

Chairman's Statement

Results

The Board of Directors (the "Board") announces that the audited consolidated profit attributable to shareholders of the Company and its subsidiaries (together the "Group") for the year ended 31st March, 2005 amounted to HK\$230.0 million (2004: HK\$107.8 million). Earnings per share were 15.6 HK cents (2004: 8.0 HK cents).

Discussion on Results

During the year under review, the Group's businesses have been benefited from the recovering Hong Kong economy and property market.

Turnover of the Group increased from HK\$404.4 million in last year to HK\$500.4 million in this year, representing an increase of approximately 23.7%. Turnover derived from property investment and development activities amounted to HK\$264.5 million (2004: HK\$228.1 million), representing an increase of 16.0% from that of last year. The increase in turnover was mainly attributable to the increase in sales of properties by about HK\$33.3 million during the year. Manufacturing and trading businesses recorded a turnover of HK\$95.0 million (2004: HK\$95.4 million), representing a decrease of 0.4% when compared with last year. Turnover from securities trading activities increased significantly to HK\$140.9 million (2004: HK\$80.7 million) as the Group has increased its securities investment activities amid the improved market sentiment during the year.

Gross profit increased by 31.7% to HK\$149.0 million (2004: HK\$113.1 million), which was principally attributable to an increase in profit from sales of properties. Operating profit increased by 91.3% to HK\$233.2 million (2004: HK\$121.9 million) as a result of the increase in gross profit as well as an increase in both the revaluation surplus of investment properties and the write back of provision for properties held for sale. Due to the low interest rates prevailing during the period and a decrease in borrowings, savings of HK\$5.8 million in finance costs were recorded. Share of results of associated companies increased by 35.2% to HK\$34.2 million (2004: HK\$25.3 million). As a result, profit attributable to shareholders increased by 1.13 times to HK\$230.0 million (2004: HK\$107.8 million).

Dividends

The Board proposes to declare a final dividend of 1.0 HK cent (2004: 1.0 HK cent) per share payable on or before 20th September, 2005 to shareholders whose names appear on the Company's register of members on

26th August, 2005. An interim dividend of 0.5 HK cent (2004: Nil) per share has been paid in respect of the current financial year. Total dividends for the year amounted to 1.5 HK cents (2004: 1.0 HK cent) per share, representing an increase of 50%.

Review of Operations

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 to the Group. The Group's major investment properties comprise Chuang's London Plaza, Chuang's Hung Hom Plaza, Chuang's City Tower, portion of Chuang's Enterprises Building, Park Villa and Chuang's Tower in Hong Kong and Central Plaza in Kuala Lumpur, Malaysia. During the year, rental and other income from investment properties amounted to HK\$99.8 million, representing an increase of 3.3% over that of last year.

During the year, the Group has disposed of a residential unit together with car parking spaces at Manhattan Towers, No. 63 Repulse Bay Road for a consideration of HK\$33.0 million. Profit derived therefrom has been recorded in the current financial year.

(i) *Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, Kowloon (100% owned)*

Located at the heart of shopping center in Tsim Sha Tsui, Kowloon, and next to the exit of the Mass Transit Railway, this property is a shopping and entertainment complex having a total area of 113,233 sq.ft.. Due to its strategic location, the Plaza is occupied by quality tenants such as Standard Chartered Bank, Fortress, Body Shop, Jusco, Genki Sushi, Saint Honore Cake Shop and a number of famous restaurants. The occupancy rate of the property is 92%.



Chuang's London Plaza, Tsim Sha Tsui

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(ii) ***Chuang's Hung Hom Plaza, No. 83 Wuhu Street, Hunghom, Kowloon (100% owned)***

Developed by the Group, the property, located at the heart of Hunghom, has a total area of 173,092 sq.ft. of commercial, office and car parking spaces. Major tenant of the property includes the Government of the Hong Kong Special Administrative Region. The occupancy rate of the property is 96%.

(iii) ***Chuang's City Tower, No. 39 Morrison Hill Road, Wanchai, Hong Kong (100% owned)***



Chuang's City Tower, Wanchai

Developed by the Group, Chuang's City Tower is a 27-storey building with a total area of approximately 56,000 sq.ft. of commercial and office spaces. Due to its outstanding design, the property was awarded the Certificate of Merits by the Hong Kong Institute of Architects. The occupancy rate of the property is 98%.

(iv) ***Portion of Chuang's Enterprises Building, No. 382 Lockhart Road, Wanchai, Hong Kong (100% owned)***

Located at the heart of Wanchai, the property is a premier commercial and office building developed by the Group. After the disposal of the podium (G/F to 3/F) and a portion of the office floors, the Group owns the remaining eleven office floors of the building with a total area of approximately 27,000 sq.ft. for long-term investment. The occupancy rate of the property is 90%.



Chuang's Hung Hom Plaza, Hunghom



Chuang's Enterprises Building, Wanchai

(v) *Park Villa, No. 37 Island Road, Deep Water Bay, Hong Kong (100% owned)*

Located in Deep Water Bay, a prestigious residential area, this property has a total area of approximately 17,300 sq.ft.. The property is fully leased. The Group currently plans to redevelop the property into 4 bungalows. General building plans for the redevelopment have been approved by the



Perspective of Park Villa after redevelopment

Buildings Department and the redevelopment will commence in the third quarter of 2006.

(vi) *Chuang's Tower, Nos. 30-32 Connaught Road Central, Central, Hong Kong (100% owned by Chuang's China Investments Limited)*

The property, located at the heart of Central District and next to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line, has a total area of 60,587 sq.ft. of commercial and office spaces. The occupancy rate of the property is 98%.



Chuang's Tower, Central



Central Plaza, Kuala Lumpur, Malaysia

(vii) *Central Plaza, No. 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia (100% owned)*

Developed by the Group, Central Plaza won the Architecture Award for Commercial Building from the Malaysian Institute of Architects due to its outstanding design. Located in the "Golden Triangle" of Kuala Lumpur, the property

has a total area of approximately 380,000 sq.ft. of commercial, office and car parking spaces. The occupancy rate of the property is 70%.

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(b) Properties Held for Sale/Development

On the property development front, the development projects have been proceeding as scheduled and the Group has successfully taken steps to replenish its land bank. During the year, proceeds from property sales amounted to HK\$131.6 million.

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

The property has been developed into a 28-storey residential building with a total area of approximately 57,300 sq.ft. (comprising 73 residential units with clubhouse facilities). Marketing of the project has commenced during the year.

(ii) *Nos. 6D & 6E Babington Path, Mid-level, Hong Kong (100% owned)*

The Group acquired the property in December 2004. It is currently intended that the property will be redeveloped into a high-class residential building with a total area of approximately 52,000 sq.ft..



Nos. 6D & 6E Babington Path, Mid-level

soon. The Group holds a 30% interest in the project. Henderson Land Development Company Limited, which owns the remaining



Reading Place, Mid-level

General building plans for the redevelopment will be

submitted to the relevant authorities soon. It is targeted that the redevelopment will commence in the second half of 2006.

(iii) *No. 1 Tai Yau Street, San Po Kong, Kowloon (30% owned)*

The property will be redeveloped into a high-class industrial/office building with a total area of approximately 190,000 sq.ft.. Piling and foundation works are expected to commence



No. 1 Tai Yau Street, San Po Kong

70% interest in the project, acts as the project manager of the development. It is expected that the project will be completed in late 2007.

(iv) **Taman Sri Amber, Lot 2148 Pekan Setul, District of Seremban, Malaysia (60% owned)**

During the year, the Group acquired a 60% interest in a development project located in the district of Seremban, Malaysia. The project, with a site area of approximately 1.3 million sq.ft., is a low density mixed development comprising single-storey and double-storey terrace houses, apartments and shopping units with a total gross floor area of approximately 690,000 sq.ft..

Phase I of the project comprising 66 single-storey terrace houses and 45 apartments, with a total gross floor area of approximately 93,800 sq.ft., has almost been completed and is virtually fully pre-sold. The Group is optimistic of the long-term potential of this project



Taman Sri Amber, Malaysia

and will design and develop further phases of this project in accordance with local market conditions.

2. **Chuang's Industrial (Holdings) Limited**

Sintex Nylon and Cotton Products (Pte) Limited ("Sintex") (88.2% owned)

Sintex is a company incorporated in Singapore and commenced business in mid-1970. It is a leading manufacturer of home finishing products under the brand names including "Sintex", "Monzo", "Shecando", "Merican" and "Homestyle". Sintex's manufacturing premises, having a total gross floor area of approximately 78,000 sq.ft., are located in Jurong Town, Singapore with a site area of approximately 250,000 sq.ft.. Sintex currently employs approximately 75 staff.



Brand names of Sintex's products



Products of Sintex

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As a result of weak consumer spending in Singapore coupled with severe price competition, turnover of Sintex reduced by 10.4% compared with that of last year and Sintex incurring a slight loss for the year. In order to improve sales and further strengthen its retail operations, Sintex plans to open more retail shops under its brandname "Homestyle".

3. Chuang's China Investments Limited ("Chuang's China")

Chuang's China, a 60.1% owned subsidiary of the Group, is a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and its subsidiaries (together the "Chuang's China Group") are principally engaged in property development and investment in the People's Republic of China (the "PRC") and manufacturing business. Profit attributable to shareholders of Chuang's China for the year ended 31st March, 2005 amounted to HK\$27.5 million.

(a) Property Division

The Chuang's China Group holds property interests in the PRC and its land bank is located in Guangzhou, Dongguan and Huizhou of Guangdong Province, as well as in Changsha of Hunan Province. A brief update of the current progress of the Chuang's China Group's major property development projects in the PRC is summarised below:—

(i) *Chuang's Metropolis, Panyu, Guangzhou, Guangdong (85% owned by Chuang's China)*

Chuang's Metropolis is located in Panyu, Guangzhou. It is a comprehensive new township development for residential, commercial, office, hotel and other ancillary usage, and Phase I of this project had been completed. Since Panyu has become a district of Guangzhou, and with the continuous economic growth in Guangzhou, in particular, the construction of the metro railway from Guangzhou to Panyu which is located nearby the site, the long-term development potential of this property project is encouraging. In light of these market developments, the Chuang's China Group has engaged Terry Farrell & Partners as consultant to review the master layout plan of this project. Once this review is finalised, the Group will immediately commence the Phase II development of this project.

(ii) *Chuang's New City, Dongguan, Guangdong (100% owned by Chuang's China)*

Chuang's New City is located in Shatian, Dongguan and is a comprehensive new township development for logistics, residential, commercial, office, hotel and other ancillary usage. Phase I of the project had been completed. Progress on the development of the administration office of the Group as well as Phases II and III of the project is summarised below:—

(1) Administration Office

This 4-storey complex building, having a gross floor area of about 46,000 sq.ft., has been completed and is now the Chuang's China Group's headquarter in the Pearl River Delta. It also serves as the marketing and sales office for the property development project in Dongguan.



Administration Office in Dongguan

(2) Chuang's New City, Gold Coast



Chuang's New City, Gold Coast, Dongguan

Gold Coast, the Phase II development of Chuang's New City in Dongguan, comprises 11 blocks of residential complex with a total of 374 residential units having an aggregate gross floor area of approximately 610,000 sq.ft., 370 car parking spaces, and is facilitated with an amenity clubhouse of gross floor area of approximately 62,000 sq.ft. and one outdoor and one indoor swimming pools. At the date hereof, superstructure works of the complex have been completed.

Internal and external finishing works are in progress. It is expected that the development will be completed by the end of 2005. Marketing of Gold Coast has commenced during the second quarter of 2005.



Chuang's New City, Gold Coast, Dongguan



Clubhouse of Chuang's New City, Gold Coast, Dongguan

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Entrance Lobby of High-rise Apartments



Entrance Lobby of Low-rise Apartments



Show Flat – Living Room



Show Flat – Living Room



Show Flat – Dining Room



Show Flat – Master Bedroom

(3) Phase III

Phase III of the development of Chuang's New City in Dongguan is in the planning stage.

(iii) Chuang's New Town, Huiyang, Huizhou, Guangdong (100% owned by Chuang's China)

Chuang's New Town is located in Huiyang, Huizhou. It is a comprehensive new township development for residential, commercial, office, hotel and other non-residential ancillary usage. The first stage of this project comprising an aggregate of 1.1 million sq.ft. had been completed and sold. In light of the increasing demand for better living conditions and the economic growth in the region, the Chuang's China Group is actively carrying out review of the overall development plan of this project.

(iv) Beverly Hill, Changsha, Hunan (54% owned by Chuang's China)

During the year under review, the Chuang's China Group acquired an effective 54% interest in a company which owns the development rights of a site with an area of about 10.8 million sq.ft. in Changsha, the Hunan Province. The site is located in Changsha County and is about 4 kilometers



Phase I of Beverly Hill, Changsha



Shopping Centre



Bungalow



Link Houses



Low-rise Apartments

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from the new offices of the provincial government of the Hunan Province. Development of the entire site will be carried out in stages.

Land cost for a site area of about 1 million sq.ft. has been paid, and the relevant land use right has been obtained. Development plan of this first phase development of Beverly Hill comprises a low density landscaped development with about 190 bungalows, semi-detached houses and link houses, 5 blocks of low-rise apartments, together with retail facilities occupying an aggregate gross floor area of about 693,000 sq.ft.. To cater for the privileges of residents, Beverly Hill will comprise an amenity and recreational clubhouse with a gross floor area of about 18,000 sq.ft. and a swimming pool. Approval of the development plan has been obtained from the relevant authorities. Site formation and construction works will commence soon.

(b) Manufacturing Division

(i) *Midas International Holdings Limited ("Midas") (44.6% owned by Chuang's China)*

Midas is a company listed on the Stock Exchange, and its subsidiaries are engaged in books printing, paper products printing and property investment. Its head office is located in Hong Kong with a gross floor area of about 32,000 sq.ft.. Its manufacturing premises are located in Yuanzhou and Dongguan, the PRC, having an aggregate gross floor area of over 1 million sq.ft.. Midas currently employs about 3,000 staff and workers.



Product highlights of books printing

In early 2000, the Chuang's China Group became the single largest shareholder of Midas. In July 2003, the Chuang's China Group raised its shareholding interests in Midas to 42.7%. During the year under review, the Chuang's China Group further increased its shareholding interests in Midas to 44.6%. The Group's total cost of investment in Midas was about HK\$110 million, representing approximately HK\$0.46 per share of Midas.

Since the Group has become the shareholder of Midas, Midas has accomplished significant growth in business and net profit. For the year ended 31st December, 2004, the turnover of Midas has increased to HK\$736.9 million from HK\$675.2 million in the previous year. The net profit



Product highlights of paper products printing

for the year ended 31st December, 2004 has increased to HK\$60.6 million, representing an approximately 16% increase compared to HK\$52.4 million for the preceding year.

(ii) Yuen Sang Hardware Company (1988) Limited (“Yuen Sang”) (100% owned by Chuang’s China)

Yuen Sang is principally engaged in the manufacture and sales of watch cases, bracelets and buckles, mainly for exports to Europe and the United States. Its head office is located in Hong Kong and its manufacturing premises is located in Huizhou, the PRC, occupying a gross floor area of about 88,100 sq.ft.. Yuen Sang has about 889 staff together with workers in its subcontracting factories.



Products of Yuen Sang

During the year, Yuen Sang’s turnover increased by about 13.3% compared with that of last year. However, in light of severe price competition and increase in material costs during the year, Yuen Sang’s gross profit margin was significantly affected which resulted in a slight loss. Yuen Sang will focus on drastic marketing efforts and explore synergistic business in order to generate a new source of income in the future.

(iii) CNT Group Limited (“CNT”) (12.8% owned by Chuang’s China)

CNT is a company listed on the Stock Exchange and its subsidiaries are principally engaged in the manufacture and sale of paint products under its own brand names “Flowers”, “Giraffe”, “Toy Brand” and “Denis” etc, focusing on the Hong Kong and PRC market. The Group considers that petrochemical business has tremendous long-term prospects, in particular, the potential of the PRC market. The Chuang’s China Group intends to hold its interests in CNT as a long-term strategic investment.

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Net Asset Value

As at 31st March, 2005, net assets of the Group amounted to HK\$3,043.8 million, equivalent to approximately HK\$2.06 per share.

Financial Positions

As at 31st March, 2005, the Group's bank balances, cash and other investments amounted to HK\$449.1 million (2004: HK\$575.9 million). Bank and other borrowings of the Group as at the same date amounted to HK\$1,058.3 million (2004: HK\$1,131.4 million). The Group's net debt to equity ratio was approximately 20.0% (2004: 20.1%) 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 92.3% of the Group's bank balances, cash and other investments were denominated in Hong Kong dollar or United States dollar, with the balance of 7.7% in Renminbi.

Approximately 94.1% of the Group's bank and other borrowings were denominated in Hong Kong dollar with the balance of 5.9% being denominated in Malaysian Ringgit. Approximately 8.3% (2004: 7.1%) of the Group's bank and other borrowings was repayable within one year, 43.9% (2004: 18.3%) repayable within 1 to 2 years, 41.4% (2004: 66.5%) repayable within 2 to 5 years and the balance of 6.4% (2004: 8.1%) repayable over 5 years.

Prospects

Hong Kong's economy has staged a recovery amid the implementation of the Closer Economic Partnership Arrangement between the PRC and Hong Kong and the Mainland Individual Visit Scheme. Economic outlook for this year continues to be positive given stable global environment and increased local consumer confidence. The opening of the Disney theme park later this year is expected to further boost tourism.

A healthy economic environment should continue to bode well for the residential property market. Given mild income growth amid declining unemployment rate, a return to mild inflation and a relatively low interest rate environment, demand for private housing should remain robust. The Group will continue to actively seek for opportunities to replenish its land bank.

On the Group's property investment front, rental rates are expected to continue to trend upwards given continued economic growth. The retail rental market will continue to benefit from booming tourism and improved local consumer spending. Demand for office space will also see an increase on improving economic activities. To enhance the yield, the Group has been upgrading its investment properties and adopting proactive and effective leasing strategies to further improve their rental and occupancy rates.

Recently the PRC government has announced a number of measures to regulate the domestic property market. These policies were intended to further standardise the property market with the objective of ensuring the development of a sustainable and healthy property market. In view of the substantial improvements in economic strengths and per capital income, the domestic market for properties in the PRC is expected to enjoy stable growth in the long-term. The Group will continue to focus on developing low cost quality housing in the PRC. With the Group's quality land bank in Dongguan, Guangzhou, Huizhou and Changsha, the Group is optimistic about its future growth and prospects.

On the manufacturing front, the Group will actively pursue expansion plans for its manufacturing division through internal growth initiatives and acquisition in the PRC, with prime focus on developing the vast PRC domestic market.

Staff

The head office of the Group is located in Hong Kong. The Group has offices in Singapore, Kuala Lumpur, Malaysia and Changsha, Chengdu, Dongguan, Huizhou, and Guangzhou, the PRC. As at 31st March, 2005, the Group employed 1,254 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

Appreciation

Finally, I would like to thank my fellow Directors and our dedicated staff for their valuable contributions during the year.

Alan Chuang Shaw Swee

Chairman

Hong Kong, 12th July, 2005