



Interim Report 2003



恒發世紀控股有限公司  
Everbest Century Holdings Limited

The board of directors (the “Directors”) of Everbest Century Holdings Limited (the “Company”) are pleased to present the unaudited interim financial statements (all in condensed form) of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2003 (referred to herein as “Interim Accounts”).

## **CHANGE OF YEAR END DATE**

Following an ordinary resolution passed by shareholders of the Company in the Annual General Meeting held on 25 August 2003, the year end date of the Company was changed from 31 March to 31 December with immediate effect. Pursuant to the change, the final audited results and the audited financial statements of the Group for the current year cover nine months from 1 April 2003 to 31 December 2003 and will be announced and issued on or before 30 April 2004 in accordance with the requirements under Paragraph 11(1) of Part A of Appendix 7 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## **FINANCIAL RESULTS**

The Group’s turnover for the six months ended 30 September 2003 amounted to HK\$18.9 million, representing a decrease of 16% over the same period of last year. The unaudited profit attributable to shareholders for this period was approximately HK\$4.8 million.

## **BUSINESS REVIEW**

The period under review saw the strive of the Group to meet the challenges posed by the business environment. During the period, Severe Acute Respiratory Syndrome (SARS) broke out and bequeathed an adverse impact on both the garment and fur and leather businesses of the Group. The turnover of the garment business dropped from HK\$22.5 million to HK\$18.9 million, representing a decrease of 16%. The gross profit margin fell from 15.1% to 11.4%. The market demand for the garment products was remarkably shrink. Confronting the downturn market, the Group can only survive by cutting down the selling price in order to tackle the intense market competition.

During the period, the fur and leather business of the Group recorded no sales. The Directors are considering some decisive measures to deal with this persistently adverse situation.

Regarding the indirect 39.6% attributable interests in a coal-fired power plant (the “Power Plant”) in the Fujian Province, named Longyan Hengfa Electric Industry Co., Limited (“Longyan Hengfa”), the Group’s share of the net profit before tax of the Power Plant is HK\$14.2 million for the period under review, which marked a significant increase of 738.1% as compared to the net profit before tax of approximately HK\$1.7 million for the corresponding period of last year. The sound operating result of the Power Plant is incidental to the prolong of the hot and dry season in the Mainland China and to the continuously rapid economic development of the Mainland China. The Directors believe that the Power Plant can continue to make significant profit contribution to the Group in the future.

On 10 September, Bravo Industrial Limited (“Bravo”), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the “Agreement”) with Clear Vision Investments Limited (“Clear Vision”), a wholly-owned subsidiary of Shougang Concord Century Holdings Limited whose shares are listed on the Stock Exchange. Pursuant to the Agreement, Bravo agreed to sell its entire 3,174,000 shares in Online Investments Limited (“Online”) and assign a shareholder’s loan of US\$541,384.62 owing by Online to Bravo to Clear Vision for a cash consideration of HK\$58,012,337.22. (the “Transaction”). The Transaction was approved by Independent Shareholders at the Special General Meeting held on 25 September 2003 and completed on 7 October 2003. The net profit arising from the Transaction will be reflected in the second half yearly operating result of the Group.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 September 2003, the net asset value of the Group was HK\$236.9 million. The Group’s total bank and other borrowings were further reduced from HK\$20.7 million to HK\$20 million.

As at 30 September 2003, the Group’s gearing ratio, which was calculated as a ratio of long term liabilities to shareholders’ fund, was 4.2%, being a slight improvement of 0.2% as compared to the 4.4% of the last financial year.

## **EMPLOYEES**

As at 30 September 2003, the Group has a total of 23 employees located in Hong Kong and the Mainland China. They are remunerated according to the nature of the job and market trends, with built-in merit components incorporated in annual increments to reward and motivate individual performance.

## **PROSPECT**

The Directors are optimistic about the future development of the Group and will continue to explore investment opportunities in the Mainland China and to diversify the business activities there in the maneuver of achieving a stable and good return for the Company’s shareholders. The Directors believe that the Group’s stable investment income, which is contributed by the Group’s indirect 39.6% equity investment in the Power Plant, will enable the Group to crystallize on new and prospectus investment projects in the Mainland China. The Group will always adopt a cautious and prudent approach in making investment decisions.

## INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

### Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 September 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### Directors' Interests and Short Position in Shares, Underlying Shares and Debentures

As at 30 September 2003, the directors of the Company had the following beneficial interests in the shares, underlying shares and debenture of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"):

Name of director	Class of securities	Number of securities or share options of the Company		
		Corporate interests	Personal interests	Family interests
Mr. Chan Chun Keung	Shares ( <i>Note 1</i> )	1,903,200,000	55,160,000	148,725,000
Mr. Chan Chun Keung	Share options ( <i>Note 2</i> )	–	64,238,750	–
Mr. Chau On Ta Yuen	Share options ( <i>Note 2</i> )	–	21,250,000	–
Mr. Dominic Lai	Share options ( <i>Note 2</i> )	–	5,312,500	–
Mr. Chan Kam Man	Share options ( <i>Note 2</i> )	–	5,312,500	–

*Note 1:* The Corporate interests were held through Century Enterprises Investment Inc., a company incorporated in the British Virgin Islands, in which Mr. Chan Chun Keung beneficially owned approximately 63.7% equity interests.

*Note 2:* The share options are exercisable at a price of HK\$0.016 per share at any time during the period from 16 January 2001 to 15 January 2006.

In addition to the above, certain directors of the Company have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of compliance with the minimum company membership requirements.

Save as disclosed herein, none of the directors or their respective associates had any interests of short positions in the Shares or underlying shares of the Company or any of its associated corporations.

## SUBSTANTIAL SHAREHOLDER

At 30 September 2003, so far as was known to the Directors, the following persons (other than the directors of the Company) had an interest in the shares of the Company, being 5% or more of the Company's issued share capital, which were required to be disclosed to the Company under the provisions of Division 2 & 3 of Part XV of the SFO or required to be entered in the register pursuant to section 336 of the SFO.

Name of Shareholder	Number of shares held	Percentage of holding	Capacity/ Nature of interest
Dynamic Treasure Limited	600,000,000	7.98	Beneficial owner
Zaleski Helene	480,000,000	6.38	Beneficial owner
Blowin Limited	751,725,609	9.99	Beneficial owner <sup>1</sup>
Tanagra Holding B.V.	751,725,609	9.99	Deemed Interest <sup>1</sup>
Zygmunt Zaleski Stichting (Dutch Foundation)	751,725,609	9.99	Deemed Interest <sup>1</sup>

1. Blowin Limited ("Blowin") is beneficially interested in 751,725,609 shares. Tanagra Holding B.V. ("Tanagra") is deemed to be interested in the shares as Blowin is a wholly-owned subsidiary of Tanagra. Zygmunt Zaleski Stichting (Dutch Foundation) is deemed to be interested in the shares as Tanagra is its wholly-owned subsidiary.

## AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited Interim Accounts.

## CODE OF BEST PRACTICE

The interim results for the six months ended 30 September 2003 have not been audited by the Company's Auditors, but have been reviewed by the Audit Committee.

None of the Company's directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

**Chan Chun Keung**  
*Chairman*

Hong Kong, 15 December 2003

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2003

	Notes	Unaudited	
		2003	2002
		HK\$'000	HK\$'000
<b>TURNOVER</b>	2	<b>18,909</b>	22,521
Cost of sales		<b>(16,744)</b>	(19,111)
Gross profit		<b>2,165</b>	3,410
Other revenue		<b>2,793</b>	519
Selling and distribution costs		<b>(17)</b>	(325)
Administrative expenses		<b>(6,906)</b>	(8,429)
Other operating expenses		<b>-</b>	(6,862)
<b>LOSS FROM OPERATING ACTIVITIES</b>	3	<b>(1,965)</b>	(11,687)
Finance costs	4	<b>(502)</b>	(638)
Share of profits of :			
Associates		<b>14,222</b>	1,697
Amortisation of goodwill on acquisition of associates		<b>(2,052)</b>	(2,052)
		<b>12,170</b>	(355)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>9,703</b>	(12,680)
Tax	5	<b>(4,989)</b>	3,544
		<b>4,714</b>	(9,136)
Minority Interests		<b>80</b>	(158)
<b>NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>4,794</b>	(9,294)
<b>INTERIM DIVIDEND</b>	6	<b>-</b>	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>4,794</b>	(9,294)
<b>EARNINGS/(LOSS) PER SHARE</b>			
Basic, HK cents	7	<b>0.06</b>	(0.12)
Diluted, HK cents	7	<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2003

		Unaudited 30 September 2003	Audited 31 March 2003
	Notes	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	3,547	4,027
Interests in jointly-controlled entities	9	25,296	20,194
Interests in associates	10	174,827	168,146
Long term investment	11	34,984	39,207
		<b>238,654</b>	231,574
<b>CURRENT ASSETS</b>			
Inventories	12	1,604	2,632
Trade and bills receivables	13	10,509	12,724
Prepayments, deposits and other receivables		8,930	11,949
Tax recoverable		95	95
Short term investments		–	2,427
Pledged time deposits		–	1,517
Cash and cash equivalents		9,002	5,707
		<b>30,140</b>	37,051
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	(3,142)	(6,666)
Tax payable		(6,425)	(6,425)
Other payables and accruals		(966)	(1,264)
Interest-bearing bank loans	15	(10,168)	(10,534)
		<b>(20,701)</b>	(24,889)
<b>NET CURRENT ASSETS</b>		<b>9,439</b>	12,162
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>248,093</b>	243,736
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans	15	(9,842)	(10,199)
<b>MINORITY INTERESTS</b>		<b>(1,309)</b>	(1,389)
		<b>236,942</b>	232,148
<b>CAPITAL AND RESERVES</b>			
Issued capital	16	75,223	75,223
Reserves		161,719	156,925
		<b>236,942</b>	232,148

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2003

	Reserves						Total
	Share Capital	Share Premium	Contributed Surplus	Exchange Fluctuation Reserve	Retained Profit	Total Reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April, 2002	74,160	149,740	3,284	(641)	9,400	161,783	235,943
Issue of shares upon exercise of share options	1,063	638	–	–	–	638	1,701
Share issue expenses	–	(7)	–	–	–	(7)	(7)
Loss for the period	–	–	–	–	(9,294)	(9,294)	(9,294)
At 30 September, 2002	75,223	150,371	3,284	(641)	106	153,120	228,343
	Share Capital	Share Premium	Contributed Surplus	Exchange Fluctuation Reserve	Retained Profit	Total Reserves	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April, 2003	75,223	150,371	3,284	(641)	3,911	156,925	232,148
Net profit for the period	–	–	–	–	4,794	4,794	4,794
At 30 September, 2003	75,223	150,371	3,284	(641)	8,705	161,719	236,942



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2003

	Unaudited 30 September	
	2003	2002
	HK\$'000	HK\$'000
Net cash from operating activities	7,103	18,644
Net cash used in investment activities	(3,085)	(22,996)
Net cash from financing activities	(723)	475
Net increase/(decrease) in cash equivalents	3,295	(3,877)
Cash and cash equivalents at beginning of period	5,707	24,015
Cash and cash equivalents at end of the period	9,002	20,138
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	9,002	20,138



## NOTES TO THE INTERIM ACCOUNTS

### 1. BASIS OF PREPARATION

These unaudited consolidated interim accounts have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" and Appendix 16 to the Listing Rules of The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2003, except for the adoption of the revised SSAP12 "Income Taxes" which is effective for accounting period commencing on or after 1 January 2003.

The principal effect of the implementation of the revised SSAP12 is on the recognition of deferred tax liabilities. In previous years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallize in the foreseeable future. Deferred tax assets were not recognized unless their realization was assured beyond reasonable doubt.

With the introduction of the SSAP12 (Revised), the Group adopted a new policy for deferred tax. A balance sheet method was used to recognize deferred tax in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. The accounting policy has been applied retrospectively.

Since the adoption of the revised SSAP12 had no material impact on the Group's accounts in prior years and current period, comparative figures have not been restated.

## 2. SEGMENT INFORMATION

## (a) Business segments

	Unaudited 30 September		Segment results	
	Turnover			
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Garments	<b>18,909</b>	22,521	<b>103</b>	322
Leather, fur and garment accessories	-	-	(3)	-
	<b>18,909</b>	22,521	<b>100</b>	322
Unallocated other revenue and gains			<b>2,791</b>	367
Unallocated expenses			<b>(4,856)</b>	(12,376)
Loss from operating activities			<b>(1,965)</b>	(11,687)
Finance costs			<b>(502)</b>	(638)
			<b>(2,467)</b>	(12,325)
Share of profits of associates			<b>14,222</b>	1,697
Amortisation of goodwill on acquisition of associates			<b>(2,052)</b>	(2,052)
Profit/(Loss) before tax			<b>9,703</b>	(12,680)
Tax			<b>(4,989)</b>	3,544
Profit/(Loss) before minority interests			<b>4,714</b>	(9,136)
Minority interests			<b>80</b>	(158)
Net Profit/(Loss) from Ordinary Activities attributable to shareholders			<b>4,794</b>	(9,294)

## (b) Geographical segments

	Turnover		Unaudited 30 September	
	2003	2002	Segment results	
	HK\$'000	HK\$'000	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China	–	1,126	–	16
Hong Kong	5,484	3,378	3,007	48
Other Regions	13,425	18,017	(116)	258
	18,909	22,521	2,891	322
Unallocated expenses			(4,856)	(12,009)
Operating loss			(1,965)	(11,687)

## 3. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	Unaudited	
	2003	2002
	HK\$'000	HK\$'000
Depreciation	496	433
Realised loss on listed securities investment	–	1,776
Unrealised loss on listed securities investment	–	5,086
Provision for other receivable	1,000	–
Staff costs	2,110	4,048
and after crediting:		
Interest income	18	472
Realised gain on listed securities investment	2,755	–
Others	20	–
Exchange gain	–	47

#### 4. FINANCE COSTS

	Unaudited	
	2003	2002
	HK\$'000	HK\$'000
Interest on:		
Bank loans wholly repayable within five years	266	383
Bank loans wholly repayable beyond five years	236	255
	<b>502</b>	<b>638</b>

#### 5. TAX

	Unaudited	
	2003	2002
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Overprovision in the prior years	–	(3,544)
Deferred taxation	–	–
	–	(3,544)
Share of tax attributable to associates	<b>(4,989)</b>	–
	<b>(4,989)</b>	(3,544)

No provision for Hong Kong and overseas profits taxes have been made as the Group did not generate any assessable profits arising in Hong Kong or in the overseas countries in which the Group operates during the period (2002: Nil).

The Company did not have any significant unprovided deferred tax liabilities at the balance sheet date (2002: Nil).

#### 6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period (2002: Nil).

#### 7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit of HK\$4,794,000 attributable to shareholders for the six months ended 30 September 2003 (2002: net loss of HK\$9,294,000) and on the weighted average number of approximately 7,522,252,000 ordinary shares (2002: 7,478,997,000) in issue during the period.

No diluted earnings per share for the six months ended 30 September 2003 has been shown as there was no dilution effect if all outstanding share options granted by the Company had been exercised. Neither has diluted loss per share for the six months ended 30 September 2002 been shown as the share options in issue had no dilutive effect on the basic loss for that period.

## 8. FIXED ASSETS

During the period, the Group did not acquire nor dispose of any material fixed assets.

## 9. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Unaudited 30 September 2003	Audited 31 March 2003
	HK\$'000	HK\$'000
Loans to jointly-controlled entities	25,296	20,194

The loans to the jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the jointly-controlled entities are as follows:

Name	Business structure	Place of incorporation and operations	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
<b>Indirectly held</b>						
Best Base Investments Limited	Corporate	HK/ Mainland China	50	50	50	Property development
United Force Development Limited	Corporate	HK/ Mainland China	50	50	50	Property development

## 10. INTERESTS IN ASSOCIATES

	Unaudited 30 September 2003	Audited 31 March 2003
	HK\$'000	HK\$'000
Share of net assets	113,952	104,719
Unamortised goodwill on acquisition	60,867	62,919
	174,819	167,638
Due from an associate	8	508
	174,827	168,146

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the associates are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Percentage of ownership interest attributable to the Group	Principal activities
<b>Held indirectly</b>				
Concade Assets Limited ("Concade")	Corporate	BVI/ Hong Kong	44	Investment holding
Everbest Century Limited	Corporate	Hong Kong	44	Investment holding
Longyan Hengfa Electric Industry Co., Ltd. ("Longyan Hengfa") 龍岩恒發電業有限公司	Corporate	PRC/ Mainland China	39.6	Management and operation of a Power Plant

## 11. LONG TERM INVESTMENT

	<b>Unaudited 30 September 2003</b>	Audited 31 March 2003
	<b>HK\$'000</b>	HK\$'000
Unlisted shares, at cost	<b>39,207</b>	39,207

The amount represents an approximately 10.24% equity interest in Online Investments Limited ("Online") acquired by Bravo Industrial Limited, a wholly-owned subsidiary of the Company, from Skyriver (B.V.I.) Limited ("Skyriver"), a company beneficially owned by Mr. Chan Chun Keung, an executive director of the Company on 7 February 2003. Outstanding shareholders' loan of HK\$4,222,800 was repayable within one year and is included in other receivables in the consolidated balance sheet. 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.

**12. INVENTORY**

	<b>Unaudited 30 September 2003</b>	Audited 31 March 2003
	<b>HK\$'000</b>	HK\$'000
Raw Materials	<b>1,604</b>	2,148
Finished goods	–	484
	<b>1,604</b>	2,632

**13. TRADE AND BILLS RECEIVABLES****Ageing analysis**

	<b>Unaudited 30 September 2003</b>	Audited 31 March 2003
	<b>HK\$'000</b>	HK\$'000
Current – 90 days	<b>4,796</b>	11,552
91–180 days	<b>3,285</b>	563
Over 180 days	<b>3,321</b>	1,502
	<b>11,402</b>	13,617
Less: Provisions	<b>(893)</b>	(893)
	<b>10,509</b>	12,724

**14. TRADE AND BILLS PAYABLES****Ageing analysis**

	<b>Unaudited 30 September 2003</b>	Audited 31 March 2003
	<b>HK\$'000</b>	HK\$'000
Current – 90 days	<b>2,093</b>	6,006
91–180 days	<b>1,049</b>	597
Over 180 days	–	63
	<b>3,142</b>	6,666



**15. INTEREST-BEARING BANK LOANS**

	Unaudited 30 September 2003	Audited 31 March 2003
	HK\$'000	HK\$'000
Bank loans repayable:		
Within one year	10,168	10,534
In the second year	1,987	1,200
In third to fifth years, inclusive	1,654	1,780
Beyond five years	6,201	7,219
	<b>20,010</b>	20,733
Portion classified as current liabilities	(10,168)	(10,534)
Non-current portion	<b>9,842</b>	10,199
Analysed as follows:		
Secured	11,066	11,608
Unsecured	8,944	9,125
	<b>20,010</b>	20,733

**16. SHARE CAPITAL**

	Unaudited 30 September 2003	Audited 31 March 2003
	HK\$'000	HK\$'000
Authorised:		
20,000,000,000 ordinary shares of HK\$0.01 each	<b>200,000</b>	200,000
Issued and fully paid:		
7,522,252,000 ordinary shares of HK\$0.01 each	<b>75,223</b>	75,223

**17. CONTINGENT LIABILITIES**

	<b>Unaudited 30 September 2003</b>	Audited 31 March 2003
	<b>HK\$'000</b>	HK\$'000
Discounted with recourse	<b>2,348</b>	1,043

At 30 September 2003, the Company had given guarantees to banks in connection with facilities granted to subsidiaries in an aggregate amount of approximately HK\$ 28,830,000 (31 March 2003: HK\$ 28,830,000), of which approximately HK\$20,010,000 (31 March 2003: HK\$20,733,000) was utilized.

**18. PLEDGE OF ASSETS**

At 30 September 2003, some of the Group's plant and machinery, which had an aggregate net book value at the balance sheet date of approximately HK\$1,335,000, was mortgaged to banks for credit facilities granted to the Group (31 March 2003: HK\$1,605,000).

**19. SUBSEQUENT EVENT**

On 3 November 2003, Mr. Li Wan Luk was appointed a director of the Company.

On 7 November 2003, the Directors resolved to consolidate every issued and unissued 20 shares of HK\$0.01 each into 1 consolidated share of HK\$0.2 each (the "Consolidated Shares") and to change the board lot size for trading in the shares of the Company on the Stock Exchange from the existing 40,000 shares to 4,000 Consolidated Shares upon the Share Consolidation becoming effective. Details of the Share Consolidation are included in the circular which was sent to the Company's shareholders on 24 November 2003. The Share Consolidation is subject to the approval of the Company's shareholders in a Special General Meeting to be held on 16 December 2003 and to the grant of the listing of and permission to deal in the Consolidated Shares by the Listing Committee of the Stock Exchange.

**20. CONNECTED AND RELATED PARTY TRANSACTIONS**

During the period, the Group had the following material transactions with connected and or related parties:

On 10 September, Bravo Industrial Limited ("Bravo"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Agreement") with Clear Vision Investments Limited ("Clear Vision"), a wholly-owned subsidiary of Shougang Concord Century Holdings Limited whose shares are listed on the Stock Exchange. Pursuant to the Agreement, Bravo agreed to sell its entire 3,174,000 shares in Online Investments Limited ("Online") and assign a shareholder's loan of US\$541,384.62 owing by Online to Bravo to Clear Vision for a cash consideration of HK\$58,012,337.22 (herein defined as the "Transaction")

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules. Since Skyriver (B.V.I.) Limited ("Skyriver"), which is wholly owned by Mr. Chan Chun Keung who is a Director and the single largest Shareholder interested in approximately 27.3% equity interest in the Company as at the date of the Agreement, will become a substantial shareholder of Online upon completion of a conditional sale and purchase agreement entered into between Skyriver and Clear Vision, the Transaction also constitutes a connected transaction for the Company under Rule 14.26(2) of the Listing Rules and it was approved by the Independent Shareholders at the Special General Meeting held on 25 September 2003. The Transaction was completed on 7 October 2003.

## 21. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.