

CHAIRMAN'S LETTER

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TO THE SHAREHOLDERS OF CENTURY LEGEND (HOLDINGS) LIMITED

The year 2003 has been a challenging year for the Group. Owing to the outbreak of severe acute respiratory syndrome ("SARS") and the war in Iraq in 2003, we saw great economic and political instabilities around the world, leading to uncertainties in the global investment environment including of course, the Hong Kong and Macau region which the Group based in. However despite the unfavorable market condition, the management has undertaken the expansion strategies as planned before. The Group is well-poised to focus on the core businesses and is ready to embark on further expansion. This will enable the Group to capture the uprising opportunities once the global economy recovers.

At present, core businesses of the Group are segregated into two major areas:

- (1) Travel and gaming related businesses, and
- (2) Health and beauty services business

Travel and Gaming Related Businesses

Macau has achieved social stability following the handover in 1999 with an increasing number of visitor arrivals. With the granting of gaming licenses to three reputable concessionaires including SJM, Wynn Resorts and Galaxy & Venetian Consortium, the Macau Government is determined to turn the territory into a world-class tourism, gaming and entertainment destination. The completion of the new mega-luxurious Las Vegas type of casinos, entertainment, resort and other ancillary facilities by the three concessionaires will bring positive and significant impact to the gaming industry as well as the economy of Macau by attracting more visitors and investments from all over the world. The Group believes that Macau will eventually become the leader and driver of the gaming industry in the Asia Pacific region.

Macau's gaming industry comprises of three major tiers of operations, namely (i) Casino Operators, (ii) Gaming Intermediaries and (iii) Gaming Intermediaries Cooperators. The Group had participated in the bidding process for a gaming license to operate in the first tier of the market segment in 2001-2002. Unfortunately the consortium formed by the Group and other parties ranked only seventh and was not chosen at the end. However precious experience and in-depth understanding of the whole industry accumulated from the bidding process. The management concludes that the second and the third tier of operation are also important components of the gaming industry and should never be ignored. Its profitability and growth opportunity are attractive and materially comparable to other participants of the industry. It is definitely worthwhile for the Group to consider investments in these sectors. As time is always an essence of any successful investment and we believe that if we can act ahead of others, the market would inevitably give us a first mover advantage to become a key player in the gaming intermediaries and gaming intermediaries cooperators sectors.

Based on the favorable factors and consideration aforesaid, the Group is determined to take advantage of the said investment opportunities. As a result a wholly-owned subsidiary, Hong Kong Macau Junket Investments Limited (“HKMJIL”) was set up by the Group in 2003. HKMJIL focuses on investments in the gaming intermediaries sector and had acquired 5% interest in each of the Diamond Hall Syndicate and Diamond Entertainment Hall Syndicate in Macau at year end of 2003. Upon the disclosure of the acquisition, media, general public and other relevant parties in the gaming industry claimed that the Company was the first listed company in Hong Kong to have investments in the Macau's gaming intermediaries business. HKMJIL strategically increased its interests in both syndicates to 15% in February 2004. The management is actively looking for other investment opportunities and is optimistic that such investments will bring stable and significant contributions to the Group in the future.

As the reaction of the market regarding the investment in the two syndicates was very positive, HKMJIL took the chance and issued HK\$45 million worth of convertible notes to independent third parties in January 2004. Funds raised from the issue strengthened the financial capability of HKMJIL as well as the Group and enable the Group to execute further acquisition in the gaming intermediaries sector when opportunities arises. On the other hand Hong Kong Macau Travel Limited (“HKMTL”) has continued to achieve steady contribution to the Group for the last three consecutive years irrespective of the negative market conditions during the period. Moreover as gaming intermediaries cooperators sector is another targeted investment area of the Group and its operation nature is similar to the business of HKMTL, HKMTL has started actively to look for investment opportunities. The management is confident that HKMTL will start its participation in the sector by the end of June 2004.

Health and Beauty Services Business

Another core business of the Group – the health and beauty services division is dedicated to offer comprehensive hair care, beauty and health services as well as related products to the stylish crowd.

Our premium hair salon, Headquarters, with some of the most influential creative directors and hairstylists in town, has gained widespread popularity and is one of the major trendsetters for the younger and stylish generation. Building on the concrete reputation of Headquarters and its potential growth in the market share, the management has planned to open a 7,000 sq. ft. mega flagship store in the heart of Central this year. The soft opening of the flagship store is expected to take place in July with the official launching in August 2004. The flagship store will increase the revenue and hence the profitability of the health and beauty services division. Moreover the flagship store will also help to strengthen the brand of Headquarters and guarantees its continuous growth.

Meanwhile as Spa D'or is still a new brand to the community, the Group will continue to put in resources on establishing a stronger branding for Spa D'or in order to increase its market reach and broaden its client base.

In line with the management intention to reform the composition as well as to improve the quality of the division's revenue and profit, the division will gradually transform its business focus from “service-oriented” to “service-driven and product-oriented” in the health and beauty services sector. The transformation will enable the division to deliver alternate and value-added services to the consumers. Moreover it will create new income stream and stabilizing the cash inflow for the division in the long run.

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Prospects

Looking forward, the tourism industry in Hong Kong and Macau region is expected to gain huge momentum, attributable to the lifting of travel restriction on individual travelers from China. Coupled with the foreseeable completion of several significant projects in the region such as the Walt Disney Theme Park in Hong Kong, mega-luxurious Las Vegas type of casinos, entertainment, resort and other ancillary facilities in Macau, significant mass will be added to the tourism industry and its momentum will be further accelerated. The in-pull driving force will be tremendous and more visitors as well as investors will be attracted to the region. Moreover as more flexible currency control procedures are introduced, which allows the travelers to bring in more money to Hong Kong and Macau, this will increase the travelers spending power and consumption in the region. Dealing in Renminbi ("RMB") related businesses by local banks, especially the RMB credit card business, are expected to be executed in the near future and this will further stimulate the retail market as travelers from Mainland China are already the major streams of visitors in the region nowadays.

Meanwhile as the construction of HK-Zhuhai-Macau Bridge has been approved, Hong Kong and Macau will be more closely connected and the region will be further integrated. "Complementation but not Competition" rationale should be adopted and the two places should make use of its existing advantages to complement each other in order to maximize the potential synergy hidden behind. This will create a "win-win" situation for the two places and the region should be eventually emerged as one of the world's leading travel and gaming destinations.

All of these are favorable and value added ingredients to the current core businesses of the Group. The management is confident that the Group is capable and is in good shape to capture the upcoming opportunities as mentioned above.

Travel, entertainment and leisure related business is the main focus of the Group after re-alignment of core business in 2001. As absolute focus in core businesses is extremely important to the Group for being a small and medium enterprise ("SME"), the Group has made continuous efforts to fortify its core businesses during the period. It has successfully launched a series of business expansions and as a result the core business of the Group is more concentrated and segregated into the two areas: (i) travel and gaming related business and (ii) health and beauty services by the end of 2003. Furthermore, dedicated, effective and professional management team is another key to success for SME. Thus continue management team enhancement is another major policy of the Group. The management will firmly continue these two strategies and allocate the Group's resources into the major areas accordingly.

Thanks to all of the shareholders, convertible note holders, business partners and our fellow colleagues of the Group for their continue support and appreciation and I wish them all the best in 2004.

With my warmest regards

TSANG Chiu Mo Samuel

Executive Chairman

Hong Kong, 23 April 2004

