

The directors present the audited financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31st March, 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out in note 14 to the financial statements.

Analysis of the turnover and contribution to the (loss)/profit from ordinary activities before taxation in respect of each activity and their geographical analysis are set out in note 2 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31st March, 2001 and the state of the Company’s and the Group’s affairs at that date are set out in the financial statements on page 31 to page 83.

The directors propose to declare a final dividend of 1.0 HK cent per share (2000: 1.0 HK cent per share) payable on or before 14th September, 2001 to shareholders whose names appear on the Company’s register of members on 24th August, 2001. No interim dividend has been declared in respect of the current financial year (2000: 1.0 HK cent per share). Total dividend for the year amounted to 1.0 HK cent per share (2000: 2.0 HK cents per share).

SUBSIDIARIES

Particulars regarding the principal subsidiaries of the Company are set out in note 14 to the financial statements.

RESERVES

Movements in reserves during the year are set out in note 27 to the financial statements.

FIXED ASSETS

Movements in fixed assets during the year are set out in notes 11 and 12 to the financial statements.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Particulars of investment properties, land and buildings for own use, properties held for sale and properties held for/under development held by the Group are set out on page 84 to page 87.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Movements in share capital, warrants and share options during the year are set out in notes 25 and 26 to the financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to HK\$3,571,945 (2000: HK\$2,178,713).

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in Bermuda being the jurisdiction in which the Company is incorporated.

GROUP FINANCIAL STATEMENTS SUMMARY

A summary of the results, assets and liabilities of the Group for the five years ended 31st March, 2001 is shown on page 88.

DIRECTORS

The directors of the Company during the year and up to the date of this report are as follows:

Dr. Hwang Jen

Mr. Chan Sheung Chiu

Miss Ann Li Mee Sum

Mr. Lee Sai Wai

Mr. Tang Wing Lun

Mr. Sunny Pang Chun Kit

Mr. Chu Ka Kim

Mr. David Chu Yu Lin

Mr. George Tsutsumi

In accordance with the Company's Bye-laws, Dr. Hwang Jen, Mr. Lee Sai Wai and Mr. Sunny Pang Chun Kit will retire from the board by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme adopted by the Company as disclosed in note 26 to the financial statements, at no time during the year was the Company, any of its holding companies or its subsidiaries and fellow 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.

DIRECTORS' INTERESTS

As at 31st March, 2001, the interests of the directors of the Company in the securities of the Company and its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)) as recorded in the register kept by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of director	Number of shares in the Company			Total
	Personal interests	Corporate interests	Other interests	
Dr. Hwang Jen	523,923	—	—	523,923
Mr. Chan Sheung Chiu	4,000,000	—	—	4,000,000
Mr. Lee Sai Wai	1,600,000	—	—	1,600,000
Mr. Sunny Pang Chun Kit	500,000	—	—	500,000

As at 31st March, 2001, each of Mr. Chan Sheung Chiu and Mr. Lee Sai Wai was deemed to be interested in 162,332,624 shares in Chuang’s Consortium International Limited (“CCIL”) by reason of their spouses being discretionary objects under a discretionary trust which held such shares.

As at 31st March, 2001, each of Mr. Chan Sheung Chiu and Mr. Lee Sai Wai was interested in 723,224 shares in CCIL.

As at 31st March, 2001, the interests of the directors of the Company under share options entitling them to subscribe for shares in the Company under the share option scheme (“Share Option Scheme”) were as follows:

Name of director	Number of shares subject to options exercisable under the Share Option Scheme
Mr. Chan Sheung Chiu	6,000,000
Miss Ann Li Mee Sum	9,000,000
Mr. Lee Sai Wai	2,400,000
Mr. Tang Wing Lun	1,500,000
Mr. Sunny Pang Chun Kit	1,500,000

During the year, none of the directors of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations.

Save as disclosed herein, as at 31st March, 2001, there was no other interest or right recorded in the register required to be kept under Section 29 of the SDI Ordinance or otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

There was no contract of significance in relation to the Company’s business to which the Company or any of its subsidiaries was a party and in which a director had, whether directly or indirectly, a material interest subsisting at the end of the year or at any time during the year.

None of the directors has any service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2001, the followings were substantial shareholders holding 10% or more of the issued share capital of the Company as recorded in the Company's register kept under Section 16(1) of the SDI Ordinance:

	Number of shares
CCIL	545,645,645 (<i>Note</i>)
Profit Stability Investments Limited	538,077,645

Note: Interests by attribution under Section 8 of the SDI Ordinance through Profit Stability Investments Limited, a wholly-owned subsidiary of CCIL, and an indirect wholly-owned subsidiary of CCIL.

Save as disclosed herein, the directors are not aware of any other persons who, as at 31st March, 2001, were directly or indirectly beneficially interested in 10% or more of the issued share capital of the Company.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

There was no contract of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries at the balance sheet date or at any time during the year and up to the date of this report.

GROUP BORROWINGS AND INTEREST CAPITALISED

Bank loan of the Group is set out in note 23 to the financial statements. Interest capitalised by the Group during the year in respect of properties held for/under development amounted to HK\$3,572,337 (2000: HK\$Nil).

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

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

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest suppliers and customers accounted for less than 30% of the total purchases and turnover of the Group. None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's issued share capital) has interest in any of the Group's five largest suppliers and customers.

PENSION SCHEME

The Group operates a defined contribution pension scheme (the "Scheme") for all eligible employees. The benefits of the Scheme are funded by 5% contribution by employees and 5% contribution by the Group which contributions are based on the monthly salaries of employees. The Group's contribution will be increased to 7.5% after the relevant employees joining the Scheme for 10 years.

The employees are entitled to the full benefit of the Group's contributions and accrued interest after joining the Scheme for 10 years, or at a reduced scale of between 30% and 90% after joining the Scheme from 3 to 9 years. The Group may utilise the forfeited contributions to reduce its future contributions.

The total amount, net of forfeited contributions of HK\$7,543, contributed by the Group to the Scheme for the year ended 31st March, 2001 was HK\$856,510 and was charged to the income statement for the year.

As at 31st March, 2001, there is no remaining amount of forfeited contributions which may be used to reduce the Group's future contributions.

CORPORATE GOVERNANCE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year except that the non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The board of directors has established an audit committee ("Audit Committee") with reference to the Guide for The Formation of An Audit Committee issued by the Hong Kong Society of Accountants in December 1997 and appointed Dr. Hwang Jen and Mr. David Chu Yu Lin, both independent non-executive directors of the Company, as members of the Audit Committee. Members of the Audit Committee have met in accordance with the relevant requirements.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events of the Group are set out in note 34 to the financial statements.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs. Moores Rowland as auditors of the Company.

On behalf of the board of

China Cyberworld Limited

Dr. Hwang Jen

Chairman

Hong Kong, 13th July, 2001