

CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders the annual report of Century Legend (Holdings) Limited ("Company") for the year ended 31 December 2001.

GROUP RESULTS

The audited consolidated turnover of the Company and its subsidiaries ("Group") for the year ended 31 December 2001 amounted to HK\$21,330,000 (2000: HK\$3,362,000), and the loss attributable to shareholders amounted to HK\$24,511,000 (2000: HK\$8,234,000 as restated).

The loss came about as a result of the Group's prudent policy on accounting and was due mainly to the following three reasons: the amortisation of goodwill over a period of three (3) years and increase of staff related cost following acquisition of Headquarters Limited and Spa D'or Limited in 2001; provisions on investment in securities; and operating expenses on account of expansion of office as well as capital expenditures on office modernisation and shop renovation.

REVIEW AND OUTLOOK

The past year witnessed further consolidation and diversification of the Group. Like all the other companies in the region, we were similarly affected by the economic downturn prevailing in the past year, in particular the effects of the tragic events which occurred on 11 September 2001 in New York. Despite the overall economic climate, the Group was able to make progress in the following areas.

The licensing arrangement in respect of the "FORTEI" trademark between the Group and Land-Feed (Holdings) Limited was beginning to see results. The number of sales outlets in Mainland China was increasing steadily and turnover was also on the rise. Apart from the annual licence fees which the Group is entitled to be paid, the Group shall be able to draw more income once the volume of turnover achieves certain designated levels.

Business of the tour operator which the Group acquired last year was growing rapidly and as such has provided the Group with a larger foothold in the rapidly expanding tourist business brought in by the increasing number of Mainland Chinese and overseas visitors.

Following the relaxation of travel restrictions of Mainland Chinese to Hong Kong in January 2002, it is envisaged that the number of Mainland Chinese visitors to Hong Kong will increase significantly and this will have a positive impact on the business of the tour operator. The Group is also actively seeking tourism related business opportunities in different parts of Mainland China.

It is further envisaged that following the opening of the gambling monopoly in Macau and the plans of the new gambling licensees in Macau to develop the entertainment and tourism businesses in Macau, the Group's tour operation will benefit as more and more tourists from all over the world will visit Macau and Hong Kong as well.

During the past financial year, the Group acquired a hair-salon under the famous brand name of "Headquarters" and also a health and beauty business (Spa D'or). These acquisitions will strengthen the Group's development in the entertainment and leisure sector and will also enhance the earning capacity of the Group.

CHAIRMAN'S STATEMENT (cont'd)

On a different front, the Group had secured the exclusive distribution rights in South-east Asia in respect of a range of foods and confectioneries produced by a manufacturer in Mainland China. To maximise sales in Hong Kong, the Group has appointed one of a leading local food distributors as general distributor in Hong Kong. The directors believe that the potential for further development in this area is substantial.

The Group will continue to explore new opportunities for growth and investment with a view to broadening its earning capacity from the new opportunities available while enhancing the profitability of the existing business.

APPRECIATION

I would like to take this opportunity to express my sincere thanks to all the shareholders and business partners of the Company for their support. My gratitude also goes to my fellow Directors and all staff of the Group for their invaluable contributions during the year. I also look forward to their continue support which is essential to enable us to turn future challenges into opportunities and to maintain profitable growth for the Group.

By Order of the Board

Chan Yuk Sang

Chairman

Hong Kong, 25 April 2002