton Industrial Limited, a company wholly owned by Mr. Ho Hoi Tuen, and 2,020,000 shares for Mr. Ho.

Save as disclosed above, as at 30th June 2002, none of the directors and chief executive (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or any of its associated corporations (as defined in the SDI Ordinance).

SUBSTANTIAL SHAREHOLDERS

As at 30th June 2002, the following party was interested in 10% or more of the issued share capital of the Company as recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance.

Name of shareholder	Number of shares
e-Compact Limited	805,570,000

e-Compact Limited held 805,570,000 shares in the Company, representing approximately 19.26% of the issued capital of the Company.

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

The Company has not redeemed any of its listed securities during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the period under review.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June 2002 with the directors.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company has not been for any part of the accounting period for the six months ended 30th June 2002 in compliance 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.

By Order of the Board
Kyota Yamada
Chairman

Hong Kong, 13th September 2002