RESULTS

For the year ended 31 March 2003, the Group's turnover was HK$119 million (2002: HK$123 million) and this represented an decrease of 3% as compared with the preceding year. The Group recorded a net loss of HK$268 million (2002: HK$151 million). Loss per share was HK$0.17 (2002: HK$0.15). The loss was mainly caused by losses on disposal of properties and year end revaluation amounted to HK$14 million; provisions on bad and doubtful debts amounted to HK$75 million; net realised holding losses on investments, unrealised holding losses on investments and impairment losses of long term investments amounted to HK$136 million.

REVIEW OF OPERATIONS

Hong Kong market was suffering from deflation, falling property prices and distressed investment incentive for the past year. Poor global and Hong Kong economic conditions continued to adversely affect our Group. Nevertheless, we believe that consolidation of our portfolio of businesses can diversify and reduce the downside risk and allow the Group to get prepared for any turnaround.

SECURITIES AND FINANCE

The turnover of the securities and finance businesses of the Group was HK$14 million (2002: HK$21 million) which represented a decrease of 33% as compared with the preceding year. During the financial year, the Hang Seng Index mostly strolled in a low level and this significantly affected individual and corporate investment sentiments.

During the year under review, the turnover of securities trading and the number of fund-raising activities were declining in Hong Kong market. The average daily turnover of Hong Kong's stock market fell by approximately 19% from HK$8 billion in year 2001 to HK$6.5 billion in year 2002. For the year ended 31 March 2003, the commissions from brokerage and underwriting businesses decreased by 36% and 33% respectively as compared with the preceding year.

TRADING

The turnover of trading business for the year ended 31 March 2003 amounted to HK$105 million and this represented an increase of 4% as compared with HK$101 million for the preceding year. It accounted for 83% of the overall turnover of the Group. The biggest market for trading business continued to be the European market which accounted for 67% of the turnover of trading business.

For the past few years, the European market became more and more price competitive due to poor economic conditions in Europe and increased number of competitors. Despite our effort of streamlining the business process, reducing operating costs and exploring new markets, the performance of the garment trading segment did not improve as expected. In order to better utilize our resources, the Group may further streamline the operation of garment trading business.

INFRASTRUCTURE

In the year under review, the annual traffic flow of the National Highway 318 in Wuhan was 6.8 million vehicles (2002: 6.4 million vehicles) and this represented an increase of 6% as compared to the preceding year. The investment in the said highway contributed approximately HK$37 million to the Group (2002: HK$40 million). The decrease in income from the highway was due to increasing number of vehicles purchasing monthly tickets with lower toll fees.

China's GDP grew markedly at 9.9% in the first quarter of 2003 after recording an 8.0% growth in 2002. The rapid growth of the economy in Wuhan area led to the rising of traffic flow. In October 2002, we increased our effective interest in the highway by approximately 6.8%.

INVESTMENT

The Group has two major listed long term investments, Inworld Group Limited and Riverhill Holdings Limited, and both of them were making losses for the year under review. The Group also has an unlisted long term investment, Well Pacific Investments Limited ("Well Pacific"), but because of disputes with the management of Well Pacific, the Group cannot obtain recent financial information from Well Pacific. As a consequence, the Group decided to reduce the carrying value of Well Pacific to the Group's share of net assets of Well Pacific based on the latest unaudited financial statement of Well Pacific.

During the year under review, two investments were acquired, namely Seven Perfect Investment Company Limited ("Seven Perfect") and World Mark Investment Limited ("World Mark"), were acquired at a cost of HK$31,000,000 and HK$41,000,000 respectively. Seven Perfect is engaged in the development of intelligent transportation systems and the provision of traffic information via global positioning system in the PRC, while World Mark is engaged in the provision of environment-related engineering services in Hong Kong and the PRC. Seven Perfect was at starting-up stage and World Mark was suffered a small loss for the year ended 31 March 2003.

These companies have planned to apply for listing in Hong Kong or other stock market, although the timetable is still not yet finalized. We expect that their future fund-raising activities through initial public offerings will be successful and result in future cash inflow from the capital market to these companies to strengthen their financial positions, thus further expand their businesses and eventually add value to our Group.

The carrying values of all long term investments were reviewed and provisions for impairment losses amounted to approximately HK$119 million were made.

LIQUIDITY AND FINANCIAL RESOURCES

In August 2002, the Company received a net cash consideration of approximately HK$2 million from allotting of shares under its share option scheme. In September 2002, the Company received a net cash consideration of approximately HK$7 million from placement of shares. The proceeds from allotment and placement of shares were used to reduce bank loans and other borrowings.

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

As at 31 March 2003, the Group had cash on hand amounted to approximately HK$23 million and net assets value of approximately HK$302 million. Bank loans and other borrowings which are repayable within one year was HK$71,900,000 and repayable beyond one year was HK$78,278,000. Undrawn committed facilities stood at HK$2,973,000 as at 31 March 2003. Gearing ratio, being the ratio of total bank loans and other borrowings and hire purchase payables of approximately HK$152 million to shareholders' fund of approximately HK$302 million, was about 0.5.

Most of the Group's bank balances and borrowings were denominated in Hong Kong dollars and Renminbi, risk in exchange fluctuation will not be material. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial effect is material to the Group. As at 31 March 2003, 63% of bank loans and other borrowings were at a fixed interest rates.

As at 31 March 2003, investment in a joint venture amounted to HK$374,853,000, time deposits amounted to HK$4,000,000, properties held for redevelopment with aggregate carrying value of HK$33,000,000 and investment properties at a valuation of HK$13,600,000 were pledged to secure banking facilities.

CONTINGENT LIABILITIES

As at 31 March 2003, the Company had contingent liabilities in respect of corporate guarantees of unlimited amount (2002: HK$207,000,000) given to banks in connection with the banking facilities granted to certain subsidiaries, of which approximately HK$28,499,000 (2002: HK$4,267,000) had been utilized as at 31 March 2003.

STAFF

As at 31 March 2003, the Group employed 75 employees (2002: 78). Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed annually based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

On behalf of the Board
Styland Holdings Limited

Miranda Chi Mei Chan
Director

Hong Kong, 30 July 2003