

Report of the Directors

The Board of Directors (the “Board”) presents the audited accounts of the Company and its subsidiaries (together the “Group”) for the year ended 31st March, 2005.

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 39 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 Dividends

The results of the Group for the year are set out in the consolidated profit and loss account on page 39.

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.

Subsidiaries

Particulars regarding the principal subsidiaries of the Company are set out in note 39 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 27 to the accounts.

Donations

During the year, the Group made charitable donations amounting to HK\$404,000.

Pre-emptive Rights

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

Share Premium and Reserves

Movements in share premium and reserves during the year are set out in note 28 to the accounts.

Particulars of Principal Properties Held by the Group

Particulars of principal properties held by the Group are set out on pages 90 to 95.

Group Financial Summary

A summary of the results, assets and liabilities of the Group for the five years ended 31st March, 2005 is shown on page 96.

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

Ms. So Kan Yiu (appointed on 7th June, 2004)

Ms. Cathy Chan Chung Shan (appointed on 7th June, 2004)

Dr. Peter Po Fun Chan

Mr. David Chris Lee Tsung Hei

Mr. Abraham Shek Lai Him (appointed on 28th May, 2004)

Mr. Kwong Tin Lap (resigned on 7th June, 2004)

At the forthcoming annual general meeting, Mr. Bernard Ko Sheung Chi, Mr. Andrew Lui Lop Kay and Mr. David Chris Lee Tsung Hei will retire from office in accordance with the Company's Bye-laws and, being eligible, will offer themselves for re-election.

Report of the Directors

Biographical Details of Directors and Senior Management

Biographical details of the 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 schemes adopted by the Company and its subsidiary as detailed in the section headed "Share Option Schemes" 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 and Short Positions in Shares, Underlying Shares and Debentures

As at 31st March, 2005, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:—

Name of Director	Interests in the Company		
	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee ("Mr. Chuang")	652,534,630	<i>Note 1</i>	44.150
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	230,340,538	<i>Note 2</i>	15.585
Mr. Andrew Lui Lop Kay ("Mr. Lui")	116,000	Beneficial owner	0.008
Dr. Peter Po Fun Chan	751,187	Beneficial owner	0.051

Note 1: Such interests comprised 490,202,006 shares in the Company owned by Evergain Holdings Limited and Chuang's Cutlery Holdings Limited, companies beneficially owned by Mr. Chuang, and the remaining interests arose as a result of Mr. Chuang being a discretionary object of a discretionary trust, the trustee of which held 162,332,624 shares in the Company.

Note 2: Such interests comprised 68,007,914 shares in the Company owned by Hilltop Assets Limited, a company beneficially owned by Mrs. Siu, and the remaining interests arose as a result of Mrs. Siu being a discretionary object of a discretionary trust, the trustee of which held 162,332,624 shares in the Company.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

**Interests in Chuang's China
Investments Limited ("Chuang's China")**

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	6,800,000	Beneficial owner	0.664
Mrs. Siu	1,600,000	Beneficial owner	0.156
Mr. Lui	10,000	Beneficial owner	0.001

**Interests in Midas International
Holdings Limited**

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Abraham Shek Lai Him	10,000	Beneficial owner	0.002

**Interests in Treasure Auctioneer
International Limited**

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	100,000	<i>Note 3</i>	10.000

Note 3: Such interests arose through the ownership of the shares by corporations that are beneficially owned by Mr. Chuang.

Report of the Directors

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

During the year, none of the Directors and chief executive 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.

Other than as disclosed herein, as at 31st March, 2005, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

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).

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company discloses that Mr. Chuang holds interests and directorships in and Mr. Bernard Ko Sheung Chi holds directorships in certain private companies (the "Private Companies") which engage in the businesses of luxurious residential property investment in Hong Kong. As the properties owned by the Private Companies are of different types and/or in different locations from those of the Group and that the Board of the Company is independent of the boards of directors of the Private Companies and maintains three independent non-executive Directors, the Group operates its businesses independently of, and at arm's length from, the businesses of the Private Companies.

Substantial Shareholders

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, as at 31st March, 2005, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:–

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Evergain Holdings Limited	410,734,006	Beneficial owner, <i>Note 1</i>	27.790
Chuang’s Cutlery Holdings Limited	79,468,000	Beneficial owner, <i>Note 1</i>	5.377
Madam Chuang Shau Har (“Madam Chuang”)	163,055,848	<i>Note 2</i>	11.032
Mr. Lee Sai Wai (“Mr. Lee”)	163,055,848	<i>Note 3</i>	11.032
Mrs. Chong Ho Pik Yu	490,202,006	<i>Note 4</i>	33.166

Note 1: Such interests have been mentioned in Note 1 to the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures”.

Note 2: Interests in 162,332,624 shares arose as a result of Madam Chuang being the trustee and a discretionary object of a discretionary trust which owned such shares in the Company. The remaining interests in 723,224 shares in the Company arose by attribution through her spouse, Mr. Lee.

Note 3: Interests in 162,332,624 shares arose by attribution through his spouse, Madam Chuang, whose interests have been mentioned in Note 2 above. The remaining interests in 723,224 shares in the Company is beneficially owned by Mr. Lee.

Note 4: Such interests arose by attribution through her spouse, Mr. Chuang, whose interests have been mentioned in Note 1 to the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures”.

Save as disclosed above, as at 31st March, 2005, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

Report of the Directors

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 and up to the date of this report.

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 30 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.

Pledge of Assets

At the balance sheet date, the Group's borrowing facilities were secured by certain properties including investment properties, land and buildings, properties held for/under development and properties held for sale, with an aggregate net book value of HK\$3,193.6 million (2004: HK\$2,706.3 million).

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

The five largest suppliers and customers accounted for less than 30% of the Group's purchases and turnover for the year respectively.

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 in the annual general meeting of the Company held on 30th August, 2002, a share option scheme of the Company (the “Scheme”) has been adopted and the share option scheme adopted by Chuang’s China on 26th August, 2002 (the “Chuang’s China Scheme”) has been approved.

(i) A summary of the 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 Scheme |
| 2. | Participants: | Including, inter alia, Directors, employees or business consultants of the Group |
| 3. | Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of this report: | 132,800,615 shares are available for issue under the Scheme, representing approximately 9% 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 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 Scheme on 30th August, 2002 |
| 6. | Amount payable on acceptance of an option and the period within which payments shall be made: | HK\$1.00 payable to the Company upon acceptance of option which should be taken up within 28 days from the date of offer for option (“Offer Date”) (which must be a trading day) |
| 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 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 (which must be a trading day); and (iii) the nominal value of a share |
| 8. | The remaining life of the Scheme: | Valid until 29th August, 2012 unless otherwise terminated under the terms of the Scheme |

Share Option Schemes (Continued)

(ii) A summary of the Chuang's China Scheme is set out as follows:–

1. Purpose: To give incentive to Directors, employees or business consultants of Chuang's China and its subsidiaries (the "Chuang's China Group") and any other party as approved under the Chuang's China Scheme
2. Participants: Including, inter alia, Directors, employees or business consultants of the Chuang's China Group
3. Total number of shares of Chuang's China available for issue under the Chuang's China Scheme and percentage of the issued share capital of Chuang's China that it represents as at the date of this report: 102,443,969 shares of Chuang's China are available for issue under the Chuang's China 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 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 Scheme on 26th August, 2002
6. Amount payable on acceptance of an option and the period within which payments shall be made: HK\$1.00 payable to Chuang's China upon acceptance of option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)
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 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 (which must be a trading day); and (iii) the nominal value of a share of Chuang's China
8. The remaining life of the Chuang's China Scheme: Valid until 25th August, 2012 unless otherwise terminated under the terms of the Chuang's China Scheme

Corporate Governance

The Company has complied with the Code of Best Practice which was previously 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.

In order to comply with the new Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules which came into effect on 1st January, 2005, the Board has in March 2005 approved that the term of office for each of the independent non-executive Directors shall be 3 years commencing on 1st April, 2005, subject to re-election, and that each independent non-executive Director shall be subject to retirement by rotation at least once every 3 years.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process and internal controls. The audit committee has held meetings in accordance with the relevant requirements and reviewed the annual results for the year ended 31st March, 2005. Current members of the audit committee are the three independent non-executive Directors, Dr. Peter Po Fun Chan, Mr. David Chris Lee Tsung Hei and Mr. Abraham Shek Lai Him.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules.

Nomination Committee

The Company has established a nomination committee in March 2005. Members of the nomination committee are the three independent non-executive Directors, Dr. Peter Po Fun Chan, Mr. David Chris Lee Tsung Hei and Mr. Abraham Shek Lai Him. The nomination committee is to review the nomination of Directors and to make recommendation to the Board on such appointments.

Remuneration Committee

The Company has established a remuneration committee in March 2005. Members of the remuneration committee are the three independent non-executive Directors, Dr. Peter Po Fun Chan, Mr. David Chris Lee Tsung Hei and Mr. Abraham Shek Lai Him. The remuneration committee is to review the emolument policy of the Directors and senior management of the Company.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31st March, 2005.

Connected Transactions

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 its 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, 2005, the total amount of the loans plus interest outstanding was approximately HK\$11,377,000. The sole shareholder of Fantasy was a director of Artiful until his resignation on 30th April, 2004. Details of the transaction were announced by the Company on 16th July, 2002.
2. The Group has provided financial assistance to Artiful to meet its financing requirements for the development of a property project in Hong Kong. The financial assistance was provided in proportion to the Group’s equity interest in Artiful and are unsecured, interest free and have no fixed terms of repayment. As at 31st March, 2005, the total amount of financial assistance provided was approximately HK\$85,355,000.

Disclosure Pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules

1. The Group has entered into a loan agreement with a bank which required 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 31st March, 2005, the loan outstanding was HK\$239,000,000 and the last instalment of the loan is repayable on 30th September, 2007. The loan agreement still subsists as at the date of this report.
2. As at 31st March, 2005, the Group has granted loans to Dragon Pacific Development Limited (“Dragon Pacific”) amounting to approximately HK\$103,291,000. Dragon Pacific is an affiliated company of the Group in which the Group holds 30% of its issued share capital. The loans are for the purpose of financing the development of a property project in Hong Kong and were made in proportion to the Group’s shareholding in Dragon Pacific. The loans are unsecured, interest free and have no fixed terms of repayment.

Disclosure Pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules
(Continued)

3. As at 31st March, 2005, the Group has granted loans to certain affiliated companies (including Dragon Pacific mentioned above) amounting to HK\$105,665,000 in aggregate. The proforma combined balance sheet of and the Group's attributable interest in these affiliated companies as at 31st March, 2005 are as follows:—

	Combined <i>HK\$'000</i>	The Group's attributable interest <i>HK\$'000</i>
Non-current assets	323,538 -----	97,497 -----
Current assets	10,810	4,657
Current liabilities	5,066 -----	2,242 -----
Net current assets	5,744 -----	2,415 -----
Total assets less current liabilities	329,282	99,912
Non-current liabilities	352,402 -----	105,331 -----
Net liabilities	(23,120) =====	(5,419) =====

Auditors

The accounts for the year were audited by PricewaterhouseCoopers who shall 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, 12th July, 2005