

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 June 2004 (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. Therefore, the current interim results cover six months from 1 January 2004 to 30 June 2004 while the last interim results covered six months from 1 April 2003 to 30 September 2003.

FINANCIAL RESULTS

The Group’s turnover for the six months ended 30 June 2004 amounted to HK\$1.3 million, representing a decrease of 93% over the last interim period ended 30 September 2003. The unaudited profit attributable to shareholders for this period was approximately HK\$5.5 million.

BUSINESS REVIEW

For the period under review, the garment business of the Group recorded a significant decrease in turnover. The turnover dropped from HK\$18.9 million for the period from 1 April 2003 to 30 September 2003 to HK\$1.3 million for the period from 1 January 2004 to 30 June 2004, representing a decrease of 93%. The Group also recorded gross loss of HK\$1.0 million during the current period. The poor performance is attributable to the fierce competition of the market for the garment products. The market price of the garment products has further been reduced to such an extent that the Group cannot maintain a gross profit of the business.

In view of this worsening situation, the Group decided to discontinue the business. On 30 July 2004, Perfect Yield Holdings Limited (“Perfect Yield”), a wholly owned subsidiary of the Group, entered into a conditional sale and purchase agreement (the “Agreement”) with Mr. Leung Yuen Keung, Edward (“Mr. Leung”). Pursuant to the Agreement, Perfect Yield agreed to sell its entire 1,020,000 shares of Royalink Industrial Limited (“Royalink”) of HK\$1.00 each, representing in aggregate 51% of the issued share capital of Royalink, to Mr. Leung for a cash consideration of HK\$5,000 (herein defined as the “Disposal”).

The Disposal constitutes a very substantial disposal for the Company under the Listing Rules. Since Mr. Leung is a substantial shareholder and a director of Royalink, the Disposal also constitutes a connected transaction for the Company under the Listing Rules. The Disposal is therefore subject to the approval by the Shareholders of the Company at the forthcoming Special General Meeting by poll.

Upon completion of the Disposal, the operation of the garment business of the Group will be discontinued.

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 adverse situation.

Regarding the Group's 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\$20.4 million for the period under review, representing a significant increase of 43.4% over that of the last interim period ended 30 September 2003.

Since the Power Plant has contributed a significant and stable profit to the Group for the last few years, the Directors decided to increase the Group's interest in the Power Plant by acquiring further the equity interests of Concade Assets Limited ("Concade Assets"), which is a holding company of the Power Plant.

On 29 April 2004, Royce Group Limited ("Royce Group"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Agreement") with For Good Investments Ltd ("For Good"). Pursuant to the Agreement, For Good agreed to sell its 1,795,200 shares in Concade Assets, representing in aggregate 15% of the issued share capital of Concade Assets or an attributable interest of 13.5% in the Power Plant, to Royce Group for a cash consideration of HK\$54,500,000 (herein defined as the "Acquisition")

The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules. Since For Good is beneficially and wholly owned by Mr. Chan Chun Keung ("Mr. Chan") who is a Director and the single largest Shareholder interested in approximately 28.11% equity interest in the Company as at the date of the Agreement, the Acquisition also constitutes a connected transaction for the Company under the Listing Rules and is therefore subject to the approval by the Independent Shareholders at the Special General Meeting held on 9 July 2004. The Acquisition was completed on 13 July 2004. Since then, the Group beneficially owns 59% equity interests in Concade Assets or a 53.1% attributable interests in the Power Plant. The operating results of the Power Plant will be consolidated into the Group's results at the year end.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2004, the net asset value of the Group was HK\$262.7 million. The Group's total bank and other borrowings were further reduced from HK\$17.7 million to HK\$9.8 million.

As at 30 June 2004, the Group's gearing ratio, which was calculated as a ratio of long term liabilities to shareholders' fund, was 3.4% which signifies no significant change with that of the last year end.

EMPLOYEES

As at 30 June 2004, 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. 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 June 2004, 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 AND UNDERLYING SHARES

As at 30 June 2004, the directors of the Company had the following beneficial interests in the issued securities or share options of the Company and its associated corporations as recorded

in the register required under Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”): -

Long positions in shares and underlying shares of the Company

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 (Note 1)	95,160,000	2,758,000	7,754,250
Mr. Chan Chun Keung	Share options (Note 2)	-	3,211,937	-
Mr. Chau On Ta Yuen	Share options (Note 2)	-	1,062,500	-

Note 1: These shares were held through Century Enterprises Investment Inc., a company incorporated in the British Virgin Islands and beneficially owned by Mr. Chan Chun Keung, City Corners Limited and a former director, Ms Chan Hung, in the ratios of approximately 63.7%, 20.5% and 15.8%, respectively. City Corners Limited is a company incorporated in the British Virgin Islands with limited liability and is equally beneficially owned by two former directors.

Note 2: The share options are exercisable at a price of HK\$0.32 per share at any time during the period from 16 January 2001 to 15 January 2006.

Long positions in shares of an associated corporation

Name of Director	Name of associated corporation	Relationship with the Company	Shares	Number of shares held	Capacity and nature issued of interest	Percentage of the
						associated corporation's share capital
Mr. Chan Chun Keung	Concade Assets Limited	Associate	Ordinary Shares	6,582,400	Through controlled corporations	55

Note: Concade Assets Limited is owned as to 23% by For Good Investments Limited (“For Good”), 16% by Splendour Investments Limited (“Splendour”) and 16% by Halligan Profit Limited (“Halligan”). For Good, Splendour and Halligan were incorporated in the British Virgin Islands and beneficially owned by Mr. Chan.

Save as disclosed herein, none of the directors or their respective associates had any interests in any securities or in share options of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDER

At 30 June 2004, 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 Securities & Future Ordinance (“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
Kwok Tat Kwong	42,578,416	11.3	Beneficial owner
Zaleski Helene	24,000,000	6.4	Beneficial owner
Blowin Limited	37,586,280	10.0	Beneficial owner
Tanagra Holding B.V.	37,586,280	10.0	Deemed Interest ¹
Zygmunt Zaleski Stichting (Dutch Foundation)	37,586,280	10.0	Deemed Interest ¹

Note:

1. Blowin Limited (“Blowin”) is beneficially interested in 37,586,280 shares of the Company. 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 June 2004 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 June 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

Chan Chun Keung
Chairman

Hong Kong, 27 June 2004