



Century Legend (Holdings) Limited  
世紀建業(集團)有限公司

INTERIM REPORT

2003

**INTERIM RESULTS**

The board of directors ("Board") of Century Legend (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2003.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

|  | Notes | <b>For the six months ended 30 June</b> |              |
|--|-------|---|--------------|
|  |       | <b>2003</b>                             | 2002         |
|  |       | <b>(Unaudited)</b>                      | (Unaudited)  |
|  |       | <b>HK\$'000</b>                         | HK\$'000     |
| Turnover                                   | 2     | <b>24,659</b>                           | 28,001       |
| Cost of sales                              |       | <b>(12,576)</b>                         | (13,398)     |
| Gross profit                               |       | <b>12,083</b>                           | 14,603       |
| Other revenues                             |       | <b>1,128</b>                            | 2,808        |
| Gain on disposal of a subsidiary           |       | <b>9,583</b>                            | –            |
| Administrative expenses                    |       | <b>(19,666)</b>                         | (22,745)     |
| Other operating expenses                   |       | <b>(1,551)</b>                          | (2,805)      |
| Operating profit/(loss)                    | 3     | <b>1,577</b>                            | (8,139)      |
| Share of losses of associated companies    |       | <b>(57)</b>                             | (1,268)      |
| Profit/(Loss) before taxation              |       | <b>1,520</b>                            | (9,407)      |
| Taxation                                   | 4     | <b>–</b>                                | –            |
| Profit/(Loss) after taxation               |       | <b>1,520</b>                            | (9,407)      |
| Minority interests                         |       | <b>411</b>                              | 523          |
| Profit/(Loss) attributable to shareholders |       | <b>1,931</b>                            | (8,884)      |
| Basic earnings/(loss) per share            | 6     | <b>0.09 cents</b>                       | (0.52) cents |

**CONDENSED CONSOLIDATED BALANCE SHEET**

|  |       | <b>30 June<br/>2003<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2002<br>(Audited)<br>HK\$'000 |
|--|-------|--|--|
|  | Notes |  |  |
| <b>Non-current assets</b>                    |       |  |  |
| Goodwill                                     |       | <b>2,464</b>   | 1,927  |
| Fixed assets                                 |       | <b>6,113</b>   | 7,402  |
| Investment securities                        |       | <b>36</b>  | 36   |
| Loan receivables                             | 7     | <b>3,326</b>   | 329  |
|  |       | <b>11,939</b>  | 9,694  |
| <b>Current assets</b>                        |       |  |  |
| Inventories                                  |       | <b>304</b>   | 314  |
| Trading securities                           |       | <b>3,913</b>   | 4,156  |
| Trade and other receivables                  | 8     | <b>4,626</b>   | 12,109                                       |
| Loan receivables, current portion            | 7     | <b>17,015</b>  | 17,097                                       |
| Tax recoverable                              |       | <b>264</b>   | 7  |
| Bank balances and cash                       |       | <b>49,643</b>  | 42,840                                       |
|  |       | <b>75,765</b>  | 76,523                                       |
| <b>Current liabilities</b>                   |       |  |  |
| Trade payables                               | 9     | <b>2,430</b>   | 2,709  |
| Other payables and accruals                  |       | <b>3,124</b>   | 2,832  |
| Amount due to an associated company          |       | <b>7,122</b>   | 7,127  |
| Deferred income                              |       | <b>642</b>   | 683  |
|  |       | <b>13,318</b>  | 13,351                                       |
| <b>Net current assets</b>                    |       |  |  |
|  |       | <b>62,447</b>  | 63,172                                       |
| <b>Total assets less current liabilities</b> |       |  |  |
|  |       | <b>74,386</b>  | 72,866                                       |
| <b>Financed by:</b>                          |       |  |  |
| Share capital                                | 12    | <b>20,650</b>  | 20,650                                       |
| Reserves                                     |       | <b>52,491</b>  | 50,560                                       |
| <b>Shareholders' funds</b>                   |       |  |  |
|  |       | <b>73,141</b>  | 71,210                                       |
| Minority interests                           |       | <b>1,245</b>   | 1,656  |
|  |       | <b>74,386</b>  | 72,866                                       |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**For the six months ended 30 June 2003 (Unaudited)**

|                       | <b>Share<br/>capital<br/>HK\$'000</b> | <b>Share<br/>premium<br/>HK\$'000</b> | <b>Capital<br/>reserve<br/>HK\$'000</b> | <b>Accumulated<br/>losses<br/>HK\$'000</b> | <b>Total<br/>HK\$'000</b> |
|-----------------------|---------------------------------------|---------------------------------------|---|--|---------------------------|
| At 1 January 2003     | 20,650                                | 40,098                                | 146,189                                 | (135,727)                                  | 71,210                    |
| Profit for the period | -                                     | -                                     | -                                       | 1,931                                      | 1,931                     |
| At 30 June 2003       | 20,650                                | 40,098                                | 146,189                                 | (133,796)                                  | 73,141                    |

**For the six months ended 30 June 2002 (Unaudited)**

|                     | Share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Capital<br>reserve<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 | Total<br>HK\$'000 |
|---------------------|------------------------------|------------------------------|--------------------------------|-----------------------------------|-------------------|
| At 1 January 2002   | 17,208                       | 38,649                       | 146,189                        | (114,965)                         | 87,081            |
| Loss for the period | -                            | -                            | -                              | (8,884)                           | (8,884)           |
| At 30 June 2002     | 17,208                       | 38,649                       | 146,189                        | (123,849)                         | 78,197            |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

|   | <b>For the six months<br/>ended 30 June</b> |                   |
|---|---|-------------------|
|   | <b>2003</b>                                 | 2002              |
|   | <b>(Unaudited)</b>                          | (Unaudited)       |
|   | <b>HK\$'000</b>                             | HK\$'000          |
|   | <u>          </u>                           | <u>          </u> |
| Net cash outflow from operating activities          | <b>(148)</b>                                | (7,773)           |
| Net cash inflow/(outflow) from investing activities | <b>6,951</b>                                | (1,035)           |
| Net cash used in financing activities               | <b>-</b>                                    | (11,000)          |
|   | <u>          </u>                           | <u>          </u> |
| Increase/(Decrease) in cash and cash equivalents    | <b>6,803</b>                                | (19,808)          |
| Cash and cash equivalents at 1 January              | <b>42,840</b>                               | 141,937           |
|   | <u>          </u>                           | <u>          </u> |
| Cash and cash equivalents at 30 June                | <b>49,643</b>                               | 122,129           |
|   | <u>          </u>                           | <u>          </u> |
| Analysis of balance of cash and cash equivalents:   |   |                   |
| Bank balances and cash                              | <b>49,643</b>                               | 122,129           |
|   | <u>          </u>                           | <u>          </u> |

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and Appendix 16 to the Rules Governing The Listing of Securities on the Stock Exchange (the "Listing Rules"). These condensed accounts should be read in conjunction with the 2002 annual financial statements.

The accounting policies and method of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2002 except that the Group has changed its accounting policies following its adoption of SSAP 12 (revised) "Income Taxes" issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003.

The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In prior periods, deferred taxation is accounted for using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (revised), the new accounting policy has been applied retrospectively. Nevertheless, the adoption of SSAP 12 (revised) has not resulted in any significant changes to the prior periods' net assets and results and accordingly, no prior period adjustment is required.

**2. SEGMENT INFORMATION**

The Group is principally engaged in travel agency, provision of health and beauty services and money lending. An analysis of the Group's revenues and results for the period by principal activities is as follows:

|   | <b>For the six months ended<br/>30 June 2003 (Unaudited)</b> |  |                                       |                           |
|---|--|--|---------------------------------------|---------------------------|
|   | <b>Travel<br/>agency<br/>services<br/>HK\$'000</b>           | <b>Health<br/>and<br/>beauty<br/>services<br/>HK\$'000</b> | <b>Money<br/>lending<br/>HK\$'000</b> | <b>Group<br/>HK\$'000</b> |
| Revenues                                | <b>12,513</b>  | <b>10,733</b>  | <b>1,413</b>                          | <b>24,659</b>             |
| Segment results (profit/(loss))         | <b>12</b>  | <b>(2,119)</b>   | <b>1,095</b>                          | <b>(1,012)</b>            |
| Unallocated revenues                    |  |  |                                       | <b>931</b>                |
| Unallocated cost                        |  |  |                                       | <b>(6,375)</b>            |
| Amortisation of goodwill                |  |  |                                       | <b>(1,263)</b>            |
| Unrealised loss on trading securities   |  |  |                                       | <b>(287)</b>              |
| Gain on disposal of a subsidiary        |  |  |                                       | <b>9,583</b>              |
| Share of losses of associated companies |  |  |                                       | <b>(57)</b>               |
| Minority interests                      |  |  |                                       | <b>411</b>                |
| Profit attributable to shareholders     |  |  |                                       | <b>1,931</b>              |

|  | For the six months ended<br>30 June 2002 (Unaudited) |   |                              |                   |
|--|--|---|------------------------------|-------------------|
|  | Travel<br>agency<br>services<br>HK\$'000             | Health<br>and<br>beauty<br>services<br>HK\$'000 | Money<br>lending<br>HK\$'000 | Group<br>HK\$'000 |
| Revenues                                 | 13,154   | 12,398  | 2,449                        | 28,001            |
| Segment results (profit/(loss))          | 193  | (2,283)   | 724                          | (1,366)           |
| Unallocated revenues                     |  |   |                              | 1,995             |
| Unallocated cost                         |  |   |                              | (4,916)           |
| Amortisation of goodwill                 |  |   |                              | (1,047)           |
| Loss on disposal of fixed assets         |  |   |                              | (1,142)           |
| Impairment loss of investment securities |  |   |                              | (310)             |
| Unrealised loss on trading securities    |  |   |                              | (1,353)           |
| Share of losses of associated companies  |  |   |                              | (1,268)           |
| Minority interests                       |  |   |                              | 523               |
| Loss attributable to shareholders        |  |   |                              | (8,884)           |

No geographical analysis is presented as less than 10% of the consolidated turnover and less than 10% of the consolidated operating results of the Group were attributable to markets outside Hong Kong.

### 3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after crediting/charging the following:

|   | For the six months<br>ended 30 June |                                 |
|---|-------------------------------------|---------------------------------|
|   | 2003<br>(Unaudited)<br>HK\$'000     | 2002<br>(Unaudited)<br>HK\$'000 |
| <b>After crediting</b>                          |                                     |                                 |
| Gain on disposal of a subsidiary                | 9,583                               | -                               |
| <b>After charging</b>                           |                                     |                                 |
| Depreciation                                    | 1,645                               | 1,730                           |
| Amortisation of goodwill                        | 1,263                               | 1,047                           |
| Staff costs (including Directors' remuneration) | 5,930                               | 7,281                           |
| Retirement benefit costs                        | 375                                 | 433                             |
| Operating leases – land and buildings           | 4,115                               | 3,798                           |
| Loss on disposal of fixed assets                | 1                                   | 1,142                           |
| Impairment loss of investment securities        | -                                   | 310                             |
| Unrealised loss on trading securities           | 287                                 | 1,353                           |

### 4. TAXATION

Hong Kong profits tax has not been provided in the accounts as the Group has no estimated assessable profit for the six months ended 30 June 2003. (2002: Nil)

The Group has available tax losses as at 31 December 2002 for offset against future profits. No deferred tax assets have been provided in the accounts as the Directors consider that it is uncertain that they will crystallize in the foreseeable future.

**5. DIVIDENDS**

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2003 (2002: Nil).

**6. EARNINGS/(LOSS) PER SHARE**

The calculation of earnings/(loss) per share for the period is based on the profit attributable to shareholders of HK\$1,931,000 (2002: loss of HK\$8,884,000) and the weighted average of 2,064,960,000 (2002: 1,720,800,000) shares in issue during the six-month period.

No diluted earnings per share is presented as there was no dilutive potential ordinary shares in issue during the period.

**7. LOAN RECEIVABLES**

|                                       | <b>30 June<br/>2003<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2002<br>(Audited)<br>HK\$'000 |
|---------------------------------------|--|--|
| Loan receivables – secured (note (a)) | <b>19,769</b>  | 15,559                                       |
| Loan receivables – unsecured          | <b>2,672</b>   | 3,967  |
| Gross loan receivables (note (b))     | <b>22,441</b>  | 19,526                                       |
| Provision for doubtful loans          | <b>(2,100)</b>                                       | (2,100)                                      |
|                                       | <b>20,341</b>  | 17,426                                       |
| Less: amount due within one year      | <b>(17,015)</b>                                      | (17,097)                                     |
| Amount due after one year             | <b>3,326</b>   | 329  |

Note:

- (a) The amount included a secured short term loan of HK\$15,000,000 (the "Loan") granted to an individual who is independent of the Group. Out of the Loan, HK\$5,000,000 was originally due for repayment in February 2002 and the remaining balance was repayable in July 2002. The repayment dates of the Loan were further extended to September 2003 according to a loan agreement dated 3 April 2003 while other terms of the Loan remained unchanged. In 2001, the ultimate holding company issued a deed of guarantee in favour of the Group in respect of the Loan. Pursuant to the deed of guarantee, the ultimate holding company is responsible for repayment of the unrecoverable portion of the Loan should there be a shortfall in the realization of the securities in case of default.
- (b) The repayment terms of loan receivables are negotiated on an individual basis. The maturity profile of loan receivables is analysed as follows:

|                                      | <b>30 June<br/>2003<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2002<br>(Audited)<br>HK\$'000 |
|--------------------------------------|--|--|
| On demand                            | <b>1,600</b>   | 13   |
| Three months or less                 | <b>15,802</b>  | 3,797  |
| Below one year but over three months | <b>1,632</b>   | 15,379                                       |
| One to three years                   | <b>3,407</b>   | 337  |
|                                      | <b>22,441</b>  | 19,526                                       |

**8. TRADE AND OTHER RECEIVABLES**

|  | <b>30 June<br/>2003<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2002<br>(Audited)<br>HK\$'000 |
|--|--|--|
| Trade receivables (note (a))   | <b>854</b>   | 914  |
| Deposit for the acquisition of a subsidiary subsequent to year end date (note (b)) | -  | 7,800  |
| Other receivables and deposit  | <b>3,772</b>   | 3,395  |
|  | <b>4,626</b>   | 12,109                                       |

- (a) The majority of the Group's turnover is on cash basis. The remaining balances of turnover are on credit terms of thirty to sixty days. At 30 June 2003, the ageing of the trade receivables was as follows:

|              | <b>30 June<br/>2003<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2002<br>(Audited)<br>HK\$'000 |
|--------------|--|--|
| 0-30 days    | <b>657</b>   | 587  |
| 31-60 days   | <b>65</b>  | 154  |
| 61-90 days   | <b>59</b>  | 61   |
| Over 90 days | <b>73</b>  | 112  |
|              | <b>854</b>   | 914  |

- (b) On 25 September 2002, Century Legend Investments Ltd ("CLIL"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with the existing shareholders (the "Vendor") of Coin Fall Limited, pursuant to which CLIL agreed to acquire from the Vendor the entire issued share capital of Coin Fall Limited (the "Acquisition") for a total cash consideration of HK\$7,800,000. Such amount had been paid to the Vendor during the year ended 31 December 2002 and was included in the trade and other receivables balance of the Group accounts as at 31 December 2002.

The Acquisition was completed on 7 January 2003 and Coin Fall Limited became a wholly owned subsidiary of the Group since then.

**9. TRADE PAYABLES**

At 30 June 2003, the ageing of the trade payables was as follows:

|            | <b>30 June<br/>2003<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2002<br>(Audited)<br>HK\$'000 |
|------------|--|--|
| 0-30 days  | <b>2,430</b>   | 2,575  |
| 31-60 days | -  | 107  |
| 61-90 days | -  | 27   |
|            | <b>2,430</b>   | 2,709  |

**10. CAPITAL EXPENDITURE**

|                                     | <b>For six months ended<br/>30 June 2003</b> |                                  |
|-------------------------------------|--|----------------------------------|
|                                     | <b>Goodwill<br/>HK\$'000</b>                 | <b>Fixed assets<br/>HK\$'000</b> |
| Opening net book amount             | <b>1,927</b>                                 | <b>7,402</b>                     |
| Acquisition of subsidiary (Note 13) | <b>1,800</b>                                 | <b>120</b>                       |
| Other Additions                     | <b>-</b>                                     | <b>246</b>                       |
| Disposals                           | <b>-</b>                                     | <b>(10)</b>                      |
| Depreciation / amortisation charge  | <b>(1,263)</b>                               | <b>(1,645)</b>                   |
| Closing net book amount             | <b>2,464</b>                                 | <b>6,113</b>                     |

**11. COMMITMENTS**

At 30 June 2003, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings which expired as follows:

|   | <b>30 June<br/>2003<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2002<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Not later than one year                           | <b>4,145</b>   | 6,912  |
| Later than one year and not later than five years | <b>300</b>   | 802  |
|   | <b>4,445</b>   | 7,714  |

**12. SHARE CAPITAL**

|                                      | <b>No of<br/>shares<br/>(million)</b> | <b>Nominal<br/>Value<br/>HK\$'000</b> |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Ordinary shares of HK\$0.01 each     |                                       |                                       |
| Authorised:                          |                                       |                                       |
| At 1 January 2002 and 30 June 2003   | 40,000                                | 400,000                               |
| Issued and fully paid:               |                                       |                                       |
| At 1 January 2002                    | 1,721                                 | 17,208                                |
| Issue upon a placement               | 344                                   | 3,442                                 |
| At 31 December 2002 and 30 June 2003 | 2,065                                 | 20,650                                |



### 13. ACQUISITION

On 7 January 2003, the Group acquired 100% of share capital of Coin Fall Limited (now renamed as Century Legend Securities Limited) which engages in stock broking and is incorporated in Hong Kong. The consideration of HK\$7,800,000 was settled in cash. The fair value of the net identifiable assets of the company at the date of acquisition was HK\$6,000,000. The resulting goodwill of HK\$1,800,000 will be amortised on straight-line basis over 3 years.

The assets and liabilities arising from the acquisition are as follows:

|                               | HK\$'000 |
|-------------------------------|----------|
| Fixed assets (Note 10)        | 120      |
| Other assets less liabilities | 5,880    |
| Fair value of net assets      | 6,000    |
| Goodwill (Note 10)            | 1,800    |
| Total purchase consideration  | 7,800    |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall Performance

The first half of 2003 had been tough on the Century Legend Group which engaged in the travel and beauty service industries and operating in a sluggish local economy coupled with the severe acute respiratory syndrome ("SARS") outbreak. Aggregate turnover for the six months ended 30 June 2003 dropped 12% from HK\$28.0 million over the same period last year to HK\$24.7 million. Despite the fallen turnover, the Group recorded profit attributable to shareholders of HK\$1.9 million (2002: net loss of HK\$8.8 million). Earnings per share was HK cent 0.09 compared to a loss of HK cent 0.52 per share in the same period last year.

Net profit earned was solely attributable to gain on disposal in April 2003 of the entire interest in Fortei Licensing Limited ("FLL") which owns all the "FORTEI" trademarks in Hong Kong, Macau, Taiwan and Mainland China for a consideration of RMB10 million. As reported by the Board in our 2002 annual report, the disposal of FLL was to strengthen the financial capabilities of the Group and allow its resources to be focused more efficiently on the core businesses of travel, entertainment and leisure related business.



#### A. *Business segment review*

##### Travel agency

The tour and tour-related operations in Hong Kong and worldwide suffered seriously in the first half of the year as people were overwhelmed with anxiety and fear over the Iraq war and the SARS outbreak. Although turnover in this business sector decreased by 5% from HK\$13.2 million over the same period last year to HK\$12.5 million, a minimal profit of HK\$12,000 was recorded. The interim results of the tour operator was not as bad as the management had anticipated considering the detrimental impact SARS had on the Hong Kong tourist industry in the second quarter of 2003. This could be explained by the switch of many travel agencies from promoting overseas tours to local and Macau tours to compensate for loss in revenues during the period affected by SARS. Being a specialized travel services provider focusing on ferry ticketing, hotel reservation and sales of customized holiday package between Hong Kong and Macau, the Group's tour sector had been able to maintain the segment results positive even though profit margin was pressed downward as a result of price cuts to boost sales.

##### Health and beauty services

Income generated from our health and beauty services declined by 13% to HK\$10.7 million compared to HK\$12.4 million same period last year. Net loss of the segment for the first half of 2003 was HK\$2.1 million showing a slight improvement from the HK\$2.3 million deficits reported for the same period in 2002. During the SARS period, business in this sector was badly hit when the viral SARS epidemic became the city's top concern. Substantial loss for the period was narrowed by undertaking more stringent cost control and internal restructuring schemes for better operating efficiencies. Marketing strategies and plans were also formulated during the period with the timetable laid down for launching as soon as market conditions improved.

##### Money lending

In line with the management intention to diminish the scale of operations in the financial investment activities, interest income generated from money lending reduced by 42% to HK\$1.4 million compared to HK\$2.5 million a year ago. Loans made during the half year were mainly small loans well spread amongst various customers to reduce credit risk against the prevailing high rate of delinquent loans in the financial market. Playing the role of the Group's "internal fund manager", the money lending business benefits the Group by gaining on the differential higher interest income earned from bank deposits.



*B. Liquidity and financial resources*

Disposal of FLL contributed a positive cash flow of HK\$6.1 million to the Group. As at 30 June 2003, the Group held cash and bank deposits aggregated to approximately HK\$49.6 million (31 December 2002 : HK\$42.8 million) all of which was in either Hong Kong Dollars or US Dollars with a stable exchange rate. The management considered no hedging was required as the Group's business focus was in Hong Kong and Macau.

The Group had no borrowing from banks, contingent liability and charge on assets anytime during the period under review.

*C. Material acquisitions/disposals of subsidiaries*

In January 2003, the Group completed the acquisition of 100% equity interest of a stock brokerage firm, Coin Fall Limited which was subsequently renamed as Century Legend Securities Limited ("CLSL"). CLSL is principally engaged in stock broking and acts as an ancillary arm to the money lending business.

Save the disposal of FLL, no other disposal of subsidiaries was made in the first six months of 2003.

*D. Employee and remuneration policy*

As at 30 June 2003, a total of 133 staff was employed with staff costs excluding Directors' emoluments amounted to HK\$5.4 million.

The employee remuneration packages including provident fund and medical benefits currently offered are competitive in the market. Employee remuneration is reviewed and determined by senior management annually based on both employees' individual and Group performance.

The Group has a share option scheme under which Directors may at discretion grant options to Executive Directors and full time employees of the Group to subscribe for shares in the Company. Such share option scheme expired on 15 June 2003 and there was no option outstanding at any time during the period.



### *E. Prospects*

After the SARS epidemic, the Group's tour business has been picking up gradually. July and August being the school's summer holidays is traditionally the peak season for the touring business and sales for the two months so far have reached the target level.

Recently the Hong Kong Government has launched a series of policies to promote tourism in Hong Kong. For instance, commencing 28 July 2003 residents from certain cities of Guangdong province of the PRC are allowed to visit Hong Kong on individual basis. The policy has been extended to residents of five more cities – Beijing, Shanghai, Guanzhou, Shenzhen and Zhuhai starting from 1 September 2003. It is expected the number of tourists visiting Hong Kong and Macau will significantly increase in the latter half year and definitely will have positive effects on the overall tourism industry as well as leisure related business. Such new developments coupled with the opening of Disneyland in Hong Kong and the construction of mega casino and entertainment resorts in Macau being under way all of which combined should benefit the Group's travel agency and health and beauty businesses.

For the remainder of the year, the Group will utilize all its resources to sustain and further develop its core business of travel, entertainment and leisure related services. Evaluation resumed on expansion plans that had been deferred earlier owing to volatility in market conditions. Marketing activities will be strengthened on brand building with the mission of delivering unique, quality and value-added services to our customers.

In future, the management will continue to pursue investment opportunities associated with our core business particularly in the entertainment sector in the perspective of the economic development trend in the Hong Kong and Macau region today. At the same time, the Group will strive to further strengthen and explore the growth potential of existing operations through cost effectiveness, sales improvements and diversification into related business. Looking ahead, the management is cautiously optimistic about business opportunities opening up as a result of the Closer Economic Partnership Agreement signed between the PRC and Hong Kong in June this year and will be equipped to capitalize on opportunities arising.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 30 June 2003, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

| Name                     | Number of shares in the Company beneficially held |                    |                 |                |
|--------------------------|---|--------------------|-----------------|----------------|
|                          | Personal Interest                                 | Corporate Interest | Family Interest | Other Interest |
| Mr. Tsang Chiu Ching     | 960,000   | (notes 1&2)        | –               | –              |
| Mr. Tsang Chiu Mo Samuel | –   | (notes 1&2)        | –               | –              |

Notes:

- 868,389,900 shares ("Sale Shares") were held by Century Legend Limited ("Century Legend"), which is owned as to 5% by Mr. Tsang Chiu Ching and 5% by Mr. Tsang Chiu Mo Samuel respectively.
- On 26 June, 2003, Barmark Investments Limited entered into a conditional sale and purchase agreement with Century Legend, pursuant to which Barmark Investments Limited agreed to acquire 868,389,900 (approximately 42.05% of the existing issued share capital of the Company) Sale Shares at an aggregate consideration of HK\$11,289,068.7 (or HK\$0.013 per Sale Share). Barmark Investments Limited is indirectly beneficially owned as to one-third by each of Mr. Tsang Chiu Mo Samuel, Mr. Tsang Chiu Ching and Ms. Tsang Chiu Yuen Sylvia ("Ms. Tsang"). Ms. Tsang is the sister of Mr. Tsang Chiu Mo Samuel and Mr. Tsang Chiu Ching.

Upon completion, Barmark Investments Limited and the parties acting in concert with it will own, directly or indirectly, approximately 42.10% of the issued share capital of the Company (including the 868,389,900 Sale Shares and the 960,000 Shares beneficially owned by Mr. Tsang Chiu Ching in his personal capacity). Accordingly, Barmark Investments Limited is then obliged under Rule 26 of the Takeovers Code to make a conditional cash offer for all the issued Shares other than those already owned or agreed to be acquired by Barmark Investments Limited and parties acting in concert with it. Somerley Limited, the financial adviser appointed for this transaction, will on behalf of Barmark Investments Limited, make the Offer at HK\$0.013 per Share.

As at the date of this interim report, the sale and purchase agreement has not yet been completed pending fulfillment of all conditions precedent contained in the sale and purchase agreement.



Save as disclosed above, at no time during the period, the Directors and Chief Executives (including their spouse and children under 18 years of age) of the Company had any interest in the share capital of the Company and its associated corporations (within the meaning of the SFO).

At no time during the period was the Company, its subsidiaries, or its holding company a party to any arrangement to enable the Directors and Chief Executives of the Company to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporation.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY**

At 30 June 2003, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and Chief Executives as disclosed above.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### **COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES**

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, save that the Independent Non-Executive Directors were not appointed for a specific term but subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.



### AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed accounts for the six months ended 30 June 2003 with the Directors.

### PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website before the end of August 2003.

By Order of the Board  
**CHU MING TAK EVANS TANIA**  
*Executive Director*

Hong Kong, 25 August 2003