



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

(incorporated in Bermuda with limited liability)

INTERIM REPORT
FOR THE SIX MONTHS ENDED
30TH SEPTEMBER, 2005

RESULTS

The Board of Directors of Chuang's Consortium International Limited (the "Company") presents the interim report including the interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September, 2005. The consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity for the six months ended 30th September, 2005 and the consolidated balance sheet as at 30th September, 2005 along with the notes thereon, are set out on pages 1 to 18 of this report.

Consolidated Profit and Loss Account (unaudited)

For the six months ended 30th September, 2005

	Note	2005 HK\$'000	2004 HK\$'000 (Restated)
Turnover	3	233,268	179,360
Cost of sales		<u>(179,377)</u>	<u>(124,123)</u>
Gross profit		53,891	55,237
Other revenues		37,258	15,601
Distribution costs		(4,525)	(3,532)
Administrative expenses		(55,441)	(50,182)
Other operating expenses		(3,301)	(917)
Revaluation surplus of investment properties		28,010	–
Write back of provision for properties held for sale		–	10,000
Operating profit	4	55,892	26,207
Finance costs		(25,697)	(10,702)
Share of results of associates		12,432	16,738
Profit before taxation		42,627	32,243
Taxation	5	(4,075)	225
Profit for the period		<u>38,552</u>	<u>32,468</u>
Attributable to:			
Equity holders of the Company		36,514	33,986
Minority interests		2,038	(1,518)
		<u>38,552</u>	<u>32,468</u>
Interim dividend		7,390	7,390
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6	<u>2.47</u>	<u>2.30</u>

Consolidated Balance Sheet (unaudited)*As at 30th September, 2005*

		30th September, 2005	31st March, 2005
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Non-current assets			
Property, plant and equipment	7	90,374	96,113
Investment properties		2,703,953	2,675,350
Leasehold land and land use rights		962,325	970,138
Properties held for/under development	7	24,682	208,863
Associates		209,272	149,949
Investment securities		–	75,845
Available-for-sale financial assets		24,437	–
Loans and receivables		90,559	56,409
Deferred tax assets		17,339	21,359
		4,122,941	4,254,026
Current assets			
Properties held for sale		481,138	299,210
Inventories		18,488	18,501
Debtors and prepayments	8	70,234	49,879
Tax recoverable		177	160
Other investments		56,348	27,585
Cash and bank balances		667,741	421,533
		1,294,126	816,868
Current liabilities			
Creditors and accruals	9	106,166	104,400
Current portion of long-term borrowings	11	73,091	87,676
Taxation		15,682	15,931
		194,939	208,007
Net current assets		1,099,187	608,861
		5,222,128	4,862,887

		30th September, 2005	31st March, 2005
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Equity			
Share capital	<i>10</i>	369,502	369,502
Reserves		2,481,315	2,429,138
Proposed dividend		7,390	14,780
		<hr/>	<hr/>
Shareholders' funds		2,858,207	2,813,420
Minority interests		609,893	599,131
		<hr/>	<hr/>
Total equity		<u>3,468,100</u>	<u>3,412,551</u>
Non-current liabilities			
Long-term borrowings	<i>11</i>	1,292,700	970,602
Other non-current liabilities	<i>12</i>	461,328	479,734
		<hr/>	<hr/>
		<u>1,754,028</u>	<u>1,450,336</u>
		<hr/>	<hr/>
		<u>5,222,128</u>	<u>4,862,887</u>

Consolidated Cash Flow Statement (unaudited)*For the six months ended 30th September, 2005*

	2005 HK\$'000	2004 <i>HK\$'000</i>
Net cash (used in)/from operating activities	(54,481)	9,865
Net cash from investing activities	12,207	48,830
Net cash from/(used in) financing activities	288,095	(75,190)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	245,821	(16,495)
Cash and cash equivalents at the beginning of the period	396,439	500,746
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	642,260	484,251
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Cash and bank balances	667,741	509,345
Bank deposits maturing more than three months from date of placement	(25,481)	(25,094)
	<hr/>	<hr/>
	642,260	484,251
	<hr/>	<hr/>

Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30th September, 2005

	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profit <i>HK\$'000</i>	Shareholders' funds <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 31st March, 2005, as previously reported	369,502	1,045,305	1,628,949	3,043,756	677,830	3,721,586
Prior year adjustments						
Amortisation of leasehold land and land use rights (HKAS 17)	-	-	(106,314)	(106,314)	(78,699)	(185,013)
Deferred tax on revaluation of investment properties (HKAS Int 21)	-	-	(124,022)	(124,022)	-	(124,022)
As restated, before opening adjustments	369,502	1,045,305	1,398,613	2,813,420	599,131	3,412,551
Opening adjustments						
Derecognition of negative goodwill (HKFRS 3)	-	-	36,197	36,197	19,161	55,358
Change in fair value of available-for-sale financial assets (HKAS 32)	-	(8,181)	-	(8,181)	(5,432)	(13,613)
Transfer of investment properties revaluation reserve to retained profit (HKAS 40)	-	(69,252)	69,252	-	-	-
At 1st April, 2005, as restated	369,502	967,872	1,504,062	2,841,436	612,860	3,454,296
Changes in exchange rates	-	207	-	207	1,095	1,302
Capital injection by minority shareholders	-	-	-	-	1,419	1,419
Change in fair value of available-for-sale financial assets	-	(5,170)	-	(5,170)	(3,432)	(8,602)
Profit for the period	-	-	36,514	36,514	2,038	38,552
Dividend paid to minority interests	-	-	-	-	(4,087)	(4,087)
2005 final dividend paid	-	-	(14,780)	(14,780)	-	(14,780)
At 30th September, 2005	<u>369,502</u>	<u>962,909</u>	<u>1,525,796</u>	<u>2,858,207</u>	<u>609,893</u>	<u>3,468,100</u>

	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profit <i>HK\$'000</i>	Shareholders' funds <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 31st March, 2004, as previously reported	369,502	988,196	1,407,576	2,765,274	669,062	3,434,336
Prior year adjustments						
Amortisation of leasehold land and land use rights (HKAS 17)	–	–	(96,437)	(96,437)	(71,157)	(167,594)
Deferred tax on revaluation of investment properties (HKAS Int 21)	–	–	(90,742)	(90,742)	–	(90,742)
At 31st March, 2004, as restated	369,502	988,196	1,220,397	2,578,095	597,905	3,176,000
Changes in exchange rates	–	(203)	–	(203)	442	239
Acquisition of subsidiaries	–	–	–	–	1,143	1,143
Profit for the period	–	–	33,986	33,986	(1,518)	32,468
Dividend paid to minority interests	–	–	–	–	(4,087)	(4,087)
2004 final dividend paid	–	(13,591)	(1,189)	(14,780)	–	(14,780)
At 30th September, 2004	<u>369,502</u>	<u>974,402</u>	<u>1,253,194</u>	<u>2,597,098</u>	<u>593,885</u>	<u>3,190,983</u>

Notes to the interim financial information:

1. Basis of preparation

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain investments, and in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st March, 2005 except that the Group has changed certain of its accounting policies following its adoption of the new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively the “new HKFRSs”) which are effective for accounting periods commencing on or after 1st January, 2005. The changes to the Group’s accounting policies and the effect of adopting these new policies are set out in note 2 below.

Following the adoption of the new HKFRSs, certain comparative figures in the interim financial information have been restated or reclassified to conform with the current presentation. Major changes in the presentation are set out as follows:

Presentation in 2005 annual accounts	New presentation
(a) Amounts receivable from associates included under associates	Classified under current and non-current assets according to their terms of repayment
(b) Loans receivable from and payable to minority shareholders included under minority interests	Classified under current or non-current assets and liabilities according to their terms of repayment
(c) Share of taxation of associates included under taxation	Share of results of associates presented net of share of taxation
(d) Dividend income from unlisted preference shares	Interest income from loans and receivables

2. Changes in accounting policies

2.1 *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries and associates at the effective date of acquisition, and, in respect of an increase in holding in a subsidiary, the excess of the cost of acquisition and the carrying amount of the proportion of the minority interests acquired. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

If the cost of acquisition is less than the fair value of the net assets acquired or the carrying amount of the proportion of the minority interests acquired, the difference is recognised directly in the profit and loss account. Goodwill on acquisition of subsidiaries is included in intangible assets while goodwill on acquisition of associates is included in investments in associates. Goodwill is tested for impairment annually or when there is indication for impairment, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In previous years, goodwill arising on acquisitions was included in the balance sheet as a separate asset and amortised using the straight-line method over its estimated useful life of not more than twenty years. The carrying amount of goodwill was reviewed annually and provision was made when, in the opinion of the Directors, there was impairment in value other than temporary in nature. Where the fair values ascribed to the net assets exceeded the purchase consideration, such differences were recognised in the profit and loss account in the year of acquisition or over the weighted average useful life of those non-monetary assets acquired. This accounting policy has been changed to conform with HKFRS 3 "Business Combinations". As a result of this change, the Group has adopted the transitional provision to derecognise the negative goodwill of HK\$55,358,000 against the opening retained profit and minority interests as at 1st April, 2005 amounting to HK\$36,197,000 and HK\$19,161,000, respectively, whereas the comparative amounts as at 31st March, 2005 have not been restated.

2.2 *Investment properties*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value and valuations are reviewed annually by external valuers. Changes in fair values are recognised in the profit and loss account.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16 “Property, plant and equipment”. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the profit and loss account.

Property that is being constructed or developed for future use as investment property is classified as properties under development and carried at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

In previous years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the profit and loss account. Upon disposal of an investment property, any relevant revaluation surplus realised was transferred to the profit and loss account. This accounting policy has been changed to conform with HKAS 40 “Investment property” and, as a result, investment properties revaluation reserve amounting to HK\$69,252,000 as at 1st April, 2005 has been transferred to retained profit.

2.3 *Leases*

The Group reclassifies prepayments of lease premiums from property, plant and equipment and properties held for/under development to leasehold land and land use rights following the adoption of HKAS 17 “Leases”. The up-front prepayments made for leasehold land and land use rights are amortised on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the profit and loss account. The amortisation of the leasehold land and land use rights is capitalised under the relevant assets when the properties on the land are under construction.

In previous years, leasehold land and land use rights were classified under property, plant and equipment and properties held for/under development according to the intention of the underlying properties. For those classified as leasehold land and buildings under property, plant and equipment, they were stated at cost less

accumulated depreciation and provision for impairment in value other than temporary in nature, whereas properties held for/under development were stated at cost, including land cost, development and construction expenditure incurred and any interest and other direct costs attributable to the development, less provision.

As a result of the above changes in accounting policies, the net book amounts of leasehold land and land use rights have been increased by HK\$970,138,000, property, plant and equipment have been decreased by HK\$10,794,000, properties held for/under development have been decreased by HK\$1,139,588,000, properties held for sale have been decreased by HK\$4,769,000, retained profit has been decreased by HK\$106,314,000 and minority interests have been decreased by HK\$78,699,000 as at 31st March, 2005.

2.4 Property, plant and equipment

The residual values of the assets and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date in order to conform with HKAS 16 “Property, plant and equipment”. This change in accounting policy however does not have any material impact to the Group.

2.5 Investments

The Group has reclassified its investments in the balance sheet following the adoption of HKAS 32 “Financial instruments: Disclosure and presentation” and HKAS 39 “Financial instruments: Recognition and measurement”. Loans and receivables are carried at amortised cost using the effective interest method. Loans and receivables are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are then classified as non-current assets. Available-for-sale financial assets are non-derivatives that are not held for trading or expected to be realised within twelve months of the balance sheet date. Available-for-sale financial assets are carried at fair value and included under non-current assets unless the management intends to dispose of the investment within twelve months of the balance sheet date. Other investments held for trading purpose are carried at fair value. They are classified as current assets on the balance sheet. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account. Realised and unrealised gains and losses arising from changes in fair value of other investments are included in the profit and loss account in the period in which they arise.

In previous years, the Group’s investments intended to be held for indefinite long-term purpose or strategic reason were included in the balance sheet under non-current assets as investment securities, and were carried at cost less any provision. The carrying amounts of individual investments were reviewed at each balance sheet

date to assess whether the fair values had declined below the carrying amounts. When a decline other than temporary had occurred, the carrying amount of such investment would be reduced to its fair value. The impairment loss was recognised as an expense in the profit and loss account and was written back to the profit and loss account when the circumstances and events that led to the write down ceased to exist and there was persuasive evidence that the new circumstances and events would persist for the foreseeable future.

HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous Statement of Standard Accounting Practice 24 “Accounting for investments in securities” to investments in securities.

As a result of the above changes in accounting policy, classification of investments has been redesignated as at 1st April, 2005 and opening other reserves and minority interests of the Group have been reduced by HK\$8,181,000 and HK\$5,432,000, respectively. The comparative amounts as at 31st March, 2005 have not been restated.

2.6 Deferred taxation

The adoption of HKAS Interpretation (“HKAS Int”) 21 “Income Taxes - Recovery of Revalued Non-Depreciated Assets” has resulted in a change in the accounting policy relating to the deferred taxation arising from the revaluation of investment properties. Such deferred taxation should be calculated on the basis that the recovery of the carrying amount of the properties would be through use.

In prior year, deferred taxation arising from the revaluation of investment properties was calculated on the basis that the recovery of the carrying amount of the properties would be through sale. As a result, prior year adjustments have been made to reduce retained profit by HK\$124,022,000 and increase deferred tax assets and liabilities by HK\$21,359,000 and HK\$145,381,000 respectively as at 31st March, 2005.

2.7 Revenue recognition

Sales of properties are recognised when the risks and rewards of the properties are passed to the customers.

In previous years, when a development property was sold in advance of completion, sales were recognised over the course of the development and were computed as a proportion of the total estimated sales to completion; the proportion used being the proportion of construction costs incurred at the balance sheet date to estimated total construction costs. This accounting policy has been changed to conform with HKAS Int 3 “Revenue - Pre-completion contracts for the sale of development properties” and the Group has elected to adopt the transitional provision and changed the recognition policy in relation to sales of properties in advance of completion occurring on or after 1st April, 2005.

The aggregate effect of the changes in accounting policies on the reserves as at 1st April, 2005, the profit and earnings per share for the six months ended 30th September, 2005 and 2004 are summarised below:

	Reserves at		Profit		Earnings per share	
	1st April, 2005		for the six months		for the six months	
	Opening	Prior year	ended 30th	ended 30th	ended 30th	ended 30th
	adjustments	adjustments	September,	September,	September,	September,
	HK\$'000	HK\$'000	2005	2004	2005	2004
			HK\$'000	HK\$'000	HK cents	HK cents
Negative goodwill	36,197	–	150	–	0.01	–
Investment properties	–	–	28,010	–	1.90	–
Leases	–	(106,314)	(4,940)	(4,932)	(0.33)	(0.33)
Investments	(8,181)	–	–	–	–	–
Deferred taxation	–	(124,022)	(4,027)	–	(0.27)	–
	28,016	(230,336)	19,193	(4,932)	1.31	(0.33)

3. Turnover and segment information

The Group is principally engaged in property investment and development, manufacturing and sales of watch components, bonded polyester fabrics and home finishing products, securities investment and trading, and the provision of information technology services. Analysis of the turnover and operating profit/(loss) by business segments and geographical segments is as follows:

(a) Business segments

	Property investment and development	Sales of goods and services	Securities trading	Information technology	Corporate and elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2005						
Turnover	109,674	41,338	82,213	137	(94)	233,268
Other revenues	23,693	1,040	2,316	–	10,209	37,258
Segment results	73,868	138	6,212	(427)	(23,899)	55,892
Finance costs						(25,697)
Share of results of associates	(16)	12,646	–	(198)	–	12,432
Profit before taxation						42,627
Taxation						(4,075)
Profit for the period						38,552

	Property investment and development <i>HK\$'000</i>	Sales of goods and services <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Information technology <i>HK\$'000</i>	Corporate and elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
2004 (Restated)						
Turnover	82,839	42,168	54,390	63	(100)	179,360
Other revenues	<u>2,516</u>	<u>706</u>	<u>3,164</u>	<u>-</u>	<u>9,215</u>	<u>15,601</u>
Segment results	<u>40,933</u>	<u>(1,131)</u>	<u>6,068</u>	<u>(381)</u>	<u>(19,282)</u>	26,207
Finance costs						(10,702)
Share of results of associates	(23)	16,972	-	(211)	-	<u>16,738</u>
Profit before taxation						32,243
Taxation						<u>225</u>
Profit for the period						<u>32,468</u>

(b) *Geographical segments*

	Turnover		Operating profit/(loss)	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (Restated)
Hong Kong	204,061	150,579	67,491	35,396
The Mainland	769	326	(10,000)	(10,292)
Other countries	<u>28,438</u>	<u>28,455</u>	<u>(1,599)</u>	<u>1,103</u>
	<u>233,268</u>	<u>179,360</u>	<u>55,892</u>	<u>26,207</u>

4. Operating profit

	2005	2004
	HK\$'000	HK\$'000
		<i>(Restated)</i>
Operating profit is arrived after crediting:		
Dividend income from listed investments	600	1,165
Interest income from loans and receivables	462	1,424
Realisation of deferred profit on disposal of properties <i>(note)</i>	6,025	–
Write back of provisions for construction costs and tax liabilities undertakings <i>(note)</i>	12,395	–
Gain on disposal of property, plant and equipment	262	–
Net realised and unrealised gains on other investments	5,615	4,984
	<u> </u>	<u> </u>
and after charging:		
Cost of properties and inventories sold	88,833	61,054
Loss on disposal of property, plant and equipment	–	69
Amortisation of leasehold land and land use rights	8,860	8,715
Depreciation	7,720	7,700
Staff costs, including Directors' emoluments:		
Wages and salaries	23,566	20,349
Retirement benefit costs	1,018	1,068
	<u> </u>	<u> </u>

Note: In December 2001, a subsidiary, Chuang's China Investments Limited ("Chuang's China"), disposed of certain properties to an associate and accordingly, a portion of the profit from such disposal has been deferred. In addition, Chuang's China has provided undertakings to the associate for the construction costs and tax liabilities in relation to these properties. During the period, part of these properties were disposed of by the associate to third parties and therefore the related deferred profit has been recognised and the related provisions for the undertakings have been written back by Chuang's China.

5. Taxation

	2005 HK\$'000	2004 HK\$'000 (Restated)
Current (overseas)	(163)	11
Deferred	4,238	(236)
	<u>4,075</u>	<u>(225)</u>

No provision for Hong Kong profits tax has been made as the Group does not have any estimated assessable profit for the period (2004: Nil). Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

Share of taxation of associates for the six months ended 30th September, 2005 of HK\$4,446,000 (2004: HK\$1,817,000) is included in the profit and loss account under share of results of associates.

6. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of the Company of HK\$36,514,000 (2004, as restated: HK\$33,986,000) and 1,478,006,155 shares in issue during the period.

As there are no dilutive potential shares in issue, there is no dilution effect on the earnings per share.

7. Capital expenditure

For the six months ended 30th September, 2005, the Group acquired property, plant and equipment amounting to HK\$3,799,000 (2004: HK\$888,000), incurred development costs of properties held for/under development amounting to HK\$828,000 (2004: HK\$13,288,000), and has disposed of property, plant and equipment with a net book amount of HK\$988,000 (2004: HK\$308,000).

8. Debtors and prepayments

Rental and management fee are receivable in advance. Credit terms of the Group's sales of goods mainly range from 30 days to 90 days. The aging analysis of the Group's trade debtors is as follows:

	30th September, 2005 HK\$'000	31st March, 2005 HK\$'000
Below 30 days	10,932	11,348
31 to 60 days	3,353	3,958
61 to 90 days	3,757	3,375
Over 90 days	8,648	10,709
	<u>26,690</u>	<u>29,390</u>

9. Creditors and accruals

The aging analysis of the Group's trade creditors is as follows:

	30th September, 2005 HK\$'000	31st March, 2005 HK\$'000
Below 30 days	3,913	3,540
31 to 60 days	2,262	1,437
Over 60 days	18,169	21,267
	<u>24,344</u>	<u>26,244</u>

10. Share capital

	30th September, 2005 HK\$'000	31st March, 2005 HK\$'000
<i>Authorised</i>		
2,500,000,000 shares of HK\$0.25 each	<u>625,000</u>	<u>625,000</u>
<i>Issued and fully paid</i>		
1,478,006,155 shares of HK\$0.25 each	<u>369,502</u>	<u>369,502</u>

11. Long-term borrowings

	30th September, 2005	31st March, 2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank loans		
Wholly repayable within five years	1,249,028	937,007
Not wholly repayable within five years	116,718	121,140
	1,365,746	1,058,147
Obligations under finance lease wholly payable within five years	45	131
	1,365,791	1,058,278
Current portion included under current liabilities	(73,091)	(87,676)
	1,292,700	970,602

The bank loans are secured by certain investment properties, leasehold land and land use rights, properties held for/under development and properties held for sale, of which HK\$1,187,512,000 (31st March, 2005: HK\$903,215,000) are also secured by the assignment of rental income. The bank loans are repayable in the following periods:

	30th September, 2005	31st March, 2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	73,046	87,545
Second year	294,837	464,098
Third to fifth year	934,771	438,366
After the fifth year	63,092	68,138
	1,365,746	1,058,147

The Group's finance lease obligations are payable in the following periods:

	Minimum payments		Present value	
	30th September, 2005	31st March, 2005	30th September, 2005	31st March, 2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	45	136	45	131
Future finance charges	-	(5)	-	-
	45	131	45	131

12. Other non-current liabilities

	30th September, 2005	31st March, 2005
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Provisions	21,019	30,994
Deferred taxation	386,933	386,732
Amounts payable to minority shareholders	53,376	54,672
Negative goodwill	–	7,336
	<hr/> 461,328 <hr/>	<hr/> 479,734 <hr/>

13. Contingent liabilities

As at 30th September, 2005, guarantees amounting to HK\$4.0 million (31st March, 2005: HK\$3.1 million) were given by a subsidiary to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiary.

The Company provides a guarantee for the mortgage bank loan of the investment property of Chuang's China amounting to HK\$233,000,000 (31st March, 2005: HK\$239,000,000). In return, Chuang's China has provided a counter-indemnity to the Company against all losses and liabilities which the Company may incur under the guarantee.

14. Capital commitments

As at 30th September, 2005, the Group had capital expenditure commitments contracted but not provided for amounting to HK\$48,075,000 (31st March, 2005: HK\$47,240,000).

15. Pledge of assets

As at 30th September, 2005, the Group's borrowing facilities were secured by certain properties including investment properties, property, plant and equipment, leasehold land and land use rights, properties held for/under development and properties held for sale, with an aggregate net book value of HK\$3,047,098,000 (31st March, 2005, as restated: HK\$3,166,759,000).

16. Subsequent event

On 2nd November, 2005, Chuang's China formed a joint venture for engaging in property development in Chengdu, the Mainland, in which Chuang's China's share of total investment amounted to approximately HK\$38.5 million, including registered capital of approximately HK\$3.8 million.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 0.5 HK cent (2004: 0.5 HK cent) per share payable on or before 23rd January, 2006 to shareholders whose name appear on the Company's register of members on 11th January, 2006.

MANAGEMENT DISCUSSION ON RESULTS

For the six months ended 30th September, 2005, turnover of the Group amounted to HK\$233.3 million (2004: HK\$179.4 million), representing an increase of approximately 30.0% when compared with that of the last corresponding period. Turnover from property investment and development activities amounted to HK\$109.7 million (2004: HK\$82.8 million), representing an increase of 32.4% from that of the last corresponding period. The increase in turnover was mainly attributable to an increase in sales of properties by about HK\$26.3 million during the period. Manufacturing and trading businesses recorded a turnover of HK\$41.3 million (2004: HK\$42.2 million). Turnover from securities trading activities increased to HK\$82.2 million (2004: HK\$54.4 million) as the Group has increased its securities investment activities due to improved market sentiment during the period.

Gross profit slightly decreased by 2.4% to HK\$53.9 million (2004: HK\$55.2 million). Operating profit increased by 113.4% to HK\$55.9 million (2004: HK\$26.2 million) principally as a result of the increase in other revenues by HK\$21.7 million and the surplus on revaluation of investment properties of HK\$28.0 million. Due to the higher interest rates prevailing during the period, finance costs increased by approximately HK\$15.0 million. Share of results of associates decreased by 25.7% to HK\$12.4 million (2004: HK\$16.7 million). Taking into account of the above, profit attributable to equity holders of the Company increased by 7.4% to HK\$36.5 million (2004: HK\$34.0 million).

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 streams to the Group. The Group's major investment properties comprise Chuang's London Plaza in Tsim Sha Tsui, Chuang's Hung Hom Plaza in Hunghom, Chuang's City Tower in Wanchai, portion of Chuang's Enterprises Building in Wanchai, Park Villa in Deep Water Bay and Chuang's Tower in Central, Hong Kong and Central Plaza in Kuala Lumpur, Malaysia. Rental and other income from investment properties of the Group during the period amounted to approximately HK\$49.2 million.

The Group has been actively studying and implementing plans so as to improve the value of its investment properties. Steps taken by the Group include the followings:

- (i) In order to take advantage of the strong demand for luxurious residential property market, the Group plans to redevelop Park Villa, a residential property in Deep Water Bay, into 4 bungalows. General building plans for the redevelopment have been approved by the Buildings Department and the redevelopment will commence in the third quarter of 2006.
- (ii) The Group has submitted an application to the Town Planning Board for the change of usage of Chuang's Hung Hom Plaza from office to hotel. The application, if approved, will provide flexibility to the Group to enhance the yield and thus the value of the property.
- (iii) The Group has engaged professional advisors to provide a comprehensive renovation proposal for Chuang's London Plaza. The objectives of the renovation are to improve the image of the Plaza, create more retailing spaces and attract more customers to the Plaza, which would lead to an enhancement of rental yield.

(b) Properties Held for Sale/Development

On the property development front, the development projects have been proceeding as scheduled. Proceeds from property sales during the period amounted to approximately HK\$60.0 million.

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

The property will be redeveloped into a high-class residential building with a total area of approximately 52,000 sq. ft.. General building plans for the redevelopment have been submitted to the relevant authorities pending approval. It is targeted that the redevelopment will commence in the first quarter of 2006.

- (ii) 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 in progress. The Group holds a 30% interest in the project. Henderson Land Development Company Limited, which owns the remaining 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.

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

The project, with a site area of approximately 1.3 million sq. ft., is a low density mixed development comprising 244 single-storey and double-storey terrace houses, 406 apartments and various shopping units with a total gross floor area of approximately 690,000 sq. ft.. Phase I of the project comprises 66 single-storey terrace houses and 45 apartments with a total gross floor area of 93,800 sq. ft. and is virtually fully pre-sold. Occupation permit for the single-storey terrace houses has been issued in September 2005 and these properties have been handed over to the purchasers. The Group is optimistic of the long-term potential of this project and will develop further phases in accordance with local market conditions.

2. CHUANG'S INDUSTRIAL (HOLDINGS) LIMITED

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

Sintex, an 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 severe price competition amongst the industry resulting in turnover being reduced by 11.2% when compared to the last corresponding period and Sintex incurring a slight loss for the first half of the financial 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% owned subsidiary of the Group, is a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and its subsidiaries (collectively the “Chuang's China Group”) are principally engaged in property development and investment and manufacturing business. Profit attributable to equity holders of Chuang's China for the six months ended 30th September, 2005 amounted to HK\$8.8 million.

(a) Property Division

The Chuang's China Group holds property interests in the People's Republic of China (the “PRC”) and its land bank is located in Guangzhou, Dongguan and Huizhou of Guangdong Province, Changsha of Hunan Province as well as Chengdu of Sichuan Province. A brief update of the progress of the Group's property development projects in the PRC is summarised below:

- (i) Chuang's New City, Shatian, Dongguan, Guangdong (100% owned by Chuang's China)

Chuang's New City is a comprehensive new township development for logistics, residential, commercial, office, hotel and other ancillary usage. Progress on development of the project is as follows:

(1) Chuang's New City, Gold Coast

During the period, the Group is making satisfactory progress with Gold Coast, which comprises 11 blocks of residential buildings with 374 residential units having an aggregate gross floor area of 610,000 sq. ft. and 370 carparking spaces. Its amenity clubhouse, having a gross floor area of 62,000 sq. ft., is facilitated with one indoor and one outdoor swimming pools. Superstructure works have been completed and it is expected that occupation permit of Gold Coast will be issued around January 2006. Marketing of the Gold Coast has commenced.

(2) Further phases

The Group has commissioned Palmer & Turner Architects and Engineers Limited as consultant to review the master layout plan of the further phases of the development of Chuang's New City in Dongguan. Once this review is finalised, the Group will immediately commence the Phase III development of this project.

(ii) Chuang's Metropolis, Guangzhou, Guangdong (85% owned by Chuang's China)

Chuang's Metropolis is a comprehensive new township development for residential, commercial, office, hotel and other ancillary usage. The site is located nearby the metro railway route number 4, currently under construction and is expected to be in operation before the end of 2006, which would greatly enhance the accessibility of the site to the city centre of Guangzhou.

Terry Farrell & Partners have completed the master layout planning of this project. The Group has further commissioned it to conduct the detailed design of the first phase development of this project comprising 10 blocks of residential buildings with an estimated total gross floor area of about 713,000 sq. ft.. Construction works will commence once the design has been finalised and approvals from relevant authorities have been obtained.

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

The Group owns the development rights of a site in Changsha, having an area of about 10.8 million sq. ft.. Development of the entire site will be carried out in stages.

The first phase of Beverly Hill, with a site area of about 1 million sq. ft., 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.. Beverly Hill will also comprise an amenity and recreational clubhouse with a gross floor area of about 18,000 sq. ft. and a swimming pool. General building plans for the development have been approved by the relevant authorities. Site formation works are in progress and superstructure works are under tender. Marketing of Beverly Hill is expected to be launched in the first quarter of 2006.

(iv) Chengdu, Sichuan (50% owned by Chuang's China)

The Chuang's China Group formed a joint venture in November 2005 for the purpose of carrying out the development of a site with an area of about 71,800 sq. ft., which is located in the city centre of Chengdu, at the junction of Jiusan Road, Guojiaqiao North Road and Guojiaqiao South Road, nearby Sichuan University and on the west bank of Fuhe River overlooking River-viewing Park. It is intended that the site will be developed into high-class commercial/residential buildings comprising a gross floor area of about 323,000 sq. ft.. The Chuang's China Group will embark on the master layout planning of this development soon.

(b) Manufacturing Division

(i) Midas International Holdings Limited ("Midas") (44.7% owned by Chuang's China)

Midas is listed on the Stock Exchange, and its subsidiaries are engaged in books printing, paper products printing and property investment. For the six months ended 30th June, 2005, Midas recorded a turnover of HK\$351.9 million, representing an increase of 14% as compared with the last corresponding period. Profit attributable to ordinary shareholders decreased by 10% to about HK\$18.7 million.

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

Yuen Sang is principally engaged in the manufacture and sale of watch cases, bracelets and buckles, mainly for exports to Europe and the United States. During the period under review, the turnover of Yuen Sang slightly reduced by 2.6%. However, in light of its strategy to expand its product range to higher margin products, Yuen Sang has returned to profitability during the period under review. To further improve its operating performance, Yuen Sang continues to develop new product mix and new market segments.

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

The Chuang’s China Group continues to hold 12.8% interests in CNT as long-term strategic investment. CNT is a company listed on the Stock Exchange and its subsidiaries are principally engaged in property investment and development and 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.

NET ASSET VALUE

As at 30th September, 2005, net assets attributable to equity holders of the Company amounted to HK\$2,858.2 million, equivalent to approximately HK\$1.93 per share.

FINANCING

As at 30th September, 2005, the Group’s bank balances, cash and other investments amounted to HK\$724.1 million. Bank and other borrowings of the Group as at the same date amounted to HK\$1,365.8 million. The Group’s net debt to equity ratio, expressed as a percentage of bank and other borrowings net of bank balances, cash and other investments over total net assets attributable to equity holders of the Company, was approximately 22.5%.

Approximately 94.4% of the Group’s bank balances, cash and other investments were in Hong Kong dollar or United States dollar, with the balance of 5.6% in Renminbi.

Approximately 92.7% of the Group's bank and other borrowings were denominated in Hong Kong dollar with the balance of 7.3% being denominated in Malaysian Ringgit and Renminbi. Approximately 5.4% of the Group's bank and other borrowings was repayable within one year, 21.6% repayable within 1 to 2 years, 68.4% repayable within 2 to 5 years and balance of 4.6% repayable over 5 years.

PROSPECTS

Notwithstanding surges in oil prices and increases in interest rates, Hong Kong's economy continued its upward momentum in 2005. Its outlook remains positive given growing economy in the PRC and stable global economic environment.

Although rising interest rates will have a negative impact on the local residential property market in the short-term, demand for quality private housing should remain strong in the long-term given sound economic fundamentals, moderate income growth amid declining unemployment rate and a return to mild inflation. The Group will continue to actively seek for opportunities to replenish its land bank.

On the Group's property investment front, its rental portfolio should perform well as driven by higher rental rates for new leases and renewals. The retail rental market will continue to benefit from increasing number of tourists and improved local consumer spending. Office rents are expected to continue to trend upwards on more economic activities. To enhance the yield, the Group will continue to upgrade its investment properties and will adopt proactive and effective leasing strategies to further improve their rental and occupancy rates.

In the PRC, the property market will continue to benefit from the sustainable economic growth, and the improvement in per capita income of domestic household. The fundamental needs of an improved living condition in the PRC remain strong and generate substantial demand for housing. The Group will focus on developing quality housing in the PRC and with its sizable land bank in the PRC, the Group is optimistic about its further growth and prospects.

As for the manufacturing investments, the role of the PRC as the world manufacturing hub is increasingly prominent. The Group will continue to seek expansion on its existing investments as well as to identify new investments with focus in the PRC market.

STAFF

As at 30th September, 2005, the Group employed 1,192 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 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 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 (the “Model Code”), to be notified to the Company and the Stock Exchange were as follows:

(a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee (“Mr. Chuang”)	664,534,630	<i>Note 1</i>	44.962
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 502,202,006 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.

(b) Interests in Chuang’s China Investments Limited (“Chuang’s China”)

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	622,495,645	<i>Notes 3 and 6</i>	60.764
Mrs. Siu	1,600,000	Beneficial owner	0.156
Mr. Lui	10,000	Beneficial owner	0.001

(c) Interests in Midas International Holdings Limited

Name of Director	Number of shares	Capacity	Percentage of shareholding
(i) Ordinary share			
Mr. Chuang	238,800,000	<i>Notes 4 and 6</i>	44.695
Mr. Abraham Shek Lai Him	10,000	Beneficial owner	0.002

(ii) Preference share

Mr. Chuang	39,166,668	<i>Notes 4 and 6</i>	100.0
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(d) Interests in Treasure Auctioneer International Limited

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	350,000	<i>Notes 5 and 6</i>	35.0

Note 3: Such interests comprised 6,800,000 shares beneficially owned by Mr. Chuang and 615,695,645 shares beneficially owned by Profit Stability Investments Limited, a wholly owned subsidiary of the Company.

Note 4: Such interests arose through the ownership of the relevant shares by Gold Throne Finance Limited, a wholly owned subsidiary of Chuang's China. Chuang's China is a subsidiary of the Company.

Note 5: Such interests comprised 100,000 shares owned by corporations beneficially owned by Mr. Chuang and 250,000 shares beneficially owned by China Cyberworld Limited, a wholly owned subsidiary of Chuang's China. Chuang's China is a subsidiary of the Company.

Note 6: Mr. Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of the Company.

During the period under review, 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 30th September, 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, to be notified to the Company and the Stock Exchange.

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 30th September, 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	422,734,006	Beneficial owner, <i>Note 1</i>	28.601
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	502,202,006	<i>Note 4</i>	33.978

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 30th September, 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.

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 has purchased or sold any of the Company's listed shares during the period.

CLOSING OF REGISTER

The register of members of the Company will be closed from Monday, 9th January, 2006 to Wednesday, 11th January, 2006, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Standard Registrars Limited, by no later than 4:00 p.m. on Friday, 6th January, 2006. Standard Registrars Limited is currently located at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. Effective from 3rd January, 2006, its address will be changed to 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

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.

The purposes of the Scheme and the Chuang's China Scheme are to recognise the contribution of the eligible persons as defined in the respective schemes including, inter alia, any employees, directors of the Company and Chuang's China and their respective subsidiaries to the growth of the Group and the Chuang's China Group and to further motivate the eligible persons to continue to contribute to the Group's and the Chuang's China Group's long-term prosperity. No options have been granted under the Scheme and the Chuang's China Scheme since their adoption or approval.

CORPORATE GOVERNANCE

In order to ensure compliance with the code provisions A4.1 and A4.2 set out in Appendix 14 – Code on Corporate Governance Practices (the “CG Code”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) which came into effect on 1st January, 2005, the Directors had in March 2005 approved that the term of office for each of the Independent Non-Executive Directors shall be 3 years commencing from 1st April, 2005 subject to retirement by rotation at least once every three years. In the Annual General Meeting of the Company held in August 2005, the Company had also approved certain amendments to its Bye-laws so as to bring them in line with the code provisions A4.1 and A4.2 of the CG Code. Save as aforesaid, the Company has complied throughout the six months ended 30th September, 2005 with the code provisions of the CG Code.

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 interim report for the six months ended 30th September, 2005. The current members of the audit committee are Dr. Peter Po Fun Chan, Mr. David Chris Lee Tsung Hei and Mr. Abraham Shek Lai Him, the Independent Non-Executive Directors of the Company.

The Company has also adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

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 30th September, 2005, the loan outstanding was HK\$233,000,000 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 30th September, 2005, the Group has granted loans to Dragon Pacific Development Limited (“Dragon Pacific”) amounting to approximately HK\$103,342,000. 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.

3. As at 30th September, 2005, the Group has granted loans to certain affiliated companies (including Dragon Pacific mentioned above) amounting to HK\$105,719,000 in aggregate. The proforma combined balance sheet of and the Group's attributable interest in these affiliated companies as at 30th September, 2005 are as follows:

	Combined <i>HK\$'000</i>	The Group's attributable interest <i>HK\$'000</i>
Non-current assets	200,653	60,616
Current assets	33,782	10,438
Current liabilities	25,169	7,286
Net current assets	8,613	3,152
Total assets less current liabilities	209,266	63,768
Non-current liabilities	352,684	105,430
Net liabilities	(143,418)	(41,662)

GENERAL

As at the date hereof, 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 and Ms. Cathy Chan Chung Shan are the Executive Directors, Dr. Peter Po Fun Chan, Mr. David Chris Lee Tsung Hei and Mr. Abraham Shek Lai Him are the Independent Non-Executive Directors of the Company.

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

Hong Kong, 14th December, 2005