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 (formerly "Dragonfield Holdings Limited") (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2001.

FINANCIAL RESULTS

The effort of the Group's management in streamlining the Group's operation and improving its performance was awarded with return this year. For the year ended 31 March 2001, the Group managed to turn around its operating loss situation and achieved a profit from operating activities in the amount of HK$2.5 million, as compared to a loss from operating activities of HK$59 million in previous year. Net profit attributable to shareholders amounted to HK$0.73 million, a significant improvement as compared to the loss of HK$68.7 million incurred in the corresponding year of 2000.

DIVIDEND

No interim dividend was paid for the year ended 31 March 2001 and the Directors do not recommend the payment of a final dividend.

REVIEW OF OPERATIONS, MANAGEMENT ANALYSIS AND DISCUSSION

Business Review

During the year under review, the Group's leather garment and fur and leather trading businesses were both maintained at a condensed scale due to shortage of banking facilities and the management's cautiousness on the market situation. As a result, the turnover of the Group only amounted of HK$43 million this year, representing a decrease of 37% as compared to last year. This decrease was in line with Group's emphasis on the careful selection of customers with good credit rating, concentration on wholesale business and reducing sales to retail customers and closures of marketing offices and the leather garment manufacturing units. Furthermore, the Group continued to implement cost cutting measures to minimize administrative costs such as imposing stringent control on entertainment expenses and to lay off redundant employees with a view to increase its long term competitiveness.

As mentioned in our interim report, the Directors intend to explore other business opportunities that could enhance the Group's future performance and return to shareholders. In August 2000, the Company has acquired from a company owned by myself a 12.6% attributable interest in a power plant (the "Power Plant") which is located in the Fujian Province, the PRC. The performance of the Power Plant during the year ended 31 December 2000 was in line with the Directors' expectation and contributed a dividend income of approximately HK$2.02 million to our Group's result this year.

CHAIRMAN'S STATEMENT

In March 2001, the Group made a strategic investment in Luen Tai Group Limited ("LTG"), which was subsequently listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in April 2001. The Group's cost of investment in LTG is approximately HK$14 million, representing 7% interest in LTG at the time of its listing on the Stock Exchange. LTG is engaged in the manufacture and sales of polyurethane foam ("PU") and distribution of PU materials. PU is a large group of chemical used in the production of cushions and carpet backings. The Directors believe that the LTG has good long term prospect and will bring positive contribution to the Group.

Capital Structure, Liquidity and Financial Resources

For the purpose to enlarge its capital base and improve its financial position, the Company has issued an aggregate of 2,590 million new shares of the Company during the year pursuant to two rights issues, which were completed in April and November 2000 respectively. As at 31 March 2001, the net asset value of the Group amounted to HK$112.8 million, an increase of 6 times as compared to HK$15.1 million at 31 March 2000. An aggregate net amount of about HK$99.6 million was raised from the rights issues and was mostly applied to reduce the Group's bank and other borrowings. As a result, the Group's total bank and other borrowings were substantially reduced from approximately HK$87 million as at 31 March 2000 to approximately HK$16.3 million as at 31 March 2001. The Group's gearing ratio, as a ratio of long term liabilities to shareholders' funds, as at 31 March 2001 was 9.2%, showing a remarkable improvement from the 437.9% of last year.

As at 31 March 2001, the Group had banking facilities of approximately HK$21.5 million comprising term loans of approximately HK$16 million and unutilized bank overdraft of HK$5.5 million, which were guaranteed by the Company and secured by the Group's investment properties with carrying value of approximately HK$7.7 million.

The Group's bank borrowings were denominated in Hong Kong dollars. Out of the total term loans of approximately HK$16 million, only HK$5 million is repayable within one year. The interest rate of these are fixed by reference to the Hong Kong Dollars Prime rate.

The Directors consider it to be important for the Group to enhance its financial position by raising new capital so that it can derive additional financial resources to pursue new investment opportunities, which would contribute to the future growth and development of the Group. Therefore, the Group pursued the following transactions to further enlarge its capital base subsequent to 31 March 2001:

(a) On 18 April 2001, the Company announced to issue not less than 3,108,000,000 but not more than 3,415,482,857 new shares of the Company to qualifying shareholders at a subscription price of HK$0.025 per share by way of an open offer (the "Open Offer"). The Open Offer was completed on 18 June 2001 and the net proceeds of the Open Offer, amounted to approximately HK$78 million, will be used for funding the Group's future investment opportunities and as general working capital of the Group.

(b) On 5 June 2001, Century Enterprise Investments Inc. ("CEI"), the single largest shareholder of the Company, entered into an agreement to place out 600 million shares (the "Placed Shares") of the Company to an independent third party at HK$0.025 per share. On the same date, CEI entered into an agreement to subscribe for 600 million new shares of the Company at HK$0.025 per share (the "Subscription"). The Placed Shares represented about 8.8% of the enlarged issued share capital of the Company after the Subscription. The Subscription was completed on 18 June 2001 and the net proceeds of approximately HK$14.8 million raised from the Subscription will be used for funding future possible investment opportunities and as general working capital of the Group.

(c) On 19 June 2001, CEI entered into an agreement to place out another 600 million shares (the "Second Placed Shares") of the Company to another independent third party at HK$0.04 per share. On the same date, CEI entered into an agreement to subscribe for 600 million new shares of the Company at HK$0.04 per share (the "Second Subscription"). The Second Placed Shares represented about 8.09% of the enlarged issued share capital of the Company after the Second Subscription. The Second Subscription was completed on 29 June 2001 and the net proceeds of approximately HK$23.8 million raised from the Second Subscription will be used for funding future possible investment opportunities and as general working capital of the Group.

After the above series of capital expansion exercises, the net asset value of the Group was increased to approximately HK$229 million as at 15 July 2001.

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 a much-improved financial condition, the Group is now in a better position to crystallize on new investment projects should suitable investment opportunities arise.

To leverage on its established customers network in garment industry and to expand its product range, the Group acquired a 51% interest of a casual garment trading company in Hong Kong at a consideration of approximately HK$1 million in April 2001.

To further strengthen its profitability and income base, the Group entered into an agreement on 3 July 2001 to acquire from a company owned by myself a further 27% attributable interest in the Power Plant for a total cash consideration of HK$90 million (the "Acquisition"). The Acquisition constituted a connected and disclosable transaction in accordance with the Listing Rules of the Stock Exchange and is subject to the approval by the Company's independent shareholders in a special general meeting to be held. Upon completion of the Acquisition, the Group will own an attributable interest of 39.6% in the Power Plant and the Power Plant will become an associate of the Group and its result will be equity-accounted for in the future income statement of the Group.

CHAIRMAN'S STATEMENT

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2001, the Group had a total of 19 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 incentives. During the year, the Company granted a total of 310,428,571 share options to certain directors and full-time employees of the Company, pursuant to the Company's share option scheme.

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
27 July 2001