STYLAND HOLDINGS LIMITED
大凌集團有限公司 *

(Incorporated in Bermuda with limited liability)
(Stock code: 211)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2005

RESULTS

The board of directors (the "Board") of Styland Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2005 and the comparative figures for the year ended 31 March 2004 as follows:

	Notes	**2005** *HK$'000*	2004 *HK$'000*
Turnover	2	**96,546**	114,728
Cost of sales		**(71,702)**	(96,631)
Gross profit		**24,844**	18,097
Other revenue and gains		**4,742**	47,701
Reversal of provision for doubtful debts		**12,884**	7,930
Selling and distribution expenses		**(893)**	(1,304)
Administrative expenses		**(28,333)**	(37,565)
Net realised holding gains on listed investments		**5,913**	8,739
Reversal of impairment loss of property held for under re-development		**2,000**	12,000
Revaluation increase on an investment property		**1,000**	2,000
Reversal of impairment loss of investment in a joint venture		**22,837**	–
Impairment loss of investment in a joint venture		**–**	(174,913)
Impairment loss of long term investments		**(423)**	(56,765)
Provisions against accounts and loans receivable		**(4,109)**	(12,839)
Amortisation of investment in a joint venture		**(22,837)**	(68,510)
Other expenses		**(10,329)**	(4,578)
Profit/(loss) from operations	3	**7,296**	(260,007)
Finance costs		**(6,795)**	(8,829)
Profit/(loss) before taxation		**501**	(268,836)
Taxation	4	**(573)**	655
Loss before minority interests		**(72)**	(268,181)
Minority interests		**3,328**	110,505
Net profit/(loss) for the year		**3,256**	(157,676)
Dividends	5	**2,144**	1,749
Earning/(loss) per share	6		
– Basic		**HK0.17 cent**	(HK9.00 cents)
– Diluted		**HK0.17 cent**	N/A

Notes:

1. **Basic of preparation**

   These financial statements have been prepared in accordance with Statement of Standard Accounting Practices issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment property, property held for redevelopment, long term investments and short term investments.

   In 2004, the HKICPA issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as new HKFRSs) which are effective for accounting periods beginning on or after 1 January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

   The Group has commenced to assess the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented.

2. Segmental information

(a) Business segments

The following tables present revenue, and profit/(loss) information for the Group's business segments:

	General import and export trading	Securities dealing and broking	Financing	Property development and investment	Strategic investments	Corporate	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2005									
Segment revenue:									
External sales	**76,411**	**10,048**	**10,084**	**3**	**–**	**–**	**–**	**–**	**96,546**
Other revenue	**540**	**321**	**4,030**	**–**	**25,062**	**2**	**593**	**–**	**30,548**
Inter-segment sales	**–**	**1,084**	**–**	**1,000**	**–**	**19,778**	**–**	**(21,862)**	**–**
Total revenue	**76,951**	**11,453**	**14,114**	**1,003**	**25,062**	**19,780**	**593**	**(21,862)**	**127,094**
Segment result	**(1,644)**	**3,341**	**12,513**	**2,119**	**2,995**	**(13)**	**(11,823)**	**(256)**	**7,232**
Interest and dividend income and unallocated gains									**64**
Profit from operations									**7,296**
Finance costs									**(6,795)**
Profit before tax									**501**
Tax									**(573)**
Loss before minority interests									**(72)**
Minority interests									**3,328**
Net profit for the year									**3,256**
For the year ended 31 March 2004									
Segment revenue:									
External sales	98,221	6,739	9,696	72	–	–	–	–	114,728
Other revenue	1,705	2,887	677	4,307	2,566	184	20	–	12,346
Inter-segment sales	–	2,392	18	720	–	14,732	–	(17,862)	–
Total revenue	99,926	12,018	10,391	5,099	2,566	14,916	20	(17,862)	127,074
Segment result	(3,579)	3,593	(1,852)	15,918	(293,218)	(11,984)	(4,240)	–	(295,362)
Interest and dividend income and unallocated gains									35,355
Loss from operations									(260,007)
Finance costs									(8,829)
Loss before tax									(268,836)
Tax									655
Loss before minority interests									(268,181)
Minority interests									110,505
Net loss for the year									(157,676)

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments:

	2005	2004
	HK$'000	*HK$'000*
Hong Kong	**39,573**	42,344
Europe	**56,183**	68,801
North America	**–**	3,067
Others	**790**	516
	96,546	114,728

3. Profit/(loss) from operations

Profit/(loss) from operations has been arrived after charging/(crediting):

	2005	2004
	HK$'000	*HK$'000*
Depreciation	**1,338**	1,608
Amortisation of goodwill	**584**	584
Loss on disposals of fixed assets	**1,163**	1,009
Loss on disposal of an investment property	**–**	850
Unrealised holding losses on listed investments	**8,582**	611
Staff costs, including directors' remuneration	**14,488**	14,970
Interest income	**(49)**	(518)
Dividend income	**(15)**	(34,837)
Negative goodwill recognised as income	**(2,164)**	(2,164)
Net realised holding gains on listed investments	**(5,913)**	(8,739)
Gains on disposals of investment properties	**–**	(3,327)

4. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

5. Dividends

An interim dividend of HK$0.025 ("Cash Dividend") for every 100 shares of the Company totaling approximately HK$468,000 was paid.

Other than the Cash Dividend, the Board also proposed an interim dividend in specie that was satisfied by the distribution of one share of each of M. Dream Inworld Limited ("M Dream") and B.A.L. Holdings Limited ("B.A.L.") and two shares of Riverhill Holdings Limited ("Riverhill") for every 100 shares of the Company held on 6 January 2005.

On the basis of 1,871,188,679 issued shares of the Company, 18,711,887 shares of each of M Dream and B.A.L. and 37,423,774 shares of Riverhill were distributed ("Distribution Shares"). The net carrying value of the Distribution Shares as at 30 September 2004 was approximately HK$1,676,000.

The dividend warrants of the Cash Dividend and the share certificates of the Distribution Shares were dispatched to the shareholders on 21 January 2005.

The Directors do not recommend payment of a final dividend for the year ended 31 March 2005.

6. Earning/loss per share

The calculation of basic earning/loss per share is based on the net profit attributable to shareholders of HK$3,256,000 (2004: net loss of HK$157,676,000) and the weighted average of 1,871,188,679 (2004: 1,750,282,292) ordinary shares in issue during the year.

The calculation of diluted earning per share for the year ended 31 March 2005 is based on the net profit attributable to shareholders of HK$3,256,000 and the weighted average of 1,880,116,997 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the share option scheme of the Company.

Diluted loss per share for the year ended 31 March 2004 has not been disclosed, as the options outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.

7. Inquiry by the Securities and Futures Commission ("SFC")

As stated in the Company's announcement dated 3 June 2003, pursuant to a notice dated 20 March 2003, the SFC is conducting an inquiry into certain matters of the Group under section 29A of the former Securities and Futures Commission Ordinance. The inquiry is not yet concluded and the Directors are unable to estimate when the inquiry may expect to conclude. The Directors are at present not aware of any matters arising from the inquiry that might affect the preparation of these financial statements which have been prepared after due consideration.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Securities dealing and brokerage and financing

The turnover from securities dealing and brokerage and financing amounted to HK$20.1 million (2004: HK$16.4 million). This was mainly attributable to the recovery of interest incomes under the financing business following the improved sentiment of capital market. However, as a small to medium size broker firm, the Group was still under tremendous pressure and competition from other major brokers and the benefits to the Group from the increasing trading turnover in the local stock market during the current year grow slowly.

Looking forward with the adoption of the Individual Visa Scheme by the mainland government and the opening of Hong Kong Disney Land in September 2005, the visitors from the mainland to Hong Kong will increase significantly. Since June 2005, the Group has launched the Internet trading system, which in the long run will facilitate the online securities dealing transactions by its clients from the mainland and certainly widen its customer base for its brokerage and financing business.

General import and export trading

During the year under review, the garments trading continued to face with fierce market competition, which resulted in decrease in turnover to HK$76.4 million (2004: HK$98.2 million). However, after the elimination of quota restriction in 2005, the Group managed to increase its gross profit margin. Without the quota restriction, garment importers may place their orders with those exporters that offered lowest cost with good quality assurance. Under such circumstance, the Group will focus on streamlining its operations and improving the quality of production to maintain its competitiveness. Response to the possibility of safeguard measures against China exports in the future, the Group will also diversify the sourcing to other Asia countries to offer more flexibility to its production schedule. The Group also broadens the trading product range to electronic products and market to European markets.

FINANCIAL REVIEW

During the year ended 31 March 2005, the Group recorded a turnover of approximately HK$96.5 million, which represented a drop of 15.8% compared to the previous year. However, the results turnaround to net profits of HK$3.3 million for the current year from a loss of HK$157.7 million for the corresponding year in 2004. This was attributable to a combination of factors, including continuing cost rationalization and improving results of the financing business.

At 31 March 2005, the Group had cash at bank and in hand approximately HK$22.4 million (2004: HK$13.8 million) and net assets value of approximately HK$149.7 million (2004: HK$148.5 million).

Interest-bearing bank loans and other borrowings at 31 March 2005 amounted to HK$109.8 million (2004: HK$128.6 million), of which HK$48.8 million (2004: HK$48.6 million) were repayable within one year. The gearing ratio, being the ratio of total bank loans and other borrowings and hire purchase payables of approximately HK$111.0 million to shareholders' fund of approximately HK$149.7 million, was about 0.74 (2004: 0.88).

During the year under review, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars, Renminbi and US dollars. In view of stable exchange rates between these currencies, the foreign currency exchange risk of the Group is not significant. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial effect is material to the Group.

At 31 March 2005, a time deposit of HK$9.0 million, a property held for redevelopment at a revalued amount of HK$47.0 million, an investment property at a valuation of HK$14.0 million and the Group's interest in a joint venture with a net book value of HK$131.4 million were pledged to secure the banking facilities granted to the Group.

INVESTMENTS

Other than the long term investments made before 31 March 2003, the Group had made no further investment during the year ended 31 March 2005. The Group will continue to review the existing investments for possibility of realizing their value. At 31 March 2005, the Group held a portfolio of listed securities with market value of HK$11.1 million (2004: HK$17.3 million) as short term investments.

As disclosed in the Company's announcement dated 27 February 2004, the Chinese Contractual Joint Venture ("CJV") partner (the "CJV Partner") in the National Highway 318 in Wuhan, China ("Highway 318") had unilaterally decided to relocate the toll station of the Highway 318, which results in significant drop in its traffic flows. The Group has been liaising with the CJV Partner for compensation for the loss. Both parties agree that the Group will transfer its interest in the CJV to CJV Partner. However, both parties could not come to an agreed price for the transfer, so the Group had applied for arbitration through the Wuhan Arbitration Commission in China in October 2004. A provision of HK$174.9 million had been made in the financial year ended 31 March 2004.

CREDIT POLICIES

Most of overseas customers under the Group's trading business are transacted under documentary credit while the local ones will be on credit accounts basis and settled by telegraphic transfers or cheques. The credit periods usually range from one month to three months.

For the securities dealings & brokerage and financing businesses, the financial assistance will be granted based on assessment to financial status, repayment records and the liquidity of collaterals placed by clients and the interest rate is also determined thereon. Financial assistance will be repayable on demand once a client fails to repay any deposits or margins or other sums payable to the Group.

CONTINGENT LIABILITIES

At 31 March 2005, 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$18.1 million (2004: HK$38.4 million) had been utilized at 31 March 2005.

LITIGATION

(1) In December 2004, the Company received a writ of summons from the solicitors acting for C.A. Pacific Finance Limited (in liquidation) to claim 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 seeking legal advices, the Company has filed a defence to deny the claim. In view of foregoing and that the Claimed Amount is relatively small compared to the net assets value of the Company, the Directors do not consider the CAP Case having a material impact on the Company.

(2) In June 2003, Hainan Wanzhong Shiye Touzi Co., Ltd. (海南萬眾實業投資有限公司) ("Hainan Wanzhong") sued Wuhan Shengda Fangdichan Kaifa Co., Ltd. (武漢盛達房地產開發有限公司) ("Shengda Fangdichan") and Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da"), a non-wholly owned subsidiary of the Company, for repayment of a debt in the sum of RMB19,270,000, interest thereon and legal costs (the "Shengda Case"). Both Hainan Wanzhong and Shengda Fangdichan are companies incorporated in the PRC and independent to the Company. The reason for Sheng Da to be involved in the Shengda Case was that Hainan Wanzhong alleged that Shengda Fangdichan held shareholding interest in and had a receivable due from Sheng Da. On 22 August 2003, the court of Hainan issued a Notice of Assistance in Execution against Wuhan Dongseng Highway Building Development Co. Limited, in which Sheng Da has 48.67% shareholding interest, requesting for retaining the dividend to be distributed to Sheng Da up to RMB19,270,000 ("Retained Amount") until the dispute is resolved.

    The Board understands that Shengda Case related to an agreement executed by Sheng Da in 1995. Pursuant to shareholders' resolution passed in 2003, three existing shareholders ("Old Shareholders") of Sheng Da, who in total currently holds 44.32% interest in Sheng Da and have been the shareholders of Sheng Da before the Company initially acquired any interests in Sheng Da in 1997, undertook that they would bear any liability and relevant costs arising from the Shengda Case ("Undertaking"). In March 2005, Sheng Da received a letter from the Old Shareholders denying bearing such liability and legal costs. Nevertheless, the Directors consider that:

    (i) the Group is not liable for any debt arising from Shengda Case;

    (ii) the subject of the Shengda Case was to claim for receivable due from Shengda Fangdichan to Hainan Wanzhong and Sheng Da shouldn't be claimed for;

    (iii) the Group will not accept the withdrawal of the Undertaking by the Old Shareholders unilaterally and any future dividend or distribution payable to the Old Shareholders shall still be retained by Sheng Da to set off the Retained Amount. As such, there will be no material financial impact to the Group.

(3) Reference is made to the note 15(2) to the condensed consolidated financial statements for the six months ended 30 September 2004. In February 2005, the Company received a court order that the claims against the Company and certain of its existing directors and ex-directors by Messrs. Sun Jinlin (孫進林) and Lin Wen (林文) were dismissed.

STAFF

As at 31 March 2005, the Group employed 77 employees (2004: 74). In prior years, the number of staff excluded the workforce in the sample room on the mainland and their pays were regarded as sub-contracting cost. The Directors consider that it is more practicable to include them as staff of the Group. Accordingly, the number of the employees for the prior year was restated to conform to current year's presentation. 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.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in force prior to 1 January 2005 except that the independent non-executive directors are not appointed on specific terms but subject to retirement by rotation in accordance with the Company's bye-laws.

AUDIT COMMITTEE

The Audit Committee has reviewed and approved the Group's annual results for the year ended 31 March 2005. The Audit Committee comprises all of the three independent non-executive directors, namely Mr. David Man San Lim, Mr. Edward Shun Kee Yeung and Mr. Pat Kan Chow.

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

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company's Annual Report containing all the information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules in force prior to 31st March 2004, which remain applicable to results announcement in respect of accounting periods commencing before 1 July 2004 under the transitional arrangement, will be subsequently published on the website of the Stock Exchange in due course.

On behalf of the Board
Styland Holdings Limited
Johnny Wing Fai Tam
Managing Director

Hong Kong, 5 July 2005

As at the date of this announcement, the executive directors are Mr. Johnny Wing Fai Tam, Ms. Yvonne Han Yi Yeung, Ms. Miranda Chi Mei Chan and Mr. Suet Ming Ching and the independent non-executive directors are Mr. David Man San Lim, Mr. Edward Shun Kee Yeung and Mr. Pat Kan Chow.

* *for identification only*

Please also refer to the published version of this announcement in International Herald Tribune.