



Chuang's Consortium International Limited
(莊士機構國際有限公司)

(incorporated in Bermuda with limited liability)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED
30TH SEPTEMBER, 2002

RESULTS

The board of directors of Chuang's Consortium International Limited (the "Company") presents the interim report including the condensed accounts of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2002. The consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity for the six months ended 30th September, 2002 together with their comparative figures for the corresponding period in the previous year and the consolidated balance sheet as at 30th September, 2002 together with the comparative figures as at 31st March, 2002 of the Group, all of which are condensed, along with selected explanatory notes, are set out on pages 1 to 15 of this report.

Condensed Consolidated Profit and Loss Account

For the six months ended 30th September, 2002

		Unaudited	
		Six months ended	
		30th September,	
		2002	2001
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	147,992	271,703
Cost of sales		(97,134)	(205,760)
Gross profit		50,858	65,943
Other revenue		5,471	13,405
Other income		7,346	5,414
Selling and distribution costs		(4,437)	(3,265)
Administrative expenses		(39,880)	(43,455)
Other operating expenses		(14,496)	(31,737)
Operating profit	3	4,862	6,305
Finance costs		(19,504)	(37,206)
Share of results of associated companies		2,577	769
Loss before taxation		(12,065)	(30,132)
Taxation	4	(537)	(998)
Loss after taxation		(12,602)	(31,130)
Minority interests		3,446	4,387
Loss attributable to shareholders		(9,156)	(26,743)
Transfer to statutory reserve		(6)	(17)
Interim dividend		–	–
Loss per share – basic	5	HK (0.69) cent	HK (2.01) cents

Condensed Consolidated Balance Sheet

As at 30th September, 2002

		Unaudited 30th September, 2002	Audited 31st March, 2002
	Note	HK\$'000	HK\$'000
Non-current assets			
Fixed assets	6	2,682,439	2,667,670
Properties held for/under development		1,175,060	1,175,056
Interests in associated companies		337,316	342,531
Investment securities		5,445	5,445
		<u>4,200,260</u>	<u>4,190,702</u>
Current assets			
Properties under development for sale		296,299	396,759
Properties held for sale		118,416	32,486
Inventories		24,870	22,427
Trade receivables	7	55,738	38,444
Deposits and prepayments		31,060	26,389
Stakeholders' accounts		24,856	16,514
Tax recoverable		912	616
Other investments		9,919	2,728
Bank balances and cash		544,069	640,353
		<u>1,106,139</u>	<u>1,176,716</u>
Current liabilities			
Trade payables	8	21,935	22,207
Deposits and accruals		89,524	80,459
Provisions	9	21,141	23,250
Current portion of long term liabilities	10	237,150	77,293
Provision for taxation		16,367	16,684
		<u>386,117</u>	<u>219,893</u>
Net current assets		<u>720,022</u>	<u>956,823</u>
Total assets less current liabilities		<u>4,920,282</u>	<u>5,147,525</u>

Condensed Consolidated Balance Sheet (Continued)*As at 30th September, 2002*

		Unaudited	Audited
		30th September,	31st March,
		2002	2002
	<i>Note</i>	HK\$'000	HK\$'000
Financed by:			
Share capital	<i>11</i>	332,002	332,002
Reserves		2,692,620	2,698,089
Proposed dividend		<u>—</u>	<u>6,640</u>
Shareholders' funds		<u>3,024,622</u>	<u>3,036,731</u>
Minority interests		<u>845,566</u>	<u>852,939</u>
Non-current liabilities			
Provisions	<i>9</i>	30,994	30,994
Long term liabilities	<i>10</i>	1,018,078	1,225,875
Deferred taxation		<u>1,022</u>	<u>986</u>
		<u>1,050,094</u>	<u>1,257,855</u>
		<u>4,920,282</u>	<u>5,147,525</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30th September, 2002

	Unaudited	
	Six months ended	
	30th September,	
	2002	2001
	HK\$'000	HK\$'000
Net cash (used in)/from operating activities	(5,590)	106,251
Net cash used in investing activities	(3,416)	(6,031)
Net cash (used in)/from financing activities	(81,670)	1,755
	<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents	(90,676)	101,975
Cash and cash equivalents at the beginning of the period	622,222	609,071
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	531,546	711,046
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	544,069	728,279
Bank deposits with maturity after three months from dates of placements	(12,523)	(15,607)
Bank overdrafts	–	(1,626)
	<hr/>	<hr/>
	531,546	711,046
	<hr/>	<hr/>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2002

	Unaudited	
	Six months ended	
	30th September,	
	2002	2001
	HK\$'000	HK\$'000
At the beginning of the period	3,036,731	3,120,896
Exchange differences arising on translation of the accounts of subsidiaries and associated companies	3,691	828
Share of capital reserve movement of a subsidiary	(4)	5
Realised capital reserve upon deemed partial disposal of a subsidiary	–	(30,894)
Realised goodwill on deemed partial disposal of an associated company	–	2,289
Loss attributable to shareholders	(9,156)	(26,743)
Dividend	(6,640)	(6,640)
At the end of the period	<u>3,024,622</u>	<u>3,059,741</u>

Notes:

1. Principal accounting policies

The unaudited condensed interim accounts have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 (revised), “Interim financial reporting”, issued by the Hong Kong Society of Accountants (the “HKSA”) and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2002 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January, 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 15 (revised):	Cash flow statements
SSAP 25 (revised):	Interim financial reporting
SSAP 34:	Employee benefits

The adoption of these new or revised accounting standards did not have material impact to the interim accounts for the six months ended 30th September, 2002 except for the reclassification of the condensed consolidated cash flow statement into operating, investing and financing activities and the presentation of condensed consolidated statement of changes in equity.

2. Turnover and segmental information

The Group is principally engaged in property investment and development, securities investments and trading, manufacturing and sales of watch components, bonded polyester fabrics and home finishing products, and the provision of information technology services.

Analysis of the turnover and the loss before taxation in respect of business segments and geographical segments are as follows:

Six months ended 30th September, 2002						
Business segments	Property investment and development <i>HK\$'000</i>	Sales of goods and services <i>HK\$'000</i>	Information technology <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total revenue	95,106	52,420	351	220		148,097
Inter-segment revenue	(92)	–	(13)	–		(105)
	<u>95,014</u>	<u>52,420</u>	<u>338</u>	<u>220</u>		<u>147,992</u>
Segment results	<u>30,562</u>	<u>3,994</u>	<u>93</u>	<u>(3,171)</u>		31,478
Other revenue						
– Interest income					5,471	5,471
Net unallocated costs					(32,087)	(32,087)
Operating profit						4,862
Finance costs						(19,504)
Share of results of associated companies	131	2,570	(124)	–	–	<u>2,577</u>
Loss before taxation						<u>(12,065)</u>
Geographical segments	Hong Kong <i>HK\$'000</i>	People's Republic of China, excluding Hong Kong <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>		
Turnover	<u>108,447</u>	<u>1,765</u>	<u>37,780</u>	<u>147,992</u>		
Segment results	<u>26,112</u>	<u>1,675</u>	<u>3,691</u>	31,478		
Other revenue						
– Interest income					5,471	5,471
Net unallocated costs					(32,087)	(32,087)
Operating profit						4,862
Finance costs						(19,504)
Share of results of associated companies						<u>2,577</u>
Loss before taxation						<u>(12,065)</u>

Six months ended 30th September, 2001

Business segments	Property investment and development <i>HK\$'000</i>	Sales of goods and services <i>HK\$'000</i>	Information technology <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total revenue	204,900	51,312	1,408	15,424		273,044
Inter-segment revenue	<u>(1,341)</u>	<u>–</u>	<u>–</u>	<u>–</u>		<u>(1,341)</u>
	<u>203,559</u>	<u>51,312</u>	<u>1,408</u>	<u>15,424</u>		<u>271,703</u>
Segment results	<u>51,921</u>	<u>3,015</u>	<u>(3,042)</u>	<u>(683)</u>		51,211
Other revenue						
– Interest income					13,405	13,405
Loss on deemed partial disposal of a listed subsidiary					(24,155)	(24,155)
Net unallocated costs					(34,156)	<u>(34,156)</u>
Operating profit						6,305
Finance costs						(37,206)
Share of results of associated companies	25	861	(117)	–	–	<u>769</u>
Loss before taxation						<u>(30,132)</u>
Geographical segments		Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Others <i>HK\$'000</i>		Total <i>HK\$'000</i>
Turnover		<u>226,547</u>	<u>4,503</u>	<u>40,653</u>		<u>271,703</u>
Segment results		<u>46,062</u>	<u>74</u>	<u>5,075</u>		51,211
Other revenue						
– Interest income					13,405	13,405
Loss on deemed partial disposal of a listed subsidiary						(24,155)
Net unallocated costs						<u>(34,156)</u>
Operating profit						6,305
Finance costs						(37,206)
Share of results of associated companies						<u>769</u>
Loss before taxation						<u>(30,132)</u>

3. Operating profit

	Six months ended	
	30th September,	
	2002	2001
	HK\$'000	HK\$'000
Operating profit is stated after crediting and charging the following:		
Crediting		
Dividend income from listed investments	76	76
Sale of properties		
– properties under development for sale	16,526	4,203
– properties held for sale	24,137	144,983
	<u> </u>	<u> </u>
Charging		
Cost of inventories sold	39,103	38,988
Cost of properties sold		
– properties under development for sale	16,008	5,185
– properties held for sale	27,988	133,142
Cost of securities trading	–	14,612
Depreciation	3,688	3,639
Impairment loss on goodwill for investment in an associated company	–	2,289
Net realised and unrealised losses on other investments	3,387	749
Loss on deemed partial disposal of a listed subsidiary	–	24,155
Loss on disposal/write-off of fixed assets	1,736	1,469
Provision for construction costs undertaken	3,000	–
Provision for investment in an associated company	–	827
Provision for rental guarantee	1,617	–
	<u> </u>	<u> </u>

4. Taxation

No provision for Hong Kong profits tax has been made in the interim accounts as the Company and its subsidiaries either have no assessable profit for the period or have unutilised tax losses to set off against current period's assessable profit. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the subsidiaries operate.

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended	
	30th September,	
	2002	2001
	HK\$'000	HK\$'000
Company and subsidiaries		
Hong Kong profits tax	–	–
Overseas taxation	343	746
	<hr/>	<hr/>
	343	746
Associated companies		
Hong Kong profits tax	194	233
Overseas taxation	–	19
	<hr/>	<hr/>
	537	998
	<hr/>	<hr/>

5. Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$9,156,000 (2001: HK\$26,743,000) and the weighted average number of 1,328,006,155 (2001: 1,328,006,155) ordinary shares in issue during the period.

Diluted loss per share is not shown as the potential ordinary shares are anti-dilutive.

6. Fixed assets

Investment properties of the Group are held for rental purposes under operating leases and were revalued at 31st March, 2002 on an open market value basis by Vigers Hong Kong Limited, BMI Appraisals Limited, Vigers (KL) Sdn. Bhd. and DTZ Debenham Tie Leung Limited, independent professional valuers.

At 30th September, 2002, the directors have considered that the carrying amount of the Group's investment properties and have estimated that the carrying amount does not differ significantly from that would be determined using fair values at that date. Accordingly, the same valuation as at 31st March, 2002 has been adopted by the directors for those properties and included in the interim accounts.

During the six months ended 30th September, 2002, the Group acquired fixed assets of approximately HK\$19,573,000.

7. Trade receivables

The Group's credit terms on credit sales mainly ranged from 30 days to 90 days.

At 30th September, 2002, the age analysis of trade receivables of the Group was as follows:

	30th September, 2002	31st March, 2002
	HK\$'000	HK\$'000
0 – 30 days	20,977	12,419
31 – 60 days	8,842	8,555
61 – 90 days	6,119	2,813
Over 90 days	19,800	14,657
	55,738	38,444

8. Trade payables

At 30th September, 2002, the age analysis of trade payables of the Group was as follows:

	30th September, 2002	31st March, 2002
	HK\$'000	HK\$'000
0 – 30 days	9,637	15,747
31 – 60 days	3,460	1,974
Over 60 days	8,838	4,486
	21,935	22,207

9. Provisions

	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the period/year	54,244	–
Provided during the period/year	4,617	74,840
Reversal of overprovision	–	(10,608)
Amount utilised	(6,726)	(9,988)
	<hr/>	<hr/>
At the end of the period/year	52,135	54,244
	<hr/>	<hr/>
Analysis of total provisions		
Non-current	30,994	30,994
Current	21,141	23,250
	<hr/>	<hr/>
At the end of the period/year	52,135	54,244
	<hr/>	<hr/>

The provisions represented the Group's undertakings in respect of rental guarantee, construction costs and PRC tax liability in relation to properties sold in December 2001.

10. Long term liabilities

	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans – secured		
Wholly repayable within five years	1,110,209	878,260
Not wholly repayable within five years	100,320	359,060
	<hr/>	<hr/>
	1,210,529	1,237,320
	<hr/>	<hr/>
Loan from a financial institution – secured		
Wholly repayable within five years	43,982	65,000
	<hr/>	<hr/>
Obligations under finance leases		
Wholly repayable within five years	717	848
	<hr/>	<hr/>
	1,255,228	1,303,168
	<hr/>	<hr/>
Amounts due within one year included under current liabilities	(237,150)	(77,293)
	<hr/>	<hr/>
	1,018,078	1,225,875
	<hr/>	<hr/>

The maturity of the Group's long term liabilities is as follows:

	Bank loans		Loan from a financial institution	
	30th September, 2002	31st March, 2002	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	192,897	77,029	43,982	–
In the second year	148,268	190,389	–	65,000
In the third to fifth year inclusive	808,925	680,190	–	–
After the fifth year	60,439	289,712	–	–
	<u>1,210,529</u>	<u>1,237,320</u>	<u>43,982</u>	<u>65,000</u>

At 30th September, 2002, the Group's finance lease liabilities were repayable as follows:

	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	338	338
In the second year	272	338
In the third to fifth year inclusive	226	330
	<u>836</u>	<u>1,006</u>
Future finance charges on finance leases	(119)	(158)
Present value of finance lease liabilities	<u>717</u>	<u>848</u>

The present value of finance lease liabilities is as follows:

	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	271	264
In the second year	231	279
In the third to fifth year inclusive	215	305
	<u>717</u>	<u>848</u>

At 30th September, 2002, the Group's bank loans and loan from a financial institution were secured by certain properties, including investment properties, land and buildings, properties under development for sale and properties held for sale, with an aggregate net book value of HK\$2,607,248,000 (31st March, 2002: HK\$2,607,104,000). HK\$982,523,000 (31st March, 2002: HK\$1,014,297,000) out of the total loan amounts was also secured by assignment of property rental income thereon.

At 30th September, 2002, loan from a financial institution is guaranteed by the minority shareholder of a subsidiary in respect of its equity interest in the subsidiary and the guarantee amounted to HK\$13,195,000 (31st March, 2002: HK\$19,500,000).

11. Share capital

	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
1,600,000,000 ordinary shares of HK\$0.25 each	400,000	400,000
<i>Issued and fully paid:</i>		
1,328,006,155 ordinary shares of HK\$0.25 each	332,002	332,002

12. Contingent liabilities

	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees for mortgage loans made by a bank to purchasers of properties sold by the Group	3,462	3,732

13. Capital commitments

	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for		
Property development expenditure	70,942	47,322
Acquisition of fixed assets	–	10,420
	70,942	57,742

14. Operating lease rental payable

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable as follows:

	30th September, 2002	31st March, 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	4,100	3,810
Later than one year but not later than five years	16,774	19,312
Later than five years	2,249	294
	<hr/> 23,123 <hr/>	<hr/> 23,416 <hr/>

INTERIM DIVIDEND

The directors do not declare an interim dividend for the six months ended 30th September, 2002 (2001: HK\$Nil).

MANAGEMENT DISCUSSIONS ON RESULTS

For the six months ended 30th September, 2002, turnover of the Group amounted to HK\$148.0 million (2001: HK\$271.7 million), representing a decrease of 45.5% when compared with that of last corresponding period. Turnover derived from property investment and development activities amounted to HK\$95.0 million (2001: HK\$203.6 million), representing a decrease of 53.3% from that of last corresponding period. The decrease in turnover was mainly attributable to the reduction in disposal of properties by about HK\$108.5 million during the period. Manufacturing and trading businesses recorded a turnover of about HK\$52.4 million (2001: HK\$51.3 million), representing an increase of 2.1% when compared with last year. Turnover from securities investment activities decreased by 98.7% to HK\$0.2 million (2001: HK\$15.4 million) as the Group has reduced its securities investment activities due to weak market sentiment during the period. In light of the rationalisation of our information technology business, turnover of this division had been reduced with slight profit contribution.

Gross profit amounted to HK\$50.9 million (2001: HK\$65.9 million), representing a decrease of 22.8% from that of last corresponding period. The decrease in gross profit was principally attributable to a reduction in profit from disposal of properties. Operating profit amounted to HK\$4.9 million (2001: HK\$6.3 million), representing a decrease of 22.2% when compared with that of last corresponding period, mainly due to a reduction in gross profit. Due to the low interest rates prevailing during the period, substantial savings in finance costs were recorded. As a result, loss attributable to shareholders reduced by 65.5% to HK\$9.2 million compared with a loss of HK\$26.7 million recorded during the last corresponding period.

REVIEW OF OPERATIONS

Reports of the Group's major business units are as follows:

1. CHUANG'S PROPERTIES LIMITED

(a) *Investment Properties*

The Group owns a high-quality portfolio of commercial, office and residential investment properties, which generate strong recurrent income streams to the Group. The Group's major investment properties comprise the following:

- (i) Chuang's London Plaza, Tsim Sha Tsui – total area of 112,704 sq.ft. of shopping and entertainment complex;
- (ii) Chuang's Hung Hom Plaza, Hunghom – total area of 173,092 sq.ft. of commercial, office and car parking spaces;
- (iii) Chuang's City Tower, Wanchai – total area of 56,000 sq.ft. of commercial and office spaces;
- (iv) Chuang's Enterprises Building, Wanchai – total area of 27,000 sq.ft. of office space;
- (v) Park Villa, Deep Water Bay – total area of 17,300 sq.ft. of residential space;
- (vi) Chuang's Tower, Central – total area of 60,587 sq.ft. of commercial and office spaces (owned by Chuang's China Investments Limited); and
- (vii) Central Plaza, Kuala Lumpur, Malaysia – total area of 380,000 sq.ft. of commercial, office and car parking spaces.

Rental and other income from investment properties of the Group during the period amounted to approximately HK\$54.4 million.

(b) Properties Under Development For Sale/Properties Held For Sale

The Group's three major property development projects have been proceeding as scheduled.

(i) The Notting Hill, No. 1 Tung Shan Terrace, Hong Kong (70% owned)

The property, with a site area of 9,147 sq.ft., has been developed into a residential building with a total area of 31,157 sq.ft. (comprising 44 residential units). The occupation permit was issued on 21st June, 2002. The Group will pursue active marketing strategies to dispose of the remaining unsold units.

(ii) The Harbourside, No. 18 Wharf Road, North Point, Hong Kong (100% owned)

Located near the Fortress Hill Mass Transit Railway Station, the 4,420 sq.ft. site will be developed into a 28-storey commercial/residential building with a total area of approximately 49,700 sq.ft. (comprising 83 residential units with club-house facilities and shopping space). Superstructure works have been completed and internal and external finishing works are in progress. The whole project is expected to be completed by early 2003. During the period, the Group launched the project for presale.

(iii) Reading Place, No. 5 St. Stephen's Lane, Mid-level, Hong Kong (100% owned)

The property, with a site area of 5,202 sq.ft., will be developed into a 28-storey residential building with a total area of approximately 57,300 sq.ft. (comprising 73 residential units with club-house facilities). Superstructure works are in progress and have been completed up to the sixth level. The whole development is expected to be completed by late 2003. Marketing of the project is expected to commence soon.

2. CHUANG'S INDUSTRIAL (HOLDINGS) LIMITED

Sintex Nylon and Cotton Products (Pte) Limited (“Sintex”)

Sintex, a 88%-owned subsidiary of the Group, is a leading manufacturer of home finishing products in Singapore. Its performance during the period continued to be affected by the global economic slowdown and weak consumer spending resulting in turnover and profit before taxation being reduced by 5.6% and 29.7% respectively when compared to last corresponding period.

3. CHUANG'S CHINA INVESTMENTS LIMITED (“Chuang's China”)

Chuang's China, a 60%-owned listed subsidiary of the Group, and its subsidiaries (“Chuang's China Group”) are principally engaged in property development and investment in the PRC, manufacturing as well as information technology businesses. Loss attributable to shareholders for the six months ended 30th September, 2002 amounted to HK\$6.9 million.

(a) Property Division

The Chuang's China Group possesses plentiful development sites in the Guangdong province with an attributable gross floor area of about 40 million sq.ft. in various cities in Guangzhou, Dongguan, and Huizhou. In view of the infrastructural and economic developments of these regions, the Group will review our development plan in accordance with local demand.

Recently, the municipal government of Guangzhou proposed a RMB200 billion infrastructural plan, to build an intercity metro transportation network for a total length of 500 kilometers, linking up major cities in the Pearl River Delta region. With the improvement in transport accessibility, the economic outlook of Guangzhou and its region will be greatly enhanced. The Group believes that its property project, Chuang's Metropolis, in Panyu, Guangzhou, will have good long-term development potential.

During the period, the Chuang's China Group continued to dispose of additional residential units in Phase I of Chuang's New City in Dongguan. As the inflow of foreign companies setting up their manufacturing bases in Dongguan, demand for both residential and commercial properties will be bolstered. Thus the Chuang's China Group considers that conditions gradually appear ripe for implementing Phase II of Chuang's New City in Dongguan. Planning for Phase II of the development has been completed, which occupies a site of approximately 430,000 sq.ft., comprising a complex of 450 residential units with a gross floor area of 600,000 sq.ft., surrounded by sumptuous landscaped garden areas together with amenity clubhouse and swimming pool. Construction work on the site will commence once approval by local authority for the development plan is obtained.

In Huizhou, the long-awaited sino-foreign investment of over US\$4 billion to build a world-scale petrochemical complex has officially implemented construction works in November 2002. The Group anticipated that with such major investments by multi-national conglomerate, prospects of the region will be drastically improved and will uplift enthusiasm to its overall property market. The Chuang's China Group will closely assess the development plan of Chuang's New Town, our property development project in Huizhou.

(b) *Manufacturing Division*

(i) Yuen Sang Hardware Company (1988) Limited ("Yuen Sang")

During the period, the results of Yuen Sang showed an improvement in turnover of about 30.5%. As a result of increased turnover and effective cost control, its profit contribution increased by 1.6 times. Facing the sluggish global economy and ever-intense competition within industries, Yuen Sang will continue with its efforts to enhance competitiveness.

(ii) Midas International Holdings Limited (“Midas”)

Midas is a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and its subsidiaries are engaged in book printing, packaging printing, commercial printing, magazine printing and property investment. For the six months ended 30th June, 2002, Midas recorded turnover of HK\$205.5 million, representing a decrease of 14% as compared with last corresponding period and profit attributable to shareholders of about HK\$13.1 million, representing an increase of 30% as compared with last corresponding period.

In April 2002, the Chuang’s China Group converted nominal value of HK\$7.2 million of the preference shares of Midas and increased its equity interests in Midas to 21.6%. At present, the Chuang’s China Group is interested in nominal value of HK\$245.7 million preference shares of Midas of which nominal value of HK\$43.2 million of the preference shares can be convertible into listed ordinary shares of Midas at HK\$0.3 per share. Should full conversion be exercised, the Chuang’s China Group’s shareholding interests in Midas would be increased to about 42.8%.

NET ASSET VALUE

As at 30th September, 2002, net assets of the Group amounted to HK\$3,024.6 million, equivalent to approximately HK\$2.3 per share.

FINANCING

As at 30th September, 2002, the Group’s bank balances, cash and other investments amounted to HK\$554.0 million. Bank and other borrowings of the Group as at the same date amounted to HK\$1,255.2 million. The Group’s debt to equity ratio was approximately 23.2% expressed as a percentage of bank and other borrowings net of bank balances, cash and other investments over total net assets of the Group.

Approximately 94.4% of the Group's bank balances, cash and other investments were in Hong Kong dollar or United States dollar, 0.2% in Euro dollar with the balance of 5.4% in Renminbi.

Approximately 96.4% of the Group's bank and other borrowings were denominated in Hong Kong dollar with the balance of 3.6% being denominated in Malaysian Ringgit. Approximately 18.9% of the Group's bank and other borrowings was repayable within 1 year, 11.8% repayable within 1 to 2 years, 64.5% repayable within 2 to 5 years and the balance of 4.8% repayable over 5 years.

PROSPECTS

Being an important southern gateway to the mainland, Hong Kong's long-term economic outlook will benefit from the steady and sustainable economic growth in the PRC. In the short term, however, Hong Kong is facing a difficult trading environment amid the global economic slowdown, high unemployment rate and weak consumer spending. Against this difficult environment, the Group will continue to pursue the strategy of maintaining a strong cash position and thus, the Group will be very selective in making new investments.

The government has recently announced nine stimulus measures aimed at stabilising the residential property market and reviving public confidence in the sector. The measures have conveyed a very clear message that the government's intervention will be kept to a minimum in the future, which should bode well for the long-term development of the residential property market. Given the government's market-driven housing policy, coupled with the current low interest rate environment and continuous population growth, residential property price should find support at the current level with its long-term outlook being positive. Currently, the Group has three major residential projects on the Hong Kong Island. The Harbourside and The Notting Hill projects have been launched for sale and marketing of Reading Place will commence soon. Upon the sales of these projects, the Group's financial position will be further strengthened and will seek for opportunities to replenish its land bank in the future.

On the Group's property investment front, rental markets for both the retail and office sectors will continue to face mild downward adjustment pressure in the near term. In order to offset the negative impact of softening rental rates, the Group has been adopting proactive and effective leasing strategies to further improve the occupancy rates of its investment properties.

As for the PRC property market, robust demand for housing, liberal mortgage policies, sustained growth of household income and the emergence of a secondary market, coupled with continuing economic growth, are the engines behind this huge property market to propel ahead. This is further supported by high level of foreign capital inflow and sustained domestic investment in public infrastructure, along with China's WTO accession, its successful bid to host the 2008 Olympic Games and the staging of the 2010 World Expo. With these strong fundamentals, the Group anticipated that the property market in the PRC would on the whole experience a gradual and balanced development. The Group intends to develop the property projects actively in line with domestic market needs.

The Group's manufacturing investments are principally engaged in the manufacturing and sales of home finishing products, watches and watch components as well as book printing, packaging printing, commercial printing and magazine printing. With better investment environment and the PRC's competitive supply of raw materials and manpower, the PRC has attracted more foreign investments and has become the hub for global manufacturers' base. Under this encouraging development, the Group will identify suitable opportunities to expand our manufacturing businesses in the PRC, especially those with potential for the PRC's domestic market.

STAFF

As at 30th September, 2002, the Group employed 1,301 staff (of which Chuang's China Group and its subcontracting factories employed 1,109 staff). Staff remuneration packages are normally reviewed annually. The Group also provides other staff benefits, which include discretionary bonus, contributory retirement benefit scheme and insurance scheme. Training programs are provided for staff as and when required.

DIRECTORS' INTERESTS

As at 30th September, 2002, 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	
Mr. Alan Chuang Shaw Swee (“Mr. Chuang”)	–	436,202,006 <i>(Note 1)</i>	162,332,624 <i>(Note 2)</i>	598,534,630
Mrs. Alice Siu Chuang Siu Suen (“Mrs. Siu”)	–	147,475,914 <i>(Note 3)</i>	162,332,624 <i>(Note 2)</i>	309,808,538
Mr. Bernard Ko Sheung Chi (“Mr. Ko”)	200,000	–	–	200,000
Mr. Andrew Lui Lop Kay (“Mr. Lui”)	116,000	–	–	116,000
Mr. Peter Po Fun Chan	751,187	–	–	751,187

Name of director	Number of shares in Chuang’s China			Total
	Personal interests	Corporate interests	Other interests	
Mr. Chuang	6,800,000	30,000,000 <i>(Note 3)</i>	–	36,800,000
Mrs. Siu	1,600,000	30,000,000 <i>(Note 3)</i>	–	31,600,000
Mr. Lui	10,000	–	–	10,000

Note 1: Such interests comprise 356,734,006 shares in the Company owned by Evergain Holdings Limited, a company beneficially owned by the director, which such shares represent more than 10% of the issued share capital of the Company. The remaining 79,468,000 shares in the Company are owned by a corporation which the director is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of such corporation.

Note 2: Such interests arose as a result of the relevant director being a discretionary object of a discretionary trust, the trustee of which held 162,332,624 shares in the Company.

Note 3: Such interests arose through the ownership of relevant securities by corporation(s) which the relevant director is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of this/these corporation(s).

As at 30th September, 2002, the interests of the directors of the Company under options entitling them to subscribe for shares under the share option scheme of Chuang's China were as follows:

Name of director	Number of share options of Chuang's China			
	Outstanding as at 1st April, 2002	Granted during the period	Exercised during the period	Outstanding as at 30th September, 2002
Mr. Chuang	10,200,000	–	–	10,200,000
Mrs. Siu	2,400,000	–	–	2,400,000
Mr. Ko	6,000,000	–	–	6,000,000

Note: The share options were granted on 9th December, 1999 under Chuang's China Old Share Option Scheme (as defined under the section headed "Share Option Schemes" below). Such share options are exercisable at an exercise price of HK\$0.5872 per share, subject to adjustments, at any time from 1st January, 2000 to 31st December, 2002.

During the period, 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 30th September, 2002, 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.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2002, according to the register kept by the Company under Section 16(1) of the SDI Ordinance and save as disclosed in the section headed “Directors’ Interests” above, Madam Chuang Shau Har in her capacity as trustee of a discretionary trust held 162,332,624 shares in the Company.

Save as aforesaid, the directors of the Company were not aware of any other persons who, as at 30th September, 2002, were directly or indirectly beneficially interested in 10% or more of the issued share capital of the Company.

DEALINGS IN THE COMPANY’S SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s shares during the period.

SHARE OPTION SCHEMES

On 30th August, 2002, a new share option scheme (“New Share Option Scheme”) was adopted by the Company in place of its old share option scheme approved by its shareholders on 28th September, 2000. The purpose of the New Share Option Scheme is to recognise the contribution of the eligible persons as defined in the scheme including, inter alia, any employees, directors of the Company and its subsidiaries to the growth of the Group and to further motivate these eligible persons to continue to contribute to the Group’s long term prosperity. No options have been granted under the New Share Option Scheme since its adoption.

The share option scheme adopted by Chuang’s China on 14th September, 1999 (“Chuang’s China Old Share Option Scheme”) was terminated on 26th August, 2002. Under the Chuang’s China Old Share Option Scheme, apart from the outstanding share options granted to the directors of the Company as mentioned in the section headed “Directors’ Interests” above, the following share options granted to certain directors of Chuang’s China remain outstanding:

Number of shares subject to options exercisable outstanding at the beginning and end of financial period	Date granted	Period during which options are exercisable	Exercise price per share
20,400,000	9th December, 1999	1st January, 2000 to 31st December, 2002	HK\$0.5872

The options granted under the Chuang’s China Old Share Option Scheme are not recognised in the accounts of Chuang’s China until they are exercised. Rule 17.08 of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) stipulates that the listed issuer is encouraged to disclose in its annual report and the interim report the value of options granted to participants as referred to in (i) to (v) of Rule 17.07 during the financial year/period. The directors of both the Company and Chuang’s China consider that it is inappropriate to value the share options as a number of factors critical for the valuation cannot be determined accurately. The valuation of the share options based on various speculative assumptions would be meaningless and could be misleading to the shareholders. The directors of both the Company and Chuang’s China therefore consider the disclosure of only the exercise price, which are readily ascertainable, will be appropriate.

On 26th August, 2002, a new share option scheme (“Chuang’s China New Share Option Scheme”) was adopted by Chuang’s China in place of the Chuang’s China Old Share Option Scheme. No options have been granted under the Chuang’s China New Share Option Scheme since its adoption.

CORPORATE GOVERNANCE

During the six months ended 30th September, 2002, none of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules 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.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process and internal controls. The current members of the audit committee are the two independent non-executive directors, Dr. Peter Po Fun Chan and Mr. David Chris Lee Tsung Hei. The interim report has been reviewed by the Company's audit committee.

PRACTICE NOTE 19 TO THE LISTING RULES

Prior to the date of this report, the Group has entered into a loan agreement with a bank which requires Mr. Chuang, Mrs. Siu and members of their family and family trust and/or companies beneficially owned by any of them to hold an aggregate shareholding of not less than 35% of the issued share capital of the Company throughout the tenure of the loan agreement. As at the date of this report, the loan agreement still subsists. The total amount of loan involved as at 30th September, 2002 was HK\$250 million and the last instalment of the loan is to be made on 30th September, 2007.

Save as disclosed herein, there is no other disclosure required to be made by the Company pursuant to Practice Note 19.

By Order of the Board of
Chuang's Consortium International Limited
Alan Chuang Shaw Swee
Chairman

Hong Kong, 12th December, 2002