



STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

The Board of Directors of Stylant 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 2001 as below. These interim financial statements have not been audited, but have been reviewed by the Company's audit committee and auditors, Ernst & Young. A report of Ernst & Young's review will be included in the interim report to be distributed to the shareholders of the Company.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Six months ended 30 September	
		2001	2000
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
TURNOVER			
Cost of sales	2	77,592 (63,665)	98,645 (69,711)
Gross profit		13,927	28,934
Other revenue		27,403	19,815
Administrative expenses		(21,578)	(17,481)
Selling and distribution costs		(869)	(1,603)
Reversal of provision for doubtful debts		10,328	10,385
Provision for accounts and loans receivables		(1,313)	(6,748)
Net realised holding losses on investments		(2,675)	(8,949)
Net unrealised holding gains/ (losses) on investments		(3,505)	9,028
Gain on partial disposal of interest in a subsidiary		13,000	—
Amortisation of goodwill		(3,326)	—
Impairment loss of long term investments		(28,514)	—
Amortisation of investment in a joint venture		(34,255)	(2,188)
PROFIT/ (LOSS) FROM OPERATING ACTIVITIES		(31,377)	31,193
Finance costs		(7,232)	(8,672)
Share of profits and losses of associates		(4,098)	(6,168)
PROFIT / (LOSS) BEFORE TAX	3	(42,707)	16,353
Tax	4	(2,505)	(935)
Profit / (loss) before minority interests		(45,212)	15,418
Minority interests		11,475	2,944
NET PROFIT / (LOSS) ATTRIBUTABLE TO SHAREHOLDERS		(33,737)	18,362
DIVIDEND	5	Nil	Nil
EARNINGS / (LOSS) PER SHARE	6		
Basic		(6.89 cents)	3.77 cents
Diluted		N/A	3.77 cents

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 the same as those used in the annual financial statements for the year ended 31 March 2001.

2 Segmental information

	Turnover		Contribution to profit/(loss) from operating activities	
	Six months ended 30 September			
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
By principal activity:				
Trading	64,669	72,289	2,359	3,525
Securities business	5,502	10,051	5,847	4,979
Financing business	7,294	16,244	11,395	22,515
Others	127	61	(50,978)	174
	<u>77,592</u>	<u>98,645</u>	<u>(31,377)</u>	<u>31,193</u>
By geographical area:				
People's Republic of China, Hong Kong	29,532	46,512	(33,130)	28,651
Europe	43,217	48,083	1,576	2,345
North America	4,530	3,710	165	181
Other Asian countries	313	340	12	16
	<u>77,592</u>	<u>98,645</u>	<u>(31,377)</u>	<u>31,193</u>

3 Profit / (loss) before tax

Profit / (loss) before tax was determined after charging the following:

	Six months ended 30 September	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Interest expenses	7,232	8,672
Depreciation	1,536	816

4 Tax

Hong Kong profits tax had been provided for at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period.

5 Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2001 (2000: Nil).

6 Earnings/(Loss) per share

The calculation of loss per share is based on the loss attributable to shareholders of HK\$33.74 million (2000: Profit of HK\$18.36 million) and the weighted average number of 489,375,772 (2000: 486,413,225 as restated) shares in issue during the period. The comparative amounts for earnings per share and diluted earnings per share have been adjusted for the capital reorganisation in December 2000 that every 100 shares of HK\$0.01 each of the Company were consolidated into one share of HK\$1.00 and the nominal value of the consolidated shares of HK\$1.00 each was reduced to HK\$0.01 each and for the bonus issue on 24 August 2001, 124,696,447 ordinary shares of HK\$0.01 each were issued by way of a bonus issue on the basis of one bonus share for every three existing shares held by shareholders on the register of members on 23 August 2001.

Diluted loss per share has not been presented as the outstanding options and warrants had an anti-dilutive effect on the basic loss per share for the period.

7. Contingent liabilities

	As at 30 September 2001 (Unaudited) HK\$'000	As at 31 March 2001 (Audited) HK\$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	222,000	193,205

MANAGEMENT DISCUSSION AND ANALYSIS

Interim results

The Group's unaudited consolidated turnover for the six months ended 30 September 2001 was approximately HK\$77.6 million, a decrease of 21% compared with the corresponding period in the previous year (2000: HK\$98.6 million). Loss attributable to shareholders was approximately HK\$33.74 million (2000: Profit of HK\$18.36 million). The loss mainly arose from an impairment loss of long term investments approximately HK\$28.5 million due to the drop of share prices in our investments in listed securities and amortization of investment in a joint venture in the sum of about HK\$34.2 million for National Highway 318.

Securities and Finance

During the period under review, the Hang Seng Index dropped by 22% and the GEM Index fell by 34.7% as the result of the tragic acts of terrorism in the United States and worldwide depression in the global economy. Due to the downturn of the stock market in Hong Kong, turnover of securities and finance business recorded a decrease by about 51% to HK\$12.8 million (2000: HK\$26.3 million) which accounted for approximately 16.5% of the group's total turnover (2000: 27%). Contribution was approximately HK\$17.2 million (2000: HK\$27.5 million) a decrease of approximately 37% compared with the corresponding period in the previous year, which represent a contribution to turnover ratio of 1.35 times (2000: 1.05 times).

The contribution to the Group's turnover from the securities business was approximately HK\$5.8 million (2000: HK\$5 million) with an increase of approximately 16% compared with the corresponding period in the previous year because of more active participation in corporate financing market like acting as lead managers or co-managers in floatation projects, acting as underwriters for placements or rights issues and reduction in cost of the business.

The contribution from the finance business was about HK\$11.4 million (2000: HK\$22.5 million) decreased by approximately 49% as compared with the corresponding period in the previous year. Because of credit risk management to reduce our risk exposure, we are able to benefit by a reversal of provision for doubtful debts of HK\$10.3 million.

The Group has entered into partnership business with Financial Foster Group in Yugoslavia to carry on the securities and financial business in both Europe and Hong Kong.

Trading

Trading business accounted for approximately 83% (2000: 73%) of the Group's turnover and recorded a decrease of about 10.5% from that of the corresponding period in the previous year due to worldwide contraction of the garment market especially in the high-end cashmere products. Moreover, with the decrease in exchange rate of European currencies and the sharp drop in demand for high-end cashmere products, the contribution of this division to the Group's turnover decreased by approximately 31.4% to HK\$2.4 million (2000: HK\$3.5 million). The Group has put extra effort in cost control of this business.

Infrastructure

For the period under review, the investment in a section of Wuhan to Yichang of National Highway 318 in Hubei derived a dividend income of about HK\$20.4 million. Because the Group had to amortize the cost of the investment in the sum of about HK\$34.2 million and to pay interest expense for this project in the sum of approximately HK\$4.4 million, the recorded loss after minority interests of this project amounted to approximately HK\$9.6 million. The Group is negotiating with the Chinese party and the relevant PRC authority to extend the term of the joint venture.

Investments

The Group had adopted a strategy to diversify investments into different potential industries, including the high technology industry, retail and wholesale of consumer products in Hong Kong, the provision of transportation and logistics service in the PRC, beverage manufacturing, highway infrastructure projects in PRC, further expansion and development in corporate finance market and strategic investments in potential businesses. One of the Group's investments, Rainbow International Holdings Limited, was successfully listed on the Stock Exchange in October 2001. The Group's associated company, Inworld Group Limited, are expected to be listed by the end of December 2001 on the Stock Exchange. Several of the Group's investments have also applied for listing and/ or are undergoing preparation for listing. The Group has acquired an associate during the period under review. The Group had also disposed 30% shareholding of a subsidiary resulting in a gain on disposal of HK\$13million, in order to enhance the investment in the internet business in PRC.

Liquidity and financial resources

As at 30 September 2001, the Group had cash and bank balances of approximately HK\$111.6 million (2000: HK\$156.9 million) and outstanding bank loans and other borrowings of approximately HK\$179.9 million (31 March 2001: HK\$189.8 million). As at 30 September 2001, the gearing ratio was about 0.28 (31 March 2001 was 0.28). This was calculated based on the Group's total interest bearing loans of approximately HK\$180.3 million (31 March 2001: HK\$190.3 million) to shareholders' fund of approximately HK\$650.3 million (31 March 2001: HK\$678.5 million). The Group's borrowings are primarily denominated in Hong Kong dollars and Renminbi for which facilities the Group has pledged certain assets. The Group also successfully completed a Rights Issue in November 2001 and raised a net proceeds of approximately HK\$27 million which will reduce the outstanding borrowings and increase the net asset backing 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.

Staff

As at 30 September 2001, the Group had 78 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.

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

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, except that the appointment of independent non-executive directors of the Company are not for specific terms. However, they are subjected to retirement by rotation in annual general meetings of the Company in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2001 and discussed financial related matters with the management.

PUBLICATION ON INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All information required by the paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules of Securities on SEHK will be published on SEHK's website in due course.

By order of the Board
Stylant Holdings Limited
Steven Wang Tai Li
Director

Hong Kong, 24 December 2001

* for identification purpose only