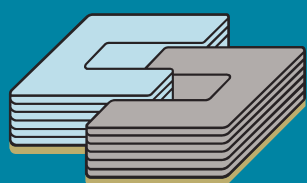


2005 ANNUAL REPORT

◆ 二 零 零 五 年 年 報



CHI CHEUNG
INVESTMENT COMPANY, LIMITED

至祥置業有限公司

Stock Code 股份代號 : 112

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DIRECTORS

Matthew Cheong, Veng-va (*Chairman*)
Teresa Poon, Mun-chie (*Chief Executive Officer*)
Wang, Jian-guo *
Mok, Hon-sang *
Wong, Tik-tung *

* *Independent Non-executive Directors*

Thomas Lau, Luen-hung ※
Joseph Lau, Luen-hung ※※

※ *Resigned as the Chairman and
an Executive Director of the Company
with effect from 29th March, 2006*

※※ *Resigned as the Chief Executive Officer and
an Executive Director of the Company
with effect from 29th March, 2006*

AUDIT COMMITTEE

Wang, Jian-guo
Mok, Hon-sang
Wong, Tik-tung

REMUNERATION COMMITTEE

Wang, Jian-guo
Mok, Hon-sang
Wong, Tik-tung

COMPANY SECRETARY

Lam, Kwong-wai

QUALIFIED ACCOUNTANT

Nora Wang, Wai-ling

SOLICITORS

Sit, Fung, Kwong & Shum

董事

昌榮華 (主席)
潘敏慈 (行政總裁)
王建國 *
莫漢生 *
汪滌東 *

* 獨立非執行董事

劉鑾鴻 ※
劉鑾雄 ※※

※ 由二零零六年三月二十九日起，辭任為本公司
主席及執行董事

※※ 由二零零六年三月二十九日起，辭任為本公司
行政總裁及執行董事

審核委員會

王建國
莫漢生
汪滌東

薪酬委員會

王建國
莫漢生
汪滌東

公司秘書

林光蔚

合資格會計師

黃惠玲

律師

薛馮鄭岑律師行

AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Liu Chong Hing Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

26th Floor, MassMutual Tower
38 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2866 6999
Fax: (852) 2866 2822
(852) 2866 2833

REGISTRAR AND TRANSFER OFFICE

Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

<http://www.chicheung.com>

STOCK CODE

112

核數師

德勤·關黃陳方會計師行

主要往來銀行

廖創興銀行有限公司
渣打銀行（香港）有限公司
中國銀行（香港）有限公司

註冊辦事處

香港灣仔
告士打道38號
美國萬通大廈26樓
電話: (852) 2866 6999
傳真: (852) 2866 2822
(852) 2866 2833

股份過戶登記處

秘書商業服務有限公司
香港
皇后大道東28號
金鐘匯中心26樓

網址

<http://www.chicheung.com>

股份代號

112

EXECUTIVE DIRECTORS

Mr. Matthew CHEONG, Veng-va, aged 48, is the Chairman of the Company and has been an Executive Director of the Company since March 2006. Mr. Cheong holds a Bachelor Degree (Hons) in Computer Science and a Master Degree in Science. He is a chartered engineer in the Royal Institute of Measurement and Control. Mr. Cheong has over 20 years of experience in the management and operations.

(Appointed as the Chairman and an Executive Director of the Company with effect from 29th March, 2006)

Ms. Teresa POON, Mun-chie, aged 35, is the Chief Executive Officer of the Company and has been an Executive Director of the Company since March 2006. Ms. Poon holds a Bachelor Degree in Architectural Studies and a Master in Architecture. She is a member of the Hong Kong Institute of Architects and an Authorized Person (Architect). Ms. Poon has over 10 years of experience in the management and development of property projects.

(Appointed as the Chief Executive Officer and an Executive Director of the Company with effect from 29th March, 2006)

Mr. Thomas LAU, Luen-hung, aged 52, was the Chairman of the Company and had been an Executive Director of the Company since November 2000. Mr. Lau is also the chairman and an executive director of Chinese Estates Holdings Limited ("Chinese Estates") and United Metals Holdings Limited ("United Metals"), all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also the managing director and an executive director of Lifestyle International Holdings Ltd. ("Lifestyle"), whose shares are listed on the Stock Exchange. He has over 28 years of experience in corporate finance, manufacturing and property investment and development. Mr. Lau is the brother of Mr. Joseph Lau, Luen-hung.

(Resigned as the Chairman and an Executive Director of the Company with effect from 29th March, 2006)

執行董事

昌榮華先生，48歲，為本公司之主席，自二零零六年三月起為本公司之執行董事。昌先生持有電腦系榮譽學士學位及科學系碩士學位。彼為英國皇家特許計量及控制學會認可之工程師。昌先生在管理及營運方面累積逾二十年經驗。

(由二零零六年三月二十九日起，委任為本公司主席及執行董事)

潘敏慈小姐，35歲，為本公司之行政總裁，自二零零六年三月起為本公司之執行董事。潘小姐持有建築學學士學位及建築系碩士學位。彼為香港建築師學會會員及註冊建築師（認可人士）。潘小姐在物業項目管理及發展方面累積逾十年經驗。

(由二零零六年三月二十九日起，委任為本公司行政總裁及執行董事)

劉鑾鴻先生，52歲，為本公司之前任主席，自二零零零年十一月起曾任本公司之執行董事。劉先生亦為 Chinese Estates Holdings Limited（「華人置業」）及科鑄技術集團有限公司（「科鑄」）之主席及執行董事，所有上述公司之股份均在香港聯合交易所有限公司（「聯交所」）上市。劉先生亦為利福國際集團有限公司（「利福」）之董事總經理兼執行董事，該公司股份在聯交所上市。劉先生在企業財務、製造業與物業投資及發展方面累積逾二十八年經驗。劉先生為劉鑾雄先生之胞弟。

(由二零零六年三月二十九日起，辭任為本公司主席及執行董事)

EXECUTIVE DIRECTORS (cont'd)

Mr. Joseph LAU, Luen-hung, aged 54, was the Chief Executive Officer of the Company and had been an Executive Director of the Company since November 2000. Mr. Lau is also an executive director of Chinese Estates and a non-executive director of Lifestyle whose shares are listed on the Stock Exchange. He has over 30 years of experience in corporate finance, manufacturing and property investment and development. Mr. Lau is the brother of Mr. Thomas Lau, Luen-hung.

(Resigned as the Chief Executive Officer and an Executive Director of the Company with effect from 29th March, 2006)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WANG, Jian-guo, aged 59, has been an Independent Non-executive Director and a member of audit committee of the Company since September 2004 and a member of remuneration committee of the Company since June 2005. Mr. Wang graduated from Harbin Engineering Institute and is an economist. He is an independent non-executive director of United Metals, a company whose shares are listed on the Stock Exchange. He is currently the director of Shanghai Multi Luck Real Estates Development Limited and Shanghai Urban Real Estates Development Limited and the chairman of the board of Shanghai Ding Guo Investment Management Limited. He was previously the general manager of Xian Shanghai Economic Coordination Corporation and the deputy general manager of Shanghai Shenda (Group) Company. Mr. Wang has over 20 years of experience in property and corporate development and investment.

Mr. MOK, Hon-sang, aged 57, has been an Independent Non-executive Director and a member of audit committee of the Company since September 2004 and a member of remuneration committee of the Company since June 2005. Mr. Mok is the managing director of Cafe Royce Limited. Mr. Mok engaged in retailing, financing and property investment and development over 25 years.

Mr. WONG, Tik-tung, aged 49, has been an Independent Non-executive Director and a member of audit committee of the Company since September 2004 and a member of remuneration committee of the Company since June 2005. Mr. Wong is the chief financial officer and executive director of Wo Kee Hong (Holdings) Limited, whose shares are listed on the Stock Exchange. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and associate member of the Hong Kong Institute of Certified Public Accountants.

執行董事（續）

劉鑾雄先生，54歲，為本公司之前任行政總裁，自二零零零年十一月起曾任本公司之執行董事。劉先生亦為華人置業之執行董事及利福之非執行董事，上述兩間公司之股份亦於聯交所上市。劉先生在企業財務、製造業與物業投資及發展方面累積逾三十年經驗。劉先生為劉鑾鴻先生之胞兄。

(由二零零六年三月二十九日起，辭任為本公司行政總裁及執行董事)

獨立非執行董事

王建国先生，59歲，自二零零四年九月起為本公司之獨立非執行董事及審核委員會成員，並由二零零五年六月起委任為本公司之薪酬委員會成員。王先生畢業於哈爾濱工程學院，並為經濟師。彼為科鑄之獨立非執行董事，其股份在聯交所上市。彼現為上海多福房地產發展有限公司及上海都市房地產發展有限公司之董事，並為上海鼎國投資管理有限公司之董事長。彼曾任西安上海經濟協作公司之總經理及上海申大（集團）公司之副總經理。王先生在物業及企業發展與投資方面累積逾二十年經驗。

莫漢生先生，57歲，自二零零四年九月起為本公司之獨立非執行董事及審核委員會成員，並由二零零五年六月起委任為本公司之薪酬委員會成員。莫先生為萊斯咖啡有限公司之董事總經理，莫先生從事零售、財務以及物業投資及發展逾二十五年。

汪滌東先生，49歲，自二零零四年九月起為本公司之獨立非執行董事及審核委員會成員，並由二零零五年六月起委任為本公司之薪酬委員會成員。汪先生為和記行（集團）有限公司之財務總監及執行董事，該公司之股份在聯交所上市。汪先生為英國特許公認會計師公會資深會員及香港會計師公會會員。

SENIOR EXECUTIVES

Mr. LAM, Kwong-wai, aged 50, joined the Group in 2000 and is the Group Financial Controller and Company Secretary of the Company and Chinese Estates. He is also the group financial controller of G-Prop (Holdings) Limited ("G-Prop"). Mr. Lam is a qualified accountant and holds a Master Degree in Business Administration. He has over 28 years of experience in auditing, finance and accounting.

Ms. Nora WANG, Wai-ling, aged 39, joined the Group in 2003 and is the Accounting Manager of the Company. Ms. Wang holds a Bachelor Degree in Accountancy and she is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Ms. Wang has over 13 years of experience in auditing, finance and accounting.

高級行政人員

林光蔚先生，50歲，於二零零零年加盟本集團，現任本公司及華人置業之集團財務總監及公司秘書。他亦是金匡企業有限公司（「金匡」）之集團財務總監。林先生為專業會計師，持有工商管理碩士學位，在核數、財務及會計方面累積逾二十八年經驗。

黃惠玲小姐，39歲，於二零零三年加盟本集團，現任本公司之會計經理。黃小姐持有會計學士學位並為香港會計師公會及澳洲會計師公會會員。黃小姐於核數、財務及會計方面擁有逾十三年經驗。

I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2005 (the "Year") to the shareholders.

RESULTS

Profit attributable to equity holders of the Company for the Year was HK\$121.5 million (2004 (restated): loss of HK\$169.4 million). Earnings per share for the Year recorded at HK36.40 cents (2004 (restated): loss per share of HK60 cents).

DIVIDENDS

No dividend was paid or proposed during both the Year and the year ended 31st December, 2004, nor has any dividend been proposed since the balance sheet date.

BUSINESS REVIEW

Revenue for the Year amounted to HK\$3.4 million (2004: HK\$18.9 million), representing a significant drop of 82%. Revenue for the Year was solely derived from rental income without any property trading income as compared with HK\$13.2 million recorded in last year.

Gross profit for the Year amounted to HK\$2 million (2004: HK\$5.6 million) decreased by 64.3%. The drop in gross profit was due to the decrease in rental income after 15 units of Gemstar Tower of approximately 72,100 square feet, representing 53% of its gross floor area (GFA), which were disposed in 2004 and also reflecting the impact of half of the existing GFA of Gemstar Tower being vacant in 2005 for the purpose of the building extension project. The project would be completed in the third quarter 2006 and would give rise to an additional GFA of approximately 55,600 square feet.

Share of the results of associates for the Year jumped to HK\$101 million (2004 (restated): HK\$6 million). The Company shared the increase in fair value on investment properties of HK\$92.5 million (net of deferred tax impact of HK\$19.6 million), which was resulted from the steady growth of the property market and reflected in the results of the Company after the adoption of the new and revised accounting standards in 2005.

本人欣然向股東呈報本公司及其附屬公司（「本集團」）截至二零零五年十二月三十一日止年度（「本年度」）之業績。

業績

本公司股本持有人於本年度應佔溢利為 121,500,000 港元（二零零四年（重列）：虧損 169,400,000 港元）。本年度每股盈利為 36.40 港仙（二零零四年（重列）：每股虧損 60 港仙）。

股息

本公司於本年度及截至二零零四年十二月三十一日止年度概無派付或建議派付任何股息，自結算日以來亦無建議派付任何股息。

業務回顧

本年度，本集團錄得 3,400,000 港元營業收入（二零零四年：18,900,000 港元），較去年大幅減少 82%。本年度營業收入悉數來自租金收入，有別於去年自物業交易所錄得 13,200,000 港元之收入。

本年度毛利減少 64.3% 至 2,000,000 港元（二零零四年：5,600,000 港元）。毛利減少反映出於二零零四年內出售駿昇中心之 15 個單位（佔地約 72,100 平方呎），令其總建築面積減少 53%，導致租金收入減少。此外，駿昇中心一半現存總建築面積因擴建工程於二零零五年內空置而影響收入。擴建工程將於二零零六年第三季完成，預期可增加約 55,600 平方呎之總建築面積。

本年度應佔聯營公司業績跳升至 101,000,000 港元（二零零四年（重列）：6,000,000 港元）。本公司所佔投資物業公平值增加之 92,500,000 港元（已扣除遞延稅項之影響 19,600,000 港元），乃受惠於物業市場持續增長，及經本公司於二零零五年採納新訂及經修訂的會計準則後反映於本公司之業績表現。

BUSINESS REVIEW (cont'd)

The results for the Year also include the write-back of allowance for amounts due from associates and former associates of approximately HK\$1 million and HK\$8.7 million respectively (2004: HK\$1.4 million and HK\$7.8 million respectively).

Profit attributable to equity holders of the Company in 2005 was \$121.5 million compared to a loss of HK\$169.4 million in last year (restated). Loss in 2004 was due to an impairment loss recognised in respect of property interests held for development of HK\$183.4 million and a provision for a litigation claim of HK\$8.4 million.

PROPERTY REVIEW

Property Development

No. 34 Hill Road, Western District (100%) – The property is a 7-storey composite building over 40 years old and is currently vacant. The site has an area of approximately 2,146 square feet.

Investment Properties and Properties Held for Sale

Gemstar Tower, Hung Hom (100%) – The property is a 17-storey godown building. The Group held 13 godown units on various floors with a total gross floor area of approximately 62,665 square feet and 50 carparking spaces as at 31st December, 2005. As at 31st December, 2005, the occupancy rate of godown was 13.97%. Extension works for the addition of 2 godown storeys above the top floor was commenced in May 2005 and scheduled to be completed in the third quarter of 2006. The additional gross floor area as a result of this addition will be approximately 55,600 square feet.

Inter-Continental Plaza, Tsim Sha Tsui (50%) – The property is a 15-storey commercial building. The Group has interests in two office floors and a flat roof with a total gross floor area of approximately 22,204 square feet and 1,876 square feet respectively. As at 31st December, 2005, the two office floors were fully let.

No. 1 Hung To Road, Kwun Tong (33 $\frac{1}{3}$ %) – The property is a 33-storey industrial building. During the Year, 22,766 square feet have been sold. The Group has interests in various portions on various floors with a total gross floor area of approximately 545,581 square feet and 77 carparking spaces as at 31st December, 2005.

業務回顧 (續)

本年度業績亦包括聯營公司及前聯營公司欠款準備之撥回金額分別約 1,000,000 港元及 8,700,000 港元 (二零零四年: 分別為 1,400,000 港元及 7,800,000 港元)。

本公司股本持有人於二零零五年應佔溢利為 121,500,000 港元，而去年虧損為 169,400,000 港元 (重列)。二零零四年之虧損是因為確認持作發展之 183,400,000 港元物業權益減值，以及 8,400,000 港元索償訴訟撥備所致。

物業回顧

物業發展

西區山道 34 號 (100%) – 該物業為一幢七層高樓齡逾 40 年之綜合大廈，現時空置。該地盤面積約為 2,146 平方呎。

投資物業及持作出售物業

紅磡駿昇中心 (100%) – 該物業為一幢十七層高之貨倉大廈。於二零零五年十二月三十一日，本集團持有分佈於多個樓層共 13 個貨倉單位，總建築面積約為 62,665 平方呎，並持有 50 個停車位。於二零零五年十二月三十一日，貨倉之出租率為 13.97%。於頂層上蓋加建兩層貨倉之擴建工程已於二零零五年五月展開，並預期於二零零六年第三季完工。是次擴建所得之額外總建築面積將約為 55,600 平方呎。

尖沙咀明輝中心 (50%) – 該物業為一幢十五層高之商業大廈。本集團擁有兩個辦公樓層及平台之權益，總建築面積分別約為 22,204 平方呎及 1,876 平方呎。於二零零五年十二月三十一日，該兩個辦公樓層經已全部租出。

觀塘鴻圖道 1 號 (33 $\frac{1}{3}$ %) – 該物業為一幢三十三層高之工業大廈。於本年度內售出 22,766 平方呎，本集團於二零零五年十二月三十一日擁有多個樓層之多個單位之權益，總建築面積約 545,581 平方呎，並擁有 77 個停車位。

POST BALANCE SHEET EVENT

Litigation Claim

The legal proceedings relate to a margin loan granted to the Company by the finance company (in liquidation) (the "finance company") for the dealing of securities between the years of October 1996 and January 1998. The Company filed a Defence and Counterclaim in December 2004 and the finance company filed their Reply and Defence to Counterclaim in January, 2005. The claim of approximately HK\$8.4 million comprises of the margin loan and accrued interest. The Group made a provision of approximately HK\$8.4 million in 2004 for the claim. In January 2006, upon seeking legal advice including London QC opinion, the Company paid the finance company a sum of HK\$8.3 million for full and final settlement of all claims of the finance company. The settlement was made from the Company's internal resources without any adverse impact on its working capital position. Consent Summons was filed and an order from the High Court dated 20th January, 2006 was sealed to record the discontinuance of the legal proceedings.

PROSPECTS

With the continued improvement in Hong Kong economy under broadly favourable economic conditions during the Year, the Group is optimistic about the outlook of the local property market.

The Group maintained a strong cash position for the Year. Expecting a stable and recurrent income generated from the existing properties held in Hong Kong, the Group will continue to focus on maintaining its existing property portfolio and will be flexible in its future business expansion to face the ever-changing economic environment when opportunities come.

APPRECIATION

I would like to take this opportunity to thank the shareholders of their continuing support and all the staff for their dedication and hard work.

On behalf of the Board

Thomas Lau, Luen-hung

Chairman

Hong Kong, 14th March, 2006

結算日後事宜

訴訟索償

有關一間財務公司（清盤中）（「財務公司」）由一九九六年十月至一九九八年一月期間就買賣證券授予本公司之孖展貸款之法律訴訟，本公司已於二零零四年十二月提交抗辯書及反申索，而財務公司亦已於二零零五年一月提交答辯書及反申索之抗辯書。有關申索包括孖展貸款和應計利息約 8,400,000 港元。本集團已於二零零四年就申索作出約 8,400,000 港元之撥備。本公司於徵求法律意見（包括倫敦御用大律師法律意見）後，於二零零六年一月就財務公司所有索償，向財務公司作出 8,300,000 港元之全數和最終清償。有關款項來自本公司之內部資源，因此不會對其營運資金狀況構成負面影響。本公司已呈交同意和解傳票，香港高等法院亦已於二零零六年一月二十日頒令以蓋章記錄終止該法律訴訟。

展望

香港經濟於本年度良好的經濟環境下持續改善，本集團對本地物業市場之前景抱持樂觀態度。

本年度，本集團持有充足現金。預期現時在香港持有之物業可為本集團帶來穩定及經常收入，而本集團將繼續專注維持現有物業組合，並保持一定靈活性，為日後擴充業務作好準備，以應付不斷改變的經濟環境，抓緊日後湧現的商機。

致謝

本人謹藉此機會對股東一直以來之鼎力支持及全體員工竭誠為本集團效力深表謝意。

代表董事會

主席

劉鑾鴻

香港，二零零六年三月十四日

RESULTS

Profit attributable to equity holders of the Company for the year ended 31st December, 2005 (the "Year") was HK\$121.5 million (2004 (restated): loss of HK\$169.4 million). Earnings per share for the Year recorded at HK36.40 cents (2004 (restated): loss per share of HK60 cents).

NET ASSET VALUE

As at 31st December, 2005, the Group's net assets jumped 47.5% to HK\$666.1 million (2004 (restated): HK\$451.6 million). Net asset value per share was HK\$1.97 (2004 (restated): HK\$1.60). Net assets attributable to equity holders of the Company amounted to HK\$667.1 million (2004 (restated): HK\$491.9 million). Net assets per share to equity holders of the Company was HK\$1.97 (2004 (restated): HK\$1.74).

DEBT AND GEARING

The Group maintained a strong capital and cash position for the Year. As at 31st December, 2005, cash and bank balances amounted to HK\$195.1 million (31st December, 2004: HK\$131.1 million). The cash position was strengthened by the net proceeds of HK\$52.8 million received from the placing of shares of the Company in February 2005. The Group did not have any bank borrowings (31st December, 2004: Nil). The majority of the Group's income for the Year was denominated in Hong Kong dollars and no hedging for non-Hong Kong dollars assets or investment has been made during the Year.

PLEDGE OF ASSETS

As at 31st December, 2005, no assets was pledged by the Group to secure any banking facility and the Group did not have any obligation under banking facility documentation.

業績

本公司股本持有人於截至二零零五年十二月三十一日止年度（「本年度」）應佔溢利為121,500,000港元（二零零四年（重列）：虧損169,400,000港元）。本年度每股盈利為36.40港仙（二零零四年（重列）：每股虧損60港仙）。

資產淨值

於二零零五年十二月三十一日，本集團之資產淨值總額跳升47.5%至666,100,000港元（二零零四年（重列）：451,600,000港元）。每股資產淨值為1.97港元（二零零四年（重列）：1.60港元）。本公司股本持有人應佔資產淨值667,100,000港元（二零零四年（重列）：491,900,000港元）。本公司股本持有人應佔每股資產淨值為1.97港元（二零零四年（重列）：1.74港元）。

債務及資本與負債比率

本集團於本年度維持充足之資本及現金狀況。於二零零五年十二月三十一日，現金及銀行結存為195,100,000港元（二零零四年十二月三十一日：131,100,000港元）。本公司於二零零五年二月配售股份收取52,800,000港元之所得款項淨額，增強了現金狀況。本集團並無任何銀行借貸（二零零四年十二月三十一日：無）。本集團於本年度之大部分收入以港元計值。本集團於本年度內並無就非港元資產或投資進行對沖。

資產抵押

於二零零五年十二月三十一日，本集團並無將任何資產抵押以取得銀行信貸，而本集團概無承擔任何根據銀行信貸文件之責任。

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31st December, 2005.

FINANCIAL AND INTEREST INCOME/EXPENSES

Interest income for the Year increased to HK\$9.4 million (2004: HK\$3.5 million) which included an imputed interest income of HK\$0.9 million (2004: Nil). The Group recorded an imputed interest expenses on interest-free loans from the minority shareholders of subsidiaries of HK\$2.1 million (2004: Nil). The recognition of imputed interest income and expenses was due to the adoption of the HKAS 39.

REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31st December, 2005, the Group employed a total of 10 staff. Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The directors of the Company continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Year.

PROPERTY VALUATION

A property valuation has been carried out by Norton Appraisals Limited, independent qualified professional surveyors, in respect of the Group's investment properties held as at 31st December, 2005 and that valuation was used in preparing this year's financial statements. The Group's investment properties were valued at HK\$54 million, the net increase in fair value of approximately HK\$4.6 million was credited to the income statement for the Year. The Group also shared an increase in fair value on investment properties of the associates of HK\$92.5 million (net of deferred tax impact of HK\$19.6 million). Development properties and non-investment properties were stated at cost less impairment, if any, in the financial statements.

或然負債

本集團於二零零五年十二月三十一日並無任何重大或然負債。

財務及利息收入／支出

本年度之利息收入增至 9,400,000 港元（二零零四年：3,500,000 港元），當中包括 900,000 港元名義利息收入（二零零四年：無）。本集團錄得附屬公司少數股東免息貸款之名義利息開支 2,100,000 港元（二零零四年：無）。確認名義利息收入及開支乃因採納香港會計準則第 39 號所致。

酬金政策及購股權計劃

於二零零五年十二月三十一日，本集團共僱用十名職員。僱員薪金乃根據其表現、經驗及目前業內慣例釐定。酬金包括薪金及按市況及個人表現釐定之年終花紅。本公司董事將繼續檢討僱員之貢獻及向他們提供所需之動力及靈活性，使其更投入工作及有更好表現。本年度並無採納任何購股權計劃。

物業估值

獨立合資格專業測計師行普敦國際評估有限公司已就本集團於二零零五年十二月三十一日持有之投資物業進行物業估值，有關估值乃用於編製本年度之財務報表。本集團投資物業之估值為 54,000,000 港元，公平值之淨增長約為 4,600,000 港元，並已列入本年度之收益表中。本集團亦分估聯營公司投資物業 92,500,000 港元之公平值增長（扣除 19,600,000 港元之遞延稅項影響）。發展物業和非投資物業以成本扣除減值（如有）列於財務報表中。

The directors of the Company (the "Directors") present to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2005 (the "Year").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities and other particulars of its principal subsidiaries and associates as at 31st December, 2005 are set out in notes 37 and 38 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated income statement on page 47.

No interim dividend was declared for the Year (2004: Nil) and the Board did not recommend any payment of final dividend for the Year (2004: Nil).

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to profit for the Year by principal activities is set out in note 8 to the financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 110.

INVESTMENT PROPERTIES

Movements in the investment properties during the year are set out in note 17 to the financial statements.

PROPERTY AND OTHER FIXED ASSETS

Movements in the property and other fixed assets during the year are set out in note 18 to the financial statements.

本公司董事（「董事」）謹向股東提呈董事會報告書連同本公司及其附屬公司（「本集團」）截至二零零五年十二月三十一日止年度（「本年度」）之經審核財務報表。

主要業務

本公司為投資控股公司，其主要附屬公司及聯營公司於二零零五年十二月三十一日之主要業務及其他資料載於財務報表附註 37 及 38。

業績及分配

本集團於本年度之業績載於第 47 頁之綜合收益表。

本年度並無宣派中期股息（二零零四年：無）而董事會亦不建議派付本年度之末期股息（二零零四年：無）。

分類資料

本集團按主要業務劃分之本年度收入及溢利分析載於財務報表附註 8。

財務概要

本集團過往五個財政年度之業績、資產與負債概要載於第 110 頁內。

投資物業

投資物業於年內之變動載於財務報表附註 17。

物業及其他固定資產

物業及其他固定資產於年內之變動情況載於財務報表附註 18。

PROPERTIES HELD FOR DEVELOPMENT

Movements in the properties held for development during the year are set out in note 19 to the financial statements.

PROPERTY INTERESTS HELD FOR DEVELOPMENT

Movements in the property interests held for development during the year are set out in note 20 to the financial statements.

PREPAID LEASE PAYMENTS

Movements in the prepaid lease payments during the year are set out in note 21 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group at 31st December, 2005 are set out on pages 111 to 116.

SHARE CAPITAL

With a view to broadening the capital base of the Company, 56,460,000 shares of the Company were issued and allotted to the independent investors on 2nd February, 2005 pursuant to a placing agreement entered into between the Company and its placing agent on 24th January, 2005. The net proceeds of approximately HK\$52.8 million had been used as general working capital.

Movements in the share capital of the Company during the year are set out in note 30 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out on page 50 and in note 31 to the financial statements respectively.

持作發展物業

持作發展物業於年內之變動載於財務報表附註 19。

持作發展之物業權益

持作發展之物業權益於年內之變動載於財務報表附註 20。

預付租賃款項

預付租賃款項於年內之變動載於財務報表附註 21。

主要物業

本集團於二零零五年十二月三十一日之主要物業詳情載於第 111 至 116 頁內。

股本

為擴闊本公司之資本基礎，於二零零五年二月二日，本公司根據與配售代理於二零零五年一月二十四日訂立之配售協議，向獨立投資者發行及配發 56,460,000 股本公司股份。所得款項淨額約 52,800,000 港元已用作一般營運資金。

本公司之股本於年內之變動載於財務報表附註 30。

儲備

本集團及本公司之儲備於年內之變動情況分別載於第 50 頁及財務報表附註 31。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers contributed approximately 59% and 95% of the Group's total purchases for the Year.

The aggregate revenue attributable to the Group's largest customer and five largest customers accounted for 11% and 38% of the Group's total revenue for the Year.

None of the Company's directors, their associates, or any shareholders of the Company (which to the knowledge of the Company's directors owned more than 5% of the Company's issued shares) had a beneficial interest in any of the Group's five largest suppliers and customers.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors:

Mr. Thomas Lau, Luen-hung (*Chairman*)
Mr. Joseph Lau, Luen-hung (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Wang, Jian-guo
Mr. Mok, Hon-sang
Mr. Wong, Tik-tung

購買、出售或贖回上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

主要供應商及客戶

本年度本集團累計之最大供應商及五大供應商應佔之購貨總額分別佔本集團購貨總額約 59% 及 95%。

本年度本集團累計之最大客戶及五大客戶應佔之收入總額分別佔本集團總營業收入之 11% 及 38%。

本公司董事、彼等之聯繫人士或本公司任何股東（據本公司董事所知擁有本公司已發行股份逾 5% 者）概無擁有本集團任何五大供應商或客戶之實益權益。

董事

於年內及直至本報告日期止，董事為：

執行董事：

劉鑾鴻先生（主席）
劉鑾雄先生（行政總裁）

獨立非執行董事：

王建國先生
莫漢生先生
汪滌東先生

DIRECTORS (cont'd)

With effect from 29th March, 2006, the offices of the following Directors have been changed:

- a) Mr. Thomas Lau, Luen-hung has resigned as the Chairman and Executive Director of the Company;
- b) Mr. Joseph Lau, Luen-hung has resigned as the Chief Executive Officer and Executive Director of the Company;
- c) Mr. Matthew Cheong, Veng-va, has been appointed as the Chairman and Executive Director of the Company; and
- d) Ms. Teresa Poon, Mun-chie, has been appointed as the Chief Executive Officer and Executive Director of the Company.

In accordance with Articles 92 and 101 of the Company's Articles of Association, Mr. Matthew Cheong, Veng-va, Ms. Teresa Poon, Mun-chie and Mr. Wang, Jian-guo will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

No Director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

董事（續）

由二零零六年三月二十九日起，以下董事之職位已作出調動：

- a) 劉鑾鴻先生已辭任為本公司主席及執行董事；
- b) 劉鑾雄先生已辭任為本公司行政總裁及執行董事；
- c) 昌榮華先生已獲委任為本公司主席及執行董事；及
- d) 潘敏慈小姐已獲委任為本公司行政總裁及執行董事。

根據本公司組織章程細則第 92 及 101 條之規定，昌榮華先生、潘敏慈小姐及王建國先生將告退，惟彼等願於即將舉行之股東週年大會上膺選連任。

擬於即將舉行之股東週年大會上膺選連任之董事概無訂立本集團不可於一年內毋須支付賠償（法定賠償除外）而終止之服務合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

董事及最高行政人員於本公司及相聯法團之證券權益

As at 31st December, 2005, the interests and short positions of the Directors and chief executives 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 (the "SFO")) as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:-

於二零零五年十二月三十一日，本公司董事及最高行政人員於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第 XV 部）之股份、相關股份及債券中擁有根據證券及期貨條例第 352 條置存之登記冊所載錄或根據上市發行人董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉如下：

I. The Company 本公司

Name of Director 董事姓名	Number of Shares (ordinary share) 股份數目（普通股）	Note 附註	Capacity 身份	Percentage of Issued Share Capital 已發行股本百分比
Joseph Lau, Luen-hung 劉鑾雄	209,811,186	1	Interest in Controlled Corporation 於受控制 公司之權益	61.93%

II. Associated Corporations of the Company 本公司之相聯法團

Chinese Estates 華人置業

Name of Director 董事姓名	Number of Shares (ordinary share) 股份數目（普通股）	Note 附註	Capacity 身份	Percentage of Issued Share Capital 已發行股本百分比
Joseph Lau, Luen-hung 劉鑾雄	1,000,000,000	2	Other Interests 其他權益	
	275,143,456	3	Other Interests 其他權益	
	<u>1,275,143,456</u>			60.96%
Thomas Lau, Luen-hung 劉鑾鴻	199,207,187	4	Other Interests 其他權益	9.52%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS (cont'd)

董事及最高行政人員於本公司及相聯法團之證券權益（續）

G-Prop 金匡

Name of Director 董事姓名	Number of Shares (ordinary share) 股份數目（普通股）	Note 附註	Capacity 身份	Percentage of Issued Share Capital 已發行股本百分比
Joseph Lau, Luen-hung 劉鑾雄	397,858,761	5	Interest in Controlled Corporation 於受控制 公司之權益	50.10%

Notes:

- Mr. Joseph Lau, Luen-hung, by virtue of his 60.96% interest in the issued share capital of Chinese Estates as disclosed in paragraph II above, was deemed to be interested in these shares of the Company under the provisions of the SFO.
- The 1,000,000,000 shares of Chinese Estates were held by a unit trust of which Mr. Joseph Lau, Luen-hung was a unit holder. The rest of the units in the unit trust were held by a discretionary trust of which Mr. Joseph Lau, Luen-hung was the founder and certain family members of Mr. Joseph Lau, Luen-hung were eligible beneficiaries.
- The 275,143,456 shares of Chinese Estates were held by another discretionary trust of which certain family members of Mr. Joseph Lau, Luen-hung were eligible beneficiaries.
- These shares were indirectly owned by another discretionary trust of which certain family members of Mr. Thomas Lau, Luen-hung were eligible beneficiaries.

附註：

- 正如上文第 II 段所披露，劉鑾雄先生擁有華人置業已發行股本中之 60.96% 權益，故根據證券及期貨條例之規定，被視為擁有該等本公司股份。
- 該等 1,000,000,000 股華人置業股份由一項以劉鑾雄先生為單位持有人之單位信託基金持有。該單位信託基金餘下之單位由一項以劉鑾雄先生為創立人及劉鑾雄先生之若干家族成員為合資格受益人之全權信託持有。
- 該等 275,143,456 股華人置業股份由另一項以劉鑾雄先生之若干家族成員為合資格受益人之全權信託持有。
- 該等股份由另一項以劉鑾鴻先生之若干家族成員為合資格受益人之全權信託間接擁有。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS (cont'd)

5. Mr. Joseph Lau, Luen-hung, by virtue of his 60.96% interest in the issued share capital of Chinese Estates as disclosed in paragraph II above, was deemed to be interested in 397,858,761 shares of G-Prop under the provisions of the SFO. Chinese Estates was interested in 397,858,761 shares of G-Prop of which 170,000,000 shares, 113,818,911 shares, 37,162,165 shares and 76,877,685 shares were issued shares respectively held by Million Point Limited ("Million Point"), Paul Y. Holdings Company Limited ("Paul Y."), Great Empire International Ltd. ("Great Empire") and Luckpoint Investment Limited ("Luckpoint").

Chinese Estates was deemed to be interested in the 170,000,000 shares of G-Prop by virtue of the SFO as Chinese Estates owned the entire issued share capital of Chinese Estates, Limited, which owned the entire issued share capital of Cosmos Success Limited which in turn owned the entire issued share capital of Million Point.

Chinese Estates was also deemed to be interested in the 113,818,911 shares of G-Prop by virtue of the SFO as Chinese Estates owned the entire issued share capital of Paul Y.

Chinese Estates was also deemed to be interested in the 37,162,165 shares of G-Prop by virtue of the SFO as Chinese Estates owned the entire issued share capital of Paul Y., which in turn beneficially owned the entire issued share capital of Great Empire.

Chinese Estates was also deemed to be interested in the 76,877,685 shares of G-Prop by virtue of the SFO as Chinese Estates owned the entire issued share capital of China Entertainment and Land Investment Company, Limited, which in turn owned the entire issued share capital of Luckpoint.

All the interests stated above represent long positions. The percentage shown was the number of shares the relevant Director was interested expressed as a percentage of the number of issued shares as at 31st December, 2005.

Save as disclosed above, none of the other Directors and chief executives of the Company had or were deemed under the SFO to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within Part XV of the SFO) as at 31st December, 2005, and none of the Directors or chief executives 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 during the year.

董事及最高行政人員於本公司及相聯法團之證券權益（續）

5. 正如上文第 II 段所披露，劉鑾雄先生擁有華人置業已發行股本中之 60.96% 權益，故根據證券及期貨條例之規定，被視為擁有金匡之 397,858,761 股股份。華人置業擁有 397,858,761 股金匡股份，其中 170,000,000 股、113,818,911 股、37,162,165 股及 76,877,685 股之已發行股份分別由 Million Point Limited (「Million Point」)、Paul Y. Holdings Company Limited (「Paul Y.」)、Great Empire International Ltd. (「Great Empire」) 及樂邦投資有限公司 (「樂邦」) 持有。

由於華人置業擁有華人置業有限公司之全部已發行股本，而華人置業有限公司擁有 Cosmos Success Limited 之全部已發行股本，後者則擁有 Million Point 之全部已發行股本，華人置業根據證券及期貨條例被視為擁有上述 170,000,000 股金匡股份。

由於華人置業擁有 Paul Y. 之全部已發行股本，華人置業根據證券及期貨條例亦被視為擁有上述 113,818,911 股金匡股份。

由於華人置業擁有 Paul Y. 之全部已發行股本，而 Paul Y. 實益擁有 Great Empire 之全部已發行股本，華人置業根據證券及期貨條例亦被視為擁有上述 37,162,165 股金匡股份。

由於華人置業擁有中華娛樂置業有限公司之全部已發行股本，而中華娛樂置業有限公司擁有樂邦之全部已發行股本，華人置業根據證券及期貨條例亦被視為擁有上述 76,877,685 股金匡股份。

上述所有權益均為好倉。所顯示的百分比為有關董事於二零零五年十二月三十一日擁有之股份數目佔已發行股份數目之百分比。

除上文所披露者外，於二零零五年十二月三十一日，本公司其他董事及最高行政人員概無擁有或根據證券及期貨條例被視為擁有本公司或其任何相聯法團（定義見證券及期貨條例第 XV 部）之股份、相關股份或債券之任何權益或淡倉，並於本年度內，本公司之董事或最高行政人員或彼等之配偶或未滿十八歲之子女概無獲授予或已行使任何可認購本公司或其任何相聯法團之證券之任何權利。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 31st December, 2005, so far as are known to the Directors, the following parties (other than a Director or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

主要股東於本公司之證券權益

據董事所知悉，於二零零五年十二月三十一日，本公司根據證券及期貨條例第 336 條須置存之登記冊所載錄或按其他方式知會本公司，直接或間接擁有或被視為擁有本公司已發行股本 5% 或以上權益之人士（本公司之董事或最高行政人員除外）如下：

Name	Number of Shares (ordinary share)	Capacity	Percentage of Issued Share Capital 已發行 股本百分比
名稱	股份數目（普通股）	身份	
Billion Up Limited	209,811,186 (notes 1 & 2) (附註 1 及 2)	Beneficial Owner 實益擁有人	61.93%
Lucky Years Ltd.	209,811,186 (notes 1 & 2) (附註 1 及 2)	Interest in Controlled Corporation 於受控制公司之權益	61.93%
Chinese Estates 華人置業	209,811,186 (notes 1 & 2) (附註 1 及 2)	Interest in Controlled Corporation 於受控制公司之權益	61.93%
Global King Ltd.	209,811,186 (notes 1 & 3) (附註 1 及 3)	Trustee 信託人	61.93%
GZ Trust Corporation	209,811,186 (notes 1 & 3) (附註 1 及 3)	Trustee and Beneficiary of a Trust 信託人及一項信託之受益人	61.93%
Li Ka-shing 李嘉誠	20,833,142 (notes 4 & 5) (附註 4 及 5)	Founder of Discretionary Trusts and Interest of Controlled Corporations 全權信託之創立人及 受控制公司之權益	6.15%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

主要股東於本公司之證券權益 (續)

Name	Number of Shares (ordinary share)	Capacity	Percentage of Issued Share Capital
名稱	股份數目 (普通股)	身份	已發行 股本百分比
Li Ka-Shing Unity Trustcorp Limited	20,833,142 (notes 4 & 5) (附註 4 及 5)	Trustee and Beneficiary of a Trust 信託人及一項信託之受益人	6.15%
Li Ka-Shing Unity Trustee Corporation Limited	20,833,142 (notes 4 & 5) (附註 4 及 5)	Trustee and Beneficiary of a Trust 信託人及一項信託之受益人	6.15%
Li Ka-Shing Unity Trustee Company Limited	20,833,142 (notes 4 & 5) (附註 4 及 5)	Trustee 信託人	6.15%
Cheung Kong (Holdings) Limited 長江實業 (集團) 有限公司	20,833,142 (notes 4 & 5) (附註 4 及 5)	Interest of Controlled Corporations 受控制公司之權益	6.15%
Hutchison Whampoa Limited 和記黃埔有限公司	20,833,142 (note 4) (附註 4)	Interest of Controlled Corporations 受控制公司之權益	6.15%
Hutchison International Limited 和記企業有限公司	20,833,142 (note 4) (附註 4)	Interest of a Controlled Corporation 一間受控制公司之權益	6.15%
Primetek Holdings Limited	20,833,142 (note 4) (附註 4)	Beneficial Owner 實益擁有人	6.15%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

Notes:

1. These shares were the same parcel of shares referred to in "Interest in Controlled Corporation" of Mr. Joseph Lau, Luen-hung under "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations" as disclosed in paragraph I above.
2. Billion Up Limited was a wholly-owned subsidiary of Lucky Years Ltd., which in turn was a wholly-owned subsidiary of Chinese Estates, and its interests in the shares of the Company were duplicated and included in the shareholding stated against Lucky Years Ltd. and Chinese Estates.
3. GZ Trust Corporation as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. was the trustee. Global King Ltd. was entitled to exercise more than one-third of the voting power at the general meetings of Chinese Estates. Accordingly, Global King Ltd. and GZ Trust Corporation were deemed to be interested in the same interests stated against Chinese Estates.
4. Primetek Holdings Limited ("Primetek") is a wholly-owned subsidiary of Hutchison International Limited ("HIL"), which in turn is a wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL"). By virtue of the SFO, HWL and HIL were deemed to be interested in the 20,833,142 shares of the Company held by Primetek.
5. Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited ("TUT1"). TUT1 as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

主要股東於本公司之證券權益 (續)

附註：

1. 該等股份為上文第 I 段所披露「董事及最高行政人員於本公司及相聯法團之證券權益」中所述劉鑾雄先生「於受控制公司之權益」中所指之同一批股份。
2. Billion Up Limited 為 Lucky Years Ltd. 之全資附屬公司，Lucky Years Ltd. 為華人置業之全資附屬公司，其於本公司股份之權益已重複計入，並包括在 Lucky Years Ltd. 及華人置業所述之股權內。
3. GZ Trust Corporation (作為一項全權信託之信託人) 持有一項以 Global King Ltd. 為信託人之單位信託基金之單位。Global King Ltd. 有權在華人置業之股東大會上行使三分之一以上之投票權。因此，Global King Ltd. 及 GZ Trust Corporation 被視為擁有華人置業所擁有之權益。
4. Primetek Holdings Limited (「Primetek」) 為和記企業有限公司 (「和記企業」) 之全資附屬公司，而後者為和記黃埔有限公司 (「和黃」) 之全資附屬公司。根據證券及期貨條例，和黃及和記企業被視為擁有 Primetek 持有之 20,833,142 股本公司股份。
5. 由李嘉誠先生、李澤鉅先生及李澤楷先生各自擁有全部已發行股本之三分之一權益之 Li Ka-Shing Unity Holdings Limited，擁有 Li Ka-Shing Unity Trustee Company Limited (「TUT1」) 之全部已發行股本。TUT1 以 The Li Ka-Shing Unity Trust (「UT1」) 信託人之身份，連同若干公司 (TUT1 以 UT1 信託人之身份有權在其股東大會上行使或控制行使三分之一以上之投票權之公司) 合共持有長江實業 (集團) 有限公司 (「長實」) 三分之一以上之已發行股本。長實之附屬公司有權在和黃之股東大會上行使或控制行使三分之一以上之投票權。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

Notes: (cont'd)

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in the UT1.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of DT1 and DT2 for the purpose of the SFO, TDT1, TDT2, TUT1 and CKH was deemed to be interested in the 20,833,142 shares of the Company held by Primetek.

All the interests stated above represent long positions. As at 31st December, 2005, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

There were no arrangements to which the Company, its ultimate holding company, or any of its ultimate holding company's subsidiaries was a party to enable the Directors to acquire benefit by means of the acquisition of shares in, or debentures of, the Company or any other body corporate during the year.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There were no contracts of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the year or at any time during the year, and in which a Director had, whether directly or indirectly, a material interest, nor there were any other contracts of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

CONNECTED TRANSACTIONS

During the year, there were no discloseable connected transactions.

主要股東於本公司之證券權益 (續)

附註：(續)

此外，Li Ka-Shing Unity Holdings Limited 亦擁有 Li Ka-Shing Unity Trustee Corporation Limited 「TDT1」(The Li Ka-Shing Unity Discretionary Trust (「DT1」) 之信託人)，及 Li Ka-Shing Unity Trustcorp Limited「TDT2」(另一全權信託(「DT2」) 之信託人) 之全部已發行股本。TDT1 及 TDT2 各持有 UT1 之單位。

根據證券及期貨條例，李嘉誠先生為 DT1 及 DT2 之託管人，就證券及期貨條例而言被視為 DT1 及 DT2 之創立人，TDT1、TDT2、TUT1 及長實被視為擁有 Primetek 持有之 20,833,142 股本公司股份。

上述所有權益均為好倉。於二零零五年十二月三十一日，本公司按證券及期貨條例第 336 條置存之登記冊所載概無任何淡倉。

購買股份或債券之安排

本公司、其最終控股公司或其最終控股公司之任何附屬公司概無於本年度內作出任何安排，以使董事可藉購入本公司或任何其他法人團體之股份或債券而獲得利益。

董事及控權股東於合約之權益

本公司或本公司之任何附屬公司概無於年結時或本年度內任何時間訂立與本公司業務有關之重大合約而董事於其中直接或間接擁有重大權益，亦概無與控權股東或其任何附屬公司訂立與本公司業務有關之重大合約。

關連交易

於年內概無須予披露之關連交易。

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

董事於競爭性業務之權益

Pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), as at 31st December, 2005, the following Directors had declared their interests in the following companies with businesses, which compete or are likely to compete, either directly or indirectly with the businesses of the Group:

於二零零五年十二月三十一日，根據聯交所證券上市規則（「上市規則」）第 8.10 條，下列董事申報於下列與本集團業務直接或間接構成競爭或可能構成競爭之業務之公司中擁有權益：

Name of Directors 董事姓名	Name of the companies 公司名稱	Nature of business considered to compete or likely to compete with the business of the Group 被認為與本集團業務構成競爭或可能構成競爭之業務性質	Nature of interest of the Directors in the companies 董事於該等公司之權益性質
Joseph Lau, Luen-hung 劉鑾雄	Chinese Estates* and its subsidiaries 華人置業 * 及其附屬公司	Property investment and development 物業投資及發展	Director and having certain deemed interests in Chinese Estates 董事及於華人置業擁有若干被視為擁有之權益
	Power Jade Limited ("Power Jade")** and its subsidiaries Power Jade Limited ("Power Jade") ** 及其附屬公司	Property investment and development 物業投資及發展	Director and having certain deemed interests in Power Jade 董事及於 Power Jade 擁有若干被視為擁有之權益
	G-Prop and its subsidiaries 金匡及其附屬公司	Property investment 物業投資	Having certain deemed interests in G-Prop 於金匡擁有若干被視為擁有之權益
Thomas Lau, Luen-hung 劉鑾鴻	Chinese Estates* and its subsidiaries 華人置業 * 及其附屬公司	Property investment and development 物業投資及發展	Director and having certain deemed interests in Chinese Estates 董事及於華人置業擁有若干被視為擁有之權益
	Power Jade** and its subsidiaries Power Jade** 及其附屬公司	Property investment and development 物業投資及發展	Director 董事

* listed holding company of the Company

** 50% indirectly owned by Chinese Estates

* 本公司之上市控股公司

** 華人置業間接擁有 50%

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (cont'd)

Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung are brothers (collectively the "Lau Brothers") and also have personal interest in private companies engaged in businesses consisting of property development and investment in Hong Kong. As such, they are regarded as being interested in such businesses, which compete or may compete with the Group.

Other than the businesses of the private companies of the Lau Brothers, the above-mentioned businesses are managed by separate publicly listed companies and separate company with independent management and administration. For better delineation of property investment business, Chinese Estates, the controlling shareholder of the Company, will give the Company the priority over the future property investment project with the value of less than or equal to 50% of the net asset value of the Company with reference to the latest published account and subject to the financial resources of the Company from time to time.

In this respect, coupled with the diligence of its Independent Non-executive Directors (whose views carry significant weight in the Board's decisions) and the independent audit committee of the Company (the "Audit Committee"), the Group is capable of carrying on its businesses independently of, and at arm's length from, the business of the above-mentioned companies.

Other than as disclosed above, none of the Directors are interested in any business, which competes or is likely to compete, either directly or indirectly, with the Company's businesses.

董事於競爭性業務之權益 (續)

劉鑾雄先生及劉鑾鴻先生為兄弟（統稱「劉氏兄弟」），並於經營業務包括於香港從事物業發展及投資之私人公司中擁有個人權益，因此，彼等被視為於與本集團構成競爭或可能構成競爭之業務擁有權益。

除劉氏兄弟之私人公司之業務外，上述業務乃由獨立上市公司及獨立公司管理，該等公司擁有獨立管理及行政程序。為了更清晰地劃分物業投資業務，本公司之控股股東華人置業將參考最近期公佈之賬目及因應本公司不時具備之財政資源，將價值少於或相當於本公司資產淨值 50% 之未來物業投資項目優先給予本公司考慮。

就此而言，結合其對董事會決策有重大影響力之獨立非執行董事及本公司獨立審核委員會（「審核委員會」）之努力，本集團有能力獨立並按公平磋商原則從事其業務，而不受上述公司之業務所影響。

除上文所披露者外，董事概無於與本公司業務直接或間接構成競爭或可能競爭之任何業務中擁有權益。

RETIREMENT BENEFIT SCHEMES

The Group operates two retirement benefit schemes:

- (1) the provident fund scheme as defined in the Mandatory Provident Fund Scheme Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme"); and
- (2) the provident fund scheme as defined in the Occupational Retirement Scheme Ordinance, Chapter 426 of the laws of Hong Kong (the "Top-up Scheme").

Both the MPF Scheme and the Top-up Scheme were defined contribution schemes and the assets of both schemes were managed by their respective trustees accordingly.

The MPF Scheme was available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK\$20,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefit was required by law to be preserved until the retirement age of 65. Forfeited contributions of MPF Scheme cannot be used by the Group to offset the existing level of contributions.

退休福利計劃

本集團設有兩項退休福利計劃：

- (1) 香港法例第 485 章強積金計劃條例下界定之退休金計劃（「強積金計劃」）；及
- (2) 香港法例第 426 章職業退休計劃條例下界定之退休金計劃（「補足計劃」）。

強積金計劃及補足計劃為定額供款計劃，該兩項計劃之資產據此均由各自之受託人管理。

強積金計劃可供所有 18 至 64 歲受僱於香港最少 60 日之本集團僱員參加。本集團根據僱員之有關入息作出 5% 之供款。就供款而言，有關入息上限為每月 20,000 港元。不論其於本集團之服務年期，僱員均可取得 100% 本集團供款連同應計回報，惟根據法例，有關利益將保留至退休年齡 65 歲方可領取。本集團不可動用強積金計劃下之已沒收供款，以抵銷現有之供款水平。

RETIREMENT BENEFIT SCHEMES (cont'd)

The Top-up Scheme was available to those employees with basic salary over HK\$20,000 and/or years of service over 5. Contributions to the Top-up Scheme were made by the Group at 5%, 7.5% or 10% of staff's basic salary (depending on the length of service) less the Group's mandatory contribution under the MPF Scheme. Staff members were entitled to 100% of the Group's contributions together with accrued returns after completing 10 years of service or more, or attaining the retirement age, or were entitled at a reduced scale between 30% to 90% of the Group's contributions after completing a period of service of at least 3 years but less than 10 years. The Top-up Scheme allowed any forfeited contributions (made by the Group for any staff member who subsequently left the Top-up Scheme prior to vesting fully in such contributions) to be used by the Group to offset the current level of contributions of the Group.

The Group's cost for the MPF scheme charged to consolidated income statement for the Year amounted to HK\$55,000 (2004: HK\$41,000).

During both years, no employee of the Group was entitled to the benefit of the Top-up Scheme and no contribution had been made by the Group to the Top-up Scheme.

退休福利計劃（續）

補足計劃可供基本薪金超過 20,000 港元及／或年資超過五年之僱員參加。本集團乃根據僱員之基本薪金按其服務年期，作出 5%、7.5% 或 10% 之補足計劃供款，並減去本集團根據強積金計劃作出之強制性供款。僱員服務滿 10 年或以上或到退休年齡時可取得 100% 本集團供款連同應計回報，而服務年期滿 3 年但不足 10 年之僱員則可按遞減比例取得 30% 至 90% 本集團供款。補足計劃容許本集團將任何已沒收供款（即本集團就任何可獲得全部供款前退出補足計劃之僱員而作出之供款）用以抵銷本集團現有之供款水平。

本集團於年內就強積金計劃於綜合收益表扣除之費用為 55,000 港元（二零零四年：41,000 港元）。

於上述兩個年度內，本集團概無僱員受惠於補足計劃，而本集團對補足計劃亦無供款。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

ADVANCES TO ENTITIES

As at 31st December, 2005, the Group had made advances to associated companies of approximately HK\$196 million (before provision). The shareholder loans had been granted either for financing their acquisition of assets or daily operations. The shareholder loans are unsecured, with no specific maturity dates and are repayable on demand.

Pursuant to Rule 13.20 of the Listing Rules, the Company disclose details of the loans advanced to the entities as at 31st December, 2005 as below:

優先購買權

本公司之組織章程細則並無有關規定本公司按比例向現有股東發行新股份之優先購買權條文。

墊付實體款項

於二零零五年十二月三十一日，本集團向聯營公司提供之墊款約為 196,000,000 港元（未扣除撥備）。該等股東貸款乃供應付其收購資產或日常營運所需。該等股東貸款乃無抵押、無特定期日並須於通知時償還。

根據上市規則第 13.20 條，本公司披露於二零零五年十二月三十一日向實體提供之貸款詳情如下：

Name of associated companies	Attributable interest held by the Group	Interest rates	Interest-bearing	Non-interest-bearing	Total advances
聯營公司名稱	本集團持有之應佔權益	利率	計息	不計息	墊款總額
	%	%	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Finedale Industries Limited 廣坤實業有限公司	33 $\frac{1}{3}$	Prime – 2.75 最優惠利率 減 2.75	86,528	–	86,528
Canaria Holding Limited	50	N/A 不適用	–	46,405	46,405
Tianjin Winson Real Estate Development Co., Ltd. 天津華盛房地產發展有限公司	50	N/A 不適用	–	53,495	53,495
Earn Elite Development Limited 盈才發展有限公司	50	6.75	9,500	–	9,500
			96,028	99,900	195,928

PROFORMA COMBINED BALANCE SHEET OF THE AFFILIATED COMPANIES

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of the affiliated companies with financial assistance from the Group as at 31st December, 2005 (the latest practicable date) is presented below:

Non-current assets	非流動資產
Current assets	流動資產
Current liabilities	流動負債
Non-current liabilities	非流動負債
Net assets	資產淨值

Note: Proforma combined balance sheet has been adjusted so as to align with the Group's accounting policies.

AUDIT COMMITTEE

The Audit Committee comprised Mr. Wang, Jian-guo, Mr. Mok, Hon-sang and Mr. Wong, Tik-tung and the annual results of the Group for the Year has been reviewed by the Audit Committee.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Year.

聯繫公司之備考合併資產負債表

根據上市規則第 13.22 條，獲本集團財政援助之聯繫公司於二零零五年十二月三十一日（最後實際可行日期）之備考合併資產負債表如下：

(Note)	Interest
Combined	attributable
total	to the Group
(附註)	本集團
合併總值	應佔權益
HK\$'000	HK\$'000
千港元	千港元
1,031,505	360,252
20,045	7,625
(26,538)	(9,448)
(588,581)	(234,533)
<u>436,431</u>	<u>123,896</u>

附註：備考合併資產負債表已作出配合本集團之會計政策的調整。

審核委員會

審核委員會乃由王建國先生、莫漢生先生及汪滌東先生組成，而本集團之本年度業績已由審核委員會審閱。

公眾持股量

本公司於本年度一直維持足夠之公眾持股量。

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu, who will retire at the conclusion of the forthcoming annual general meeting, and being eligible, will offer themselves for re-appointment, as auditors of the Company.

On behalf of the Board

Thomas Lau, Luen-hung

Chairman

Hong Kong, 14th March, 2006

核數師

本公司即將舉行之股東週年大會上將提呈一項決議案，德勤•關黃陳方會計師行於即將舉行之股東週年大會結束時將任滿告退，並符合資格及願獲續聘為本公司核數師。

代表董事會

主席

劉鑾鴻

香港，二零零六年三月十四日

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest in general. The Board works hard to ensure effective self-regulatory practices which include high caliber members, Board committees and sound internal control system.

CODE ON CORPORATE GOVERNANCE PRACTICES

In November, 2004, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") issued the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") which replaces the Code of Best Practice effective 1st January, 2005 and applies to disclosure referable to accounting periods commencing on or after 1st January, 2005. The Code sets out the principles of good corporate governance, and two levels of recommendations: (a) code provisions; and (b) recommended best practices. The Company has adopted the code provisions set out in the Code as its own code on corporate governance practices.

This Corporate Governance Report includes the mandatory disclosure requirements and the recommended disclosures set out in Appendix 23 to the Listing Rules and describes how the Company has applied the principles in the Code throughout the year ended 31st December, 2005.

The Board believed that the Company has applied the principles and complied with the code provisions throughout the year ended 31st December, 2005 except that:

1. the Independent Non-executive Directors (the "INED(s)") have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles of Association.
2. the Directors have not been required by the Company's Articles of Association to retire by rotation at least once every three years. However, in accordance with the Company's Articles of Association, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation at each annual general meeting.

本公司銳意維持高度企業管治，以確保運作更具透明度，全面保障股東利益。董事會致力確保制訂行之有效之自我監管常規，當中包括卓越之成員、董事委員會及切要之內部監控制度。

企業管治常規守則

於二零零四年十一月，香港聯合交易所有限公司（「聯交所」）頒布聯交所證券上市規則（「上市規則」）附錄十四所載之《企業管治常規守則》（「守則」），用以取代最佳應用守則。守則自二零零五年一月一日起生效，並適用於二零零五年一月一日或之後開始之會計期間之有關披露事項。守則訂明良好企業管治的原則及分兩層次的有關建議：(a)守則條文；及(b)建議最佳常規。本公司已採納載列於守則之守則條文，作為其企業管治常規守則。

本企業管治報告書載有上市規則附錄二十三所載之強制披露要求及建議披露的資料，概述本公司於截至二零零五年十二月三十一日止年度如何應用守則原則。

除以下情況外，董事會相信本公司於截至二零零五年十二月三十一日止年度一直遵守應用該等原則並遵守守則條文：

1. 獨立非執行董事（「獨立非執行董事」）並非按任何特定任期委任，而須根據本公司之組織章程細則於本公司之股東週年大會上輪席告退及膺選連任。
2. 本公司之組織章程細則並無規定董事最少每三年輪席告退一次。然而，根據本公司之組織章程細則，按當時出任董事人數三分之一之董事，（或倘彼等之人數並非三或三之倍數，則以最接近三分之一之人數）須於每屆股東週年大會上輪席告退。

CODE ON CORPORATE GOVERNANCE PRACTICES (cont'd)

3. One of the regular Board meetings was attended by less than a majority of the Directors entitled to be present. Chairman of the Board (the "Chairman") was unable to attend the 2005 annual general meeting of the Company due to other urgent commitments.

The Board will ensure the retirement of each Director by rotation at least once every three years and the proper meeting attendance by the Chairman and the Directors in order to comply with the code provisions set out in the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company during the year.

In addition, the Company also established written guidelines on terms no less exacting than the Model Code for relevant employees of the Company who are likely to be in possession of unpublished price-sensitive information in respect of their dealings in the securities of the Company.

BOARD OF DIRECTORS

The Board is accountable for directing and supervising the Company's affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interest of the Company. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed, controlled and operated. They accept appointment as they are able to give sufficient time and attention to the Company's affairs.

The Board currently comprises two Executive Directors and three INED representing more than one-third of the Board. The Directors' biographies are available on the Company's website. The INED are highly experienced professionals and business people with a broad range of expertise and experience in areas such as accounting, finance and business and one of them has appropriate professional qualification as required by the Stock Exchange.

企業管治常規守則（續）

3. 其中一次董事會之定期會議少於過半數有權出席會議之董事出席。董事會主席（「主席」）因其他緊急要事而未能出席本公司二零零五年股東週年大會。

董事會將確保每位董事至少每三年輪席告退一次，以及主席和董事如期出席會議，以符合上市規則所載之守則條文規定。

證券交易之標準守則

本公司已就董事進行證券交易採納了一套不遜於上市規則附錄十《上市發行人董事進行證券交易的標準守則》（「標準守則」）所載之規定標準的操守準則。本公司向全體董事作出具體查詢後，所有董事確認彼等於年內一直遵守標準守則以及本公司就董事進行證券交易所採納之操守準則所載之所須標準。

此外，本公司亦已就可能擁有未公佈股價敏感資料之相關僱員，制訂不遜於標準守則之書面指引，作為彼等進行本公司證券交易之指引。

董事會

董事會負責以有效可信之方法領導及監督本公司事務。每位董事以本公司之最佳利益為前題，以誠信態度履行職責。董事知悉彼等以管理、控制及經營本公司事務之方式，共同及個別向全體股東負責。接納委任為董事皆因彼等具有足夠時間及能力處理本公司事務。

董事會目前由兩位執行董事及三位獨立非執行董事組成。獨立非執行董事之人數超過董事會成員總數之三分之一。董事簡歷可於本公司網頁瀏覽。獨立非執行董事為極富經驗之專業人士及商界人士，在會計、金融及商界均具備豐富專業知識及經驗，其中一人更具備聯交所規定之相關專

BOARD OF DIRECTORS (cont'd)

They participate in Board meetings to bring independent judgment on Company's strategy, performance and standards of conduct; take the lead where potential conflicts of interests arise; serve on Board committees; ensure that the Board maintains high standards of financial and other mandatory reporting; and provide adequate checks and balance to safeguard the interests of shareholders in general and the Company as a whole. The names of the INED are identified in all corporate communications that disclose the Directors' names.

The Company has received, from each INED, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of INED to be independent.

Throughout their period in office, the Directors were continually updated on the Group's business, the competitive and regulatory environments in which it operates and other changes affecting the Group and the industry it operates in as a whole. They were also advised on appointment of their legal and other duties and obligations as directors of a listed company and updated on changes to the legal and governance requirements of the Group and upon themselves as the Directors.

The Directors are given access to independent professional advice at the Company's expense, when they deem it is necessary in order for them to carry out their responsibilities.

The Directors are consulted and properly briefed for matters to be included in the meeting agenda. The Board is supplied with relevant information as well as reports relating to operational and financial performance of the Group before each regular Board meeting. At least 14 days' notice of a regular Board meeting is given to all Directors to give them the opportunity to attend. Board papers are dispatched to all Directors at least 3 days before the meeting to ensure that they have sufficient time to review the same and will be adequately prepared for the meeting. Senior management members who are responsible for the preparation of the Board papers are usually invited to the meeting to address the Board members' queries. This enables the Board to have pertinent data and insight for a comprehensive and informed evaluation as part of the Board's decision-making purpose.

The Chairman has delegated the responsibility to the Company Secretary of the Company (the "Company Secretary") for drawing up and approving the meeting agenda for each Board meeting taking into account any matters proposed by the other Directors for inclusion in the agenda.

董事會（續）

業資格。彼等參與董事會會議，對本公司之策略、表現及守則標準作出獨立判斷；在有潛在利益衝突時發揮牽頭引導作用；出任董事委員會；確保董事會維持高水平之財務及其他強制申報準則；以及提供足夠審查及平衡保障全體股東利益與本公司整體利益。在所有披露董事姓名之企業通訊中已列出獨立非執行董事之身份。

本公司已接獲各獨立非執行董事之年度確認書，確認彼等符合上市規則第 3.13 條所載有關獨立性之規定。本公司認為全體獨立非執行董事均為獨立人士。

董事於在任期間持續獲有關本集團業務，經營所在地之競爭及規管環境，以及整體上影響本集團及其經營行業之其他變動的資料。彼等亦就委任為上市公司董事之法定及其他職能與及職責獲提供意見，並於彼等成為董事後更新有關本集團之法定及監管規定之變動。

董事可視乎履行其職責所需而尋求獨立專業意見，費用概由本公司承擔。

董事可獲諮詢及簡報會議議程內所載之事宜，並於每次定期董事會會議前獲發有關本集團營運及財務表現之相關資料及報告。定期董事會會議通知於開會最少 14 日前送交全體董事，供其選擇是否出席會議。董事會文件於會議舉行最少 3 日前發給全體董事，確保彼等具備足夠時間審閱該文件，並為會議作好充份準備。負責編製董事會報告之高級管理層成員一般獲邀與會，解答董事會成員之提問。此舉令董事會在作出全面而知情之評估時，具有中肯之數據及認知，有助董事會決策之部份考慮。

主席已委派本公司之公司秘書（「公司秘書」）負責考慮其他董事建議納入議程之任何事宜後，編撰及批核每次董事會會議之議程。

BOARD OF DIRECTORS (cont'd)

The proceedings of the Board at its meetings are generally conducted by the Chairman who ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and also equal opportunities are being given to the Directors to speak, express their views and share their concerns.

Pursuant to the Company's Articles of Association, the Director has to declare interest and abstain from voting on any board resolution in which he or any of his associates has a material interest.

All Directors have full access to the advice and services of the Company Secretary to ensure board procedures, rules and regulations are followed. Draft and final versions of minutes of board meeting in sufficient details are sent to the Directors for comments and records within reasonable time after the meeting is held. The minutes of board meeting and meetings of the Board committees kept by the Company Secretary are open for inspection by the Directors on reasonable notice.

The Board met 6 times in person or through telephone conference in 2005. Individual attendance of each Board member at these meetings is as follows:

Directors	Attendance
<i>Executive Directors</i>	
Thomas Lau, Luen-hung (<i>Chairman</i>)	5/6 (83%)
Joseph Lau, Luen-hung (<i>Chief Executive Officer</i>)	5/6 (83%)
<i>Independent Non-executive Directors</i>	
Wang, Jian-guo	4/6 (66%)
Mok, Hon-sang	6/6 (100%)
Wong, Tik-tung	6/6 (100%)

Of these, 4 regular Board meetings were held to approve the 2004 final results, 2005 interim results and to consider financial and operating performances of the Group. 2 other Board meetings were held for corporate governance issues. The Company Secretary and the Qualified Accountant attended the Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and financial.

The INED have actively participated in Board meetings, brought independent judgment and given their comments to the information or reports submitted to the meetings.

董事會 (續)

董事會之議事程序一般由主席進行。主席負責確保分配充裕之時間，討論及考慮議程內之各個項目，以及各董事均獲平等機會發言、表達意見及提出其關注事宜。

根據本公司之組織章程細則，董事須申報權益，並就其本身或其任何聯繫人士擁有重大權益之任何董事決議案放棄投票。

全體董事有權全面尋求公司秘書之意見及服務，確保遵守董事會程序、規則及規例。詳盡之董事會會議紀錄之草稿及定稿將於舉行會議後之合理時間內，送交董事提供意見及記錄。董事會會議及董事委員會會議之記錄由公司秘書存置，並可由董事發出合理通知下供其查閱。

董事會於二零零五年已舉行 6 次以親身出席或以電話形式舉行的會議。各董事會成員於該等會議之出席率如下：

董事	出席率
<i>執行董事</i>	
劉鑾鴻 (主席)	5/6 (83%)
劉鑾雄 (行政總裁)	5/6 (83%)
<i>獨立非執行董事</i>	
王建國	4/6 (66%)
莫漢生	6/6 (100%)
汪滌東	6/6 (100%)

6 次董事會會議中，4 次定期董事會會議之舉行目的為批准二零零四年全年業績、二零零五年中期業績及考慮本集團之財務及經營情況。另外 2 次董事會會議乃就企業管治事宜而舉行。公司秘書及合資格會計師出席董事會會議，匯報企業管治、風險管理、法例遵守、會計及財務相關之事宜。

獨立非執行董事已積極參與董事會會議，作出獨立判斷及就會議提呈之資料或報告發表意見。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer (“CEO”) are separate and not performed by the same individual. During the year ended 31st December, 2005, Mr. Thomas Lau, Luen-hung was the Chairman with responsibility for overseeing the function of the Board, formulating overall strategies and policies of the Company. Mr. Joseph Lau, Luen-hung was nominated CEO of the Company in June 2005 with responsibility for the overall business and operation of the Group. This segregation is clearly established and set out in writing to ensure a clear distinction between the Chairman’s responsibility to manage the Board and CEO’s responsibility to manage the Group’s business. Mr. Joseph Lau, Luen-hung is the brother of Mr. Thomas Lau, Luen-hung.

BOARD COMMITTEES

The Board has established an Audit Committee and a Remuneration Committee with defined roles and terms of reference.

Audit Committee

The Audit Committee has been established since December 2000 with the role to assist the Board in establishing formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company’s auditors (the “External Auditors”). It acts in an advisory capacity and makes recommendations to the Board.

All the Audit Committee members, appointed from the INED, possess diversified industry experience and the chairman has appropriate professional qualification, or accounting, or related financial management expertise as required by the Listing Rules, who are:

Mr. Wang, Jian-guo
Mr. Mok, Hon-sang
Mr. Wong, Tik-tung (*chairman*)

The Audit Committee operates pursuant to written terms of reference, which are prepared in accordance with the recommendations set out in “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants in February 2002 and are revised to align with the provisions of the Code in June 2005. The terms of reference of the Audit Committee can be found on the Company’s website.

主席及行政總裁

主席及行政總裁（「行政總裁」）之角色須予分開，且不得由同一個人擔任。截至二零零五年十二月三十一日止年度，劉鑾鴻先生為主席，負責監督董事會職能、制訂本公司整體策略及政策。劉鑾雄先生於二零零五年六月獲提名為本公司行政總裁，負責監督本集團之業務及運作。主席及行政總裁職能已清楚以書面訂立及列明劃分，主席負責管理董事會，而行政總裁負責管理本集團業務。劉鑾雄先生為劉鑾鴻先生之胞兄。

董事委員會

董事會已成立審核委員會及薪酬委員會，並界定其角色及職權範圍。

審核委員會

審核委員會於二零零零年十二月成立，其角色為協助董事會建立正式及具透明度之安排，讓董事會考慮如何應用財務匯報及內部監控原則，以及如何與本公司核數師（「外聘核數師」）維持恰當的關係。審核委員會具有顧問職能並向董事會提供意見。

審核委員會全體成員均從獨立非執行董事中委任，具備多元化的業務經驗，而主席具備了上市規則規定之相關專業資格或會計或相關財務管理專業知識。彼等為：

王建國先生
莫漢生先生
汪滌東先生（主席）

審核委員會按職權範圍書運作，職權範圍書乃根據香港會計師公會於二零零二年二月頒佈之「有效審核委員會指引」所載之推薦建議而編製，並已按於二零零五年六月根據守則條文作出修訂。有關審核委員會之職權範圍的詳情，可瀏覽本公司網站。

BOARD COMMITTEES (cont'd)

The major duties of the Audit Committee are summarised below:

- i) to make recommendations to the Board on the appointment, re-appointment and removal of the Company's External Auditors, review and monitor their independence and objectivity and the effectiveness of the audit process;
- ii) to monitor the integrity of the interim and annual consolidated financial statements, reports and accounts and quarterly reports of the Company, and to review any significant financial reporting judgments contained in them; and
- iii) to review and ensure the effectiveness of the Company's financial controls, internal controls and risk management systems.

The Audit Committee shall meet at least twice each year. The Company prepares and delivers an information memorandum that included all relevant information about the meetings to the Audit Committee members at least 3 days prior to such meetings. Audit Committee members review the information memorandum with due care and discuss with the Company's Qualified Accountant, the Company Secretary and other senior management (if necessary) during the meetings.

The Audit Committee held 4 meetings with the presence of the Company's senior management during the year and the Audit Committee members met and discussed with the External Auditors without the presence of the Company's senior management for three times. Minutes drafted by the Company Secretary were circulated to the Audit Committee members for comments within a reasonable time after each meeting. Full minutes were kept by the Company Secretary and copies of the minutes were sent to the Audit Committee members for record.

Individual attendance of each committee member at these meetings is as follows:

Independent Non-executive Directors	Attendance
Wang, Jian-guo	3/4 (75%)
Mok, Hon-sang	4/4 (100%)
Wong, Tik-tung (<i>chairman</i>)	4/4 (100%)

董事委員會 (續)

審核委員會之主要職責概述如下:

- i) 就委任、重新委任及罷免本公司外聘核數師向董事會提供推薦意見，並審核及監控彼等之獨立性及客觀性以及審核程序之有效性;
- ii) 監察本公司中期及全年之完整性綜合財務報表、報告及賬目與及季度報告之真實性，以及審閱上述各項所載任何重大財務報告判斷；及
- iii) 審閱及確保本公司財務監控、內部監控及風險管理系統之有效性。

審核委員會須至少每年開會兩次。本公司編製及於審核委員會召開會議至少 3 日前提交給審核委員會成員一份資料備忘錄，當中包括會議的有關資料。審核委員會成員謹慎地審閱資料備忘錄，並於會議上與本公司合資格會計師、公司秘書及其他高級管理層人員（如有需要）討論。

年內，審核委員會已舉行 4 次會議，本公司的高層管理人員均有出席，而審核委員會成員在本公司的高層管理人員避席之情況下曾經三次與外聘核數師會晤進行討論。公司秘書草擬的會議記錄已於每次會議後一段合理時間內交予審核委員會傳閱，以便給予意見。公司秘書已經存置全部會議記錄，有關副本亦已送交審核委員會成員以作記錄。

各委員會成員於該等會議之出席率如下:

獨立非執行董事	出席率
王建國	3/4 (75%)
莫漢生	4/4 (100%)
汪滌東 (主席)	4/4 (100%)

BOARD COMMITTEES (cont'd)

The work performed by the Audit Committee in the year 2005 are summarized below:

- i) Reviewed and considered the Group accounts and financial statements for the year ended 31st December, 2004, and interim and quarterly accounts for 2005;
- ii) Considered the re-appointment of the External Auditors. Reviewed and discussed with the External Auditors in respect of the audit fee for 2004, interim review fee and audit fee for 2005; the terms of the engagement letters; the scope and process of audit as well as the financial statements for the year ended 31st December, 2004;
- iii) Reviewed and assessed the adequacy and effectiveness of the Group's financial control, internal control and risk management systems;
- iv) Reviewed the Corporate Governance Report and monitored the progress of the compliance of the Code;
- v) Reviewed and adopted the non-audit services policy for the engagement of the External Auditors to perform non-audit services;
- vi) Reviewed and revised the terms of reference of the Audit Committee to align with the Code; and
- vii) Prepared and submitted to the Board an Audit Committee Report detailing the work performed by the Audit Committee during the year and presented its findings and made recommendations for considerations by the Board.

On 7th March, 2006, the Audit Committee also reviewed the Group accounts and draft financial statements for the year ended 31st December, 2005.

董事委員會（續）

審核委員會於二零零五年履行之工作概述如下：

- i) 審閱及省覽本集團截至二零零四年十二月三十一日止年度之賬目及財務報表，以及二零零五年之中期及季度賬目；
- ii) 考慮續聘外聘核數師。與外聘核數師審閱及討論二零零四年核數費用、二零零五年之中期審閱費用及核數費用；委聘書之條款；核數之範圍及程序，以及截至二零零四年十二月三十一日止年度之財務報表；
- iii) 審閱及評估本集團之財務監控、內部監控及風險管理系統是否足夠及有效；
- iv) 審閱企業管治報告書及監控遵循守則之程序；
- v) 審閱及採納委聘外聘核數師提供非核數服務之非核數服務政策；
- vi) 審閱及修訂審核委員會之職權範圍書，以符合守則之規定；及
- vii) 編製並向董事會送呈審核委員會報告，當中詳列審核委員會於年內已履行之工作，以及呈交其審核結果及向董事會提供建議以作考慮。

於二零零六年三月七日，審核委員會亦已審閱本集團之賬目及截至二零零五年十二月三十一日止年度之財務報表的草稿。

BOARD COMMITTEES (cont'd)

Remuneration Committee

The Remuneration Committee was established in June 2005 with the role to assist the Board in reviewing and determining the framework or broad policy for remuneration package of the Directors and senior management, overseeing any major changes in employee benefit structures and considering other topics as defined by the Board with principal responsibilities as below:

- i) setting, reviewing and recommending to the Board for approving the Group's overall remuneration policy and strategy;
- ii) setting, reviewing and approving performance-based remuneration and individual remuneration packages for the Executive Directors and senior management including terms and conditions of employment and any changes to the packages due to loss or termination of office, and dismissal or removal for misconduct; and
- iii) recommending to the Board of the remuneration of Non-executive Directors.

The Remuneration Committee should consult the Chairman and/or CEO about its proposals on remuneration of other Executive Directors and seek internal and external professional advices if considered necessary.

The Remuneration Committee's terms of reference can be found on the Group's website.

All the members of the Remuneration Committee are INED who are:

Mr. Wang, Jian-guo
Mr. Mok, Hon-sang
Mr. Wong, Tik-tung (*chairman*)

The INED are not entitled to any other emoluments for holding office as the INED except for their entitlement of an annual remuneration of HK\$100,000 determined by the Board subject to annual review with reference to the prevailing market condition. No share option scheme is adopted by the Company.

董事委員會（續）

薪酬委員會

薪酬委員會於二零零五年六月成立，其角色為協助董事會檢討及釐定董事及高級管理層之薪酬配套架構或具體政策，監督僱員福利架構之任何重大變動，以及考慮董事會釐定之其他事項。薪酬委員會之主要職責如下：

- i) 製訂、檢討及建議董事會批准本集團之整體薪酬政策及策略；
- ii) 製訂、檢討及批准以表現為考慮基礎之薪酬與及執行董事及高級管理層之個別薪酬配套，包括僱傭條款及條件，以及因離職或終止受僱及因行為不當而遭解散或罷免所產生之薪酬配套變動；及
- iii) 就非執行董事之薪酬向董事會提供意見。

薪酬委員會須就其他執行董事之薪酬建議諮詢主席及／或行政總裁，並在認為有需要時尋求內部及外界專業意見。

有關薪酬委員會之職權範圍的詳情，可瀏覽本集團網頁。

薪酬委員會全體成員均為獨立非執行董事，彼等為：

王建国先生
莫漢生先生
汪滌東先生（主席）

獨立非執行董事除每年享有 100,000 港元之酬金外，並無就擔任獨立非執行董事收取任何其他酬金。有關薪金須由董事會參考當時市況每年予以檢討。本公司並無採納任何購股權計劃。

BOARD COMMITTEES (cont'd)

In view of its new establishment in June 2005, the Remuneration Committee was not called upon to determine any changes of existing remuneration policy. In March 2006, the Remuneration Committee held a meeting to recommend the remuneration for the INED in respect of year 2006 to the Board for approval.

Nomination Committee

No Nomination Committee is established in view of the current business size of the Company. Currently, the Board is responsible for reviewing its composition, identifying and selecting suitable Board members, assessing independence of the INED, considering appointment or re-appointment of the Directors and succession planning for the Directors. The Company has set out in the circular dated 8th April, 2005 why the Board considered an individual independent and should be elected as an INED at the 2005 annual general meeting. In 2005, the Board met 2 times in person or through telephone conference, with one occasion to consider re-appointment of the Directors at the 2005 annual general meeting and the other one to approve the segregation of roles of the Chairman and CEO. Individual attendance of each Board member at these meetings is as follows:

Directors	Attendance
<i>Executive Directors</i>	
Thomas Lau, Luen-hung (<i>Chairman</i>)	1/2 (50%)
Joseph Lau, Luen-hung (<i>Chief Executive Officer</i>)	1/2 (50%)
<i>Independent Non-executive Directors</i>	
Wang, Jian-guo	1/2 (50%)
Mok, Hon-sang	2/2 (100%)
Wong, Tik-tung	2/2 (100%)

MANAGEMENT FUNCTIONS

The Executive Directors define clear directions on powers of management and delegate daily management and administration functions to management. The functions reserved to the Board and those delegated to senior management are reviewed from time to time. The Company would formalize the division of responsibility between the Board and the management when the size of the Group justifies such division.

董事委員會（續）

鑑於薪酬委員會於二零零五年六月新成立，故並無召開會議以變更任何現行的薪酬政策。於二零零六年三月，薪酬委員會舉行會議，就獨立非執行董事之二零零六年度薪酬提供意見，供董事會批准。

提名委員會

鑑於本公司之現時業務規模，本公司並無成立提名委員會。目前，董事會負責檢討其組成，物色及甄選合適之董事會成員，評估獨立非執行董事之獨立性，考慮委任或重新委任董事，以及制訂董事之接任安排。本公司已於二零零五年四月八日之通函內載列董事會考慮獨立人士應於二零零五年股東週年大會獲選為獨立非執行董事之原因。於二零零五年，董事會已舉行兩次以親身出席或以電話形式舉行的會議，其中一次為考慮於二零零五年股東週年大會重新委任董事，而另一次則為批准劃分主席及行政總裁角色。各董事會成員於該等會議之出席率如下：

董事	出席率
<i>執行董事</i>	
劉鑾鴻（主席）	1/2 (50%)
劉鑾雄（行政總裁）	1/2 (50%)
<i>獨立非執行董事</i>	
王建國	1/2 (50%)
莫漢生	2/2 (100%)
汪滌東	2/2 (100%)

管理層職能

執行董事就管理層的權力，給予清晰的指引，並指派管理層處理日常管理及行政職能。董事會保留及委派予高級管理層之職能不時予以檢討。倘本集團發展至具董事會與管理層須精確劃分的規模，本公司將製訂該等職責劃分。

EXTERNAL AUDITORS

Messrs. Deloitte Touche Tohmatsu ("Deloitte") has been re-appointed as the External Auditors by shareholders at the 2005 annual general meeting of the Company. In order to maintain the independence and objectivity of the External Auditors (which for these purposes include any entity under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), they will not be engaged for non-audit work unless which has been pre-approved by the Audit Committee. Apart from the review carried out by Deloitte on financial statements of the Group for the six month ended 30 June 2005, the Group did not engage them for any other service. The interim review fee was HK\$100,000.

The Audit Committee has resolved to recommend the re-appointment of Deloitte for statutory audits for the financial year 2006 at a fee to be agreed. This resolution has been endorsed by the Board and is subject to final approval and authorization by the shareholders at the 2006 annual general meeting.

The fee of Deloitte, including review of interim results but excluding disbursement, for the year ended 31st December, 2005 was HK\$453,000, an approximate 38.11% increase over last year. Deloitte claimed that the substantial increase was due to the following reasons:

- i) attendance to the substantial changes to accounting standards effective for accounting periods commencing 1st January, 2005;
- ii) increase of volume and depth of procedures required to perform audit engagement due to new auditing standards effective for accounting periods commencing 15th December, 2004; and
- iii) increase of staff costs due to increase in charge out rates.

The Audit Committee considered that the increase in audit fee was on the high side and had held several rounds of discussion with Deloitte. Eventually, the fee had been reduced. In order to meet the reporting deadline, prior to the issuance of the financial statements, the Audit Committee accepted Deloitte's fee, as reduced, reluctantly. In respect of the audit fee for the year 2006, the Audit Committee will discuss with Deloitte at an earlier date and may consider any other alternatives which are beneficial to the shareholders of the Company.

外聘核數師

德勤•關黃陳方會計師行（「德勤」）已獲股東於本公司二零零五年股東週年大會上續聘為外聘核數師。為保持外聘核數師之獨立性及客觀性（就此而言包括與核數師行共同控制、擁有或管理之任何實體，或合理或知情第三方在接獲一切相關資格後合理認為在國家或國際方面屬核數師行一部份之任何實體），其將不會受聘進行非核數工作，除非已獲審核委員會事先批准。除對本集團截至二零零五年六月三十日止六個月之財務報表進行審閱外，本集團並無委聘德勤提供任何其他服務。中期審閱費用為 100,000 港元。

審核委員會已議決推薦續聘德勤進行二零零六年財政年度之法定審核工作，惟費用待定。此項決議案已獲董事會認可，並須待股東於二零零六年股東週年大會上最後批准及授權。

德勤於截至二零零五年十二月三十一日止年度收取之費用（包括審閱中期業績，惟不包括開銷）為 453,000 港元，較去年增加約 38.11%。德勤表示費用大幅增加乃由於下列原因所致：

- i) 自二零零五年一月一日開始之會計期間起，會計政策出現重大變動；
- ii) 由於新核數準則自二零零四年十二月十五日開始之會計期間生效，導致履行審核工作之規定程序增加及更為深入；及
- iii) 支出增加導致員工成本增加。

審核委員會認為，核數費用增幅頗高，並就此與德勤進行多次磋商，而費用最終亦得以削減。為應付報告限期，審核委員會於刊發財務報表前無奈接納德勤經削減之費用。審核委員會已就二零零六年度之核數費用提早與德勤磋商，並可能考慮切合本公司股東利益之其他方案。

SHAREHOLDERS' RIGHTS

The Company is committed to safeguard shareholders' interests and encourage shareholders to attend the annual general meeting for which at least 21 days' notice is given. The Company regards the annual general meeting as an important event as it provides an important opportunity for direct communication between the Board and the shareholders. Other than the Chairman who was under other urgent commitments, the Directors, including the INED were available to answer questions at the 2005 annual general meeting. Chairman of the Audit Committee and the External Auditors were also available at the meeting to address shareholders' queries.

Procedures for and the rights of shareholders to demand a poll in compliance with the requirements about voting by poll as specified in the Listing Rules were disclosed in all the Company's circulars to shareholders in 2005. Separate resolutions for each substantially separate issue were proposed by the chairman at the 2005 annual general meeting. The level of proxies lodged on each resolution, and the balance for and against the resolution, after it had been dealt with on a show of hands were indicated by the chairman of that meeting. Also, chairman at the commencement of that meeting explained the procedures for demanding a poll by shareholders before putting a resolution to the vote on a show of hands, and the detailed procedures for conducting a poll and then answer of any questions from shareholders whenever voting by way of a poll is required.

Statutory announcements, financial and other information of the Group are made available on the Company's website, which is regularly updated.

Shareholders may put their enquires to the Board and also put forward proposals at general meetings by way of a written notice addressed to the Company Secretary at the registered office.

股東權利

本公司銳意保障股東權益，並鼓勵彼等出席股東週年大會。股東週年大會通告須給予最少 21 日通知。鑑於股東週年大會為董事會與股東直接溝通之主要機會，故本公司視股東週年大會為一項重要活動。除主席因其他緊急要事而未能出席本公司二零零五年股東週年大會外，董事（包括獨立非執行董事）均已出席有關大會並回答質詢。審核委員會主席及外聘核數師亦已出席大會並解答股東提問。

股東根據上市規則訂明投票方式表決之規定要求以投票方式表決之程序及權利，已載於本公司於二零零五年寄發予股東之所有通函內。涉及各項重大個別事項之個別決議案，已由二零零五年股東週年大會會議主席於會上提呈。經舉手表決後，提交各決議案之受委代表數目及投票贊成及反對決議案之比數，已由會議主席於該大會宣佈。此外，會議主席於該大會開始時，已解釋股東於提呈決議案以舉手表決前要求以投票方式表決之程序，以及進行表決時之詳細程序，並在提出要求以投票方式表決時解答股東之任何提問。

本集團之法定公佈、財務及其他資料可於本公司網頁瀏覽，並定期更新。

股東可向董事會作出提問，並以書面通知方式於註冊辦事處向公司秘書提交於股東大會提呈之建議。

FINANCIAL REPORTING

The management provides explanation, information and progress update to the Board for it to make an informed assessment of the financial and other issues put before the Board for approval and consideration.

Throughout the year, the Directors have selected appropriate accounting policies and applied them consistently. The Directors acknowledge their responsibilities for preparing the financial accounts of the Group which give a true and fair view and are in accordance with generally accepted accounting standards published by the Hong Kong Institute of Certified Public Accountants. A statement by the External Auditors about their reporting responsibilities for the year ended 31st December, 2005 is set out on page 45.

The External Auditors did not report for the year ended 31st December, 2005 that there were any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company aims to present a clear, balanced and understandable assessment of its financial position and prospects. Financial results are announced as early as possible, with interim report and annual report as well as other price-sensitive announcements and financial disclosures published as required under the Listing Rules.

INTERNAL CONTROL

The Board recognizes its responsibility for the establishment, maintenance and review of the internal control system that provides reasonable assurance on the reliability and integrity of financial and operational information, effective and efficient operations, safeguarding of assets and compliance with laws and regulations. The internal control system is designed to manage rather than eliminate all risks of failure while its goal is to provide reasonable, not absolute, assurance regarding the achievement of organizational objectives. The Audit Committee is responsible to assist the Board for the annual review of the effectiveness of the internal control system of the Group.

With respect to procedures and internal control for the handling and dissemination of price-sensitive information, the Company is aware of its obligations under the Listing Rules and the overriding principle that information which is expected to be price-sensitive should be announced promptly after it becomes known to and/or is the subject of a decision by the Directors or senior management of the Company, and conducts its affairs with close regard to the "Guide on disclosure of price-sensitive information" issued by the Stock Exchange in 2002.

財務報告

管理層向董事會提供解釋、資料及最新進度，讓董事會就財務及其他事項於提交董事會審批及考慮前，可作出知情評估。

董事於本年度一直選取合適之會計政策並貫徹應用。董事確認彼等之責任為編製本集團之財務賬目，賬目須真實而公平，並根據香港會計師公會公佈而普遍被採用之香港會計準則。外聘核數師就彼等截至二零零五年十二月三十一日止年度之報告責任之聲明，載於第 45 頁。

外聘核數師並無就截至二零零五年十二月三十一日止年度有任何重大不確定因素涉及可能對本集團持續經營能力存疑之事件或狀況作報告。

本公司旨在對其財務狀況及前景作出清晰、平衡及可理解評估之呈報。財務業績以盡早發佈的基準公佈，而中期報告、年報、其他股價敏感資料公佈及財務披露則根據上市規則之規定公佈。

內部監控

董事會確認其責任為製訂、維持及檢討內部監控制度，就財務及營運資料之可靠性及綜合性、營運效率及效能、資產保障以及法例及法規遵守方面提供合理確認。內部監控制度乃為管理（而非消除）一切失責風險而設，旨在為達致組織的目標而提供合理（而非絕對）確定保障。審核委員會負責協助董事會對本集團內部監控制度進行年度檢討及效用評估。

就處理及公佈股價敏感資料之程序及內部監控方面，本公司知悉根據上市規則之責任，並知悉當董事或本公司的高層管理人員得悉股價敏感資料及／或彼將據該等資料作出業務決定時，預期屬股價敏感資料須即時公佈之優先原則。本公司須密切按照聯交所於二零零二年頒佈之「股價敏感資料披露指引」處理其事務。

INTERNAL CONTROL (cont'd)

To ensure sufficient resources provided to the Audit Committee, information and assessment of financial and internal controls, risk management systems were sent to the Audit Committee members. Internal Control Questionnaires (ICQ) explaining internal control procedures of the Group was prepared for the committee members' comments in July 2005.

In December 2005, the Audit Committee reviewed the financial control, internal control and risk management systems of the Company for the year ended 31st December, 2005. It considered the internal control systems effective and adequate as they allowed the Board to monitor the Group's overall financial position and to provide reasonable assurance that assets are safeguarded against unauthorized use or material financial misstatement; transactions were executed in accordance with management's authorization; and the accounting records were reliable for preparing financial information used within the business or for publication and reflecting accountability for assets and liabilities. Review will be conducted on the request of any Audit Committee members, the Company Secretary, the Qualified Accountant and/or the Directors.

The Audit Committee elaborated in its report the careful management of risk as a key management activity and concluded that the business risks, which may be strategic, operational, reputation-related or financial should be understood and visible. The Board acknowledges the areas of concern and would devote to in-depth study with senior management in each situation about the level of acceptable risk and controls.

The Company has complied with the code provisions on internal control during the year in view of the effectiveness and adequacy of the internal control system as below:

- establishment of a framework of prudent and effective controls to enable risks to be identified, evaluated and managed;
- ultimate responsibility of the Board for reviewing the effectiveness of the system of the internal control system; and
- review of the system of the internal control system by the Audit Committee to ensure the effectiveness of such control.

內部監控（續）

為確保審核委員會獲得足夠資源，財務及內部監控、風險管理系統之資料及評估已送交審核委員會成員。於二零零五年七月已編製解釋本集團內部監控程序之內部監控問卷（ICQ），以供委員會成員批閱。

於二零零五年十二月，審核委員會已審閱本公司截至二零零五年十二月三十一日止年度之財務監控、內部監控及風險管理系統。審核委員會認為內部監控系統屬有效及足以讓董事會監察本集團之整體財務狀況及可合理保證資產不會被未授權使用或虛報重大財務資料；交易乃根據管理層之授權簽立；及會計記錄能可靠地編製業務內使用或作刊發之財務資料，並反映資產及負債之可說明性。在任何審核委員會成員、公司秘書、合資格會計師及／或董事要求之情況下，可進行審閱。

審核委員會於其報告中闡明審慎之風險管理為主要管理活動，並認為業務風險（可能涉及策略、營運、聲譽或財務）須為明確及清晰。董事會明瞭所關注之範圍，並與高級管理層致力對各項情況之可接受風險及監控進行深入研究。

就內部監控系統之有效性及足夠性而言，本公司已於年內遵守內部監控之守則條文，詳情如下：

- 設立審慎有效監控之架構，以確保能識別、評估及管理風險；
- 董事會審閱內部監控系統有效性之最終責任；及
- 審核委員會審閱內部監控系統以確保有關監控之有效性。

INTERNAL CONTROL (cont'd)

The Company may consider to establish an Internal Audit function when the size of the Group justifies such establishment with the key tasks as below:

- to review all aspects of the Group's activities and internal controls with unrestricted right of access and direct access to any levels of management as considered necessary;
- to conduct comprehensive audits of the practices and procedures, income and expenditures, and internal controls of all business units of the Group on a regular basis; and
- to conduct special reviews and investigations of areas of concern identified by management for corrective actions.

INVESTOR RELATIONS

Accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with the shareholders, including institutional investors, is crucial. The Company manages investor relations systematically as a key part of its operations and continues to promote investor relations and enhance communications with the investors.

The Company maintains a company website (www.chicheung.com) to make corporate information available on the internet to facilitate its communication with shareholders and the investing public on corporate governance structure, policies and systems, biographical data of the Directors and senior management as well as terms of reference of Board committees.

The Company welcomes suggestions from investors and shareholders, and invites them to share their views and suggestions by contacting the investor relations team at investor.relations@chineseestates.com.

內部監控（續）

倘本集團之規模切合就以下主要工作訂立內部稽核職能，則本公司可能考慮製訂有關職能如下：

- 檢討本集團各方面之活動及內部監控，具備無限制之權利在認為必須下接觸及直接接觸任何管理階層；
- 定期對本集團之所有業務單位進行全面之準則及程序、收支及內部監控審核；及
- 對管理層就修正行動而認定之有關範疇進行特殊檢討及調查。

投資者關係

問責制及透明度乃確保良好企業管治之不二法門。就此，與股東（包括機構投資者）定時溝通更屬不可或缺之部份。本公司有系統地處理投資者關係，作為其運作之主要部份，並持續推廣投資者關係及加強與投資者之溝通。

本公司設有公司網頁（www.chicheung.com），使股東可透過互聯網取得公司資料，加強與股東之溝通，並讓公眾投資者了解企業管治架構、政策及制度、董事及高級管理層履歷，以及董事委員會之職權範圍。

本公司歡迎投資者及股東向我們提出意見，並誠邀彼等聯絡投資者關係部，分享彼等之意見及建議。投資者關係部之電郵為 investor.relations@chineseestates.com。

CONCLUSION

The Company believes that corporate governance principles and practices must remain relevant in a changing world. Ongoing effort will be put to review its corporate governance practices from time to time so as to accommodate the changing circumstances. The Company will try its best to maintain, strengthen and improve the standard and quality of its corporate governance.

總結

本公司相信，在瞬息萬變之世界，企業管治原則及守則將不可或缺，而本公司亦將持續不時檢討其企業管治守則，以符合多變之情況。本公司將致力維持、加強及改善其企業管治標準及質素。

Deloitte.

德勤

TO THE MEMBERS OF CHI CHEUNG INVESTMENT COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 47 to 109 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

致至祥置業有限公司股東

(於香港註冊成立之有限公司)

本核數師已完成第 47 頁至第 109 頁內根據香港公認之會計原則編製之財務報表之審核工作。

董事及核數師之個別責任

公司條例規定董事須編製真實而公正之財務報表。在編製該等真實而公正之財務報表時，董事必須貫徹採用合適之會計政策。

本核數師之責任是根據審核工作之結果，對該等財務報表作出獨立意見，並根據公司條例第 141 條僅向作為實體之股東作出報告，而不會作其他用途。本行概不就本報告之內容而向任何其他人士負責或承擔任何責任。

意見之基礎

本核數師乃按照香港會計師公會所頒布之香港核數準則進行是次審核工作。審核工作範圍包括以抽查方式審核與財務報表內所載各數額及披露事項有關之憑證，並包括評估董事於編製該等財務報表時所作出之各項重大估計及判斷，及衡量究竟其所釐定之會計政策是否適合 貴公司及 貴集團之情況、貫徹地被運用及有否足夠地予以披露。

BASIS OF OPINION (cont'd)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong
14th March, 2006

意見之基礎（續）

本核數師計劃及進行審核工作，均以取得一切認為必需之資料及解釋為目標，使能為本核數師提供充份之憑證，就該等財務報表是否存有重要之錯誤陳述，作合理之確定。於作出核數意見時，本核數師並衡量該等財務報表內所載之資料在整體上是否足夠。本核數師相信，本行之審核工作已為核數意見建立合理之基礎。

意見

本核數師認為財務報表足以真實而公正地顯示 貴公司及 貴集團於二零零五年十二月三十一日結算時之財務狀況及 貴集團截至該日止年度之溢利及現金流量，並按照公司條例適當地編製。

德勤•關黃陳方會計師行
執業會計師
香港
二零零六年三月十四日

Consolidated Income Statement

For the year ended 31st December, 2005

綜合收益表

截至二零零五年十二月三十一日止年度

			2005	2004
		Notes	HK\$'000	HK\$'000
		附註	千港元	(restated) 千港元 (重列)
Revenue	營業收入	7	3,370	18,870
Cost of sales	銷售成本		(1,363)	(13,319)
Gross profit	毛利		2,007	5,551
Fair value changes on investment properties	投資物業之公平值變動		4,600	-
Other income	其他收入	9	9,410	6,279
Administrative expenses	行政開支		(4,818)	(3,681)
Impairment loss recognised in respect of property interests held for development	就持作發展之物業權益 確認之減值虧損	20	-	(183,381)
Provision for a litigation claim	索償訴訟撥備	26	-	(8,427)
Write-back of allowance for amounts due from associates, net	聯營公司欠款準備 之撥回淨額		1,020	1,441
Write-back of allowance for amounts due from former associates	前聯營公司欠款準備 之撥回金額		8,720	7,788
Share of results of associates	應佔聯營公司業績	10	100,977	6,014
Finance costs	財務費用	11	(2,100)	-
Profit (loss) before taxation	稅前溢利 (虧損)	12	119,816	(168,416)
Taxation	稅項	13	(398)	(980)
Profit (loss) for the year	年內溢利 (虧損)		119,418	(169,396)
Attributable to:	下列應佔：			
Equity holders of the Company	本公司股本持有人		121,518	(169,396)
Minority interests	少數股東權益		(2,100)	-
			119,418	(169,396)
Earnings (loss) per share	每股盈利 (虧損)			
Basic	基本	16	36.40 cents 仙	(60.00) cents 仙

Consolidated Balance Sheet

At 31st December, 2005

綜合資產負債表

於二零零五年十二月三十一日

		Notes	2005 HK\$'000	2004 HK\$'000 (restated)
		附註	千港元	千港元 (重列)
Non-current assets	非流動資產			
Investment properties	投資物業	17	53,950	33,750
Property and other fixed assets	物業及其他固定資產	18	240	287
Properties held for development	持作發展物業	19	23,901	750
Property interests held for development	持作發展之物業權益	20	-	14,500
Prepaid lease payments	預付租賃款項	21	9,700	9,733
Interests in associates	聯營公司權益	23(a)	246,345	160,255
Advances to associates	墊付聯營公司款項	23(b)	124,756	136,107
Other asset	其他資產		270	270
			459,162	355,652
Current assets	流動資產			
Properties held for sale	持作出售物業		28,796	28,796
Debtors, deposits and prepayments	應收賬項、按金及預付款項	24(a)	768	265
Taxation recoverable	可收回稅項		6	135
Bank balances and cash	銀行結餘及現金	24(b)	195,130	131,121
			224,700	160,317
Current liabilities	流動負債			
Creditors and accruals	應付賬項及應計費用	25	7,245	2,321
Provision for a litigation claim	索償訴訟撥備	26	8,427	8,427
Taxation payable	稅項負債		7	5
			15,679	10,753
Net current assets	流動資產淨值		209,021	149,564
Total assets less current liabilities	資產總值減流動負債		668,183	505,216
Non-current liabilities	非流動負債			
Loans from minority shareholders of subsidiaries	附屬公司少數股東貸款	27	965	40,312
Advance from an associate	聯營公司墊款	28	59	12,909
Deferred taxation liabilities	遞延稅項負債	29	1,010	426
			2,034	53,647
Total assets and liabilities	資產與負債總額		666,149	451,569
Capital and reserves	股本及儲備			
Share capital	股本	30	3,388	2,823
Reserves	儲備		663,726	489,058
Equity attributable to equity holders of the Company	本公司股本持有人應佔權益		667,114	491,881
Minority interests	少數股東權益		(965)	(40,312)
Total equity	權益總額		666,149	451,569

The financial statements on pages 47 to 109 were approved and authorised for issue by the Board of Directors on 14th March, 2006 and are signed on its behalf by:

第 47 頁至第 109 頁之財務報表於二零零六年三月十四日獲董事會批准及授權刊發，並由下列董事代表簽署：

Thomas Lau, Luen-hung 劉鑾鴻
Director 董事

Joseph Lau, Luen-hung 劉鑾雄
Director 董事

Balance Sheet

At 31st December, 2005

資產負債表

於二零零五年十二月三十一日

			2005	2004
	Notes		HK\$'000	HK\$'000
	附註		千港元	千港元
Non-current assets		非流動資產		
Property and other fixed assets	18	物業及其他固定資產	16	45
Interests in subsidiaries	22	附屬公司權益	185,311	—
Advances to subsidiaries	22	墊付附屬公司款項	207,736	401,104
Advances to associates	23(b)	墊付聯營公司款項	9,500	9,500
Other asset		其他資產	270	270
			402,833	410,919
Current assets		流動資產		
Deposits and prepayments	24(a)	按金及預付款項	553	56
Bank balances and cash	24(b)	銀行結餘及現金	194,522	112,501
			195,075	112,557
Current liabilities		流動負債		
Creditors and accruals	25	應付賬項及應計費用	846	739
Provision for a litigation claim	26	索償訴訟撥備	8,427	8,427
			9,273	9,166
Net current assets		流動資產淨值	185,802	103,391
Total assets and liabilities		資產與負債總額	588,635	514,310
Capital and reserves		股本及儲備		
Share capital	30	股本	3,388	2,823
Reserves	31	儲備	585,247	511,487
Total equity		權益總額	588,635	514,310

Thomas Lau, Luen-hung 劉鑾鴻
Director 董事

Joseph Lau, Luen-hung 劉鑾雄
Director 董事

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2005

綜合股本權益變動報表

截至二零零五年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司股本持有人應佔權益									
		Share capital	Share premium	Contribution from shareholders	Investment property revaluation reserve	Special capital reserve I & II 特別	Exchange reserve	Accumulated profits (losses)	Total	Minority interests	Total equity
		股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	股東注資 HK\$'000 千港元 (Note a) (附註 a)	投資物業 重估儲備 HK\$'000 千港元	股本儲備 I 及 II HK\$'000 千港元 (Note b) (附註 b)	滙兌儲備 HK\$'000 千港元	累計溢利 (虧損) HK\$'000 千港元	總計 HK\$'000 千港元	少數 股東權益 HK\$'000 千港元	權益 總額 HK\$'000 千港元
THE GROUP	本集團										
At 1st January, 2004	於二零零四年一月一日										
As originally stated	按原先呈列	2,823	442,917	116,861	9,251	54,720	(311)	1,701	627,962	-	627,962
Effects of changes in accounting policies (See Note 3c of notes to the financial statements for details)	會計政策變動之影響 (詳情見財務報表附註之附註 3c)	-	-	(12,058)	(1,058)	-	-	(14)	(13,110)	(40,312)	(53,422)
At 1st January, 2004 (restated)	於二零零四年一月一日 (重列)	2,823	442,917	104,803	8,213	54,720	(311)	1,687	614,852	(40,312)	574,540
Exchange differences on translation of overseas operations	換算海外業務之滙兌差額	-	-	-	-	-	311	-	311	-	311
Adjustment on contribution from shareholders	股東注資之調整	-	-	(578)	-	-	-	-	(578)	-	(578)
Revaluation reserve released on disposal of investment properties, net of taxation	出售投資物業而轉撥之重估儲備扣除稅項	-	-	-	(2,441)	-	-	-	(2,441)	-	(2,441)
Surplus on revaluation	重估盈餘	-	-	-	3,695	-	-	-	3,695	-	3,695
Deferred taxation liability arising on revaluation of investment properties	重估投資物業產生之遞延稅項負債	-	-	-	(606)	-	-	-	(606)	-	(606)
Share of surplus on revaluation of associates' investment properties	攤佔聯營公司投資物業之重估盈餘	-	-	-	56,014	-	-	-	56,014	-	56,014
Deferred taxation liability arising on revaluation of associates' investment properties	重估聯營公司投資物業產生之遞延稅項負債	-	-	-	(9,802)	-	-	-	(9,802)	-	(9,802)
Revaluation reserve released on disposal of associates' investment properties, net of taxation	出售聯營公司投資物業而轉撥之重估儲備扣除稅項	-	-	-	(139)	-	-	(29)	(168)	-	(168)
Net (expenses) income recognised directly in equity	於權益直接確認之淨(支出)收入	-	-	(578)	46,721	-	311	(29)	46,425	-	46,425
Loss for the year (restated)	年內虧損 (重列)	-	-	-	-	-	-	(169,396)	(169,396)	-	(169,396)
Total recognised (expenses) income for the year	年內確認之總(支出)收入	-	-	(578)	46,721	-	311	(169,425)	(122,971)	-	(122,971)
At 31st December, 2004 (restated) and at 1st January, 2005	於二零零四年十二月三十一日 (重列) 及於二零零五年一月一日	2,823	442,917	104,225	54,934	54,720	-	(167,738)	491,881	(40,312)	451,569
Effects of changes in accounting policies (See Note 3b of notes to the financial statements for details)	會計政策變動之影響 (詳情見財務報表附註之附註 3b)	-	-	-	(54,934)	-	-	55,841	907	2,219	3,126
At 1st January, 2005 (restated)	於二零零五年一月一日 (重列)	2,823	442,917	104,225	-	54,720	-	(111,897)	492,788	(38,093)	454,695
Profit for the year and total recognised income for the year	年內溢利及年內確認之總收入	-	-	-	-	-	-	121,518	121,518	(2,100)	119,418
Amount received from share placing	股份配售所得款項	565	53,072	-	-	-	-	-	53,637	-	53,637
Issue cost on share placing	股份配售之發行成本	-	(829)	-	-	-	-	-	(829)	-	(829)
Transfer upon issue of shares for share placing (Note c)	於股份配售發行股份時轉撥 (附註 c)	-	-	-	-	(54,720)	-	54,720	-	-	-
Write off of loans from minority shareholders upon voluntary winding-up of certain subsidiaries	於若干附屬公司自動清盤時註銷少數股東貸款	-	-	-	-	-	-	-	-	39,228	39,228
At 31st December, 2005	於二零零五年十二月三十一日	3,388	495,160	104,225	-	-	-	64,341	667,114	(965)	666,149

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2005

Notes:

(a) Asset Transaction

On 11th February, 2003, the Company and Jumbo Legend Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Chinese Estates Holdings Limited ("Chinese Estates") relating to, among other things, the purchase of a group of wholly-owned subsidiaries of Chinese Estates, which held direct or indirect interests in various properties, and the sale of Super Series Limited ("Super Series"), a wholly-owned subsidiary of the Company which held 100% indirect interest in the development project of Manhattan Avenue (the "Asset Transaction"). The Asset Transaction was completed on 7th November, 2003 and resulted in the acquisition of thirteen properties interests in Hong Kong and in the People's Republic of China.

Contribution from shareholders represents the excess of the fair value of the net assets acquired from Chinese Estates over the consideration paid.

- (b) As part of the capital reorganisation, an order on petition dated 7th October, 2003 (the "Order") was issued by the High Court of Hong Kong Special Administrative Region of the People's Republic of China in connection with the reduction of the capital of the Company for an amount of HK\$296,536,000. Pursuant to the Order, the Company applied HK\$245,025,000 of the above amount to eliminate its accumulated losses as at 31st December, 2002 while the remaining balance of HK\$51,511,000 was included in a "Special Capital Reserve I" account.

The Company also undertook that any future recoveries of the advances to Super Series Limited, a former wholly-owned subsidiary of Company, which was disposed of under the Asset Transaction, beyond their written down value had to be credited to "Special Capital Reserve II". Accordingly, the gain on disposal of Super Series amounting to HK\$3,209,000 was included in this reserve.

- (c) It was also provided in the Order that, notwithstanding the above undertaking, the amount standing to the credit of the Special Capital Reserve I & II might be reduced by the amount of any increase in the paid-up share capital or the amount standing to the credit of the share premium account of the Company as the result of the payment up of shares by the receipt of the new consideration or capitalization of distributable profit after 8th October, 2003, the effective date (the "effective date") for capital reduction.

The Company has increased its issued share capital and share premium account up to the requirement of the Order for reduction of the Special Capital Reserve I & II by the issue and allotment of shares for cash consideration from the effective date up to year ended 31st December, 2005. Accordingly, based on legal opinion, the total amount of HK\$54,720,000 standing to the credit of the Special Capital Reserve I & II can be totally reduced and transferred to the accumulated profits (losses) of the Company.

In the opinion of the directors of the Company, the Company had no reserves available for distribution as at 31st December, 2005 and 2004.

綜合股本權益變動報表

截至二零零五年十二月三十一日止年度

附註：

(a) 資產交易

於二零零三年二月十一日，本公司及本公司之全資附屬公司 Jumbo Legend Limited 與 Chinese Estates Holdings Limited (「華人置業」) 訂立一份買賣協議，內容有關 (其中包括) 購買華人置業一組全資附屬公司 (該等附屬公司持有各項物業之直接或間接權益)，以及出售本公司之全資附屬公司 Super Series Limited (「Super Series」) (該公司持有 Manhattan Avenue 發展項目之 100% 間接權益) (「資產交易」)。資產交易已於二零零三年十一月七日完成，並因而分別收購位於香港及中華人民共和國之十三項物業權益。

股東注資代表向華人置業收購之資產淨值的公平值超出所付代價之金額。

- (b) 作為股本重組一部份，中華人民共和國香港特別行政區高等法院於二零零三年十月七日就削減本公司股本 296,536,000 港元之呈請發出命令 (「命令」)。根據命令，本公司運用了上述金額中 245,025,000 港元撤銷其於二零零二年十二月三十一日之累計虧損，餘下 51,511,000 港元撥入「特別股本儲備 I」賬目。

本公司亦已承諾，日後若收回墊付予本公司已根據資產交易出售之前全資附屬公司 Super Series Limited 之款項超出其已撤減之數值，則多出之部份須撥入「特別股本儲備 II」。因此，出售 Super Series 為數 3,209,000 港元之收益已撥入該項儲備。

- (c) 命令亦有規定，儘管有上述承諾，本公司可於二零零三年十月八日 (即削減股本之生效日期 (「生效日期」)) 後因收取增加股本之新代價或將可供分派溢利撥充資本以支付股份款項，利用繳足股本所增加之金額或本公司股份溢價賬之餘額以削減特別股本儲備 I 及 II 之餘額。

由生效日期起至二零零五年十二月三十一日止年度，本公司因發行及配發股份所增加的已發行股本及股份溢價，已符合命令規定以發行及配發股份換取現金代價而削減特別儲備 I 及 II 的要求。因此，根據法律意見，特別儲備 I 及 II 的總額 54,720,000 港元可全數削減並將之轉撥至本公司之累計溢利 (虧損)。

據本公司董事之意見，本公司於二零零五年及二零零四年十二月三十一日並無可供分派之儲備。

Consolidated Cash Flow Statement

For the year ended 31st December, 2005

綜合現金流量表

截至二零零五年十二月三十一日止年度

		2005	2004
		HK\$'000	HK\$'000
			(restated)
		千港元	千港元
			(重列)
OPERATING ACTIVITIES	經營業務		
Profit (loss) before taxation	稅前溢利 (虧損)	119,816	(168,416)
Adjustments for:	按下列各項調整:		
Share of results of associates	應佔聯營公司業績	(100,977)	(6,014)
Interest income	利息收入	(9,393)	(3,472)
Finance costs	財務費用	2,100	-
Depreciation	折舊	47	55
Amortisation of prepaid lease payments	預付租賃款項攤銷	33	33
Write-back of allowance for amounts due from associates, net	聯營公司欠款準備 之撥回淨額	(1,020)	(1,441)
Write-back of allowance for amounts due from former associates	前聯營公司欠款準備 之撥回金額	(8,720)	(7,788)
Provision for a litigation claim	索償訴訟撥備	-	8,427
Impairment loss recognised in respect of property interests held for development	就持作發展之物業權益確認 之減值虧損	-	183,381
Fair value changes on investment properties	投資物業之公平值變動	(4,600)	-
Gain on disposal of investment properties	出售投資物業收益	-	(2,529)
Operating cash flows before movements in working capital	營運資金變動前之經營 現金流量	(2,714)	2,236
Decrease in properties held for sale	持作出售物業減少	-	12,304
(Increase) decrease in debtors, deposits and prepayments	應收賬項、按金及預付款項 (增加) 減少	(181)	4,580
Decrease in creditors and accruals	應付賬項及應計費用減少	(173)	(2,069)
Net cash (used in) generated from operations	經營業務 (所用) 所得現金淨額	(3,068)	17,051
Hong Kong Profits Tax refunded (paid)	退回 (已付) 香港利得稅	124	(235)
Overseas tax paid	已付海外稅項	-	(801)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	經營業務 (所用) 所得 現金淨額	(2,944)	16,015
INVESTING ACTIVITIES	投資業務		
Increase in properties held for development	持作發展物業增加	(18,054)	(263)
Net proceeds from disposal of investment properties	出售投資物業所得款項淨額	-	34,740
Interest received	已收利息	4,608	164
Repayment from associates	聯營公司還款	18,871	23,806
Repayment from former associates	前聯營公司還款	8,720	7,788
NET CASH GENERATED FROM INVESTING ACTIVITIES	投資業務所得現金淨額	14,145	66,235

Consolidated Cash Flow Statement

For the year ended 31st December, 2005

綜合現金流量表

截至二零零五年十二月三十一日止年度

		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
FINANCING ACTIVITIES	融資活動		
Increase in advance from an associate	聯營公司墊款增加	-	1,020
Net proceeds from share placing	股份配售所得款項淨額	52,808	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	融資活動所得現金淨額	52,808	1,020
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等同項目之增加淨額	64,009	83,270
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	本年初之現金及現金等同項目	131,121	47,870
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動之影響	-	(19)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	本年終之現金及現金等同項目 (即銀行結餘及現金)	195,130	131,121

Notes to the Financial Statements

For the year ended 31st December, 2005

1. GENERAL

The Company is a public listed company incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Chinese Estates Holdings Limited ("Chinese Estates"), a company incorporated in Bermuda with its securities listed on the Stock Exchange. The address of the registered office of the Company is disclosed in the "Corporate Information" section to the annual report.

The Company acts as an investment holding company and its subsidiaries are principally engaged in property investment and development. The principal activities and other particulars of its principal subsidiaries are set out in Note 37.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company and its subsidiaries (the "Group") has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new and revised Standards and Interpretations") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after 1st January, 2005. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas that have an effect on the amounts reported for the current or prior years:

HKAS 1	Presentation of Financial Statements
HKAS 17	Leases
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HK(SIC)-INT 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets

The adoption of the above new and revised Standards and Interpretations has no material effects on the Company's accounting policies except HKAS 32 and HKAS 39.

財務報表附註

截至二零零五年十二月三十一日止年度

1. 簡介

本公司為一間在香港註冊成立而其股份在香港聯合交易所有限公司（「聯交所」）上市之有限公司。其最終控股公司為於百慕達註冊成立，其證券在聯交所上市之 Chinese Estates Holdings Limited（「華人置業」）。本公司之註冊辦事處地址已於本年報「公司資料」一節中披露。

本公司乃投資控股公司，其附屬公司主要從事物業投資及發展。其主要附屬公司之主要業務及其他資料載於附註 37。

財務報表乃按港元呈列，港元亦為本公司之功能貨幣。

2. 採納新訂及經修訂香港財務報告準則

於本年度，本公司及其附屬公司（「本集團」）已採用所有與其營運相關的並於二零零五年一月一日或之後之會計期間生效由香港會計師公會（「香港會計師公會」）頒布之新訂及經修訂香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋（在此統稱「新訂及經修訂香港財務報告準則及詮釋」）。採用新訂及經修訂香港財務報告準則及詮釋已導致本集團於下列範圍的會計政策有所更改，從而影響本年度或過往年度所列報之金額：

香港會計準則第 1 號	財務報表之呈列方式
香港會計準則第 17 號	租賃
香港會計準則第 32 號	金融工具：披露及呈列
香港會計準則第 39 號	金融工具：確認及計量
香港會計準則第 40 號	投資物業
香港註釋常務委員會一 詮釋第 21 號	所得稅－收回已重估 非折舊之資產

除香港會計準則 32 號及 39 號外，其他採納上述新訂及經修訂之香港財務報告準則及詮釋對本公司沒有重大的影響。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (cont'd)

(a) HKAS 1 Presentation of Financial Statements

The adoption of HKAS 1 has affected the presentation of minority interests, which are now shown as equity, and share of net after tax results of associates. These changes have been applied retrospectively (see Note 3 for financial impact).

(b) HKAS 17 Leases

Owner-occupied leasehold interest in land

In previous years, certain leasehold land were included in properties held for development and measured at cost less impairment or included in property and other fixed assets and measured using the cost method. In the current year, the Group has applied HKAS 17 Leases. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see Note 3 for the financial impact).

2. 採納新訂及經修訂香港財務報告準則（續）

(a) 香港會計準則第 1 號財務報表的呈列方式

採納香港會計準則第 1 號影響了少數股東權益（現時列作權益內）及應佔聯營公司除稅後業績的呈列方式。此等變動已經追溯應用（財務影響見附註 3）。

(b) 香港會計準則第 17 號租賃

業主自用的土地租賃權益

於過往年度，若干租賃土地計入持作發展物業，並按成本扣除減值計算或計入物業及其他固定資產，並按成本法計算。於本年度，本集團已採用香港會計準則第 17 號「租賃」。根據香港會計準則第 17 號，就租賃分類而言，租賃土地及樓宇中之土地及樓宇部分乃分開計算，除非租賃款項無法可靠地分配予土地與樓宇部分，在此情況下，整份租賃一般被視為融資租賃處理。倘租賃款項能夠可靠地分配予土地與樓宇部分，則土地租賃權益將重新分類為經營租賃項下之預付租賃款項，該租賃款項乃按成本列賬，並於租賃期內以直線法攤銷。此項會計政策變動已經追溯應用（財務影響見附註 3）。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (cont'd)

(c) **HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement**

In the current year, the Group and the Company has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. The application of HKAS 32 has had no material impact on how financial instruments are presented for current and prior accounting periods. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group and the Company has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group and the Company classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of Statement of Standard Accounting Practice 24) in accordance with the requirements of HKAS 39. Financial assets and financial liabilities are initially measured at fair value. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)".

2. 採納新訂及經修訂香港財務報告準則 (續)

(c) **香港會計準則第32號金融工具：披露及呈列以及香港會計準則第39號金融工具：確認及計量**

於本年度，本集團及本公司採用香港會計準則第32號「金融工具：披露及呈列」及香港會計準則第39號「金融工具：確認及計量」。採用香港會計準則第32號並沒有對本會計年度及過往會計年度金融工具之呈列方式產生重大影響。於二零零五年一月一日或之後之會計期間生效之香港會計準則第39號一般不允許以追溯基準確認、取消確認或計量財務資產及負債。實施香港會計準則第39號所引致之主要影響概述如下：

財務資產及財務負債之分類及計量

本集團及本公司已就香港會計準則第39號所界定之財務資產及財務負債範圍內，應用有關分類及計量之過渡條文。

債務及股本證券以外之財務資產及財務負債

自二零零五年一月一日起，本集團及本公司已根據香港會計準則第39號之規定，將其債務及股本證券以外之財務資產及財務負債分類及計算。有關財務資產及財務負債以往並不屬會計實務準則第24號之範圍內。財務資產及財務負債初步以公平值計算。香港會計準則第39號將財務資產分類為「於損益賬按公平值處理之財務資產」、「可供出售之財務資產」、「貸款及應收款項」或「持有至到期之財務資產」。財務負債一般分類為「於損益賬按公平值處理之財務負債」或「於損益賬按公平值處理之財務負債以外之財務負債（其他財務負債）」。

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截至二零零五年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (cont'd)

(c) **HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement (cont'd)**

Prior to the application of HKAS 39, an interest-free non-current loan to an associate, interest-free loans from minority shareholders of certain subsidiaries and advances to the subsidiaries were stated at the nominal amount. The Group and the Company has applied the relevant transitional provisions in HKAS 39 as a result of the change in accounting policies. The carrying amounts of interest-free loan to an associate, interest-free loans from minority shareholders of certain subsidiaries and interest-free advances to subsidiaries are adjusted for the effect of imputed interest based on the prevailing market rate as at the date of grant and are carried at amortised cost using the effective interest method subsequent to 1st January, 2005 (see Note 3 for the financial impact).

(d) **HKAS 40 Investment Property**

In the current year, the Group has applied HKAS 40 Investment Property. Under HKAS 40, land held for currently undetermined future use is treated as investment property. Accordingly, certain property interests held for undetermined use previously classified as property interests held for development which were previously measured at cost less impairment was reclassified to investment properties at 1st January, 2005.

2. 採納新訂及經修訂香港財務報告準則 (續)

(c) **香港會計準則第32號金融工具：披露及呈列以及香港會計準則第39號金融工具：確認及計量 (續)**

於採用香港會計準則第39號之前，向聯營公司提供之免息非即期貸款、來自若干附屬公司之少數股東之免息貸款及墊付附屬公司免息款項乃按票面金額列賬。根據已改變的會計政策，本集團與本公司已採用香港會計準則第39號之有關過渡條文。向聯營公司提供之免息貸款、來自若干附屬公司之少數股東之免息貸款及墊付附屬公司之免息款項，其賬面金額已根據授出日期當時之市場利率計算之名義利息之影響作出調整，並於二零零五年一月一日後以實際利息法按已攤銷成本列賬（財務影響見附註3）。

(d) **香港會計準則第40號投資物業**

於本年度，本集團已採用香港會計準則第40號「投資物業」。根據香港會計準則第40號，持有目前未落實未來用途之土地被視為投資物業處理。因此，過往按成本值減減值計算之若干未落實用途而歸類為持作發展之物業權益於二零零五年一月一日已重新分類為投資物業。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (cont'd)

(d) HKAS 40 Investment Property (cont'd)

The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the year in which they arise. In previous years, investment properties under the predecessor Standard were measured at open market value, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1st January, 2005 onwards. The amount held in investment property revaluation reserve at 1st January, 2005 has been transferred to the Group's accumulated profits (losses). Gains on changes in fair value of investment properties held by the Group and the associates were recognised in the income statement during the year (see Note 3 for the financial impact).

(e) HK(SIC)-INT 21 Income taxes - Recovery of Revalued Non-Depreciable Assets

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HK(SIC)-INT 21 Income taxes - Recovery of Revalued Non-Depreciable Assets which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflects the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC)-INT 21, this change in accounting policy has been applied retrospectively. Accordingly, deferred tax liabilities on investment properties held by the Group and by associates have been adjusted retrospectively. The Group's share of associates' reserve and contribution from shareholders have been restated (see Note 3 for the financial impact).

2. 採納新訂及經修訂香港財務報告準則 (續)

(d) 香港會計準則第 40 號投資物業 (續)

本集團已選擇利用公平值模式將其投資物業入賬，當中規定投資物業之公平值變動所產生之損益直接於產生年度之損益表中確認。於過往年度，於舊準則下之投資物業乃按公開市值計算，重估增值或減值則計入投資物業重估儲備或自該儲備扣除，除非此儲備之結餘不足彌補重估減值，於此情況下，重估減值超過投資物業重估儲備結餘之差額則於收益表中扣除。倘以往曾於收益表中扣除的減值惟其後之重估價值增加，有關增加則計入收益表，惟以以往扣除之減值數額為限。本集團已採用香港會計準則第 40 號之有關過渡條文，並選擇由二零零五年一月一日起應用香港會計準則第 40 號。於二零零五年一月一日於投資物業重估儲備中之金額已轉撥至本集團之累計溢利（虧損）。年內，本集團及聯營公司持有之投資物業公平值變動產生之收益已於本年度收益表中確認（財務影響見附註 3）。

(e) 香港詮釋常務委員會詮釋第 21 號－所得稅－收回已重估非折舊之資產

於過往年度，有關已重估投資物業之遞延稅項影響乃根據舊有詮釋按照透過出售有關物業所收回賬面值引致之稅務影響評估。於本年度，本集團已應用香港詮釋常務委員會詮釋第 21 號「所得稅－收回已重估非折舊之資產」，不再假設投資物業賬面值將透過出售而收回。因此，投資物業之遞延稅項影響現時按本集團預期於每個結算日有關物業可收回之數額計算。於香港詮釋常務委員會詮釋第 21 號未附任何具體過渡條文下，此項會計政策之變動已追溯應用。因此，本集團及聯營公司所持投資物業之遞延稅項負債已追溯調整。本集團應佔之聯營公司儲備及股東注資已經重列（財務影響見附註 3）。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the application of the new and revised Standards and Interpretations described in Note 2 on the results for the current and prior years are as follows:

(a) Income statement items

3. 會計政策變動之影響概要

附註2所述採用新訂及經修訂香港會計準則及詮釋對本年度及過往年度業績之影響如下：

(a) 收益表項目

		2005					2004	
		HKAS 1	HKAS 17	HKAS 39	HKAS 40	HK(SIC)- INT21	Total effect	Total effect
		香港會計 準則第 1 號	香港會計 準則第 17 號	香港會計 準則第 39 號	香港會計 準則第 40 號	香港詮釋常務 委員會詮釋 第 21 號	總影響	總影響
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(Note 2a)	(Note 2b)	(Note 2c)	(Note 2d)	(Note 2e)		
		(附註 2a)	(附註 2b)	(附註 2c)	(附註 2d)	(附註 2e)		
Imputed interest income relating to interest-free advance to an associate	墊付聯營公司 免息款項之 名義利息收入	-	-	906	-	-	906	-
(Decrease) increase in share of results of associates	應佔聯營公司業績 (減少) 增加	(21,192)	-	(906)	112,071	(19,612)	70,361	(1,958)
Decrease in taxation	所得稅開支減少	21,192	-	-	-	-	21,192	253
Amortisation of prepaid lease payments	預付租賃款項 攤銷	-	(13)	-	-	-	(13)	(13)
Imputed interest expense relating to interest-free loans from minority shareholders of certain subsidiaries	若干附屬公司少數 股東提供之 免息貸款之 名義利息開支	-	-	(2,100)	-	-	(2,100)	-
Fair value changes on investment properties	投資物業之公平值 變動	-	-	-	4,600	-	4,600	-
Decrease in deferred tax on revaluation of investment properties	重估投資物業之 遞延稅項減少	-	-	-	-	193	193	-
(Decrease) increase in net profit for the year	本年度純利 (減少) 增加	-	(13)	(2,100)	116,671	(19,419)	95,139	(1,718)
Attributable to:	下列應佔：							
Equity holders of the Company	本公司股本持有人	-	(13)	-	116,671	(19,419)	97,239	(1,718)
Minority interests	少數股東權益	-	-	(2,100)	-	-	(2,100)	-
		-	(13)	(2,100)	116,671	(19,419)	95,139	(1,718)
Increase (decrease) in basic earnings (loss) per share (HK cents)	每股基本盈利 (虧損) 增加 (減少) (港仙)	-	-	-	34.95	(5.82)	29.13	(0.60)

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (cont'd)

The cumulative effects of the application of the new and revised Standards and Interpretations described in Note 2 at 31st December, 2004 and 1st January, 2005 are summarised below:

(b) Balance sheet items

3. 會計政策變動之影響概要 (續)

附註 2 所述採用新訂及經修訂香港會計準則及詮釋於二零零四年十二月三十一日及二零零五年一月一日之累積影響概述如下：

(b) 資產負債表項目

		Retrospective adjustments 追溯調整			Adjustments on 1st January, 2005 於二零零五年 一月一日調整		
As at 31st December, 2004 (Originally stated) 於 二零零四年 十二月 三十一日 (原先呈列)	香港 會計準則 第 1 號 HK\$'000 千港元	香港 會計準則 第 17 號 HK\$'000 千港元	香港 證釋常務 委員會證釋 第 21 號 HK\$'000 千港元	As at 31st December, 2004 (Restated) 於 二零零四年 十二月 三十一日 (重列)	香港 會計準則 第 39 號 HK\$'000 千港元	香港 會計準則 第 40 號 HK\$'000 千港元	As at 1st January, 2005 (Restated) 於 二零零五年 一月一日 (重列)
	(Note 2a) (附註 2a)	(Note 2b) (附註 2b)	(Note 2e) (附註 2e)		(Note 2c) (附註 2c)	(Note 2d) (附註 2d)	
Investment properties	投資物業	33,750	-	-	33,750	-	49,350
Property and other fixed assets	物業及其他固定資產	547	(260)	-	287	-	287
Properties held for development	持作發展物業	10,250	(9,500)	-	750	-	750
Property interests held for development	持作發展之物業權益	14,500	-	-	14,500	(14,500)	-
Prepaid lease payments	預付租賃款項	-	9,733	-	9,733	-	9,733
Interests in associates	聯營公司權益	184,657	-	(24,402)	160,255	-	160,255
Advances to associates	墊付聯營公司款項	136,308	-	(201)	136,107	-	136,107
Other net assets	其他資產淨值	136,925	-	-	136,925	-	136,925
Loans from minority shareholders of subsidiaries	附屬公司少數股東貸款	(40,312)	-	-	(40,312)	2,219	(38,093)
Deferred taxation liabilities	遞延稅項負債	(426)	-	-	(426)	(193)	(619)
Total assets and liabilities	資產及負債總額	476,199	(27)	(24,603)	451,569	907	454,695
Minority interests	少數股東權益	40,312	(40,312)	-	-	-	-
		516,511	(27)	(24,603)	451,569	907	454,695
Share capital	股本	2,823	-	-	2,823	-	2,823
Contribution from shareholders	股東注資	116,283	-	(12,058)	104,225	-	104,225
Investment property revaluation reserve	投資物業重估儲備	65,745	-	(10,811)	54,934	(54,934)	-
Other reserves	其他儲備	497,637	-	-	497,637	-	497,637
Accumulated profits (losses)	累計溢利 (虧損)	(165,977)	(27)	(1,734)	(167,738)	55,841	(111,897)
Equity attributable to equity holders of the Company	本公司股本持有人應佔權益	516,511	(27)	(24,603)	491,881	907	492,788
Minority interests	少數股東權益	-	(40,312)	-	(40,312)	-	(38,093)
Total equity	權益總額	516,511	(27)	(24,603)	451,569	907	454,695

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截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (cont'd)

(c) The effects of the application of the new and revised Standards and Interpretations described in Note 2 to the Group's equity at 1st January, 2004 are summarised below:

3. 會計政策變動之影響概要 (續)

(c) 附註 2 所述採用新訂及經修訂香港會計準則及詮釋對本集團二零零四年一月一日的權益的影響概述如下：

		Retrospective adjustments 追溯調整			
					As at 1st January, 2004
		HKAS 1	HKAS 17	HK(SIC)– INT 21	As at 1st January, 2004
		(Originally stated)		(Restated)	
		於 二零零四年 一月一日 (原先呈列)	香港 會計準則 第 1 號	香港 會計準則 第 17 號 委員會詮釋 第 21 號	於 二零零四年 一月一日 (重列)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
		(Note 2a)	(Note 2b)	(Note 2e)	
		(附註 2a)	(附註 2b)	(附註 2e)	
Share capital	股本	2,823	–	–	2,823
Contribution from shareholders	股東注資	116,861	–	(12,058)	104,803
Investment property revaluation reserve	投資物業重估儲備	9,251	–	(1,038)	8,213
Other reserves	其他儲備	497,326	–	–	497,326
Accumulated profits (losses)	累計溢利 (虧損)	1,701	–	(14)	1,687
Equity attributable to equity holders of the Company	本公司股本持有人 應佔權益	627,962	–	(14)	614,852
Minority interests	少數股東權益	–	(40,312)	–	(40,312)
Total equity	權益總額	627,962	(40,312)	(14)	574,540

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截至二零零五年十二月三十一日止年度

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (cont'd)

The Group has not early applied the following new HKFRSs and Interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 21 (Amendment)	Net investment in a foreign operation ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ²
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) - INT 4	Determining whether an arrangement contains a lease ²
HK(IFRIC) - INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²
HK(IFRIC) - INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment ³
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴

1 Effective for accounting periods beginning on or after 1st January, 2007.

2 Effective for accounting periods beginning on or after 1st January, 2006.

3 Effective for accounting periods beginning on or after 1st December, 2005.

4 Effective for accounting periods beginning on or after 1st March, 2006.

3. 會計政策變動之影響概要 (續)

本集團並未提早應用下列已頒布但尚未生效之新香港財務報告準則及詮釋。本公司董事預計，應用此等準則及詮釋將不會對本集團之財務報表構成重大影響：

香港會計準則第1號(修訂)	股本披露 ¹
香港會計準則第19號(修訂)	精算損益、集團計劃及披露 ²
香港會計準則第21號(修訂)	外國業務之投資淨額 ²
香港會計準則第39號(修訂)	預測集團內部交易之現金流量對沖會計法 ²
香港會計準則第39號(修訂)	期權之公平值 ²
香港會計準則第39號及香港財務報告準則第4號(修訂)	財務擔保合約 ²
香港財務報告準則第6號	勘探及評估礦物資源 ²
香港財務報告準則第7號	金融工具：披露 ¹
香港(國際財務報告詮釋委員會)詮釋第4號	釐定安排是否包含租賃 ²
香港(國際財務報告詮釋委員會)詮釋第5號	享有解除運作、復原及環境修復基金產生權益之權利 ²
香港(國際財務報告詮釋委員會)詮釋第6號	參與特定市場產生之債項—廢料電力及電子設備 ³
香港(國際財務報告詮釋委員會)詮釋第7號	根據香港會計準則第29號惡性通貨膨脹經濟體中之財務報告採用重列法 ⁴

1 對二零零七年一月一日或之後起計之會計期間生效。

2 對二零零六年一月一日或之後起計之會計期間生效。

3 對二零零五年十二月一日或之後起計之會計期間生效。

4 對二零零六年三月一日或之後起計之會計期間生效。

Notes to the Financial Statements

For the year ended 31st December, 2005

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rule”) and by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis except for certain properties, which are measured at fair values, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group’s equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority’s share in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue recognition

Revenue from properties held for sale is recognised on the execution of a binding sales agreement. Payments received from the purchasers prior to this stage are recorded as deposits received on sales of properties and are grouped under current liabilities.

財務報表附註

截至二零零五年十二月三十一日止年度

4. 主要會計政策

財務報表乃根據香港會計師公會（「會計師公會」）頒布之香港財務報告準則（「香港財務報告準則」）而編製。此外，財務報表已包括了香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例規定之適用披露。

財務報表乃按歷史成本法編製惟若干物業如下文所載會計政策所述按公平值計算。

綜合賬目基準

綜合財務報表包括本公司及其附屬公司之財務報表。

年內收購或出售之附屬公司業績，乃由實際收購日期起或直至實際出售日期止（按適當情況）計入綜合收益表內。

所有本集團內公司間之交易，往來結餘收入及支出均於綜合賬目中對銷。

綜合附屬公司資產淨值內之少數股東權益與本集團於其中之權益分開識別。少數股東權益包括在原業務合併日期之有關權益數額，以及自合併日期起計少數股東應佔之股權變動。適用於少數股東之虧損超出於附屬公司股權之少數股東權益之數額將與本集團之權益作出分配，惟少數股東具約束力責任及可以其他投資補足虧損者除外。

收入確認

持作出售物業之收入在執行具約束力之銷售協議時方予確認入賬。於上述階段前從買家收取之款項乃列作銷售物業之已收按金，並計入流動負債內。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition (cont'd)

Rental income from properties under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interests in associates

As associate is an entity which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

4. 主要會計政策 (續)

收入確認 (續)

經營租賃項下物業之租金收入於有關租賃期內以直線法攤銷確認。

金融資產之利息收入乃就本金結餘按適用利率及時間比例計算，適用利率為將財務資產於預期年期內之未來現金收款準確貼現至賬面淨值之利率。

附屬公司投資

附屬公司投資乃成本減任何可辨認減值虧損而列本公司資產負債表內。

聯營公司權益

聯營公司為本集團擁有重大影響力而並非附屬公司或合營公司權益之實體。重大影響力指有權參與被投資公司之財務及營運政策決定，但非對該等政策擁有控制權或共同控制權。

聯營公司之業績及資產與負債利用會計權益法計入此等財務報表。根據權益法，聯營公司投資以成本在綜合資產負債表內列賬，並經收購後本集團應佔聯營公司損益及權益變動而調整，須減除個別投資之減值後列賬。聯營公司之虧損若超逾本集團於該聯營公司之權益（包括任何長期權益，此在實質上構成本集團於聯營公司內淨投資之一部分）長期權益則不予確認。

倘一集團實體與本集團之聯營公司進行交易，則按本集團於有關聯營公司所佔之權益為限撇銷盈虧。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interests in associates (cont'd)

Investments in associates are included in the Company's balance sheet at cost, less any identified impairment loss. The results of the associates are accounted for by the Company on the basis of dividends received and receivable during the year.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

On disposal of investment properties, the gain or loss is directly recognised in the income statement.

Property and other fixed assets

Property and other fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of property and other fixed assets over their estimated useful lives, using the straight-line method.

An item of property and other fixed assets is derecognised upon disposal or when no future economic benefit are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Property interests held for development

Property interests held for development represent a right to develop properties on a piece of land upon payment of a final amount or land acquired pending any definite intention, and are carried at cost, less any identified impairment losses.

Properties held for development

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use.

4. 主要會計政策 (續)

聯營公司權益 (續)

聯營公司投資按成本減去任何已辨識減值虧損計入本公司資產負債表。本公司於年內按已收及應收股息為基準計入聯營公司之業績。

投資物業

持作賺取租金及/或作增值物業之投資物業，於結算日按公平值列賬。投資物業因公平值之變動所產生之盈虧，於產生之年度內計入盈虧。

在出售投資物業時所產生的利潤或虧損直接在收益表中確認。

物業及其他固定資產

物業及其他固定資產按成本減累計折舊以及任何累計減值虧損列賬。

物業及其他固定資產之折舊，乃按其估計可使用年期以直線法撇銷成本。

當物業及其他固定資產項目出售，或預期繼續使用有關資產時將不會產生未來經濟利益時不再確認入賬。不再確認資產所產生之盈虧（按銷售所得款項淨額與項目之賬面值兩者間之差額計算），乃於不再確認該項目之年度內計入收益表。

持作發展之物業權益

持作發展之物業權益指於支付最後款項後在土地上發展物業之權利或已購入而未有任何具體意向之土地，乃按成本扣除任何可辨識減值虧損列賬。

持作發展物業

在發展中作生產、租賃或行政用途之租賃土地及樓宇，租賃土地部分須列作預付租賃款項類別，並於租期內按直線法攤銷。在建築期內，為租賃土地所作之攤銷費用可包括在在建中樓宇之成本中。在建中樓宇按成本減任何已辨識減值虧損列賬。樓宇於可供使用時開始折舊。

Notes to the Financial Statements

For the year ended 31st December, 2005

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Properties held for sale

Properties held for sale in the ordinary course of business are stated at the lower of cost and net realisable value.

Other asset

Other asset representing club membership, is stated at cost less any identified impairment loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefit received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i. e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

財務報表附註

截至二零零五年十二月三十一日止年度

4. 主要會計政策（續）

持作出售物業

持有於正常業務過程中出售之物業乃按成本與可變現淨值兩者中之較低者入賬。

其他資產

其他資產包括俱樂部會籍，乃按成本扣除任何可辨認減值虧損列賬。

租約

凡租約條款規定將租賃資產擁有權之絕大部份風險及利益轉移至承租人之租約均列為財務租約。所有其他租約均分類為經營租約。

本集團為出租人

經營租約之租金收入會以直線法按有關租約年期在收益表確認。磋商及安排經營租約時產生之初步直接成本會加入租賃資產之賬面值，並以直接法按租約年期確認為開支。

本集團為承租人

根據經營租約應付之租金會以直線法按有關租約年期在損益賬中扣除。作為訂立經營租約獎勵之已收及應收利益乃以直線法按有關租約年期確認減少租金支出。

外幣

在編製個別集團實體的財務報表時，以實體功能貨幣以外之貨幣（外幣）進行之交易按交易日通用之匯率以其功能貨幣（即該實體經營之主要經濟環境之貨幣）記錄。於各結算日，以外幣列值之貨幣項目以結算日通用之匯率重新換算。以外幣列值並按公平值列賬之非貨幣項目以釐定公平值當日通用之匯率重新換算。以外幣列值並以歷史成本計算之非貨幣項目不會重新換算。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currencies (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

Payments to defined contribution schemes are charged as an expense as they fall due.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

4. 主要會計政策（續）

外幣（續）

結算貨幣項目及重新換算貨幣項目時產生之匯兌差額於產生之期間在損益中確認，惟因貨幣項目而產生並構成本集團之海外業務淨投資一部分之匯兌差額則於綜合財務報表中之股本確認。重新換算按公平值列賬之非貨幣項目產生之匯兌差額計入期內之損益，惟重新換算非貨幣項目產生之差額有關之損益直接於股本確認，在此情況下，匯兌差額亦會直接於股本中確認。

就綜合收益表之呈報而言，本集團海外業務之資產及負債按結算日之匯率換算為本公司之呈列貨幣（即港元），而收支則按該年度之平均匯率換算。倘期內匯率大幅波動，則使用交易日之匯率換算。產生之匯兌差額（如有）確認為股本之獨立部份（匯兌儲備）。該等匯兌差額於出售海外業務期間在損益確認。

退休福利成本

界定供款計劃之供款於其到期支付時作為開支扣除。

稅項

所得稅支出指當期應付稅項及遞延稅項。

當期應付稅項按年度應課稅溢利計算。應課稅溢利與收入報表所報溢利不同，此乃由於其不包括在其他年度應課稅或可扣減之收入或支出項目，亦不包括收入報表內永不課稅或扣減之項目。本集團有關當期稅項之負債按結算日已實施或大致實施之稅率計算。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised based on sales that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when an entity of the Company and the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. 主要會計政策 (續)

稅項 (續)

遞延稅項就財務報表內資產及負債賬面值與用於計算應課稅溢利之相應稅基兩者之差異而確認，並以資產負債表負債法處理。遞延稅項負債通常會就所有應課稅暫時差異確認，而遞延稅項資產則限於可能於日後取得應課稅溢利，並可用以抵銷可扣減暫時差異時確認。若暫時差異乃因一項既不影響應課稅溢利亦不影響會計溢利之交易（業務合併除外）中開始確認其他資產及負債而引致，則不會確認該等稅項資產及負債。

遞延稅項負債乃就附屬公司及聯營公司投資，以及合營企業權益，產生之應課稅暫時差異而確認，惟倘本集團能夠控制該等暫時差異之回轉及該等暫時差異預料不會在可見將來回轉則屬例外。

遞延稅項資產之賬面值於每個結算日均作檢討，並在不大可能再有足夠應課稅溢利收回全部或部分稅項資產時減少。

遞延稅項乃根據結算日已落實或大致落實之銷售額按預期於負債償還或資產變現期間之適用稅率計算。遞延稅項會扣自或計入收益表，惟有關直接扣自或計入股本之項目，則有關之遞延稅項亦會於股本中處理。

金融工具

當本公司及本集團之實體成為工具合約條文之一方，則於資產負債表內確認金融資產及金融負債。金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債直接應佔之交易成本（以公平值計算且以公平值計入損益之金融資產及金融負債除外）乃於初步確認時加入金融資產或金融負債（如適用）之公平值，或從金融資產或金融負債之公平值扣除。收購以公平值計量且以公平值計入損益之金融資產或金融負債直接應佔之交易成本，即時於損益內確認。

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets

The Company's and the Group's financial assets are classified into loans and receivables. The accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including debtors, deposits and prepayments) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by an entity of the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities are classified into other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities including creditors and accruals, provision for a litigation claim and loans from minority shareholders of subsidiaries are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. 主要會計政策 (續)

金融工具 (續)

金融資產

本公司及本集團之金融資產分類為貸款及應收款項，而所採納之會計政策載列如下。

貸款及應收款項

貸款及應收款項為並未於交投活躍之市場內報價而附帶固定或可議定付款之非衍生金融資產。於初步確認後之每個結算日，貸款及應收款項（包括應收賬款、按金及預付款項）使用實際利率法按經攤銷成本減任何可識別虧損列賬。當有客觀證據顯示資產已減值，則於損益賬確認虧損，並以資產之賬面值與按原實際利率折現其估計未來現金流量之現值兩者之差額計算。當於確認減值後發生一項事件可以客觀地與資產可收回款項增加有關，虧損可於其後會計期間撥回，但撥回以減值日期資產之賬面值為限，不得超過該項資產原未確認減值時之已攤銷成本。

金融負債及股本

本集團實體發行之金融負債及股本工具乃根據所訂立合約安排之內容及金融負債與股本工具之定義予以分類。股本工具為可證明於本集團資產經扣除其所有負債後之餘額權益之任何合約。

本集團之金融負債分類為其他金融負債，而就金融負債及股本工具所採納之會計政策載列如下。

其他金融負債

其他金融負債（包括應付賬款及應計費用）、訴訟索賠撥備及應付附屬公司少數股東貸款均於其後使用實際利息法按攤銷成本計算。

股本工具

本公司發行之股本工具按已收所得款項扣除直接發行成本入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the accounting policies of the Group which are described in Note 4 above, management has made the following judgment based on past experience, expectations of the future and other information. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below:

Property interests held for development

As explained in Note 20, the Group made a full provision for an impairment loss of HK\$183,381,000 in respect of property interests held for development in Shantou in 2004.

The written back of impairment loss to other income (if any) will rely on the conclusive judgment of legal proceedings and the actual amount that could be recovered from the recourse action (if necessary).

4. 主要會計政策（續）

減值虧損

每逢結算日，本集團會審核其有形及無形資產之賬面值，以釐定該等資產有否出現虧損之現象。倘估計資產之可收回金額將低於其賬面值，則將該資產之賬面值減至其可收回金額。有關虧損則即時確認為開支。

倘虧損其後撥回，則有關資產之賬面值會增至其經修訂估計可收回之金額，惟已增加之賬面值不得超過假設有關於資產於過往年度並無確認虧損而釐定之賬面值。虧損撥回將即時確認為收入。

5. 關鍵會計判斷及估計之不明確因素之主要來源

在應用上文附註 4 所載本集團之會計政策時，管理層根據過去經驗、對未來之預期及其他資料作出下列判斷。於結算日對未來的主要假設，及其他不明確估計的主要來源所造成的重大風險，可能導致下個財政年度之資產及負債賬面值出現大幅調整，現概述如下：

持作發展之物業權益

誠如附註 20 所述，本集團就於二零零四年在汕頭之持作發展之物業權益之減值虧損 183,381,000 港元作出全數撥備。

減值虧損撥回至其他收入（如有）將取決於法律訴訟之最後判決及追索行動（如必須）所收回之實際金額而定。

Notes to the Financial Statements

For the year ended 31st December, 2005

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's major financial instruments include bank balance and cash, debtors, deposits and prepayments, creditors and accruals and provision for a litigation claim. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st December, 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. The Group's and the Company's time deposits are deposited with banks of high credit quality in Hong Kong. For rent receivable, the Group obtained sufficient deposits from tenants and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Company has no significant credit risk as at 31st December, 2005.

Interest rate risk

The Group and the Company has no interest rate risk arises from borrowing.

The Group and the Company has no significant interest-bearing assets except for Interest-bearing advances to associates and time deposits and bank balance, details of which have been disclosed in Note 23(b) and Note 24(b).

財務報表附註

截至二零零五年十二月三十一日止年度

6. 財務風險管理目標及政策

本集團及本公司之主要金融工具包括銀行結餘及現金、應收賬款、按金及預付款項、應付賬款及應計費用及索償訴訟撥備。該等金融工具之詳情於有關附註中披露。與該等金融工具有關之風險及如何減低該等風險之政策載於下文。管理層管理及監察該等風險以確保已即時及有效地採取合適之措施。

信貸風險

本集團就倘交易對手未能履行其於二零零五年十二月三十一日有關各類已確認金融資產之責任所面對最大信貸風險為綜合資產負債表所述該等金融資產之賬面值。本集團及本公司之定期存款存於香港高信貸質素之銀行。就應收租金而言，本集團收取租戶足夠按金及設有嚴格監控程序以處理逾期債務。此外，本集團於每個結算日審閱各項個別貿易債務之可收回金額，以確保就無法收回之款項作出足夠減值虧損。就此，本公司董事認為，本集團之信貸風險已大大減少。

本集團並無重大集中之信貸風險，風險分佈於多個交易對手及客戶。

截至二零零五年十二月三十一日止，本公司並無重大之信貸風險。

利率風險

本集團及本公司並無因借款產生利率風險。

本集團及本公司並無重大計息資產（墊付聯營公司之計息款項除外）；及定期存款及銀行結餘，詳情於附註 23(b)及附註 24(b)披露。

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

7. REVENUE

Revenue represents the aggregate amounts received and receivable from property rental income and sales of properties held for sale, analysed as follows:

Property rental income	物業租金收入
Sales of properties held for sale	持作出售物業之銷售額

8. SEGMENT INFORMATION

Business Segments

For management purposes, the Group is currently organised into two operating divisions - property development and property leasing. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property development	–	Property development and sales of properties
Property leasing	–	Property rental

7. 營業收入

收入指已收及應收之物業租金收入及持作出售物業之銷售額，分析如下：

2005	2004
HK\$'000	HK\$'000
千港元	千港元
3,370	5,715
-	13,155
3,370	18,870

8. 分類資料

按業務劃分

就業務管理而言，本集團之業務目前可分為兩個經營部份－物業發展及物業租賃。該等部份為本集團申報其主要分類資料之基準。

主要業務活動如下：

物業發展	–	物業發展及物業銷售
物業租賃	–	物業租賃

Notes to the Financial Statements

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財務報表附註

截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

Segment information about these businesses is presented below:

INCOME STATEMENT

For the year ended 31st December, 2005

Segment revenue	分類營業收入
Segment result	分類業績
– Operating results before fair value changes on investment properties	– 投資物業之公平 值變動前經營業績
– Fair value changes on investment properties	– 投資物業之公平 值變動
– Segment result after fair value changes on investment properties	– 投資物業之公平 值變動後之分類業績
Unallocated corporate expenses	未分攤之公司開支
Finance costs	財務費用
Write-back of allowance for amounts due from associates, net	聯營公司欠款準備之 撥回淨額
Write-back of allowance for amounts due from former associates	前聯營公司欠款準備之 撥回金額
Share of results of associates	應佔聯營公司業績
– Before fair value changes on investment properties	– 投資物業之公平 值變動前
– Fair value changes on investment properties	– 投資物業之公平 值變動
– Deferred tax arose from fair value changes on investment properties	– 投資物業之公平值變動 所產生之遞延稅項
Profit before taxation	稅前溢利
Current tax	年內稅項
Deferred tax	遞延稅項
Profit after taxation	稅後溢利

8. 分類資料 (續)

按業務劃分 (續)

該等業務之分類資料如下：

收益表

截至二零零五年十二月三十一日止年度

Property development	Property leasing	Consolidated
物業發展	物業租賃	綜合賬目
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元
–	3,370	3,370
(931)	8,093	7,162
–	4,600	4,600
(931)	12,693	11,762
		(563)
		(2,100)
–	1,020	1,020
2,964	5,756	8,720
–	8,518	8,518
–	112,071	112,071
–	(19,612)	(19,612)
–	100,977	100,977
		119,816
–	(7)	(7)
–	(391)	(391)
		119,418

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

BALANCE SHEET

At 31st December, 2005

ASSETS	資產
Segment assets	分類資產
Interests in associates	聯營公司權益
Advances to associates	墊付聯營公司款項
Unallocated corporate assets	未分攤之公司資產
Consolidated total assets	綜合資產總值
LIABILITIES	負債
Segment liabilities	分類負債
Unallocated corporate liabilities	未分攤之公司負債
Consolidated total liabilities	綜合負債總值

OTHER INFORMATION

For the year ended 31st December, 2005

Capital additions	資本增加
Depreciation	折舊
Amortisation of prepaid lease payments	預付租賃款項攤銷
Fair value changes on investment properties	投資物業公平值變動

8. 分類資料 (續)

按業務劃分 (續)

資產負債表

於二零零五年十二月三十一日

Property development	Property leasing	Consolidated
物業發展	物業租賃	綜合賬目
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元
75,724	236,999	312,723
–	246,345	246,345
–	124,756	124,756
		38
		683,862
5,649	10,214	15,863
		1,850
		17,713

其他資料

截至二零零五年十二月三十一日止年度

Property development	Property leasing	Consolidated
物業發展	物業租賃	綜合賬目
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元
23,151	–	23,151
18	29	47
33	–	33
–	4,600	4,600

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2004

Segment revenue	分類營業收入	13,155	5,715	18,870
Segment result	分類業績	(183,514)	8,977	(174,537)
Unallocated corporate expenses	未分攤之公司開支			(9,122)
Write-back of allowance for amounts due from associates, net	聯營公司欠款準備之撥回淨額	-	1,441	1,441
Write-back of allowance for amounts due from former associates	前聯營公司欠款準備之撥回金額	3,666	4,122	7,788
Share of results of associates	應佔聯營公司業績	-	6,014	6,014
Loss before taxation	稅前虧損			(168,416)
Current tax	年內稅項	(222)	(26)	(248)
Deferred tax	遞延稅項	-	(732)	(732)
Loss after taxation	稅後虧損			(169,396)

8. 分類資料 (續)

按業務劃分 (續)

收益表

截至二零零四年十二月三十一日止年度

Property development	Property leasing	Consolidated
物業發展	物業租賃	綜合賬目
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元 (restated) (重列)
13,155	5,715	18,870
(183,514)	8,977	(174,537)
		(9,122)
-	1,441	1,441
3,666	4,122	7,788
-	6,014	6,014
		(168,416)
(222)	(26)	(248)
-	(732)	(732)
		(169,396)

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (cont'd)

Business Segments (cont'd)

BALANCE SHEET

AT 31ST DECEMBER, 2004

ASSETS	資產
Segment assets	分類資產
Interests in associates	聯營公司權益
Advances to associates	墊付聯營公司款項
Unallocated corporate assets	未分攤之公司資產
Consolidated total assets	綜合資產總值
LIABILITIES	負債
Segment liabilities	分類負債
Unallocated corporate liabilities	未分攤之公司負債
Consolidated total liabilities	綜合負債總值

OTHER INFORMATION

For the year ended 31st December, 2004

	Property development	Property leasing	Others	Consolidated
	物業發展	物業租賃	其他	綜合賬目
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
				(restated)
				(重列)
Capital additions	750	–	–	750
Depreciation	18	37	–	55
Amortisation of prepaid lease payments	33	–	–	33
Gain on disposal of investment properties	–	2,529	–	2,529
Impairment losses recognised in income statement	183,381	–	–	183,381
Provision for a litigation claim	–	–	8,427	8,427

8. 分類資料 (續)

按業務劃分 (續)

資產負債表

於二零零四年十二月三十一日

	Property development	Property leasing	Consolidated
	物業發展	物業租賃	綜合賬目
	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元
			(restated)
			(重列)
Segment assets	54,295	165,036	219,331
Interests in associates	–	160,255	160,255
Advances to associates	–	136,107	136,107
Unallocated corporate assets			276
Consolidated total assets			515,969
Segment liabilities	91	1,911	2,002
Unallocated corporate liabilities			62,398
Consolidated total liabilities			64,400

其他資料

截至二零零四年十二月三十一日止年度

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財務報表附註

截至二零零五年十二月三十一日止年度

8. SEGMENT INFORMATION (cont'd)

Geographical Segments

The Group's operations are located in Hong Kong and the People's Republic of China, other than Hong Kong, (the "PRC"). The Group's revenue are all derived from Hong Kong in both years.

The following is an analysis of the carrying amount of segment assets at balance sheet date, and capital additions during the year analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元 (restated) (重列)	千港元	千港元
Hong Kong	683,750	515,864	23,151	750
PRC	112	105	-	-
	683,862	515,969	23,151	750

8. 分類資料 (續)

按地區市場劃分

本集團在香港及中華人民共和國（香港除外）（「中國」）經營業務。在兩個年度本集團之收入全部來自香港。

以下為結算日分類資產賬面值之分析及年內的資產增加按資產所在地所作之分析：

9. OTHER INCOME

		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Interest income from bank deposits	銀行存款利息收入	4,928	177
Interest income on advances to associates	墊付聯營公司款項利息收入	3,557	3,295
Imputed interest income relating to interest-free advance to an associate	墊付聯營公司免息款項之名義利息收入	906	-
Gain on disposal of investment properties	出售投資物業收益	-	2,529
Sundry income	雜項收入	19	278
		9,410	6,279

9. 其他收入

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

10. SHARE OF RESULTS OF ASSOCIATES

		2005	2004
		HK\$'000	HK\$'000
		千港元	(restated) 千港元 (重列)
Operating income	經營收入	4,731	1,480
Gain on disposal of properties	出售物業之收益	6,273	6,492
Fair value changes on investment properties	投資物業之公平值變動	112,071	—
Imputed interest expense relating to interest-free advance from shareholder	股東免息墊款之名義利息開支	(906)	—
Current tax	年內稅項	(1,580)	(1,389)
Deferred tax	遞延稅項	(19,612)	(569)
		100,977	6,014

11. FINANCE COSTS

		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Imputed interest expenses relating to interest-free loans from minority shareholders of certain subsidiaries	若干附屬公司少數股東提供之免息貸款名義利息開支	2,100	—

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

12. PROFIT (LOSS) BEFORE TAXATION

12. 稅前溢利（虧損）

	2005	2004
	HK\$'000	HK\$'000
	千港元	千港元 (重列)
Profit (loss) before taxation has been arrived at after charging (crediting):		
Auditors' remuneration:		
Current year	373	282
Underprovision in previous years	-	21
Depreciation	47	55
Amortisation of prepaid lease payments	33	33
Staff costs, including Directors' emoluments	1,412	888
Gross rental income from investment properties	(3,370)	(5,715)
Less: direct operating expenses from investment properties that generated rental income during the year	541	489
direct operating expenses from investment properties that did not generate rental income during the year	822	454
	(2,007)	(4,772)

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For the year ended 31st December, 2005

財務報表附註

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13. TAXATION

13. 稅項

		2005	2004
		HK\$'000	HK\$'000
		千港元	(restated) 千港元 (重列)
Current tax	年內稅項		
– Hong Kong	– 香港	7	6
Underprovision in prior years	過往年度撥備不足		
– Hong Kong	– 香港	–	20
– Other regions in the PRC	– 中國其他地區	–	222
		–	242
Deferred tax (See Note 29)	遞延稅項 (見附註 29)	391	732
		398	980

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profit for both years. Taxation in any other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No PRC tax provision has been made as the PRC subsidiaries incurred loss during the year.

香港利得稅乃按兩個年度之估計應課稅溢利按稅率 17.5% (二零零四年：17.5%) 計算。任何其他司法權區之稅項乃按有關司法權區之適用稅率計算。

由於中國附屬公司於年內產生虧損，因此並無就中國稅項作出撥備。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

13. TAXATION (cont'd)

The taxation charge for the year can be reconciled to profit (loss) before taxation per the income statement as follows:

		2005	2004
		HK\$'000	HK\$'000
			(restated)
		千港元	千港元
			(重列)
Profit (loss) before taxation	稅前溢利 (虧損)	119,816	(168,416)
Tax at Hong Kong Profits Tax rate of 17.5%	按香港利得稅稅率 17.5% 計算之稅項	20,968	(29,473)
Tax effect of share of results of associates	攤佔聯營公司業績之稅務影響	(17,671)	(1,052)
Tax effect of expenses not deductible for tax purpose	計算應課稅溢利時不可扣稅支出之稅務影響	590	34,616
Tax effect of income not taxable for tax purpose	計算應課稅溢利時毋須課稅收入之稅務影響	(2,856)	(2,123)
Tax effect of taxation losses not recognised	不予確認之稅務虧損之稅務影響	(832)	(1,101)
Underprovision in prior years	過往年度撥備不足	-	242
Others	其他	199	(129)
Taxation charge for the year	本年度之稅項支出	398	980

年內稅項支出與收益表之稅前溢利 (虧損) 對賬如下:

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 5 (2004: 7) directors were as follows:

For the year ended 31st December, 2005

		Joseph Lau, Thomas Lau,		Wang,	Mok,	Wong,	
		Luen-hung	Luen-hung	Jian-guo	Hon-sang	Tik-tung	Total
		劉鑾雄	劉鑾鴻	王健國	莫漢生	汪滌東	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	-	-	100	100	100	300
Other emoluments	其他酬金						
Salaries and other benefits	薪金及其他福利	-	-	-	-	-	-
Retirement benefit schemes contributions	退休福利計劃供款	-	-	-	-	-	-
Total emoluments	酬金總額	-	-	100	100	100	300

14. 董事及僱員之酬金

(a) 董事酬金

已付或應付五名 (二零零四年: 七名) 董事之酬金如下:

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截至二零零五年十二月三十一日止年度

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (cont'd)

(a) Directors' emoluments (cont'd)

For the year ended 31st December, 2004

		Joseph Lau, Luen-hung 劉鑾雄	Thomas Lau, Luen-hung 劉鑾鴻	Shum, Man-wai 岑文偉	Chan, Kwok-wai 陳國偉	Wang, Jian-guo 王建國	Mok, Hon-sang 莫漢生	Wong, Tik-tung 汪滌東	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Fees	袍金	-	-	22	22	26	26	26	122
Other emoluments	其他酬金								
Salaries and other benefits	薪金及其他福利	-	-	-	-	-	-	-	-
Retirement benefit schemes contributions	退休福利計劃供款	-	-	-	-	-	-	-	-
Total emoluments	酬金總額	-	-	22	22	26	26	26	122

No director waived any emoluments in the years ended 31st December, 2005 and 2004.

(b) Employees' emoluments

During the year, the five highest paid individuals included two directors (2004: Nil) whose emoluments are set out above. The emoluments of the remaining three highest paid individuals (2004: five individuals) were as follows:

		2005 HK\$'000 千港元	2004 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	385	448
Retirement benefit schemes contributions	退休福利計劃供款	19	22
		404	470

The emoluments of individual employees were all less than HK\$500,000.

14. 董事及僱員之酬金 (續)

(a) 董事酬金 (續)

截至二零零四年十二月三十一日止年度

於截至二零零五年及二零零四年十二月三十一日止年度，概無任何董事豁免任何酬金。

(b) 僱員酬金

年內，五名最高薪酬人士包括兩名董事（二零零四年：無），其酬金詳情載於上文。餘下三位最高薪酬人士之酬金（二零零四年：五名）如下：

個別僱員之酬金全部低於 500,000 港元。

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截至二零零五年十二月三十一日止年度

15. DIVIDENDS

No dividend was paid or proposed during both years, nor has any dividend been proposed since the balance sheet date.

16. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the ordinary equity holders of the Company of approximately HK\$121,518,000 (2004 (restated): loss of approximately HK\$169,396,000) and the weighted average number of 333,816,069 (2004: 282,305,987) ordinary shares in issue during the year.

The Company has no potential ordinary shares outstanding for both years.

The following table summarises the impact on basic earnings per share as a result of changes in accounting policies:

15. 股息

兩個年度均無派付或建議派付任何股息，自結算日以來亦概無建議派付任何股息。

16. 每股盈利（虧損）

每股基本盈利乃根據本年度本公司股本持有人應佔溢利約 121,518,000 港元（二零零四年（重列）：虧損約 169,396,000 港元）及年內已發行普通股之加權平均數 333,816,069 股（二零零四年：282,305,987 股）計算。

本公司於上述兩年概無已發行潛在普通股。

下表概述會計政策變動對每股基本盈利之影響：

		Impact on basic earnings per share	
		每股基本盈利之影響	
		2005	2004
		HK cents	HK cents
		港仙	港仙
Reported figures before adjustments	於調整前已申報數字	7.27	(59.40)
Adjustments arising from changes in accounting policies (See Note 3a)	會計政策變動產生之調整 (見附註 3a)	29.13	(0.60)
Restated	重列	36.40	(60.00)

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

17. INVESTMENT PROPERTIES

17. 投資物業

		HK\$'000
		千港元
THE GROUP	本集團	
FAIR VALUE	公平值	
At 1st January, 2004	於二零零四年一月一日	65,720
Disposal	出售	(35,665)
Revaluation surplus recognised in equity	於權益確認之重估盈餘	3,695
At 31st December, 2004	於二零零四年十二月三十一日	33,750
Reclassified from property interests held for development upon the application of HKAS 40 (See Note 3b)	應用香港會計準則第 40 號時從持作發展之物業權益重新分類 (見附註 3b)	14,500
Fair value changes recognised in accumulated profits upon the application of HKAS 40 (See Note 3b)	應用香港會計準則第 40 號時於累計溢利確認之公平值變動 (見附註 3b)	1,100
At 1st January, 2005 (restated)	於二零零五年一月一日 (重列)	49,350
Fair value changes recognised in income statement	於收益表確認之公平值變動	4,600
At 31st December, 2005	於二零零五年十二月三十一日	53,950

The fair value of the Group's investment properties at 31st December, 2005 has been arrived at on the basis of a valuation carried out on that date by Norton Appraisals Limited, independent qualified professional surveyors not connected with the Group. Norton Appraisals Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conformed to The Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors was based on open market value basis.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. As at 31st December, 2005, the carrying amount of such property interests amounted to HK\$53,950,000 (2004: HK\$33,750,000).

The carrying amounts of investment properties shown above comprises:

本集團投資物業於二零零五年十二月三十一日之公平值按一家與本集團無關之獨立合資格專業測計師行普敦國際評估有限公司於該日進行之估值為基準而計算。普敦國際評估有限公司對於相關地點之同類型物業估值具有適合資格及近期之估值經驗。該項估值乃遵守香港測量師學會所頒布的物業估值準則 (第一版)，並按公開市值基準進行重估。

本集團根據經營租賃持有以賺取租金或作增值用途之物業權益全部利用公平值模式計算，並已分類及入賬列作投資物業。於二零零五年十二月三十一日，該等物業權益之賬面金額為 53,950,000 港元 (二零零四年：33,750,000 港元)。

上述投資物業之賬面值包括：

		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Properties in Hong Kong held under:	於香港按以下租約持有之物業：		
Long lease	長期租約	3,350	2,750
Medium-term lease	中期租約	50,600	31,000
		53,950	33,750

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財務報表附註

截至二零零五年十二月三十一日止年度

18. PROPERTY AND OTHER FIXED ASSETS

18. 物業及其他固定資產

		Buildings	Furniture, fixtures and equipment	Total
		樓宇	傢俬、裝置 及設備	總額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
		(restated)		(restated)
		(重列)		(重列)
THE GROUP	本集團			
COST	成本值			
At 1st January, 2004	於二零零四年一月一日			
As originally stated	按原先呈列	1,840	1,121	2,961
Reclassified to prepaid lease payments upon application of HKAS 17 (See Note 3b)	應用香港會計準則第 17 號時重新分類至預付租賃款項 (見附註 3b)	(958)	-	(958)
At 1st January, 2004 (restated), 31st December, 2004 (restated) and 31st December, 2005	於二零零四年一月一日 (重列)、二零零四年十二月三十一日 (重列) 及二零零五年十二月三十一日	882	1,121	2,003
DEPRECIATION AND AMORTISATION	折舊及攤銷			
At 1st January, 2004	於二零零四年一月一日			
As originally stated	按原先呈列	1,303	1,036	2,339
Reclassified to prepaid lease payments upon application of HKAS 17 (See Note 3b)	應用香港會計準則第 17 號時重新分類至預付租賃款項 (見附註 3b)	(678)	-	(678)
At 1st January, 2004 (restated)	於二零零四年一月一日 (重列)	625	1,036	1,661
Provided for the year (as originally stated)	本年度撥備 (按原先呈列)	38	37	75
Reclassified to prepaid lease payments upon application of HKAS 17 (See Note 3b)	應用香港會計準則第 17 號時重新分類至預付租賃款項 (見附註 3b)	(20)	-	(20)
Provided for the year (restated)	本年度撥備 (重列)	18	37	55
At 31st December, 2004 (restated) and 1st January, 2005	於二零零四年十二月三十一日 (重列) 及二零零五年一月一日	643	1,073	1,716
Provided for the year	本年度撥備	18	29	47
At 31st December, 2005	於二零零五年十二月三十一日	661	1,102	1,763
NET BOOK VALUE	賬面淨值			
At 31st December, 2005	於二零零五年十二月三十一日	221	19	240
At 31st December, 2004 (restated)	於二零零四年十二月三十一日 (重列)	239	48	287

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18. PROPERTY AND OTHER FIXED ASSETS (cont'd)

The above items of property and other fixed assets are depreciated on a straight-line basis at the following rates per annum:

Type	Basis
Buildings	Over the shorter of the unexpired period of the land lease and 20 years
Furniture, fixtures and equipment	10%

18. 物業及其他固定資產（續）

上述物業及固定資產項目以直線法按下列年率計算折舊：

種類	基準
樓宇	土地租賃尚餘年期及二十年（以較短者為準）
傢俬、裝置及設備	10%

**Furniture,
fixtures and
equipment**
傢俬、裝置
及設備
HK\$'000
千港元

THE COMPANY

本公司

COST

At 1st January, 2004, 31st December, 2004 and 31st December, 2005

成本值

於二零零四年一月一日、
二零零四年十二月三十一日及
二零零五年十二月三十一日

1,117

DEPRECIATION

At 1st January, 2004
Provided for the year

折舊

於二零零四年一月一日
本年度撥備

1,036

36

At 31st December, 2004 and 1st January, 2005

於二零零四年十二月三十一日及
二零零五年一月一日

1,072

Provided for the year

本年度撥備

29

At 31st December, 2005

於二零零五年十二月三十一日

1,101

NET BOOK VALUE

At 31st December, 2005

賬面淨值

於二零零五年十二月三十一日

16

At 31st December, 2004

於二零零四年十二月三十一日

45

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19. PROPERTIES HELD FOR DEVELOPMENT

19. 持作發展物業

		HK\$'000
		千港元
		(restated)
		(重列)
THE GROUP	本集團	
COST	成本值	
At 1st January, 2004	於二零零四年一月一日	
As originally stated	按原先呈列	12,000
Reclassified to prepaid lease payments upon application of HKAS 17 (See Note 3b)	應用香港會計準則第 17 號時重新分類至預付租賃款項 (見附註 3b)	(12,000)
At 1st January, 2004 (restated)	於二零零四年一月一日 (重列)	-
Addition	添置	750
At 31st December, 2004 (restated) and 1st January, 2005	於二零零四年十二月三十一日 (重列) 及二零零五年一月一日	750
Addition	添置	23,151
At 31st December, 2005	於二零零五年十二月三十一日	23,901
IMPAIRMENT	減值	
At 1st January, 2004	於二零零四年一月一日	
As originally stated	按原先呈列	2,500
Reclassified to prepaid lease payments upon application of HKAS 17 (See Note 3b)	應用香港會計準則第 17 號時重新分類至預付租賃款項 (見附註 3b)	(2,500)
At 31st December, 2004 (restated) and 31st December, 2005	於二零零四年十二月三十一日 (重列) 及二零零五年十二月三十一日	-
NET BOOK VALUE	賬面淨值	
At 31st December, 2005	於二零零五年十二月三十一日	23,901
At 31st December, 2004 (restated)	於二零零四年十二月三十一日 (重列)	750

The Group's properties held for development are situated in Hong Kong and held under medium-term lease.

本集團持作發展物業位於香港，並以中期租約持有。

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For the year ended 31st December, 2005

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截至二零零五年十二月三十一日止年度

20. PROPERTY INTERESTS HELD FOR DEVELOPMENT

20. 持作發展之物業權益

		HK\$'000
		千港元
THE GROUP	本集團	
COST	成本值	
At 1st January, 2004	於二零零四年一月一日	197,551
Exchange difference	匯兌差額	330
At 31st December, 2004 and 1st January, 2005 (as originally stated)	於二零零四年十二月三十一日及 二零零五年一月一日 (按原先呈列)	197,881
Reclassified to investment properties upon application of HKAS 40 (See Note 3b)	應用香港會計準則第 40 號時重新 分類至投資物業 (見附註 3b)	(14,500)
At 1st January, 2005 (restated) and 31st December, 2005	於二零零五年一月一日 (重列) 及 二零零五年十二月三十一日	183,381
IMPAIRMENT	減值	
At 31st December, 2004 and 2005 (Note)	於二零零四年及二零零五年 十二月三十一日 (附註)	(183,381)
NET BOOK VALUE	賬面淨值	
At 31st December, 2005	於二零零五年十二月三十一日	-
At 31st December, 2004	於二零零四年十二月三十一日	14,500

The Group's property interests held for development at 31st December, 2004 were situated in Hong Kong and held under medium-term lease.

本集團於二零零四年十二月三十一日持作發展之物業權益位於香港，並以中期租約持有。

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For the year ended 31st December, 2005

20. PROPERTY INTERESTS HELD FOR DEVELOPMENT (cont'd)

Note:

The Group through a wholly-owned subsidiary ("SPV") has a property interest held for development in Chenghai Royal Garden (the "Development Project"). The site with an area of approximately 466,662 sq.m. (5,023,150 sq. ft.) (the "Land") is situated at the estuary of Xinjin River, Longhu District, Shantou, Guangdong Province, the People's Republic of China (the "PRC"). Pursuant to a Contract for Pre-registration of Grant of State-owned Land Use Rights dated 5th August, 1992 (the "Contract"), SPV has been granted a pre-registered land use rights of the Land by Shantou City Chenghai District Planning and State-owned Land Resources Bureau (the "Chenghai Bureau"). The carrying amount of the Development Project as recorded by the Group (the "Carrying Amount") is approximately HK\$183.4 million (equivalent to RMB195.1 million). Included in the Carrying Amount is a payment of approximately HK\$49.8 million (equivalent to RMB53 million) to the Chenghai Bureau under the Contract (the "Amount Paid"). After submitting the application for the land requisition to the Chenghai Bureau and upon the land use rights of the Land being granted, SPV has to make a final payment of approximately HK\$23.4 million (equivalent to RMB24.9 million) (the "Final Payment"). The deadline of the application for the land requisition was 4th August, 1993 which had been extended four times at the request of SPV to 16th July, 2004 (the "Deadline"). The Group believed that SPV had the following entitlements or options under the Contract: (i) proceeded to apply for the land requisition of the Land on or before the Deadline and settle the Final Payment; (ii) applied for an extension of the Deadline; or (iii) terminated the Contract and claim for a refund of approximately HK\$46.2 million (equivalent to RMB49.1 million), being the Amount Paid (the "Amount Claimed").

The Group considered that it was not the suitable time to proceed with the land requisition and determined to request an extension of time. SPV therefore delivered a letter dated 19th April, 2004 to the Chenghai Bureau to request an extension of the Deadline but the Chenghai Bureau refused to accept the letter and advised that such request should be diverted to Shantou City Longhu District Planning and State-owned Land Resources Bureau (the "Longhu Bureau") and their supervisory bureau, Shantou City Planning and State-owned Land Resources Bureau (the "Shantou Bureau"), since the authority and administrative power over the Land had already been transferred to the Longhu Bureau by that time. SPV then delivered letters of the same request to the Longhu Bureau and the Shantou Bureau. Both bureaus however insisted that they would not consider the request either and advised SPV to go back to the Chenghai Bureau for resolving the matter. Given the insistence of the three bureaus in refusing SPV's request of extension, SPV sought advices and assistance from Shantou Governmental authorities, but to no avail.

In early July 2004, the Deadline became imminent and having considered that (i) extension of the Deadline was unlikely in view of the unexpected and undesirable replies from the bureaus; and (ii) the slowdown of luxury residential market in Shantou, the Group decided not to proceed with the application for the land requisition and instead terminated the Contract and requested the Chenghai Bureau to refund the Amount Claimed.

財務報表附註

截至二零零五年十二月三十一日止年度

20. 持作發展之物業權益 (續)

附註：

本集團透過一全資附屬公司（「SPV」）於澄海海麗花園（「發展項目」）擁有物業發展權益。該地盤面積約為466,662平方米（5,023,150平方呎）（「該土地」），位於中華人民共和國（「中國」）廣東省汕頭市龍湖區新津河河口。根據一九九二年八月五日訂立之國有土地使用權預約合同（「該合同」），SPV獲汕頭市澄海區規劃與國土資源局（「澄海當局」）就發展項目授予該土地的預約土地使用權。本集團錄得發展項目之帳面值（「帳面值」）約為183,400,000港元（等同人民幣195,100,000元）。在帳面值中，約49,800,000港元（等同人民幣53,000,000元）之款項已付予澄海當局（「已付金額」）。向澄海當局遞交徵地申請後並獲授予該土地的土地使用權時，SPV須支付23,400,000港元（等同人民幣24,900,000元）之最後付款（「最後付款」）。徵地申請的最後限期曾為一九九三年八月四日，後應SPV之要求，四度延期至二零零四年七月十六日（「該限期」）。本集團根據該合同，認為SPV擁有下列權益或購股權：(i)在該限期屆滿或以前進行土地的徵地申請及付清最後付款；(ii)申請延長該限期；(iii)終止該合同及要求退還已付金額中約46,200,000港元（等同人民幣49,100,000元）（「索償金額」）。

本集團認為現時並非適當時候進行徵地，並決定申請延長限期。SPV因此於二零零四年四月十九日向澄海當局發出函件，要求延長該限期。但澄海當局拒絕接受函件，並建議這要求應向汕頭市龍湖區規劃與國土資源局（「龍湖當局」）及其上級機構汕頭市規劃與國土資源局（「汕頭當局」）提出，因為其時土地管理及行政權已被轉移至龍湖當局。SPV接著分別向龍湖當局及汕頭當局提出相同要求。然而，兩局堅持不會考慮該要求，並建議SPV轉返澄海當局尋求解決。面對三局堅拒接納SPV之延期要求，SPV遂向汕頭政府部門尋求建議及協助，但沒有實效。

於二零零四年七月初，該期限已臨近，並考慮到(i)基於以上當局的意外及不理想回應，申請延長該限期難以達致，以及(ii)汕頭豪宅市場的冷卻，本集團決定不進行徵地，並終止該合同及要求澄海當局退還索償金額。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

20. PROPERTY INTERESTS HELD FOR DEVELOPMENT (cont'd)

Note: (cont'd)

Between July 2004 and February 2005, SPV issued four letters of demand to the Chenghai Bureau to notify the termination of the Contract and requested for a refund of the Amount Claimed. SPV received three reply letters by which the Chenghai Bureau denied its obligations for the refund on the allegation that the pre-registration relationship between the parties under the Contract still existed. The Chenghai Bureau suggested the following three alternatives for SPV's consideration:

1. SPV proceeds to apply for land requisition of the Land and settle the Final Payment pursuant to the Contract despite of the Deadline; or
2. SPV applies for a portion of the Land with an area equivalent to the Amount Paid; or
3. The Chenghai Bureau, upon the application from SPV for the termination of the Contract, refunds the Amount Paid without interest after the Land is successfully sold to third parties by the Chenghai Bureau.

Based on the opinion from a legal firm in the PRC, which has taken into consideration the recent PRC policy for the granting of land issued by the Ministry of Land Resources, the Group was in doubt as to whether the Chenghai Bureau could effect any of the above alternatives. Further, if SPV accepted any alternative as suggested, then SPV would be deemed to have waived its right in the Amount Claimed.

The Group, after considered the further advice from the legal firm, decided not to accept any of the above alternatives as suggested and initiated legal action against the Chenghai Bureau for its entitlements under the Contract including but not limited to the Amount Claimed.

Having considered the uncertainty in the recoverability of the Amount Claimed and any other entitlements under the Contract, the Group made a full provision for an impairment loss of HK\$183,381,000 in the financial statements for the year ended 31st December, 2004.

On 19th April, 2005, SPV commenced legal proceedings by issuing a Writ of Summons against the Chenghai Bureau. SPV requested Shanton Intermediate People's Court (the "Court") for the following issues in particular: (1) Examine the validity of the Contract; (2) Terminate the Contract; and (3) Order the Chenghai Bureau to refund the land cost of RMB53 million with interest to SPV. On 27th December, 2005, the Court notified SPV that the trial period had been extended for six months and the trial would be expected to be adjudicated by the end of June 2006.

20. 持作發展之物業權益 (續)

附註：(續)

於二零零四年七月及二零零五年二月間，SPV 發出四封函件，通知澄海當局該合同的終止並要求退還索償金額。SPV 收到三封回函，澄海當局於信函中否認其退還款項責任，聲稱雙方在該合同下的預約關係仍然存在。澄海當局提供三個選擇，供 SPV 考慮：

1. 不管該限期，SPV 按該合同進行該土地的徵地申請並清付最後付款；或
2. 根據已付金額，SPV 申請該土地中等量面積；或
3. 按 SPV 終止該合同的申請，澄海當局在成功售出該土地予第三者後，不計利息退還已付金額。

根據一中國律師事務所之意見（該律師事務所已了解國土資源部最近頒發的土地出讓政策），本集團質疑澄海當局能否履行上述任何一項選擇。此外，假如 SPV 接受以上任何選擇，SPV 將被視為放棄對索償金額的權利。

考慮該律師事務所進一步的意見後，本集團決定不接受澄海當局建議的以上任何選擇，並已採取法律行動控告澄海當局，以取回該合同授予之權利（包括但不限於索償金額）。

因考慮到追討索償金額及該合同授予之其他權利涉及的不明朗情況，本集團於截至二零零四年十二月三十一日止年度之財務報表作出 183,381,000 港元之全數減值虧損撥備。

於二零零五年四月十九日，SPV 向澄海當局發出傳訊令狀展開法律程序。SPV 要求汕頭市中級人民法院（「法院」）特別就下列事件採取行動：(1) 查核該合同是否有效；(2) 終止該合約；(3) 命令澄海當局向 SPV 退回土地成本人民幣 53,000,000 元。於二零零五年十二月二十七日，法院知會 SPV 該審訊期被延長六個月，且預期將於二零零六年六月底裁決。

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

21. PREPAID LEASE PAYMENTS

21. 預付租賃款項

	HK\$'000
	千港元
THE GROUP	
COST	
At 1st January, 2004	
As originally stated	—
Reclassified from property and other fixed assets* (See Note 3b)	958
Reclassified from properties held for development* (See Note 3b)	12,000
At 1st January, 2004 (restated), 31st December, 2004 and 31st December, 2005	12,958
DEPRECIATION AND AMORTISATION	
At 1st January, 2004	
As originally stated	—
Reclassified from property and other fixed assets* (See Note 3b)	678
Reclassified from properties held for development* (See Note 3b)	2,500
Provided for the prior year* (See Note 3c)	14
At 1st January, 2004 (restated)	3,192
Reclassified from property and other fixed assets* (See Note 3b)	20
Provided for the year* (See Note 3a)	13
At 31st December, 2004 (restated) and 1st January, 2005	3,225
Provided for the year	33
At 31st December, 2005	3,258
NET BOOK VALUE	
At 31st December, 2005	9,700
At 31st December, 2004 (restated)	9,733

* Effect of the application of the HKAS 17.

本集團

成本值

於二零零四年一月一日	
按原先呈列	—
從物業及其他固定資產重新分類* (見附註 3b)	958
從持作發展物業重新分類* (見附註 3b)	12,000
於二零零四年一月一日 (重列)、二零零四年 十二月三十一日及二零零五年十二月三十一日	12,958

折舊及攤銷

於二零零四年一月一日	
按原先呈列	—
從物業及其他固定資產重新分類* (見附註 3b)	678
從持作發展物業重新分類* (見附註 3b)	2,500
過往年度撥備* (見附註 3c)	14
於二零零四年一月一日 (重列)	3,192
從物業及其他固定資產重新分類* (見附註 3b)	20
本年度撥備* (見附註 3a)	13

於二零零四年十二月三十一日 (重列) 及 二零零五年一月一日	3,225
本年度撥備	33
於二零零五年十二月三十一日	3,258

賬面淨值

於二零零五年十二月三十一日	9,700
於二零零四年十二月三十一日 (重列)	9,733

* 應用香港會計準則第 17 號時之影響。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

21. PREPAID LEASE PAYMENTS (cont'd)

		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
			(restated)
			(重列)
The Group's non-current prepaid lease payments shown above comprise:	本集團上文所示非流動預付租賃款項包括：		
Leasehold land in Hong Kong:	於香港之租賃土地：		
Long lease	長期	9,460	9,473
Medium-term lease	中期租約	240	260
		9,700	9,733

22. INTERESTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES

		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
THE COMPANY	本公司		
Unlisted shares, at cost	非上市股份，成本值	192,070	10,391
Capital contribution	注資	3,632	-
Less: impairment loss recognised	減：已確認之減值虧損	(10,391)	(10,391)
		185,311	-
Advances to subsidiaries, net of allowances	墊付附屬公司款項（扣除準備）	207,736	401,104

As at 1st January, 2005, the Company capitalised the loan advanced to Jumbo Legend Limited, a wholly-owned subsidiary of the Company through subscription of 1 new share at par value of US\$1 each.

Capital contribution represents imputed interest on interest-free advances to subsidiaries.

22. 附屬公司權益／墊付附屬公司款項

於二零零五年一月一日，本公司透過認購一股面值 1 美元之新股，將墊付予本公司一間全資附屬公司 Jumbo Legend Limited 之貸款撥充資本。

注資指墊付附屬公司免息款項所計之名義利息。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

22. INTERESTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES (cont'd)

The advances to subsidiaries, net of allowances are unsecured. Included in the balance as at 31st December, 2005, the amount of HK\$153,358,000 is interest-bearing. In the opinion of the directors, the company will not demand repayment within one year from the balance sheet date and are therefore considered as non-current. The directors of the Company estimate the advances by discounting their future cash flow at the prevailing market borrowing rate. The directors of the Company consider that the carrying amount of advances to subsidiaries approximates to their fair values.

Particulars of the Group's principal subsidiaries at 31st December, 2005 are set out in Note 37.

23. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES

22. 附屬公司權益／墊付附屬公司款項（續）

墊付附屬公司款項（扣除準備）為無抵押。於二零零五年十二月三十一日之結存中，包括一筆為數 153,358,000 港元之計息款項。董事認為，公司將不會要求於結算日後一年內還款，因此被視為非流動。本公司董事按當時市場借款利率折現墊款之未來現金流量而估計墊款。本公司董事認為，墊付附屬公司款項之賬面金額與公平值相若。

本集團主要附屬公司於二零零五年十二月三十一日之詳情載於附註 37。

23. 聯營公司權益／墊付聯營公司款項

	THE GROUP		THE COMPANY	
	本集團		本公司	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
		(restated)		
		(重列)		
(a) INTERESTS IN ASSOCIATES	(a)	聯營公司權益		
Cost of investments in associates		聯營公司投資成本		
– Unlisted in Hong Kong		– 香港非上市	103,252	103,252
			–	–
Share of post-acquisition profits, net of dividends received (Note i)		所佔收購後溢利，扣除已收股息（附註 i）	143,093	57,003
			–	–
			246,345	160,255
(b) ADVANCES TO ASSOCIATES	(b)	墊付聯營公司款項		
Interest-bearing advances to associates (Note ii)		墊付聯營公司計息款項（附註 ii）	96,028	109,212
			9,500	9,500
Interest-free advances to associates, net of allowances (Note iii)		墊付聯營公司免息款項（扣除準備）（附註 iii）	28,728	26,895
			–	–
			124,756	136,107
			9,500	9,500

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

23. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES (cont'd)

Notes:

- (i) The investment properties of the associates were revalued at 31st December, 2005 on the basis of a valuation carried out on that date by Norton Appraisals Limited, independent qualified professional surveyors not connected with the Group. Norton Appraisals Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conformed to The Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors was based on open market value basis. The Group recognised an interest in the fair value gain on the investment properties of the associates of HK\$92.5 million (net of deferred tax impact of HK\$19.6 million) as at 31st December, 2005. Details are set out in Note 10.
- (ii) Except for an amount of HK\$9,500,000 (2004: HK\$9,500,000) which bears interest at 6.75% (2004: 6.75%), the remaining balances of Interest-bearing advance to associates bear interest at Prime minus 2.75%. The advances are unsecured and the Group will not demand repayment within one year from the balance sheet date and are therefore considered as non-current. The directors of the Company consider that the carrying amount of advances to associates approximate to their fair values.
- (iii) The interest-free advances are unsecured and the Group will not demand repayment within one year from the balance sheet date and are therefore considered as non-current. The directors of the Company estimate the fair value of the interest-free advances by discounting their future cash flow at the prevailing market borrowing rate. The directors of the Company consider that the carrying amount of interest-free advances approximate to their fair values.

Particulars of the Group's principal associates at 31st December, 2005 are set out in Note 38.

23. 聯營公司權益／墊付聯營公司款項（續）

附註：

- (i) 聯營公司投資物業於二零零五年十二月三十一日按一家與本集團無關之獨立合資格專業測計師行普敦國際評估有限公司於該日進行之估值為基準而重估。普敦國際評估有限公司對於相關地點之同類型物業估值具有適合資格及近期之估值經驗。該項估值乃遵守香港測量師學會所頒布的物業估值準則（第一版），並按公開市值基準進行重估。本集團已確認聯營公司投資物業於二零零五年十二月三十一日之公平值收益權益92,500,000港元（扣除遞延稅項影響19,600,000港元）。有關詳情載於附註10。
- (ii) 除了一筆款項9,500,000港元（二零零四年：9,500,000港元）按年利率6.75厘（二零零四年：6.75厘）計算外，墊付聯營公司計息款項之餘款按最優惠利率減2.75厘計算。該筆墊款為無抵押，且本集團將不會於結算日起一年內要求還款，故該等墊款乃被視為非流動。本公司董事認為墊付聯營公司款項之賬面金額與公平值相若。
- (iii) 免息墊款為無抵押，且本集團將不會於結算日起一年內要求還款，因此被視為非流動。本公司董事按當時市場借款利率折現免息墊款未來現金流量而估計其公平值。本公司董事認為，免息墊款之賬面金額與公平值相若。

有關本集團於二零零五年十二月三十一日之主要聯營公司之詳情載於附註38。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

23. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES (cont'd)

The summarised financial information in respect of the Group's associates is set out below:

23. 聯營公司權益／墊付聯營公司款項（續）

本集團聯營公司之財務資料概述如下：

		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
			(重列)
Total assets	總資產	1,160,507	887,598
Total liabilities	總負債	(514,533)	(515,747)
Net assets	資產淨值	645,974	371,851
Group's share of net assets of associates	本集團所佔聯營公司資產淨值	246,345	160,255
Revenue	營業收入	36,681	28,888
Profit for the year	本年度溢利	274,106	17,568
Group's share of results of associates for the year (See Note 10)	本集團所佔本年度聯營公司之業績 (見附註 10)	100,977	6,014

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財務報表附註

截至二零零五年十二月三十一日止年度

24. OTHER FINANCIAL ASSETS

(a) DEBTORS, DEPOSITS AND PREPAYMENTS

THE GROUP AND THE COMPANY

The directors of the Company consider that the carrying amount of the Group's and Company's debtors approximates to their fair values.

THE GROUP

Included in debtors, deposits and prepayments are trade debtors of HK\$68,000 (2004: HK\$62,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings. The following is an aged analysis of trade debtors at the balance sheet date:

Within 30 days	三十日內
31 - 60 days	三十一日至六十日
Over 60 days	六十日以上

(b) BANK BALANCES AND CASH

The Group's and the Company's deposits carry interest rate at prevailing bank savings deposits rate and mature within 3 months. The directors of the Company consider that the carrying amount of the Group's and the Company's bank balances and cash approximates to their fair values.

24. 其他財務資產

(a) 應收賬項、按金及預付款項

本集團及本公司

本公司董事認為本集團及本公司之應收賬項之賬面金額與其公平值相若。

本集團

應收賬項、按金及預付款項包括應收貿易賬項約 68,000 港元（二零零四年：62,000 港元），主要為預先開立賬單並預期將於收取賬單時結算的應收租金。於結算日應收貿易賬項之賬齡分析如下：

	2005	2004
	HK\$'000	HK\$'000
	千港元	千港元
	14	24
	12	—
	42	38
	68	62

(b) 銀行結餘及現金

本集團及本公司之存款按當時之銀行存款利率計息，並於三個月內到期。本公司董事認為本集團及本公司之銀行結餘及現金之賬面金額與其公平值相若。

Notes to the Financial Statements

For the year ended 31st December, 2005

25. CREDITORS AND ACCRUALS

THE GROUP AND THE COMPANY

There were no trade payables included in creditors and accruals as at 31st December, 2005 and 2004.

The directors of the Company consider that the carrying amount of the Group's and the Company's creditors and accruals approximates to their fair values.

26. PROVISION FOR A LITIGATION CLAIM

THE GROUP AND THE COMPANY

A finance company (in liquidation) (the "finance company") served a writ and claimed against the Company for an amount of approximately HK\$8.4 million. The claim related to a margin loan granted to the Company for the dealing of securities between the years of October 1996 and January 1998. The Company filed a Defence and Counterclaim in December 2004 and the finance company also filed their Reply and Defence to Counterclaim in January, 2005. The Group made a provision of approximately HK\$8.4 million in 2004 for the claim. In January 2006, upon seeking legal advice including London QC opinion, the Company paid the finance company a sum of HK\$8.3 million for full and final settlement of all claims of the finance company. The settlement was made from the Company's internal resources without any adverse impact on its working capital position. Consent Summons was filed and an order from the High Court dated 20th January 2006 was sealed to record the discontinuance of the legal proceedings.

The directors of the Company consider that the carrying amount of the Group's and the Company's provision for litigation claim approximates to their fair values.

27. LOANS FROM MINORITY SHAREHOLDERS OF SUBSIDIARIES

THE GROUP

The loans are unsecured, non-Interest-bearing. The directors of the Company consider that the minority shareholders will not demand for repayment within one year from the balance sheet date and are therefore shown in the balance sheet as non-current. The directors of the Company estimate the fair value of the loans by discounting their future cash flow at the prevailing market borrowing rate and consider that the carrying amount of the Group's loans from minority shareholders of subsidiaries approximates to their fair values.

財務報表附註

截至二零零五年十二月三十一日止年度

25. 應付賬項及應計費用

本集團及本公司

於二零零五年及二零零四年十二月三十一日，應付賬項及應計費用並無包括應付貿易賬項。

本公司董事認為本集團及本公司之應付賬項及應計費用之賬面金額與其公平值相若。

26. 索償訴訟撥備

本集團及本公司

一間清盤中之財務公司（「財務公司」）向本公司提交令狀及向本公司追討一筆約 8,400,000 港元之金額。該筆追討金額乃關於一九九六年十月至一九九八年一月期間就買賣證券授予本公司之孖展貸款之申索。本公司已於二零零四年十二月提交抗辯書及反申索，而該財務公司亦已於二零零五年一月提交答辯書及反申索之抗辯書。本集團已於二零零四年就申索作出約 8,400,000 港元之撥備。本公司於徵求法律意見（包括倫敦御用大律師法律意見）後，於二零零六年一月就財務公司所有索償，向財務公司作出 8,300,000 港元之全數和最終清償。有關款項來自本公司之內部資源，因此不會對其營運資金狀況構成負面影響。本公司已呈交同意和解傳票，香港高等法院亦已於二零零六年一月二十日頒令以蓋章記錄終止該法律訴訟。

本公司董事認為，本集團及本公司索償訴訟撥備之賬面金額與其公平值相若。

27. 附屬公司少數股東貸款

本集團

該等貸款為無抵押及免息。本公司董事認為，少數股東將不會於結算日起一年內要求還款，因此於資產負債表列為非流動。本公司董事按當時市場借款利率折現該等貸款之未來現金流量而估計其公平值，並認為本集團來自附屬公司少數股東貸款之賬面金額與公平值相若。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

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28. ADVANCE FROM AN ASSOCIATE

The amount is unsecured, non-Interest-bearing. The directors of the Company consider that the associate will not demand for repayment within one year from the balance sheet date and is therefore shown in the balance sheet as non-current. The directors of the Company consider that the carrying amount of the Group's advance from an associate approximates to their fair values.

29. DEFERRED TAXATION LIABILITIES

The following are the major deferred taxation (liabilities) and assets recognised by the Group and movements thereon during the current and prior reporting periods:

28. 聯營公司墊款

該筆款項為無抵押及免息。本公司董事認為，聯營公司將不會於結算日起一年內要求還款，因此於資產負債表列為非流動。本公司董事認為本集團來自附屬公司墊款之賬面金額與公平值相若。

29. 遞延稅項負債

以下為本集團於本個及過往申報期間確認之主要遞延稅項（負債）與資產及其變動：

		Revaluation of investment properties	Accelerated tax depreciation	Tax losses	Total
		投資物業 重估	加速稅務 折舊	稅務虧損	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
At 1st January, 2004	於二零零四年一月一日	(1,906)	39	1,766	(101)
Credit (charge) to the income statement for the year (See Note 13)	撥入（扣自）本年度收益表（見附註 13）	-	97	(829)	(732)
Charge to investment property revaluation reserve for the year	自本年度投資物業重估儲備扣除	(606)	-	-	(606)
Released on disposal of investment properties	出售投資物業時解除	1,013	-	-	1,013
At 31st December, 2004	於二零零四年十二月三十一日	(1,499)	136	937	(426)
Application of HKAS 40 (See Note 3b)	應用香港財務報告準則第 40 號（見附註 3b）	(193)	-	-	(193)
At 1st January, 2005	於二零零五年一月一日	(1,692)	136	937	(619)
Credit (charge) to the income statement for the year (See Note 13)	撥入（扣自）本年度收益表（見附註 13）	193	(112)	(472)	(391)
At 31st December, 2005	於二零零五年十二月三十一日	(1,499)	24	465	(1,010)

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For the year ended 31st December, 2005

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29. DEFERRED TAXATION LIABILITIES (cont'd)

For the purpose of balance sheet presentation, certain deferred taxation assets and (liabilities) have been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

Deferred taxation assets	遞延稅項資產
Deferred taxation liabilities	遞延稅項負債

At the balance sheet date, the Group has unused tax losses of approximately HK\$209,817,000 (2004: HK\$217,270,000) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$2,654,000 (2004: HK\$5,353,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining taxation losses of approximately HK\$207,163,000 (2004: HK\$211,917,000) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

29. 遞延稅項負債 (續)

就資產負債表之呈列方式而言，若干遞延稅項資產及(負債)已經抵銷。作財務申報用途之遞延稅項結餘分析如下：

	2005	2004
	HK\$'000	HK\$'000
	千港元	千港元
	489	1,073
	(1,499)	(1,499)
	(1,010)	(426)

於結算日，本集團有未運用之稅務虧損約209,817,000港元（二零零四年：217,270,000港元）可用作抵銷未來溢利。已就該等虧損其中約2,654,000港元（二零零四年：5,353,000港元）確認遞延稅項資產。由於難以預測未來溢利多寡，故無就其餘之稅務虧損約207,163,000港元（二零零四年：211,917,000港元）確認遞延稅項資產。未確認之稅務虧損可能會永久結轉。

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財務報表附註

截至二零零五年十二月三十一日止年度

30. SHARE CAPITAL

30. 股本

		Number of shares	Share capital
		股份數目	股本
			HK\$'000
			千港元
Ordinary shares of HK\$0.01 each	每股面值 0.01 港元之普通股		
Authorised:	法定：		
At 31st December, 2004 and 2005	於二零零四年及二零零五年 十二月三十一日	50,000,000,000	500,000
Issued and fully paid:	已發行及繳足：		
At 31st December, 2004 and 1st January, 2005	於二零零四年十二月三十一日 及二零零五年一月一日	282,305,987	2,823
Allotted on share placing	於股份配售時配發	56,460,000	565
At 31st December, 2005	於二零零五年十二月三十一日	338,765,987	3,388

On 2nd February, 2005, 56,460,000 shares of the Company were issued and allotted to independent investors pursuant to a placing agreement entered into between the Company and its placing agent on 24th January, 2005.

於二零零五年二月二日，本公司根據其與配售代表於二零零五年一月二十四日訂立之配售協議，本公司向獨立投資者發行及配發 56,460,000 股股份。

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截至二零零五年十二月三十一日止年度

31. RESERVES

31. 儲備

		Contribution from shareholders	Share premium	Special capital reserve I & II 特別股本 儲備 I 及 II	Accumulated profits (losses) 累計 溢利 (虧損)	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元 (Note) (附註)	千港元	千港元
THE COMPANY	本公司					
At 1st January, 2004	於二零零四年一月一日	117,054	442,917	54,720	5,349	620,040
Loss for the year	本年度虧損	-	-	-	(108,553)	(108,553)
At 31st December, 2004 and 1st January, 2005	於二零零四年十二月三十一日 及二零零五年一月一日	117,054	442,917	54,720	(103,204)	511,487
Amount received from share placing	股份配售所得款項	-	53,072	-	-	53,072
Issue cost on share placing	股份配售之發行成本	-	(829)	-	-	(829)
Transfer upon issue of shares for share placing (Note)	於股份配售發行股份時 轉撥 (附註)	-	-	(54,720)	54,720	-
Profit for the year	本年度溢利	-	-	-	21,517	21,517
At 31st December, 2005	於二零零五年十二月三十一日	117,054	495,160	-	(26,967)	585,247

Note:

As part of the capital reorganisation, an order on petition dated 7th October, 2003 (the "Order") was issued by the High Court of Hong Kong Special Administrative Region of the People's Republic of China in connection with the reduction of the capital of the Company for an amount of HK\$296,536,000. Pursuant to the Order, the Company applied HK\$245,025,000 of the above amount to eliminate its accumulated losses as at 31st December, 2002 while the remaining balance of HK\$51,511,000 was included in a "Special Capital Reserve I" account.

The Company also undertook that any future recoveries of the advances to Super Series Limited, a former wholly-owned subsidiary of Company, which was disposed of under the Asset Transaction, beyond their written down value had to be credited to "Special Capital Reserve II". Accordingly, the gain on disposal of Super Series amounting to HK\$3,209,000 was included in this reserve.

附註：

作為股本重組一部份，中華人民共和國香港特別行政區高等法院於二零零三年十月七日就削減本公司股本 296,536,000 港元之呈請發出命令（「命令」）。根據命令，本公司運用了上述金額中 245,025,000 港元撇銷其於二零零二年十二月三十一日之累計虧損，餘下 51,511,000 港元撥入「特別股本儲備 I」賬目。

本公司亦已承諾，日後若收回墊付予本公司已根據資產交易出售之前全資附屬公司 Super Series Limited 之款項超出其已撇減之數值，則多出之部份須撥入「特別股本儲備 II」。因此，出售 Super Series 為數 3,209,000 港元之收益已撥入該項儲備。

Notes to the Financial Statements

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31. RESERVES (cont'd)

Note: (cont'd)

It was also provided in the Order that, notwithstanding the above undertaking, the amount standing to the credit of the Special Capital Reserve I & II might be reduced by the amount of any increase in the paid-up share capital or the amount standing to the credit of the share premium account of the Company as the result of the payment up of shares by the receipt of the new consideration or capitalization of distributable profits after 8th October, 2003, the effective date (the "effective date") for capital reduction.

The Company has increased its issued share capital and share premium account up to the requirement of the Order for reduction of the Special Capital Reserve I & II by the issue and allotment of shares for cash consideration from the effective date up to year ended 31st December, 2005. Accordingly, based on legal opinion, the total amount of HK\$54,720,000 standing to the credit of the Special Capital Reserve I & II can be totally reduced and transferred to the accumulated profits (losses) of the Company.

In the opinion of the directors of the Company, the Company had no reserves available for distribution as at 31st December, 2005 and 2004.

32. MAJOR NON-CASH TRANSACTIONS

During the year, the Group has the followings major non-cash transactions:

- (i) the Group applied for the voluntary winding-up of certain subsidiaries and the loan from the minority shareholders amounting to HK\$39,228,000 were written off;
- (ii) the Group has incurred costs for additions of properties under development of approximately HK\$23,151,000 of which approximately HK\$ 5,097,000 had not been paid as at 31st December, 2005 which was included in creditors and accruals ; and
- (iii) the Group has received dividend income of approximately HK\$14,000,000 from an associate by way of set off against the advance from the associate.

財務報表附註

截至二零零五年十二月三十一日止年度

31. 儲備 (續)

附註：(續)

命令亦有規定，儘管有上述承諾，本公司可於二零零三年十月八日（即削減股本之生效日期（「生效日期」）後因收取增加股本之新代價或將可供分派溢利撥充資本以支付股份款項，利用繳足股本所增加之金額或本公司股份溢價賬之餘額以削減特別股本儲備 I 及 II 之餘額。

由生效日期起至二零零五年十二月三十一日止年度，本公司因發行及配發股份所增加的已發行股本及股份溢價，已符合命令規定以發行及配發股份換取現金代價而削減特別儲備 I 及 II 的要求。因此，根據法律意見，特別儲備 I 及 II 的總額 54,720,000 港元可全數削減並將之轉撥至本公司之累計溢利（虧損）。

據本公司董事之意見，本公司於二零零五年及二零零四年十二月三十一日並無可供分派之儲備。

32. 主要非現金交易

年內，本集團曾進行下列主要非現金交易：

- (i) 本集團就若干附屬公司申請自願清盤，並已註銷來自少數股東貸款 39,228,000 港元；
- (ii) 本集團已產生添置發展中物業之成本約 23,151,000 港元，其中已計入應付賬項及應計費用約 5,097,000 港元於二零零五年十二月三十一日尚未支付；及
- (iii) 本集團透過抵銷聯營公司墊款而收取聯營公司股息收入約 14,000,000 港元。

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33. OPERATING LEASE COMMITMENTS

THE GROUP AS LESSEE

Minimum lease payments under operating leases in respect of office premises during the year

於本年度有關辦公室物業之營業租約最低租金

2005	2004
HK\$'000	HK\$'000
千港元	千港元

58	63
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At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

於結算日，本集團不可取消營業租約之未償還承擔於下列期間到期：

2005	2004
HK\$'000	HK\$'000
千港元	千港元

Within one year
In the second to fifth year inclusive

一年內
第二至第五年（包括首尾兩年）

10	58
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-	10
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10	68
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Operating lease payments represent rentals payable by the Group for certain of its office premises. Lease is negotiated for a fixed term of two years.

營業租約租金為本集團就其若干辦公室物業應付之租金。租約每兩年磋商一次。

THE GROUP AS LESSOR

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

本集團作為出租人

於結算日，本集團已就下列日後最低租金與租戶訂約：

2005	2004
HK\$'000	HK\$'000
千港元	千港元

Within one year
In the second to fifth year inclusive

一年內
第二至第五年（包括首尾兩年）

629	1,291
-----	-------

210	839
-----	-----

839	2,130
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The investment properties of the Group are expected to generate annual rental yields of 5% to 12% on an ongoing basis. All of the properties held have committed tenants not exceeding approximately three years.

物業預期將每年持續產生 5% 至 12% 的租金回報率。持有之物業均已與租戶訂立不超過約 3 年之租約。

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34. COMMITMENTS

THE GROUP

Commitments in respect of development expenditure of properties held for development contracted for but not provided in the financial statements

本集團

已訂約但尚未於財務報表撥備，有關持作發展物業開支之承擔

2005	2004
HK\$'000	HK\$'000
千港元	千港元

-	506
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THE COMPANY

The Company did not have any significant capital commitments at 31st December, 2005 and 2004.

本公司

於二零零五年及二零零四年十二月三十一日，本公司並無任何重大資本承擔。

35. RETIREMENT BENEFIT SCHEMES

The Group operates two retirement benefit schemes:

- (i) the provident fund scheme as defined in the Mandatory Provident Fund Scheme Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme"); and
- (ii) the provident fund scheme as defined in the Occupational Retirement Scheme Ordinance, Chapter 426 of the laws of Hong Kong (the "Top-up Scheme").

Both the MPF Scheme and the Top-up Scheme were defined contribution schemes and the assets of both schemes were managed by their respective trustees accordingly.

The MPF Scheme was available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK\$20,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefit was required by law to be preserved until the retirement age of 65. Forfeited contributions of MPF Scheme cannot be used by the Group to offset the existing level of contributions.

35. 退休福利計劃

本集團設有兩項退休福利計劃：

- (i) 香港法例第 485 章強積金計劃條例下界定之退休金計劃（「強積金計劃」）；及
- (ii) 香港法例第 426 章職業退休計劃條例下界定之退休金計劃（「補足計劃」）。

強積金計劃及補足計劃為定額供款計劃，該兩項計劃之資產據此均由各自之受託人管理。

強積金計劃可供所有 18 至 64 歲受僱於香港最少 60 日之本集團僱員參加。本集團根據僱員之有關入息作出 5% 之供款。就供款而言，有關入息上限為每月 20,000 港元。不論其於本集團之服務年期，僱員均可取得 100% 本集團供款連同應計回報，惟根據法例，有關利益將保留至退休年齡 65 歲方可領取。本集團不可動用強積金計劃下之已沒收供款，以抵銷現有之供款水平。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

35. RETIREMENT BENEFIT SCHEMES (cont'd)

The Top-up Scheme was available to those employees with basic salary over HK\$20,000 and/or years of service over 5. Contributions to the Top-up Scheme were made by the Group at 5%, 7.5% or 10% of staff's basic salary (depending on the length of service) less the Group's mandatory contribution under the MPF Scheme. Staff members were entitled to 100% of the Group's contributions together with accrued returns after completing 10 years of service or more, or attaining the retirement age, or were entitled at a reduced scale between 30% to 90% of the Group's contributions after completing a period of service of at least 3 years but less than 10 years. The Top-up Scheme allowed any forfeited contributions (made by the Group for any staff member who subsequently left the Top-up Scheme prior to vesting fully in such contributions) to be used by the Group to offset the current level of contributions of the Group.

The Group's cost for the MPF Scheme charged to consolidated income statement for the Year amounted to HK\$55,000 (2004: HK\$41,000).

During both years, no employee of the Group was entitled to the benefit of the Top-up Scheme and no contributions had been made by the Group to the Top-up Scheme.

35. 退休福利計劃（續）

補足計劃可供基本薪金超過 20,000 港元及／或年資超過五年之僱員參加。本集團乃根據僱員之基本薪金按其服務年期，作出 5%、7.5% 或 10% 之補足計劃供款，並減去本集團根據強積金計劃作出之強制性供款。僱員服務滿 10 年或以上或到退休年齡時可取得 100% 本集團供款連同應計回報，而服務年期滿 3 年但不足 10 年之僱員則可按遞減比例取得 30% 至 90% 本集團供款。補足計劃容許本集團將任何已沒收供款（即本集團就任何可獲得全部供款前退出補足計劃之僱員而作出之供款）用以抵銷本集團現有之供款水平。

本集團於年內就強積金計劃於綜合收益表扣除之費用為 55,000 港元（二零零四年：41,000 港元）。

於上述兩個年度內，本集團概無僱員受惠於補足計劃，而本集團對補足計劃亦無供款。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

36. RELATED PARTY TRANSACTIONS AND BALANCES

(a) TRANSACTIONS

During the year, the Group had the following transaction with its related parties:

Rental paid to a fellow subsidiary (Note i)	支付予同系附屬公司之租金 (附註 i)
Interest income on advances to associates (Note ii)	墊付聯營公司款項之利息收入 (附註 ii)
Imputed interest income relating to interest-free advance to an associate	墊付聯營公司免息款項之名義利息收入

Notes:

- (i) By a sub-lease agreement dated 29th March, 2004 entered into between the Company and Chinese Estates, Limited ("CEL"), a wholly-owned subsidiary of Chinese Estates, CEL agreed to sub-lease to the Company the office premises at Room 103, 1st Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong for two years commencing from 1st March, 2004 to 28th February, 2006 at a monthly rental of HK\$4,837.

This related party transaction also constituted continuing connected transaction de-minimise transaction, as defined in the Listing Rules.

- (ii) Interest was charged on outstanding balance during the year.

(b) BALANCE

Details of balances with related parties at the balance sheet date are set out in the consolidated balance sheet.

36. 關連人士交易及結餘

(a) 交易

年內，本集團曾與關連人士進行下列交易：

2005	2004
HK\$'000	HK\$'000
千港元	千港元
58	63
3,557	3,295
906	—
4,521	3,358

附註：

- (i) 根據本公司與華人置業之全資附屬公司華人置業有限公司（「華置」）於二零零四年三月二十九日訂立之分租協議，華置向本公司分租位於香港灣仔告士打道38號美國萬通大廈1樓103室之寫字樓物業，租期由二零零四年三月一日起至二零零六年二月二十八日止兩年，月租為4,837港元。

該關連人士交易按上市規則的定義亦構成持續關連人士交易及最低豁免規定交易。

- (ii) 利息根據年內尚欠結餘計算。

(b) 結餘

於結算日之關連人士交易結餘詳情載於綜合資產負債表。

Notes to the Financial Statements

For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The Directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the following list discloses only the particulars of those subsidiaries as at 31st December, 2005 which principally affect the results or assets of the Group.

37. 主要附屬公司詳情

董事會認為列出全部附屬公司資料會令篇幅過於冗長。故此，下表只披露於二零零五年十二月三十一日對本集團之業績或資產有重要影響之附屬公司之詳情。

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立或經營地點	Class of share / registered capital held 所持股份／註冊資本類別	Fully paid share capital / registered capital 繳足股本／註冊股本	Proportion of nominal value of paid-up capital / registered capital held by the Company 本公司所持繳足股本／註冊股本面值之百分比		Principal activity 主要業務
				Directly 直接	Indirectly 間接	
Comfort Tower Limited	Republic of Liberia 利比里亞共和國	Ordinary 普通股	US\$1 1 美元	—	100%	Investment holding 投資控股
Country Homes Limited	Hong Kong 香港	Ordinary 普通股 Non-voting deferred ordinary 無投票權遞延普通股 Non-voting deferred founder 無投票權遞延創人股	HK\$200 200 港元 HK\$164,400 164,400 港元 HK\$1,000 1,000 港元	—	100%	Property development 物業發展
Country Honour Limited 國賢有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2 港元	—	100%	Property development 物業發展
Farnell Venture Inc.	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1 美元	—	100%	Investment holding 投資控股
First Castle Limited	British Virgin Islands/ Hong Kong 英屬維爾京群島／香港	Ordinary 普通股	US\$1 1 美元	—	100%	Property investment 物業投資

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

37. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立 或經營地點	Class of share /registered capital held 所持 股份/註冊 資本類別	Fully paid share capital/ registered capital 繳足股本/ 註冊股本	Proportion of nominal value of paid-up capital/ registered capital held by the Company 本公司所持 繳足股本/註冊股本 面值之百分比		Principal activity 主要業務
				Directly 直接	Indirectly 間接	
Konshing Enterprises Limited 冠盛企業有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000 1,000 港元	–	51%	Property development 物業發展
Lucky Guide International Limited 冠林國際有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2 港元	–	51%	Property investment 物業投資
Moregift Investments Limited	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000 港元	100%	–	Property holding 物業持有
Sanewing Investments Limited 先榮投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000 港元	–	100%	Property investment 物業投資
Union Spark Investment Limited 彩裕投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2 港元	–	100%	Investment holding 投資控股
View Success Investments Limited 景亨投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2 港元	–	100%	Property investment and trading 物業投資及買賣

None of the subsidiaries had any loan capital subsisting at the end of the year or at anytime during the year.

概無任何附屬公司於年結時或本年度內任何時間存在任何借貸股本。

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For the year ended 31st December, 2005

財務報表附註

截至二零零五年十二月三十一日止年度

38. PARTICULARS OF PRINCIPAL ASSOCIATES

38. 主要聯營公司詳情

Name of associate 聯營公司名稱	Place of incorporation and operation 註冊成立及經營地點	Percentage of equity attributable to the Group 本集團應佔股權百分比	Principal activity 主要業務
Earn Elite Development Limited 盈才發展有限公司	Hong Kong 香港	50%	Property investment 物業投資
Finedale Industries Limited 廣坤實業有限公司	Hong Kong 香港	33 $\frac{1}{3}$ %	Property investment 物業投資
Healthy Point Limited 強邦有限公司	Hong Kong 香港	50%	Property investment 物業投資

Five Year Financial Summary

五年財務概要

Summary of the results, assets and liabilities of the Group for the last five years is as follows:

本集團過去五年之業績、資產及負債概列如下：

		For the year ended 31st December, 截至十二月三十一日止年度				
		2005 HK\$'000 千港元	2004 HK\$'000 千港元 (restated) (重列)	2003 HK\$'000 千港元 (restated) (重列)	2002 HK\$'000 千港元	2001 HK\$'000 千港元
RESULTS	業績					
Revenue	營業收入	3,370	18,870	890	1,198	4,612
Profit (loss) before taxation	稅前溢利 (虧損)	119,816	(168,416)	(776)	(15,624)	(47,133)
Taxation	稅項	(398)	(980)	558	-	503
Profit (loss) for the year	稅後溢利 (虧損)	119,418	(169,396)	(218)	(15,624)	(46,630)
Attributable to:	下列應佔：					
Equity holders of the Company	本公司股本持有人	121,518	(169,396)	(218)	(15,624)	(46,630)
Minority interests	少數股東權益	(2,100)	-	-	-	-
		119,418	(169,396)	(218)	(15,624)	(46,630)

		At 31st December, 於十二月三十一日				
		2005 HK\$'000 千港元	2004 HK\$'000 千港元 (restated)# (重列)	2003 HK\$'000 千港元 (restated)# (重列)	2002 HK\$'000 千港元	2001 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	資產總值	683,862	515,969	630,828	147,591	206,037
Total liabilities	負債總值	(17,713)	(64,400)	(61,076)	(72,430)	(115,252)
Total assets and liabilities	資產與負債總額	666,149	451,569	569,752	75,161	90,785
Minority interests	少數股東權益	965	40,312	45,100	45,100	45,100
Net assets to equity holders of the Company	本公司股本持有人應佔資產淨值	667,114	491,881	614,852	120,261	135,885
Net asset value per share (HK\$)	每股資產淨值 (港元)	1.97	1.60	2.02	1.26*	1.53*
Net assets per share to equity holders of the Company (HK\$)	本公司股本持有人應佔每股資產淨值 (港元)	1.97	1.74	2.18	2.02*	2.29*
Number of shares issued	已發行股份數目	338,765,987	282,305,987	282,305,987	59,426,106*	59,426,106*

Figures for year 2004 and 2003 have been adjusted to reflect the changes in accounting policies as described in Note 2 to the financial statements.

二零零四年及二零零三年之數字已經調整，以反映財務報表附註2所述之會計政策變動。

* Figures have been adjusted to reflect the effect of share consolidation in 2003.

* 數字已經進行調整，以反映二零零三年的股份合併的影響。

PROPERTIES IN HONG KONG

香港物業

A. Investment properties

投資物業

Location 地點	Inland lot number 內地段編號	Approx. gross floor area (square feet) 總建築面積約數 (平方呎)	Usage 用途	Group's interest 集團所佔權益
1. Unit B on 3rd Floor No. 1 South Lane Western District Hong Kong 香港西區 南里 1 號 3 樓 B 室	Certain parts or shares of and in Section A of Sub-section 1 of Section C and Sub-section 2 of Section C of Inland Lot No. 1300 內地段 1300 號 C 段 1 分段之 A 段及 C 段 2 分段之若干部份或份額	528 (saleable area) (可出售面積)	Residential 住宅	51%
2. Various Portions of No. 1 Hung To Road Kwun Tong Kowloon, Hong Kong (Comprising 403 workshop units and 77 car parking spaces) * excluding GFA of all car parking spaces 香港九龍觀塘 鴻圖道 1 號 若干單位 (包括 403 個工場單位及 77 個停車位) * 總建築面積不包括所有停車位	Certain parts or shares of and in Kwun Tong Inland Lot No. 415 觀塘內地段 415 號之若干部份或份額	545,581#	Industrial 工業	33 ¹ / ₃ %
3. Tuen Mun Centre Theatre Portion of Ground Floor 1st to 3rd Floors Flat Roof on 4th Floor Portion of external walls of theatre, Shops Nos. 14 and 16 on Ground Floor Nos. 2-8 Wo Ping Path Nos. 7-35 Yan Ching Street Tuen Mun, New Territories Hong Kong 屯門中心 香港新界屯門 和平徑 2-8 號、 仁政街 7-35 號地下、 1 樓至 3 樓戲院部份 4 樓平台、部份戲院外牆、 地下 14 號及 16 號商舖	Certain parts or shares of and in Castle Peak Town Lot No. 57 青山市地段 57 號之若干部份或份額	24,633	Commercial 商業	50%

PROPERTIES IN HONG KONG (cont'd)
香港物業 (續)

A. Investment properties (cont'd)

投資物業 (續)

Location 地點	Inland lot number 內地段編號	Approx. gross floor area (square feet) 總建築面積約數 (平方呎)	Usage 用途	Group's interest 集團所佔權益
<p>4. Gemstar Tower Unit C on 5th Floor Unit H on 6th Floor Unit C on 13th Floor and the Roof together with 50 Carpark Spaces on 1st to 3rd Floors No. 23 Man Lok Street Hung Hom, Kowloon Hong Kong * excluding GFA of all car parking spaces 駿昇中心 香港九龍紅磡 民樂街 23 號 5 樓 C 室、 6 樓 H 室、13 樓 C 室及 天台與及 1 樓至 3 樓 50 個停車位 * 總建築面積不包括所有停車位</p>	<p>Certain parts or shares of and in Hung Hom Inland Lot No. 545 紅磡內地段 545 號之若干 部份或份額</p>	53,267*	Godown 貨倉	100%

PROPERTIES IN HONG KONG (cont'd)
香港物業 (續)

A. Investment properties (cont'd)
投資物業 (續)

Location 地點	Inland lot number 內地段編號	Approx. gross floor area (square feet) 總建築面積約數 (平方呎)	Usage 用途	Group's interest 集團所佔權益
5. Inter-Continental Plaza The whole of 3rd Floor and the adjacent Flat Roof and the whole of 8th Floor No. 94 Granville Road Tsim Sha Tsui, Kowloon Hong Kong 明輝中心 香港九龍尖沙咀 加連威老道 94 號 3 樓全層及相連平台以及 8 樓全層	Certain parts or shares of and in Kowloon Inland Lot No. 10603 九龍內地段 10603 號之若干部份或份額	24,080	Commercial 商業	50%
6. Sim City of Chung Kiu Commercial Building Unit 301 on 3rd Floor Nos. 47-51 Shantung Street Mong Kok, Kowloon Hong Kong 中僑商業大廈 星際城市 香港九龍旺角 山東街 47-51 號 3 樓 301 室	Certain parts or shares of Kowloon Inland Lot No. 10253 九龍內地段 10253 號之若干部份或份額	453	Commercial 商業	100%

PROPERTIES IN HONG KONG (cont'd)
香港物業 (續)

A. Investment properties (cont'd)

投資物業 (續)

Location 地點	Inland lot number 內地段編號	Approx. site area (square feet) 地盤 面積約數 (平方呎)	Usage 用途	Group's interest 集團 所佔權益
7. So Shi Tau Clear Water Bay New Territories Hong Kong 香港新界 清水灣鎖匙頭	Certain parts or shares of and in Lot Nos. 2, 4, 7, 8 and 9 in Demarcation District 464, So Shi Tau Clear Water Bay New Territories, Hong Kong 香港新界清水灣鎖匙頭丈量約份 464 號地段 2、4、7、8 及 9 號之若干部份或份額	370,912	Agricultural * 農業	100%
8. Ma Yau Tong Sai Kung New Territories Hong Kong 香港新界 西貢馬游塘	The Remaining Portion of Lot No. 453 in Demarcation District 401, Po Lam Road Ma Yau Tong, Sai Kung New Territories Hong Kong 香港新界西貢馬游塘寶琳路丈量約份 401 號地段 453 號餘段	24,675	Agricultural * 農業	100%

* Land held for undetermined future use.
持有目前未落實未來用途之土地。

PROPERTIES IN HONG KONG (cont'd)
香港物業 (續)

B. Property held for sale

持作出售物業

Location 地點	Inland lot number 內地段編號	Approx. gross floor area (square feet) 總建築面積約數 (平方呎)	Usage 用途	Group's interest 集團所佔權益
1. Gemstar Tower Units C and D on 7th Floor Units A to G on 16th Floor No. 23 Man Lok Street Hung Hom, Kowloon Hong Kong 駿昇中心 香港九龍紅磡 民樂街 23 號 7 樓 C 及 D 室、 16 樓 A 至 G 室	Certain parts or shares of and in Hung Hom Inland Lot No. 545 紅磡內地段 545 號之若干 部份或份額	44,737	Godown 貨倉	100%
2. Meeco Industrial Building Canteen on Main Roof including the Flat Roof on the Upper Roof immediately thereabove and the Remaining Portion of the Flat Roof on the Main Roof Nos. 53-55 Au Pui Wan Street Sha Tin, New Territories Hong Kong 美高工業大廈 香港新界沙田 坳背灣街 53-55 號 主要天台之飯堂 (包括其上之高層天台平台) 及主要天台其餘部份平台	Certain parts or shares of and in Sha Tin Town Lot No. 171 沙田市地段 171 號之若干 部份或份額	4,400 (saleable area) (可出售面積)	Industrial 工業	100%

PROPERTIES IN HONG KONG (cont'd)
香港物業 (續)

C. Property held for development

持作發展物業

Location 地點	Inland lot number 內地段編號	Approx. site area (square feet) 地盤面積 約數 (平方呎)	Usage 用途	Group's interest 集團 所佔權益
1. No. 34 Hill Road Western District Hong Kong 香港西區 山道 34 號	The Remaining Portion of Section C and Remaining Portion of Sub-section 1 of Section C of Inland Lot No. 1300 內地段 1300 段 C 段餘段及 C 段 1 分段餘段	2,146 (site area) (地盤面積)	Residential* 住宅	51%

* The property comprises a 7-storey building completed in 1958, which was held by the Group for future redevelopment purpose. The property was reclassified under prepaid lease payments upon application of HKAS 17.

該物業包括一幢建於 1958 年七層高住宅，被本集團持有作為未來重建之用。應用香港會計準則第十七號時該物業被重新分類至預付租賃款項。