

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

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out in note 35 to the accounts.

Analysis of the Group’s performance for the year by business and geographical segments are set out in note 4 to the accounts.

Results and Dividend

The results of the Group for the year are set out in the consolidated profit and loss account on page 29.

The Board proposes to declare a final dividend of 1.0 HK cent per share (2004: 1.0 HK cent per share) payable on or before 12th September, 2005 to shareholders whose names appear on the Company’s register of members on 19th August, 2005. No interim dividend has been declared in respect of the current financial year (2004: Nil). Total dividend for the year amounted to 1.0 HK cent per share (2004: 1.0 HK cent per share).

Subsidiaries

Particulars regarding the principal subsidiaries of the Company are set out in note 35 to the accounts.

Reserves

Movements in reserves during the year are set out in note 25 to the accounts.

Fixed Assets

Movements in fixed assets during the year are set out in note 15 to the accounts.

Report of the Directors

Particulars of Properties Held by the Group

Particulars of investment properties, land and buildings, properties held for sale and properties held for/ under development held by the Group are set out on page 77 to page 79.

Share Capital

Movements in share capital during the year are set out in note 24 to the accounts.

Donations

During the year, the Group made charitable donations amounting to HK\$238,000.

Pre-emptive Rights

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

Group Financial Summary

A summary of the results, assets and liabilities of the Group for the five years ended 31st March, 2005 is shown on page 80.

Directors

The Directors of the Company during the year and up to the date of this report are as follows:–

Dr. Hwang Jen

Mr. Lee Sai Wai

Miss Ann Li Mee Sum

Mr. Tang Wing Lun

Mr. Sunny Pang Chun Kit

Mr. David Chu Yu Lin

Dr. Peter Po Fun Chan

Mr. Chan Wai Dune

(appointed on 1st June, 2005)

Mr. Chan Sheung Chiu

(passed away and ceased to be a Director on 27th June, 2005)

Directors (Continued)

In accordance with the Company's Bye-law no. 86(3) 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"), Mr. Sunny Pang Chun Kit, Mr. Tang Wing Lun, Mr. David Chu Yu Lin, Dr. Peter Po Fun Chan and Mr. Chan Wai Dune will retire from the Board at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Directors' Rights to Acquire Shares or Debentures

Other than the share option scheme adopted by the Company as disclosed in the section headed "Share Option Scheme" below, at no time during the year was the Company, any of its holding companies or its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31st March, 2005, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have 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, to be notified to the Company and the Stock Exchange were as follows:—

Name of Director	Number of shares	Interests in the Company	
		Capacity	Percentage of shareholding
Dr. Hwang Jen	523,923	Beneficial owner	0.05
Mr. Chan Sheung Chiu	4,000,000	Beneficial owner	0.39
Mr. Lee Sai Wai	1,600,000	Beneficial owner	0.16
Mr. Sunny Pang Chun Kit	500,000	Beneficial owner	0.05

Report of the Directors

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

Name of Director	Interests in Chuang's Consortium International Limited ("CCIL")		
	Number of shares	Capacity	Percentage of shareholding
Mr. Chan Sheung Chiu	163,055,848	<i>Note 1</i>	11.03
Mr. Lee Sai Wai	163,055,848	<i>Note 2</i>	11.03
Dr. Peter Po Fun Chan	751,187	Beneficial owner	0.05

Note 1: Interests in 162,332,624 shares in CCIL arose by attribution through his spouse who is a discretionary object of a discretionary trust which owned such shares. The remaining interests in 723,224 shares in CCIL is beneficially owned by the Director.

Note 2: Interests in 162,332,624 shares in CCIL arose by attribution through his spouse who is a discretionary object and the trustee of a discretionary trust which owned such shares. The remaining interests in 723,224 shares in CCIL is beneficially owned by the Director.

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

Directors' Interests in Contracts

There was no contract of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director had, whether directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

Directors' Service Contracts

None of the Directors has any service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

Substantial Shareholders

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

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
CCIL	615,695,645	Interest of controlled corporation	60.10
Profit Stability Investments Limited	615,695,645	Beneficial owner	60.10

Save as disclosed above, as at 31st March, 2005, there was no other person who was recorded in the register of the Company as having interests and 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.

Controlling Shareholder's Interests in Contracts

There was no contract of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries at the balance sheet date or at any time during the year and up to the date of this report.

Group Borrowings

Bank loan of the Group is set out in note 27 to the accounts.

Report of the Directors

Pledge of Assets

As at 31st March, 2005, the Group's borrowing facilities were secured by certain properties including investment properties and properties held for/under development, with an aggregate net book value of HK\$616,260,000 (2004: HK\$425,000,000).

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 aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases for the year.

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for 17% and 46% respectively of the Group's total turnover 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 Company's share capital) has any interest in the Group's five largest customers.

Retirement Schemes

Details of retirement schemes of the Group are set out in note 7 to the accounts.

Share Option Scheme

Pursuant to the ordinary resolution passed in the annual general meeting held on 26th August, 2002, a share option scheme (the "Scheme") has been adopted.

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

Share Option Scheme (Continued)

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|---|--|
| 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 the annual report: | 102,443,969 shares are available for issue under the Scheme, representing 10% 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 securities must be taken up under an option: | Not applicable. No share option has been granted since the adoption of the 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 the Company upon acceptance of the 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 higher 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 (5) trading days immediately preceding the Offer Date; and (iii) the nominal value of a share |
| 8. The remaining life of the Scheme: | Valid until 25th August, 2012 unless otherwise terminated under the terms of the Scheme |

Report of the Directors

Corporate Governance

The Company has complied with the Code of Best Practice which was previously set out in Appendix 14 of the Listing Rules throughout the year except that the non-executive Directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company.

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

An audit committee has been established by the Company to review and supervise the Company's financial reporting process and internal controls. The audit committee has held meetings in accordance with the relevant requirements and reviewed the annual accounts for the year ended 31st March, 2005. Current members of the audit committee are the three independent non-executive Directors, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan.

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

Nomination Committee

The Company has established a nomination committee in March, 2005. Members of the nomination committee are the three independent non-executive Directors, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan. The nomination committee is to review the nomination of Directors and to make recommendation to the Board on such appointments.

Remuneration Committee

The Company has established a remuneration committee in March, 2005. Members of the remuneration committee are the three independent non-executive Directors, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan. The remuneration committee is to review the emolument policy of the Directors and senior management of the Company.

Sufficiency of Public Float

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

Auditors

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

The accounts for the two years ended 31st March, 2004 and 2003 were audited by Messrs Moores Rowland Mazars and Messrs Moores Rowland respectively.

On behalf of the Board of
Chuang's China Investments Limited

Dr. Hwang Jen
Chairman

Hong Kong, 29th June, 2005