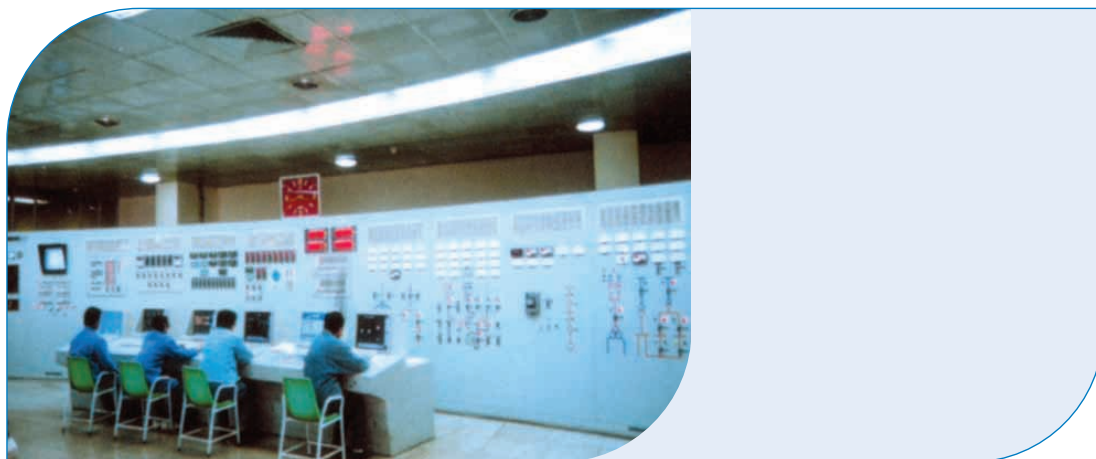


On behalf of the Board of Directors (the "Board") of Yue Da Holdings Limited (the "Company"), I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2003.

Turnover of the Group for the year ended 31st December, 2003 was RMB74,696,000, representing a growth of approximately 7% over last year. Audited profit attributable to shareholders was approximately RMB11,603,000. Basic earnings per share was RMB0.058, representing an increase of approximately 16% over last year. The Board recommended the payment of a final dividend for the year ended 31st December, 2003 of HKD0.02 per share.

The Wen An Section of National Highway 106 and the Xin Fu Section of National Highway 204 operated by the Group, which are key trunk routes in their respective cities, are located in Hebei Province and Jiangsu Province respectively, two of the most buoyant provinces of economic growth. Despite the effects of severe acute respiratory syndrome ("SARS") that led to declines in toll revenue from the Wen An Section in the first half of 2003, the PRC national economy resumed its robust growth with steady increases in traffic volumes when the SARS epidemic was kept under control. Coupled with sustained efforts of all levels of the Group's staff, toll revenue and profit attributable to shareholders reversed the downward trends to prevail with increases over the previous year.

Looking ahead, we are cautiously optimistic about the business prospects of the Group. According to the statistics of the National Bureau of Statistics of the PRC, GDP for 2003 was RMB11,669.4 billion, representing an increase of about 9.1% over last year on an inflation adjusted basis. Total length of new roads increased by 36,444 km. during the year. Automobile industry saw robust growth with a year-on-year increase of 36.7% and the number of automobiles produced was approximately 4,444,000 in 2003. Automobile production for the months of January and February 2004 reflected an increase of 16.2% over the corresponding period of last year. Surges in automobile ownership will almost certainly increase traffic volumes. National Highways 106 and 204, being located in economically more developed regions, will benefit from growths in both the economy and traffic volumes. The Group will continue to identify selectively toll road



projects with development potential. In addition, the Group will, in line with market development, continue to search for infrastructure projects with high investment returns and stable operations, as well as to take active steps to expand its businesses into other infrastructure facilities and operation projects. By implementing prudent yet proactive business strategies, the Group will strive to enhance its competitiveness and endow the investors with better returns. The Group's future business development strategies will encompass the following several areas:

1. Consolidation of Existing Business

In response to changes in the market, the Group will actively consolidate its existing business. The Group will continue to expand its business with high quality highways and sophisticated toll collection surveillance systems. The Group will also continue to seek supports from local governments and relevant business partners and to implement more stringent management of toll collection so as to take the highway business of the Group to a higher level.

2. Cost Control

Given the intense competition prevailing in the toll road market, effective cost control measures will undoubtedly be a key factor in ameliorating the Group's profitability. In view of this, the Group will further fortify the repair and maintenance management system of its toll highways as well as develop related technical research simultaneously, so as to reduce costs and enhance quality of repair and maintenance in order to provide a good driving environment for motorists. In the meantime, the Group will strengthen its management in order to enhance operating efficiency and profitability.

3. Human Resource Development

The Group, in future, will continue to follow its "people-oriented" corporate culture and to recruit talents with expertise in the fields of enterprise management and project investment. In the meantime, it will continue to conduct its systematic human resource training programmes for establishing a professional project investment and management team in order to foster the Group's business development in the future.

4. Expansion to Other Infrastructure Facilities

Investment in and expansion into of infrastructure facilities is the established direction of the Group's development. Apart from the operation of its toll roads, the Group will optimise the allocation of its existing resources in line with market development and continue to seek for infrastructure projects with value-added potentials, such as power and water plants, ports and terminals and other logistics-related infrastructure projects. In addition, the Group will continue to leverage on the full supports of its parent company, Jiangsu Yue Da Group Company Limited, with an aim to enhance the competitiveness of the Group's business.

APPRECIATION

Finally, I would like to take this opportunity to express my gratitude to the Board, the management team and all staff for their unfailing contributions to the development of the Group. Likewise, I would like to express my appreciation to the shareholders for their support. The Group is fully committed to do its best to bring better returns to shareholders.

By order of the Board
Yue Da Holdings Limited
Hu You Lin
Chairman

Hong Kong, 7th April, 2004