

The directors of the Company (the “Directors”) present the audited accounts of the Company and its subsidiaries (together the “Group”) for the year ended 31st March, 2003.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out in note 38 to the accounts.

An analysis of the Group’s performance for the year by business and geographical segments is set out in note 4 to the accounts.

Results and Dividend

The results of the Group for the year are set out in the consolidated profit and loss account on page 36.

In view of loss incurred by the Group, the Directors do not propose a final dividend (2002: 0.5 HK cent per share). No interim dividend has been declared in respect of the current financial year (2002: nil).

Subsidiaries

Particulars regarding the principal subsidiaries of the Company are set out in note 38 to the accounts.

Fixed Assets

Movements in fixed assets during the year are set out in note 15 to the accounts.

Share Capital

Details of share capital of the Company are set out in note 26 to the accounts.

Donations

During the year, the Group made charitable donations amounting to HK\$7,193,000 (2002: HK\$2,414,000).

Pre-emptive Rights

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

Report of the Directors

Share Premium and Reserves

Movements in share premium and reserves during the year are set out in note 27 to the accounts.

Particulars of Principal Properties held by the Group

Particulars of principal properties held by the Group are set out on pages 87 to 91.

Group Financial Summary

A summary of the results, assets and liabilities of the Group for the five years ended 31st March, 2003 is shown on page 92.

Directors

The Directors during the year and at the date of this report are as follows:

Mr. Alan Chuang Shaw Swee

Mrs. Alice Siu Chuang Siu Suen

Mr. Bernard Ko Sheung Chi

Mr. Andrew Lui Lop Kay

Mr. Kwong Tin Lap

Dr. Peter Po Fun Chan

Mr. David Chris Lee Tsung Hei

At the forthcoming annual general meeting, Mrs. Alice Siu Chuang Siu Suen and Mr. Kwong Tin Lap will retire from office in accordance with the Company's bye-laws and, being eligible, will offer themselves for re-election.

Biographical Details of Directors and Senior Management

Biographical details of Directors and senior management as at the date of this report are set out on pages 4 to 6 of this annual report.

Directors' Rights to Acquire Shares or Debentures

Other than the share option scheme adopted by the associated corporation as detailed in "Directors' Interests in Shares and Share Options" below, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Shares and Share Options

Although the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") was repealed and replaced by the Securities and Futures Ordinance on 1st April, 2003, the disclosures under this section and the section headed "Substantial Shareholders" below are made pursuant to the SDI Ordinance as the SDI Ordinance was still effective on 31st March, 2003.

As at 31st March, 2003, the interests of the Directors in the securities of the Company and its associated corporations (as defined in the 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:

Interests in shares of the Company

Name of Director	Number of shares in the Company			Total
	Personal interests	Corporate interests	Other interests	
Alan Chuang Shaw Swee	–	436,202,006 <i>(Note 1)</i>	162,332,624 <i>(Note 2)</i>	598,534,630
Alice Siu Chuang Siu Suen	–	147,475,914 <i>(Note 3)</i>	162,332,624 <i>(Note 2)</i>	309,808,538
Bernard Ko Sheung Chi	200,000	–	–	200,000
Andrew Lui Lop Kay	116,000	–	–	116,000
Peter Po Fun Chan	751,187	–	–	751,187

Interests in shares of associated corporations

Name of Director	Number of shares in Chuang's China Investments Limited ("Chuang's China")			Total
	Personal interests	Corporate interests	Other interests	
Alan Chuang Shaw Swee	6,800,000	30,000,000 <i>(Note 3)</i>	–	36,800,000
Alice Siu Chuang Siu Suen	1,600,000	30,000,000 <i>(Note 3)</i>	–	31,600,000
Andrew Lui Lop Kay	10,000	–	–	10,000

Directors' Interests in Shares and Share Options (Continued)

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).

Movements of the interests of the Directors in the share options entitling them to subscribe for shares in Chuang's China, a listed subsidiary, under its share option scheme were as follows:

Name of Director	31st March,	Granted	Exercised	Lapsed	31st March,
	2002				2003
Alan Chuang Shaw Swee	10,200,000	–	–	(10,200,000)	–
Alice Siu Chuang Siu Suen	2,400,000	–	–	(2,400,000)	–
Bernard Ko Sheung Chi	6,000,000	–	–	(6,000,000)	–

Note: The share options were granted on 9th December, 1999 under the share option scheme of Chuang's China approved by its shareholders on 14th September, 1999. The share options were exercisable at an exercise price of HK\$0.5872 per share of Chuang's China, subject to adjustments, at any time from 1st January, 2000 to 31st December, 2002. All share options were lapsed on 31st December, 2002.

The above options granted 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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. The Directors 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 therefore consider the disclosure of only the exercise price, which are readily ascertainable, is appropriate.

During the year, none of the Directors 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.

Directors' Interests in Shares and Share Options *(Continued)*

Save as disclosed herein, as at 31st March, 2003, 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.

Directors' Interests in Contracts

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 subsisted at the end of the year or at any time during the year.

Directors' Service Contracts

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, 2003, 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 in Shares and Share Options" 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 were not aware of any other persons who, as at 31st March, 2003, were directly or indirectly beneficially interested in 10% or more of the issued share capital of the Company.

Controlling Shareholders' Interests in Contracts

There was no contract of significance between the Company (or any of its subsidiaries) and the controlling shareholders (or any of their subsidiaries) at the balance sheet date or at any time during the year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Group Borrowings and Interest Capitalised

Bank loans and other borrowings of the Group are set out in note 29 to the accounts. The amount of interest capitalised to properties during the year by the Group is set out in note 8 to the accounts.

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 shares during the year.

Major Suppliers and Customers

During the year, the aggregate purchases attributable to the single largest supplier and the five largest suppliers were approximately 19% and 36% of the total purchases of the Group respectively. None of the Directors, their associates, or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers noted above. The five largest customers accounted for less than 30% of the total turnover of the Group.

Retirement Schemes

Details of retirement schemes of the Group are set out in note 7 to the accounts.

Share Option Schemes

Pursuant to the ordinary resolutions passed on 30th August, 2002 in last annual general meeting, a new share option scheme ("2002 Scheme") of the Company has been adopted and the new share option scheme ("Chuang's China 2002 Scheme") adopted by Chuang's China on 26th August, 2002 has been approved.

Summary of the 2002 Scheme is set out as follows:

1. Purpose: To give incentive to directors, employees or business consultants of the Group and any other party as approved under the 2002 Scheme
2. Participants: Including, inter alia, directors, employees or business consultants of the Group

Share Option Schemes *(Continued)*

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| 3. | Total number of shares available for issue under the 2002 Scheme and percentage of the issued share capital that they represent as at the date of this report: | 132,800,615 shares are available for issue under the 2002 Scheme, representing 10% of the issued share capital as at the date of this report |
| 4. | Maximum entitlement of each participant: | 1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the 2002 Scheme |
| 5. | Period within which the shares must be taken up under an option: | Not applicable. No share option has been granted since the date of adoption of the 2002 Scheme on 30th August, 2002 |
| 6. | Amount payable on acceptance of an option: | HK\$1.00 payable to the Company |
| 7. | The basis of determining the exercise price: | No less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer for option ("Offer Date") (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share |
| 8. | The remaining life of the 2002 Scheme: | Valid until 29th August, 2012 unless otherwise terminated under the terms of the 2002 Scheme |

Summary of the Chuang's China 2002 Scheme is set out as follows:

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|----|---------------|--|
| 1. | Purpose: | To give incentive to directors, employees or business consultants of Chuang's China and its subsidiaries ("Chuang's China Group") and any other party as approved under the Chuang's China 2002 Scheme |
| 2. | Participants: | Including, inter alia, directors, employees or business consultants of Chuang's China Group |

Share Option Schemes *(Continued)*

3. Total number of shares of Chuang's China available for issue under the Chuang's China 2002 Scheme and percentage of the issued share capital of Chuang's China that they represent as at the date of this report:

102,443,969 shares of Chuang's China are available for issue under the Chuang's China 2002 Scheme, representing 10% of the issued share capital of Chuang's China as at the date of this report
4. Maximum entitlement of each participant:

1% of the maximum aggregate number of shares of Chuang's China that may be issued within 12 months pursuant to the Chuang's China 2002 Scheme
5. Period within which the shares of Chuang's China must be taken up under an option:

Not applicable. No share option has been granted by Chuang's China since the date of adoption of the Chuang's China 2002 Scheme on 26th August, 2002
6. Amount payable on acceptance of an option:

HK\$1.00 payable to Chuang's China
7. The basis of determining the exercise price:

No less than the highest of (i) the closing price of the shares of Chuang's China as stated in the Stock Exchange's daily quotation sheet on the date of offer for option ("Offer Date") (which must be a trading day); (ii) the average closing price of the shares of Chuang's China as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share of Chuang's China
8. The remaining life of the Chuang's China 2002 Scheme:

Valid until 25th August, 2012 unless otherwise terminated under the terms of the Chuang's China 2002 Scheme

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 independent 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. Peter Po Fun Chan and Mr. David Chris Lee Tsung Hei, both independent non-executive Directors, as members of the Audit Committee. Members of the Audit Committee have met in accordance with the relevant requirements.

Connected Transactions

Apart from the transactions and balances that have been disclosed in the accounts, the followings are connected transactions of the Group conducted during the year:

1. The Group has granted loans to Fantasy Development Limited (“Fantasy”) for the purpose of financing Artiful Limited (“Artiful”), a company in which the Group and Fantasy hold 70% and 30% of its issued share capital respectively. The purpose of the loans was to allow Fantasy to on-lend such amounts to Artiful to meet the financing requirements for the development of a property project in Hong Kong. The parties agreed that the loans would bear interest at prevailing market interest rates and that Fantasy would repay the loans from the sales proceeds of the property. As at 31st March, 2003, the total amount of the loans plus interest outstanding was HK\$8,097,625. The sole shareholder of Fantasy is also a director of Artiful. Details of the transaction were announced by the Company on 16th July, 2002.
2. The Group made the following advances to its non-wholly owned subsidiaries for working capital purposes:
 - (a) advances to Artiful which amounted to HK\$80,494,677 as at 31st March, 2003. Such advances were provided in proportion to the Group’s equity interest in the subsidiary and are unsecured, interest free and have no fixed terms of repayment; and
 - (b) advances to Sam Fo Holidays Sdn. Bhd., a 99.95% owned subsidiary, which amounted to HK\$2,211,154 as at 31st March, 2003. The advances are unsecured, interest free and have no fixed terms of repayment.
3. Chuang’s China Group made the following advances to its non-wholly owned subsidiaries and an associated company for working capital purposes:
 - (a) advances to Guangzhou Panyu Chuang’s Real Estate Development Company Limited, a 85% subsidiary of Chuang’s China Group, which amounted to HK\$9,942,461 as at 31st March, 2003. The advances are unsecured, interest free and have no fixed terms of repayment;

Connected Transactions *(Continued)*

- (b) advances to Beijing Global Culture Information Technology Company Limited, a 85% subsidiary of Chuang's China Group, which amounted to HK\$1,358,400 as at 31st March 2003. The advances are unsecured, interest bearing at Hong Kong prime rate and have no fixed terms of repayment; and
- (c) advances to Treasure Auctioneer International Limited ("TAIL"), a company owned as to 25% by Chuang's China Group, which amounted to HK\$750,000 as at 31st March, 2003. Such advances were provided in proportion to Chuang's China Group's equity interests in TAIL and are unsecured, interest bearing at 3% above Hong Kong prime rate or 8% per annum, whichever is higher and repayable in three years after the relevant date of each advance. Two Directors hold 10% interests in TAIL.

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 required Mr. Alan Chuang Shaw Swee, Mrs. Alice Siu Chuang Siu Suen 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 loan outstanding as at 31st March, 2003 was HK\$250,000,000 and the last instalment of the loan is repayable 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 to the Listing Rules.

Post Balance Sheet Event

Details of significant post balance sheet event of the Group are set out in note 36 to the accounts.

Auditors

The accounts for the year were audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board of
Chuang's Consortium International Limited

Alan Chuang Shaw Swee
Chairman

Hong Kong, 15th July, 2003