

Report of the Directors

The Board of Directors (the “Board”) presents the audited financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31st March, 2006.

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 46 to the financial statements.

Analysis of the performance by the Group for the year by business and geographical segments is set out in note 7 to the financial statements.

Results and Dividends

The results of the Group for the year are set out in the consolidated profit and loss account on page 47.

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.

Subsidiaries

Particulars regarding the principal subsidiaries of the Company are set out in note 46 to the financial statements.

Property, Plant and Equipment

Movements in property, plant and equipment during the year are set out in note 18 to the financial statements.

Share Capital

Details of share capital of the Company are set out in note 34 to the financial statements.

Donations

During the year, the Group made charitable and other donations amounting to HK\$1,362,000.

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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 35 to the financial statements.

Particulars of Principal Properties

Particulars of principal properties held by the Group are set out on pages 123 to 127.

Financial Summary

A summary of the results, assets and liabilities of the Group for the five years ended 31st March, 2006 is shown on page 128.

Directors

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

Mr. Alan Chuang Shaw Swee
Mrs. Alice Siu Chuang Siu Suen
Mr. Ko Sheung Chi
Mr. Lui Lop Kay
Ms. So Kan Yiu
Ms. Cathy Chan Chung Shan
Dr. Peter Po Fun Chan
Mr. David Chris Lee Tsung Hei
Mr. Abraham Shek Lai Him

At the forthcoming annual general meeting, Mrs. Alice Siu Chuang Siu Suen, Ms. Cathy Chan Chung Shan and Mr. Abraham Shek Lai Him will retire from office in accordance with the Company's Bye-law no. 87(2) and Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and, being eligible, will offer themselves for re-election.

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.

Report of the Directors

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, 2006, 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")	671,034,630	<i>Note 1</i>	45.401
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	230,340,538	<i>Note 2</i>	15.585
Mr. 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 508,702,006 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.

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

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	878,605,567	Notes 3 & 6	68.612
Mrs. Siu	1,600,000	Beneficial owner	0.156
Mr. Lui	10,000	Beneficial owner	0.001

On 29th March, 2006, Chuang's China offered rights shares, in nil-paid form, to the qualifying shareholders (including the above Directors) pursuant to the rights issue of Chuang's China announced on 6th March, 2006.

(c) Interests in Midas International Holdings Limited

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	238,800,000	Notes 4 & 6	44.695
Mr. Abraham Shek Lai Him	10,000	Beneficial owner	0.002

(d) Interests in Treasure Auctioneer International Limited

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	350,000	Notes 5 & 6	35.0

Note 3: Such interests comprised 615,695,645 shares in Chuang's China beneficially owned by Profit Stability Investments Limited, a wholly owned subsidiary of the Company, interests in 256,109,922 rights shares in Chuang's China pursuant to an underwriting agreement entered into between the Company and Chuang's China dated 6th March, 2006 and 6,800,000 shares in Chuang's China beneficially owned by Mr. Chuang.

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 a corporation 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.

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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, 2006, 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.

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 Listing Rules, the Company discloses that Mr. Chuang holds interests and directorships in and Mr. 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 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.

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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, 2006, 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	429,234,006	Beneficial owner, <i>Note 1</i>	29.041
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	508,702,006	<i>Note 4</i>	34.418

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 in the Company 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 in the Company 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, 2006, 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 pursuant to 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 of the Group are set out in note 36 to the financial statements. The amount of interest capitalised to properties during the year by the Group is set out in note 11 to the financial statements.

Pledge of Assets

As at 31st March, 2006, the Group has pledged the shares and assets of certain subsidiaries, including investment properties, property, plant and equipment, leasehold land and land use rights, properties for/under development and properties for sale, with an aggregate net book value of HK\$3,074,938,000 (2005: HK\$3,212,121,000, as restated), to secure banking facilities granted to the subsidiaries.

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 of the Group accounted for less than 30% of the purchases of the Group for the year.

The aggregate sales attributable to the largest customer and five largest customers of the Group accounted for 30% and 34% respectively of the total turnover of the Group for the year.

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the share capital of the Company) has any interest in the five largest customers of the Group.

Retirement Schemes

Details of retirement schemes of the Group are set out in note 10 to the financial statements.

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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

Report of the Directors

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 8% 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

Report of the Directors

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31st March, 2006.

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, 2006, the total amount of the loans plus interest outstanding was approximately HK\$12,238,000. 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 is provided in proportion to the Group’s equity interest in Artiful and is unsecured, interest free and has no fixed terms of repayment. Such financial assistance has ceased to be a connected transaction of the Group with effect from 30th April, 2005.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

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, 2006, 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.

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Auditors

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

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

Ko Sheung Chi
Managing Director

Hong Kong, 12th July, 2006