

Chairman's Statement

Financial Results

The Board of Directors (the "Board") is pleased to announce the audited profit attributable to equity holders of the Company and its subsidiaries (together the "Group") for the year ended 31st March, 2006 amounted to HK\$198.6 million (2005: HK\$187.2 million, as restated). Earnings per share were 13.4 HK cents (2005: 12.7 HK cents, as restated).

Discussion on Results

During the year under review, the Group's businesses have been benefited from the continuous growth in the economy of Hong Kong and the People's Republic of China (the "PRC").

Turnover of the Group increased from HK\$500.4 million in last year to HK\$798.3 million in this year, representing an increase of approximately 59.5%. Turnover derived from property investment and development activities amounted to HK\$464.4 million (2005: HK\$264.5 million), representing an increase of 75.6% from that of last year. The increase in turnover was mainly attributable to the increase in sales of properties by about HK\$198.3 million during the year. Manufacturing and trading businesses recorded a turnover of HK\$92.2 million (2005: HK\$95.0 million), representing a decrease of 2.9% when compared with that of last year. Turnover from securities trading activities increased to HK\$241.7 million (2005: HK\$140.9 million) as the Group has increased its securities investment activities amid the improved market sentiment during the year.

Gross profit increased by 14.7% to HK\$170.9 million (2005: HK\$149.0 million), which was principally attributable to the increase in profit from sales of properties. Operating profit increased by 29.2% to HK\$279.8 million (2005: HK\$216.5 million) as a result of the increase in gross profit and other income as well as the increase in the fair value of investment properties. Due to the increased interest rates prevailing during the period, additional finance costs of HK\$37.1 million were recorded. Share of profits of associated companies decreased by 38.3% to HK\$18.7 million (2005: HK\$30.3 million). Taking into account the above, profit attributable to equity holders of the Company increased by 6.1% to HK\$198.6 million (2005: HK\$187.2 million).

Dividends

The Board proposes to declare a final dividend of 1.0 HK cent (2005: 1.0 HK cent) per share payable on or before 18th September, 2006 to shareholders whose names appear on the Company's register of members on 25th August, 2006. An interim dividend of 0.5 HK cent (2005: 0.5 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year amounted to 1.5 HK cents (2005: 1.5 HK cents) per share.

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Business Review

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. During the year, rental and other income from investment properties amounted to approximately HK\$101.4 million.



Chuang's London Plaza, Tsim Sha Tsui

With the strengthening of office properties in Hong Kong, the Group will evaluate the benefits of disposing of certain of its office buildings when opportunities arise. Meanwhile, the Group has been actively studying and implementing plans so as to improve the value of its investment properties.

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 average occupancy rate of the property during the year was about 90%. The Group has engaged professional advisors to provide a comprehensive renovation proposal for the 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.

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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. The average occupancy rate of the property during the year was about 95%.

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

Developed by the Group, the property has 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 average occupancy rate of the property during the year was about 93%.



Chuang's City Tower, Wanchai

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 average occupancy rate of the property during the year was about 97%.



Chuang's Hung Hom Plaza, Hunghom



Chuang's Enterprises Building, Wanchai

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Perspective of Park Villa after redevelopment

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

In order to take advantage of the strong demand in luxurious residential property market, the Group will redevelop Park Villa 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.

**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 average occupancy rate of the property during the year was about 96%.



Chuang's Tower, Central

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Central Plaza, Kuala Lumpur, Malaysia

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 average occupancy rate of the property during the year was about 72%.

(b) Properties for Sale/Development

On the property development front, the Group's projects are proceeding as scheduled. During the year, proceeds from property sales amounted to approximately HK\$362.9 million.

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 club-house facilities). As at the date of this report, 57 residential units have been sold. The Group will pursue progressive pricing strategy when selling the remaining units.

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

The property was acquired by the Group in December 2004 for HK\$178 million. During the year, the Group has completed the disposal of the property for HK\$240 million. Profit derived therefrom was recorded in the current financial year.



Reading Place, Mid-level

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

The property will be re-developed into a high-class industrial/office building with a total area of approximately 190,000 sq. ft.. Foundation works have been completed and superstructure works are in progress. It is expected that the project will be completed in late 2007.



Taman Sri Amber, Malaysia



No. 1 Tai Yau Street, San Po Kong

Taman Sri Amber, Lot 2148 Pekan Setul, District of Seremban, Malaysia (100% owned)

During the year, the Group has increased its interest in this project from 60% to 100%. 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 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. Occupation permit for the apartments is expected to be issued soon. The Group is optimistic of the long-term potential of this project and will develop further phases in accordance with local market conditions.

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2. Chuang’s Industrial (Holdings) Limited

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

Sintex is incorporated in Singapore and commenced business in mid-1970. It is a leading manufacturer and retailer of home finishing products under various brand names including “Sintex”, “Monzo”, “Shecando” and “Merican”. Sintex’s products are sold in major department stores in Singapore. Sintex offices and manufacturing premises are located in Jurong Town, Singapore occupying a site area of 250,000 sq. ft. and with a gross floor area of 78,000 sq. ft..

As a result of severe price competition amongst the industry, turnover of Sintex reduced by 7.9% compared with that of last year and Sintex incurring a slight loss for the year. In order to improve sales and establish its retail chain, Sintex operates three specialty outlets, the “Homestyle”, marketing its own brands and products. To further strengthen its retail presence, Sintex plans to open more outlets in the future.



Brand names of Sintex’s products



Products of Sintex

3. Chuang’s China Investments Limited (“Chuang’s China”)

Chuang’s China, an approximately 60% owned subsidiary of the Group, is 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 in the PRC and manufacturing business. Profit attributable to equity holders of Chuang’s China for the year ended 31st March, 2006 amounted to HK\$36.0 million.

Chairman's Statement

(a) *Property Development in the PRC*

The Chuang's China Group, with its property development focus in the PRC, is benefited from the robust economy in the PRC as its GDP continued to grow by about 9% in 2005. As a result of the increase in annual average disposable income, the strive to improve living conditions and the increasing attractiveness of Renminbi assets in anticipation of future appreciation of Renminbi, the property development sector in the PRC is encouraging.

Land reserve

The Group is focusing on the development of its existing land reserve. The Group maintains a diverse portfolio of land reserve in the PRC which is sufficient to support its development for the next five to seven years, spanning in Guangzhou, Dongguan, Huizhou, Changsha and Chengdu, with a developable gross floor area of about 2,500,000 sq. m.. The Group targets to develop quality properties with modern architectural design, high construction standard, excellent property management services, and launches at affordable prices for domestic home buyers.

For land replenishment, the Group continues to capture land acquisition through various channels with focus in municipal or provincial cities, in particular, Changsha, Chengdu and Beijing.

Property profile

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

Chuang's New City is located in Dongguan and has a total gross floor area of over 600,000 sq. m. for future development. Following the recent opening of the government new offices situated nearby Chuang's New City, road expansion works are currently carrying out next to our development site. Such infrastructural improvement will be completed before the end of 2006 and will further enhance the accessibility and popularity of our project.

Chairman's Statement



Gold Coast, Dongguan



Clubhouse of Gold Coast, Dongguan



Entrance Lobby

Gold Coast is the phase II development of this project. The development comprises 374 residential units with a saleable gross floor area of 57,056 sq. m. and 370 car parking spaces. It is facilitated with a clubhouse with gross floor area of 5,770 sq. m. providing indoor and outdoor swimming pools, landscaped gardening and with greens, water fountains and spacious promenade along the river coast. The Group obtained the permit to handover properties to buyers in mid March 2006. Marketing of 306 units with sizes ranging from 96 sq. m. to 145 sq. m. has commenced during the year and up to the date of this report, 152 units have been sold. Marketing of 68 duplex apartments with sizes ranging from 217 sq. m. to 320 sq. m. will commence soon.

Phase III development of this project, comprising a total gross floor area of about 100,000 sq. m., will commence soon.

Chairman's Statement



Show flats of Gold Coast, Dongguan

Chairman's Statement



Phase I of Chuang's • Le Papillon, Guangzhou

Chuang's • Le Papillon, Guangzhou, Guangdong (85% owned by Chuang's China)

Situated only 1 kilometer from the Lianhuashan Pier to Hong Kong and 2.5 kilometers from Lotus Hill Golf Club Resort, Chuang's • Le Papillon comprises a total gross floor area of over 450,000 sq. m. for future development. It is also located about 3 kilometers from the metro rail station which is currently under construction as an extension of the route number 4 connecting to Guangzhou city centre. With the commencement of this metro station, the accessibility of our site to the city centre of Guangzhou will be greatly enhanced.

Chairman's Statement



Phase I of Chuang's • Le Papillon, Guangzhou



Clubhouse

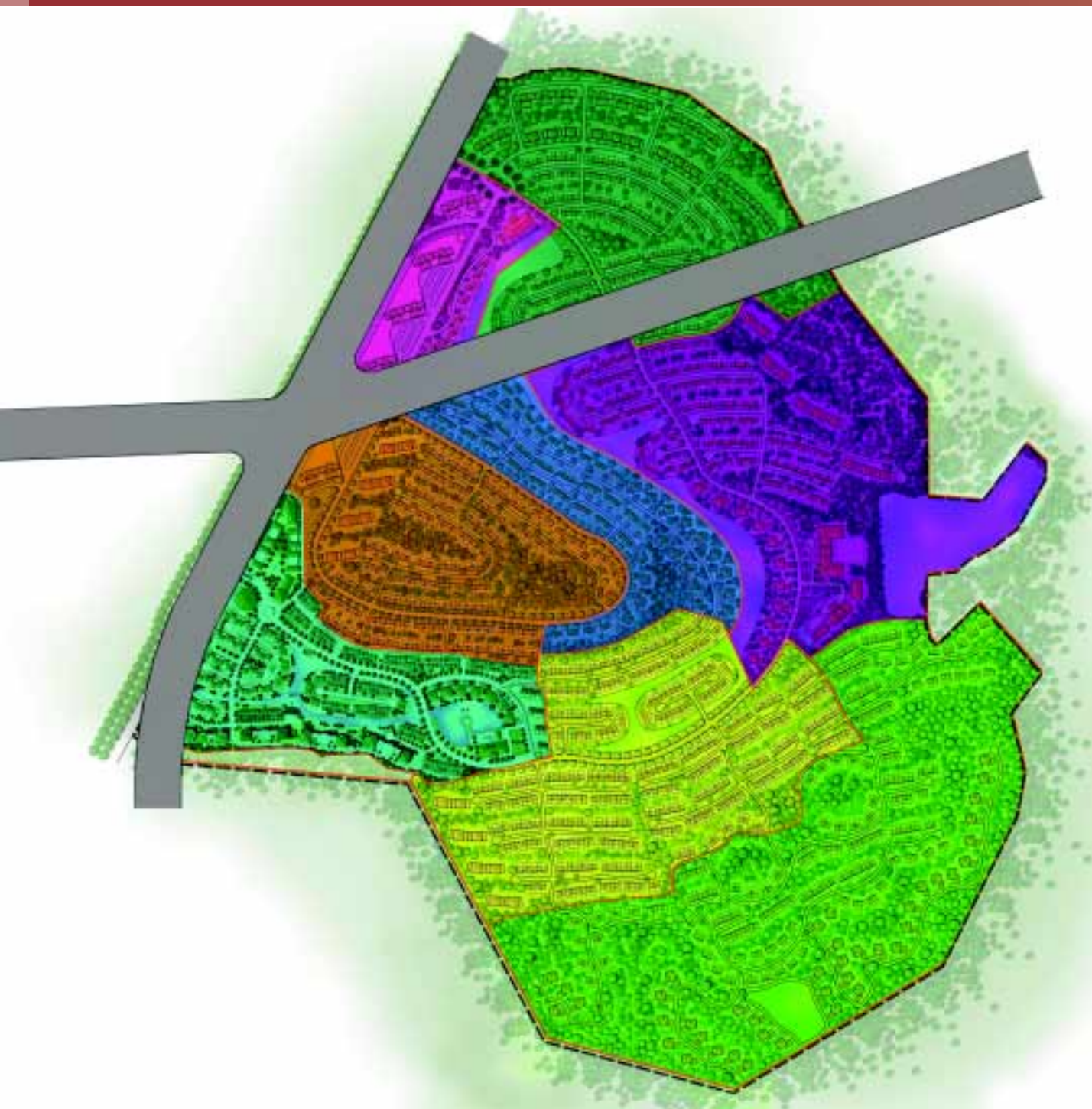


Podium Garden



Podium Garden

The first phase development of this project has an estimated total gross floor area of about 60,000 sq. m.. It comprises 11 blocks of residential buildings with about 530 units comprising 1-bedroom apartments of 53 sq. m., 2-bedroom apartments of 90 sq. m., 3-bedroom apartments of about 130 sq. m. and duplex apartments of about 260 sq. m.. The development will have clubhouse facilities, swimming pool as well as retail spaces. Site investigation works have been completed and construction works will commence soon.



Master Layout Plan of Beverly Hills, Changsha

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

The Group has the development rights of a site with a developable gross floor area of 1,200,000 sq. m. which is located nearby the city centre of Changsha. The site is also adjacent to the site of CITIC Shenzhen Group Company which has announced to invest RMB5.6 billion to build a top central business development.

Chairman's Statement



Phase I of Beverly Hills, Changsha



Bungalow



Link House



Clubhouse



Shopping Arcade

Chairman's Statement



Phase I of Beverly Hills, Changsha (under construction)

Development of the Group's project will be carried out in stages. The first phase of this project, Beverly Hills, has a total gross floor area of about 64,000 sq. m.. It will be developed into low density community with 367 residential units comprising 135 bungalows, semi-detached houses and link houses, 52 duplex link houses and 180 apartments. Within the project, there will be amenities and recreational clubhouse, swimming pool and retail facilities. Site formation works and superstructure works are in progress. Initial marketing of Beverly Hills has received favourable responses. Presale of Beverly Hills will commence in September 2006. The second phase of this project with a developable gross floor area of about 380,000 sq. m. is under planning stage.

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

Chuang's New Town is located in Huiyang and 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 gross floor area of about 102,000 sq. m. had been completed and sold. The project has remaining developable gross floor area of over 340,000 sq. m.. As Huiyang is located close to Shenzhen, its economic development will be benefited from the continuous growth in Shenzhen. The Group is closely assessing the latest development including its economic and infrastructural progress in the region and will review the development strategy accordingly.

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

The Chuang's China Group is in the process of forming a joint venture for the purpose of carrying out the development of a site with an area of about 6,700 sq. m., 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 30,000 sq. m.. Once the joint venture is formed, the Group will embark on the master layout planning of this project.

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Property management and services

The Group provides post-sales property management and services to the residents of the projects it developed. These services include security management, maintenance, operation of clubhouse, gardening and landscaping and other customer services. To enhance the high standard of services, the Group appoints international firms of property management as consultant.

In addition to providing quality post-sales services, the Group will establish a Supreme Club which is a prestigious club membership aiming to provide home owners and residents of the Group's developments with special privileges and a variety of exceptional rewards and benefits.

(b) *Manufacturing business*

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. Its head office is in Hong Kong and has a gross floor area of about 32,000 sq. ft. whereas its manufacturing premises are located in Huizhou and Dongguan, the PRC, having an aggregate gross floor area of over 1,000,000 sq. ft.. Midas currently employs about 3,000 staff and workers.



Gift Packaging Products



Pop up Books



Children Books

Chairman's Statement

For the year ended 31st December, 2005, the turnover of Midas increased to HK\$758.3 million from HK\$736.9 million in the previous year. The net profit attributable to ordinary shareholders of Midas for the year ended 31st December, 2005 has decreased by 26% to HK\$43.0 million compared to HK\$58.3 million for the preceding year.

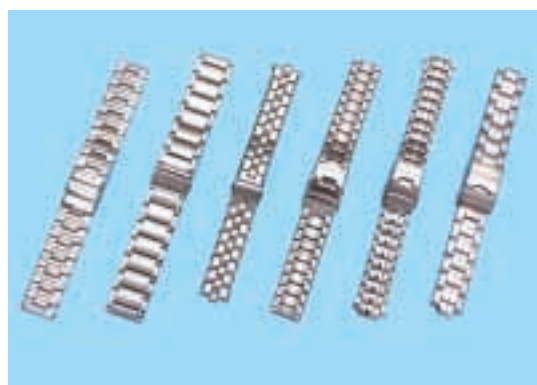
Yuen Sang Hardware Company (1988) Limited (“Yuen Sang”) (100% owned by Chuang’s China)

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. Its head office is in Hong Kong and its manufacturing premises are in Huizhou, the PRC, occupying a gross floor area of about 88,100 sq. ft.. Yuen Sang has about 823 staff together with workers in its subcontracting factories.

During the year, Yuen Sang’s turnover increased slightly by 2.1% with its operating results turnaround from a loss situation to profitability. Yuen Sang will focus on drastic marketing efforts and explore synergistic business in order to generate a new source of income in the future.



Bracelets



Watch bracelets

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

CNT is 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. The Group considers that petrochemical business has tremendous long-term prospects, in particular, the potential of the PRC market. In recent years, CNT continued to close down the loss making operations and the disposal of non-core assets which enable CNT to concentrate on its main core paint business. As a result, the operating results of CNT has improved. 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, 2006, net assets attributable to equity holders of the Company amounted to HK\$3,022.1 million, equivalent to approximately HK\$2.04 per share.

Financial Positions

As at 31st March, 2006, the Group's bank balances, cash and other investments amounted to HK\$847.5 million (2005: HK\$449.1 million). Bank borrowings of the Group as at the same date amounted to HK\$1,236.4 million (2005: HK\$1,058.3 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of bank balances, cash and other investments over total net assets attributable to equity holders of the Company, was approximately 12.9% (2005: 21.6%).

Approximately 94.8% of the Group's bank balances, cash and other investments were in Hong Kong dollar or United States dollar, with the balance 5.2% in Renminbi. Approximately 91.1% of the Group's bank borrowings were denominated in Hong Kong dollar with the balance of 8.9% being denominated in Malaysian Ringgit and Renminbi. Risk in exchange rate fluctuation would not be material.

Approximately 5.0% (2005: 8.3%) of the Group's bank borrowings was repayable within one year, 23.7% (2005: 43.9%) repayable within 1 to 2 years, 66.6% (2005: 41.4%) repayable within 2 to 5 years and the balance of 4.7% (2005: 6.4%) 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.

In Hong Kong, 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.

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As for the PRC property market, the PRC government recently announced a series of measures which were aimed to curb speculation in a number of cities with overheated property prices while sustaining and supporting genuine and growing housing needs of the general public. These measures aim to ensure the healthy and stable development of the domestic property market. Under the continuous economic growth and increase in urbanisation rate, demand for residential properties in the PRC remains strong. The Group will continue to focus on the mass residential market which is less speculative with fundamental demand from end-users. For the financial year ending 2007, the Group will actively launch the sales of its property development with total gross floor area of over 100,000 sq. m. in Dongguan and Changsha. By having a sufficient land bank and capital resources, the Group would implement adaptive business strategy in line with the changes in market conditions and will accelerate the pace of its property development projects.

As the PRC maintains its rapid economic growth, its robust domestic market is highly promising with tremendous business opportunities. To capitalise on the enormous potential in the PRC market, the Group will identify investment projects in the manufacturing sectors with operation base in the PRC.

Staff

The head office of the Group is located in Hong Kong. The Group has offices in Singapore, Kuala Lumpur, Malaysia and Guangzhou, Dongguan, Huizhou, Changsha and Chengdu, the PRC. As at 31st March, 2006, the Group employed 1,217 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, 2006