

Report of the Directors

The directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

CHANGE OF COMPANY NAME

By a special resolution passed at the extraordinary general meeting of the Company on 18 July 2002, the name of the Company was changed from “Fourseas.com Limited” to “Shanghai Century Holdings Limited”. The Chinese name of the Company, for identification purpose only, was changed from “四海互聯網有限公司” to “上海世紀控股有限公司” on 22 July 2002.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in the sale of air tickets and the provision of other travel related services (“Travel Business”). The Group also entered into property development businesses during the year, details of which are set out in note 29(c) & (d) to the financial statement. The activities of its principal subsidiaries are set out in note 34 to the financial statements.

Pursuant to a financial restructuring completed during the year, the Group disposed of its entire interest in certain subsidiaries engaged in Travel Business to Full Sino Profits Limited (“Full Sino”), a substantial shareholder of these subsidiaries, for a consideration of HK\$8,000,000 which are set out in note 23 and note 29(b) to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended December 31, 2002 and the states of affairs of the Company and the Group at that date are set out in the financial statements on page 17 to 47.

No dividends have been paid or declared by the Company during the year and the Directors do not recommend the payment of a final dividend in respect of the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the statement of changes in equity on page 20.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in note 12 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital during the year of the Company are set out in note 20 to the financial statements.

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DIRECTORS

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

Executive directors

Mr He Xuechu	(resigned on 22 April 2003)
Mr Dai Zhi Kang	(appointed on 11 March 2002)
Mr Ku Wai Kwan	(resigned on 19 November 2002)
Mr Wong Hing Kwok	(resigned on 20 June 2002)
Mr Zhou Teng	(resigned on 20 June 2002)

Independent non-executive directors

Mr Hui King Wai	(appointed on 19 September 2002)
Mr Lo Mun Lam, Raymond	(appointed on 19 September 2002)
Mr Chan Wai Dune	(resigned on 20 August 2002)
Mr Goh Gen Cheung	(resigned on 1 September 2002)

In accordance with clauses 87(1) and 169 of the Company's Bye-Laws, all remaining directors will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 31 December 2002, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of Director	Personal interests	Family interests	Corporate interests	Other interests
Mr. He Xuechu	10,000,000	–	1,600,000,000 (note 1)	–
Mr. Dai Zhi Kang	–	–	1,600,000,000 (note 2)	–

Notes:

1. This represents the interest held by Giant Glory Assets Limited, a company owned as to 50% by Mr. He Xuechu.
2. This represents the interest held by Giant Glory Assets Limited, a company owned as to 50% by Mr. Dai Zhi Kang.

Other than as disclosed above, and the post balance sheet event set out in note 33 to the financial statements, none of the directors, chief executives nor their associates had any interests in any securities of the Company or any of its associated corporations.

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SHARE OPTIONS

On 23 August 2001, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has announced amendments to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in respect of share option schemes, which has come into effect on 1 September 2001. In compliance with the amendments to the Listing Rules and the announcement of the Stock Exchange, the Company has terminated the share option scheme adopted on 8 October 1992 (the “Old Share Option Scheme”) and adopted a new share option scheme on 18 July 2002 (the “New Share Option Scheme”).

Pursuant to the amendments to the Listing Rules, no further options will be granted under the Old Share Option Scheme but in other respects, the provisions of the Old Share Option Scheme remain in force and all options granted prior to 1 September 2001, if any, continue to be and exercisable in accordance therewith. At the date of this report, no share options have been offered and/or granted to any participants under the New Share Option Scheme, which are set out in note 20 to the financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the New Share Option Scheme as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements 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 and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

Except as disclosed in note 29 to the financial statements no contracts of significance, to which the Company or any of its subsidiaries 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.

CONNECTED TRANSACTIONS

During the year, the Group entered into certain related party transactions which also constitute connected transactions under the Listing Rules. Details of these transactions are set out in note 29 to the financial statements.

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SUBSTANTIAL SHAREHOLDERS

As at 31 December 2002, shareholders holding shares representing over 10% or more of the Company's issued capital as recorded in the register of substantial shareholder's interest maintained by the Company pursuant to provision of Section 16(1) of the Securities (Disclosure of Interests) Ordinance are as follows:

Name of shareholder	Number of Ordinary shares
Giant Glory Assets Limited	1,600,000,000
Mr He Xuechu	1,610,000,000 (note 1)
Mr Dai Zhi Kang	1,600,000,000 (note 2)
Peak Smart Holdings Limited	1,000,000,000
Mr Yang Yonggen	1,000,000,000 (note 3)

Notes:

1. The interest disclosed herein being the corporate interests as referred to the section headed "Directors' and Chief Executives' Interest in Securities" above and the personal interest of Mr He Xuechu.
2. The interest disclosed herein being the corporate interests of Mr Dai Zhi Kang as referred to the section headed "Directors' and Chief Executives' Interest in Securities" above.
3. These shares are held by Peak Smart Holdings Limited, a company which is 100% owned by Mr Yang Yonggen.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers were less than 12% of the Group's total sales for the year.

During the year, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 36% and 64%, respectively, of the Group's total purchases for the year.

None of the directors of the Company, their associates or any shareholders (which to the knowledge of the directors owned more than 5% of the Company's issued share capital) has any interest in the Company's five largest suppliers.

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CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2002 with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 of the Listing Rules.

POST BALANCE SHEET EVENT

Details of the significant event occurring after the balance sheet date are set out in note 33 to the financial statements.

AUDITORS

During the year, Deloitte Touche Tohmatsu resigned and KLL Associates CPA Limited were appointed as auditors of the Company.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint KLL Associates CPA Limited as auditors.

On behalf of the Board

Dai Zhi Kang

Chairman

23 April 2003