

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Directors"), I am pleased to present the annual report of Everbest Century Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2003.

FINANCIAL RESULTS

During the year, the Group recorded a consolidated turnover of approximately HK\$43.8 million which represented a decrease of 39.5% over that of the last year. The decrease in turnover is attributed to the weak global economy and the difficult business environment. Facing the hardship, the Group managed to increase the gross profit ratio from 10.4% to 13.5%. For the year ended 31 March 2003, the net loss of the Group attributable to shareholders is HK\$5.4 million (2002: a net profit of HK\$14.4 million).

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year.

REVIEW OF OPERATION, MANAGEMENT ANALYSIS AND DISCUSSION

Business Review

The financial year under review posed a great challenge to the Group. During the year, the global economy remained as a sluggish economy. This economic plight caused the market for the fur and leather products to shrink continuously. The Group only recorded a turnover of HK\$4.2 million for this fur and leather business (2002: HK\$34.8 million). The market decline increased the Group's loss in this business from HK\$4 million of the last financial year to HK\$4.7 million of the current year. To tackle the adverse situation, the Group continued to implement cost cutting measures to minimize administrative costs and considered to reduce further the operation scale.

The performance of the garment business was in line with the Directors' expectation. It recorded a turnover of HK\$39.5 million for the financial year (2002: HK\$37.6 million) and made a profit contribution of HK\$0.2 million to the loss from operating activities for the year.

For the year under review, the Group also shared on an equity accounting basis a net profit before tax of HK\$12.8 million from its 44% directly equity owned associate, Concade Assets Ltd. Meanwhile, the Group made a goodwill amortisation of HK\$4 million for the investment in the associate. The Directors believe that the associate will continue to make a significant contribution to the Group's result in the future.

During the year, the Directors explored some investment opportunities that could enhance the Group's future performance and return to shareholders. On 7 February 2003, Bravo Industrial Limited, a wholly-owned subsidiary of the Company, acquired a 10.24% equity interest and shareholders' loan of approximately US\$1.2 million in Online Investments Ltd ("Online") from Skyriver (B.V.I.) Ltd, a company beneficially owned by Mr. Chan Chun Keung, an executive director of the Company, for a consideration of HK\$45 million. Online is a subsidiary of Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong and whose shares are listed on the Stock Exchange, and is engaged in the manufacturing and sale of steel cords for tyres in the PRC through its wholly-owned subsidiary, Jiaxing Eastern Steel Cord Co., Ltd. The Directors believe that the investment will generate a good return to the Group in the coming year.

CHAIRMAN'S STATEMENT (Continued)

Capital Structure, Liquidity and Financial Resources

As at 31 March 2003, the net asset value of the Group is HK\$232.1 million (2002: HK\$239.6 million).

The Group's total bank and other borrowings increased from HK\$14.8 million as at 31 March 2002 to HK\$20.7 million as at 31 March 2003. The borrowings were denominated in Hong Kong dollars. Out of the total bank and other borrowings, HK\$10.5 million is repayable within one year. The interest rates of these are fixed by reference to the Hong Kong Dollars Prime Rate.

The Group's gearing ratio, as a ratio of long term liabilities to shareholders' funds, was 4.4% as at 31 March 2003, showing a slight decrease from the 4.5% of the last financial year end.

Prospects

The Directors are optimistic about the future development of the Group. The Directors are committed to explore investment opportunities with a view to eventually achieve a suitable level of diversification of the revenue and earnings base of the Group. With the management's tactful experience and strong network in the Mainland, the Group is well poised to capitalize on the increasing demand of the consumers as well as of the energy markets. The Directors believe and are committed to the Group restoring its strong growth and generating a high return to shareholders in the coming years.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2003, the Group has a total of 23 employees located in Hong Kong and the PRC. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover and a Mandatory Provident Fund. A share option scheme was adopted by the Company on 15 April 1997 to enable the Directors to grant share options to staff and directors as incentive. During the year, no share options were granted.

APPRECIATION

I would like to take this opportunity to express my most sincere thanks and gratitude to our shareholders, and various parties for their continuing support, and our directors and staff for their dedication and hard work.

Chan Chun Keung

Chairman

Hong Kong, 24 July 2003