

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited accounts for the year ended 31 December 2000.

Change of name

By a special resolution passed on 28 December 2000, the name of the Company was changed to Century Legend (Holdings) Limited.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 11 to the accounts. An analysis of the Group's turnover and contribution to operating profit for the year by principal activities is set out in note 2 to the accounts.

Results and appropriations

The results for the year are set out in the consolidated profit and loss account on page 16.

The Directors do not recommend the payment of a dividend.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 20 to the accounts.

Donations

Charitable and other donations made by the Group during the year amounted to HK\$55,000.

Fixed assets

Details of the movements in fixed assets of the Group are set out in note 10 to the accounts.

Share capital

Details of the movements in share capital of the Company are set out in note 19 to the accounts.

Distributable reserves

At 31 December 2000, the Company has no reserves available for distribution.

Five year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 40.

Purchase, sale or redemption of shares

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

REPORT OF THE DIRECTORS (cont'd)

Directors

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Chan Yuk Sang

Ms. Chu Ming Tak Evans Tania

(appointed on 2 January 2001)

Mr. Fong Yock Yee

Mr. Tsang Chiu Ching

Mr. Tsang Chiu Mo Samuel

Independent Non-Executive Directors:

Mr. Szeto King Pui Albert

(appointed on 1 January 2000)

Mr. Yu Yun Kong

(appointed on 2 January 2001)

Mr. Yung Chi Hung

(appointed on 1 January 2000

and resigned on 2 January 2001)

In accordance with Bye-law 87 of the Company's Bye-laws, all remaining Directors retire at the forthcoming annual general meeting by rotation and, being eligible, offer themselves for re-election.

Directors' service contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Management profile

Biographical details of the Directors are set out as follows:

Executive Directors

Mr. Chan Yuk Sang, aged 56, is the Chairman and Managing Director of the Group since September 1999. Mr. Chan has over 30 years of experience in banking and finance industry. He is responsible for the strategic planning, corporate development and investment related activities for the Group. Mr. Chan is currently an independent non-executive director of Four Seas Mercantile Holdings Limited – a listed company in the Stock Exchange and a director of China Sky Finance Limited.

Prior to joining the Group, Mr. Chan served as a senior general manager of a local bank until November 1998, a director of a listed company in Hong Kong from 1993 to 1995 and an executive director of a joint Chinese-foreign bank in Shenzhen until 1995.

Management profile (cont'd)

Ms. Chu Ming Tak Evans Tania, aged 43, joined the Group in 1999 and was appointed Executive Director in January 2001. She is responsible for overseeing the Group's financial and investment related activities.

Ms. Chu received her tertiary education in Canada. Prior to joining the Group, she had more than 10 years of experience working in the financial field of various commercial enterprises both in Hong Kong and Canada.

Mr. Fong Yock Yee, aged 74, was appointed Executive Director in September 1999. Mr. Fong has over 40 years of experience in garment industry in both Hong Kong and the PRC. He is responsible in providing consultancy services to the Group regarding the garment business. Mr. Fong is also the director of two garment manufacturing companies, the Honorary Chairman of Hong Kong Tsuen Wan Industries and Commerce Association Limited, a director of Hong Kong Kwun Tong Industries and Commerce Association Limited and a Honorary Citizen of Zhongshan Municipality of the PRC. He was the chairman and is now the Advisory Board Vice-chairman of Yan Chai Hospital.

Mr. Tsang Chiu Ching, aged 25, brother of the Company's Executive Director, Mr. Tsang Chiu Mo Samuel, was appointed Executive Director in September 1999. He is responsible for evaluation and implementation of business development strategies, as well as investment activities. Mr. Tsang is also a director of Century Legend Limited, a substantial shareholder of the Company.

Before joining the Group, Mr. Tsang worked in a finance company responsible for corporate finance functions, direct investments and project financing.

Mr. Tsang Chiu Mo Samuel, aged 28, brother of the Company's Executive Director, Mr. Tsang Chiu Ching, was appointed Executive Director in September 1999. He is responsible for the Group's strategic planning, business development and corporate finance portfolio. Mr. Tsang is a director of Century Legend Limited, a substantial shareholder of the Company as well as a director of China Sky Finance Limited.

Mr. Tsang received his tertiary education in Canada. Prior to joining the Group, he has gained broad experience working with international firms in building construction, hotel management, financing and strategic investment.

Independent Non-Executive Directors

Mr. Szeto King Pui Albert, aged 46, was appointed an Independent Non-Executive Director in January 2000. He is also the Company's secretary.

Mr. Szeto is a qualified solicitor in England and Wales and Hong Kong and a partner of Chiu, Szeto and Cheng Solicitors in Hong Kong.

Mr. Yu Yun Kong, aged 34, was appointed an Independent Non-Executive Director in January 2001.

He is a partner of C. W. Leung & Co., Certified Public Accountants with over 11 years of experience in public accounting practice. Mr. Yu is also an associate member of both the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants.

Directors' interests in contracts

Mr. Szeto King Pui Albert is a partner of Chiu, Szeto & Cheng Solicitors, a firm of solicitors in Hong Kong which provides legal and professional services to the Group and receives normal professional fees for such services.

Save as disclosed above, no contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in equity or debt securities

At 31 December 2000, the interests of the Directors and Chief Executives in the shares, warrants and options of the Company and its associated corporation, as recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") 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	320,000	(note 1)	–	–
Mr. Tsang Chiu Mo Samuel	–	(note 1 and 2)	–	–

Notes:

- 289,463,300 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.
- 204,114,700 shares were deemed to be held by China Sky Finance Limited ("China Sky") by virtue of a Share Charge dated 6 December 1999 made between China Sky as chargee and Century Legend as chargor whereby Century Legend charged to China Sky by way of first fixed charge all of Century Legend's present and future right, title and interest in and to 204,114,700 shares in the Company. China Sky is 100% beneficially owned by Mr. Tsang Chiu Mo Samuel. Both Mr. Chan Yuk Sang and Mr. Tsang Chiu Mo Samuel are directors of China Sky.

Save as disclosed above and the holding of certain nominees shares in trustee for the Group, none of the Directors and Chief Executives of the Company or their associates had any interest in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance as at 31 December 2000.

At no time during the year was the Company, its subsidiaries or its holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial shareholders

At 31 December 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than those of Century Legend Limited and China Sky Finance Limited as disclosed above.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major customers and suppliers

The five major customers and suppliers of the Group were attributable to the money lending business and travel agency business respectively. The percentage of the turnover and purchases attributable to the Group's major customers and suppliers are as follows:

Turnover	
– the largest customer	45%
– five largest customers combined	87%
Purchases	
– the largest supplier	98%
– five largest suppliers combined	100%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers and suppliers noted above.

Compliance with the Code of Best Practice of the Listing Rules

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing The Listing of Securities on the Stock Exchange (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 written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's Auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness both of the external audit and of internal controls and risk evaluation. The Committee comprises two Independent Non-Executive Directors, namely Mr. Szeto King Pui Albert and Mr. Yu Yun Kong.

Directors' interest in competing business

Set out below is information disclosed pursuant to paragraph 8.10(2) of the Listing Rules:-

Mr. Chan Yuk Sang and Mr. Tsang Chiu Mo Samuel are the directors of China Sky Finance Limited ("China Sky"). Mr. Tsang Chiu Mo Samuel is the beneficial owner of China Sky. The provision of personal and commercial loan service of China Sky constitutes a competing business to the Group.

Subsequent event

Details of a significant subsequent event are set out in note 24 to the accounts.

Auditors

Deloitte Touche Tohmatsu resigned as auditors of the Group on 29 June 1998. Coopers & Lybrand were then appointed to fill the casual vacancy and remained as the Group's auditors since then. In October 1998, Coopers & Lybrand, merged their practice with Price Waterhouse and now practise in the name of PricewaterhouseCoopers. Apart from this, there were no changes in the auditors of the Group in any of the preceding three years.

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On Behalf of the Board
Chan Yuk Sang
Chairman

Hong Kong, 9 April 2001