

CHI CHEUNG INVESTMENT COMPANY, LIMITED
至祥置業有限公司

Stock Code 股份代號 : 112

2006
Annual Report
二零零六年年報

Contents

目錄

CORPORATE INFORMATION	公司資料	2
PROFILES OF DIRECTORS AND SENIOR EXECUTIVES	董事及高級行政人員簡介	4
CHAIRMAN'S STATEMENT	主席報告書	6
FINANCIAL OPERATION REVIEW	財務業務回顧	8
DIRECTORS' REPORT	董事會報告書	11
CORPORATE GOVERNANCE REPORT	企業管治報告書	23
INDEPENDENT AUDITORS' REPORT	獨立核數師報告書	37
CONSOLIDATED INCOME STATEMENT	綜合收益表	39
CONSOLIDATED BALANCE SHEET	綜合資產負債表	40
BALANCE SHEET	資產負債表	41
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	綜合股本權益變動報表	42
CONSOLIDATED CASH FLOW STATEMENT	綜合現金流量表	44
NOTES TO THE FINANCIAL STATEMENTS	財務報表附註	46
FIVE-YEAR FINANCIAL SUMMARY	五年財務概要	101
SCHEDULE OF PRINCIPAL PROPERTIES	主要物業附表	102

DIRECTORS

Matthew Cheong, Veng-va (*Chairman*)
Teresa Poon, Mun-chie (*Chief Executive Officer*)
Lai, Yun-hung *
Mok, Hon-sang *
Wong, Tik-tung *

* *Independent Non-executive Directors*

AUDIT COMMITTEE

Lai, Yun-hung
Mok, Hon-sang
Wong, Tik-tung

REMUNERATION COMMITTEE

Lai, Yun-hung
Mok, Hon-sang
Wong, Tik-tung

COMPANY SECRETARY

Lam, Kwong-wai

QUALIFIED ACCOUNTANT

Lam, Kwong-wai

SOLICITORS

Sit, Fung, Kwong & Shum

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

董事

昌榮華 (主席)
潘敏慈 (行政總裁)
賴恩雄 *
莫漢生 *
汪滌東 *

* 獨立非執行董事

審核委員會

賴恩雄
莫漢生
汪滌東

薪酬委員會

賴恩雄
莫漢生
汪滌東

公司秘書

林光蔚

合資格會計師

林光蔚

律師

薛馮鄭岑律師行

核數師

國衛會計師事務所
英國特許會計師
香港執業會計師
香港中環
畢打街11號
置地廣場
告羅士打大廈31樓

PRINCIPAL BANKERS

Chong Hing Bank Limited
Standard Chartered Bank (Hong Kong) Limited

主要往來銀行

創興銀行有限公司
渣打銀行(香港)有限公司

REGISTERED OFFICE

26th Floor, MassMutual Tower
38 Gloucester Road
Wanchai, Hong Kong

註冊辦事處

香港灣仔
告士打道38號
美國萬通大廈26樓

REGISTRAR AND TRANSFER OFFICE

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

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

WEBSITE

<http://www.chicheung.com>

網址

<http://www.chicheung.com>

STOCK CODE

112

股份代號

112

BOARD LOT

2,000 Shares

買賣單位

2,000 股

INVESTOR RELATIONS

For enquiries relating to investor relations, please contact:
Investor Relations Manager
Tel: (852) 2866 6999
Fax: (852) 2866 2822
(852) 2866 2833

投資者關係

有關投資者關係之查詢，請聯絡：
投資者關係經理
電話：(852) 2866 6999
傳真：(852) 2866 2822
(852) 2866 2833

EXECUTIVE DIRECTORS

Mr. Matthew CHEONG, Veng-va, aged 49, has been an Executive Director and the Chairman of the Company since March 2006. Mr. Cheong holds a Bachelor Degree (Honours) 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 21 years of experience in the management and operations.

Ms. Teresa POON, Mun-chie, aged 36, has been an Executive Director and the Chief Executive Officer of the Company since March 2006. Ms. Poon holds a Bachelor Degree in Architectural Studies and a Master Degree in Architecture. She is a registered architect in Hong Kong and an authorized person under the List of Architects of the Building Authority. Ms. Poon has over 11 years of experience in the management and development of property projects.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAI, Yun-hung, aged 55, has been an Independent Non-executive Director and a member of the audit committee and remuneration committee of the Company respectively since December 2006. Mr. Lai is a partner of Lai & Wong, Certified Public Accountants. He has over 25 years of experience in audit and provision of tax advice in audit firms, with exposure in listed and unlisted companies engaging in various industries including banks, financial institutions, manufacturing and trading companies, travel agencies and solicitors' firms. Mr. Lai is an associate member of The Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and of the Hong Kong Institute of Certified Public Accountants respectively. He is also an independent non-executive director of Lung Cheong International Holdings Limited, a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. MOK, Hon-sang, aged 58, joined the Company in 2004. He is a member of the audit committee and remuneration committee of the Company. Mr. Mok is the managing director of Cafe Royce Limited. Mr. Mok has engaged in retailing, financing, property investment and development for over 27 years.

執行董事

昌榮華先生，49歲，自二零零六年三月起為本公司之執行董事及主席。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。昌先生及管理及營運方面累積逾二十一年經驗。

潘敏慈小姐，36歲，自二零零六年三月起為本公司之執行董事及行政總裁。潘小姐持有建築學學士學位及建築系碩士學位。彼為香港註冊建築師及建築事務監督認可之建築師名單內之認可人士。潘小姐在物業項目管理及發展方面累積逾十一年經驗。

獨立非執行董事

賴恩雄先生，55歲，自二零零六年十二月起為本公司之獨立非執行董事、審核委員會成員及薪酬委員會成員。賴先生為執業會計師行賴恩雄、黃恩敬會計師行之合夥人。彼於核數公司審核及提供稅務意見累積逾二十五年經驗，具有不同行業之上市及非上市公司（包括銀行、金融機構、製造及貿易公司、旅行社及律師行）之工作經驗。賴先生分別為英格蘭及威爾斯特許會計師公會會員、英國特許公認會計師公會資深會員及香港會計師公會資深會員。彼亦為龍昌國際控股有限公司之獨立非執行董事，該公司之股份於香港聯合交易所有限公司（「聯交所」）上市。

莫漢生先生，58歲，自二零零四年起加盟本公司。彼為本公司之審核委員會及薪酬委員會成員。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、財務以及物業投資和發展逾二十七年。

INDEPENDENT NON-EXECUTIVE DIRECTORS (cont'd)

Mr. WONG, Tik-tung, aged 50, joined the Company in 2004. He is the Chairman of the audit committee and remuneration committee of the Company. 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 in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. WANG, Jian-guo, aged 60, joined the Company in 2004. He was a member of the audit committee and remuneration committee of the Company. Mr. Wang resigned as the Independent Non-executive Director on 1st December, 2006 due to personal consideration for retirement. He graduated from Harbin Engineering Institute and is an economist. He is an independent non-executive director of United Metals Holdings Limited, 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 22 years of experience in property and corporate development and investment.

SENIOR EXECUTIVE

Mr. LAM, Kwong-wai, aged 51, joined the Company in 2000 and is the Group Financial Controller and Company Secretary of the Company, Chinese Estates Holdings Limited (the holding company of the Company) and G-Prop (Holdings) Limited (a fellow subsidiary of the Company). Mr. Lam is a qualified accountant and holds a Master Degree in Business Administration. He has over 29 years of experience in auditing, finance and accounting.

獨立非執行董事 (續)

汪滌東先生，50歲，自二零零四年起加盟本公司。彼為本公司之審核委員會及薪酬委員會主席。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。

王建國先生，60歲，於二零零四年加盟本公司。彼曾為本公司之審核委員會及薪酬委員會成員。王先生因為個人考慮退休之緣故，於二零零六年十二月一日辭任為本公司之獨立非執行董事。彼畢業於哈爾濱工程學院，並為經濟師。彼為科鑄技術集團有限公司之獨立非執行董事，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二十二年經驗。

高級行政人員

林光蔚先生，51歲，於二零零零年加盟本公司，現任本公司、Chinese Estates Holdings Limited（本公司之母公司）及金匡企業有限公司（本公司之同系附屬公司）之集團財務總監及公司秘書。林先生為專業會計師，持有工商管理碩士學位。彼在核數、財務及會計方面累積逾二十九年經驗。

I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2006 (the "Year") to the shareholders.

RESULTS

Profit attributable to equity holders of the Company for the Year was HK\$94.3 million (2005: HK\$121.5 million). Earnings per share for the Year recorded at HK27.85 cents (2005: HK36.40 cents).

DIVIDENDS

No dividend was paid or proposed during the years 2006 and 2005, nor has any dividend been proposed since the balance sheet date.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 9th May, 2007 to 15th May, 2007, both days inclusive. For the purpose of ascertaining the members' entitlement to the attendance of the forthcoming annual general meeting of the Company, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, namely Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 8th May, 2007.

BUSINESS REVIEW

Investment Properties and Properties Held for Sale

Gemstar Tower, Hung Hom (100%) – The extension works for the addition of 2 godown storeys above 16th floor had been completed and occupation permit had been issued in July 2006. The property is currently a 19-storey godown building. During the Year, the Group has entered into respective sale and purchase agreements to dispose of 4 godown units. As at 31st December, 2006, the Group held 25 godown units on various floors with a total gross floor area of approximately 124,125 square feet and 50 carparking spaces. As at 31st December, 2006, the occupancy rate of godown was 10.96%.

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, 2006, the two office floors were fully let.

本人欣然向股東呈報本公司及其附屬公司（「本集團」）截至二零零六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之應佔溢利為94,300,000港元（二零零五年：121,500,000港元）。本年度每股盈利為27.85港仙（二零零五年：36.40港仙）。

股息

本公司於二零零六年及二零零五年概無派發或建議派發任何股息，自結算日以來亦無建議派發任何股息。

暫停辦理股東登記手續

本公司將自二零零七年五月九日起至二零零七年五月十五日止（包括首尾兩天在內）暫停辦理股東登記手續。為確定股東出席本公司應屆股東週年大會的資格，所有股份過戶文件連同有關股票必須於二零零七年五月八日下午四時三十分前交回本公司的香港股份過戶登記處秘書商業服務有限公司，地址為香港皇后大道東28號金鐘匯中心26樓。

業務回顧

投資物業及持作出售物業

紅磡駿昇中心(100%)—16樓上蓋額外兩個貨倉樓層之擴建工程已完成，並於二零零六年七月獲發入伙紙。該物業現為一幢19層的貨倉大廈。年內，本集團就出售4個貨倉單位分別訂立買賣協議。於二零零六年十二月三十一日，本集團持有多个樓層共25個貨倉單位，總樓面面積約為124,125平方呎，並持有50個車位。於二零零六年十二月三十一日，貨倉的出租率為10.96%。

尖沙咀明輝中心(50%)—該物業為一幢15層之商業大廈。本集團擁有兩個辦公樓層及平台的權益，總樓面面積分別約為22,204平方呎及1,876平方呎。於二零零六年十二月三十一日，該兩個辦公樓層已經全部租出。

BUSINESS REVIEW (cont'd)

Investment Properties and Properties Held for Sale (cont'd)

No. 1 Hung To Road, Kwun Tong (33¹/₃%) – The property is a 33-storey industrial building. 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, 2006.

POST BALANCE SHEET EVENT

As contained in the Company's announcement on 13th September, 2006 and the circular dated 4th October, 2006, the Group entered into a sale and purchase agreement to dispose of an investment property at a consideration of HK\$11.2 million. The disposal had been completed on 28th February, 2007 and did not result in significant gain or loss based on the book value of the investment property as at 31st December, 2006.

PROSPECTS

The Hong Kong economy is anticipated to maintain constant growth in 2007. The Hong Kong investment property market should continue to be positive.

The cash position of the Group remained strong for the Year. The commercial sector is expected to regain rental growth for the year 2007. Barring the unforeseen circumstances, the overall outlook of the Group should remain positive. Looking forward, the Group will continue to be flexible in business expansion to cope with the rapid change in economic environment.

APPRECIATION

I would like to take this opportunity to thank the shareholders of their continuing support. I also thank my fellow directors and staff members for their dedication and hard work.

On behalf of the Board
Matthew Cheong, Veng-va
Chairman

Hong Kong, 13th March, 2007

業務回顧 (續)

投資物業及持作出售物業 (續)

觀塘鴻圖道1號(33¹/₃%)—該物業為一幢33層的工業大廈。於二零零六年十二月三十一日，本集團擁有若干樓層之多個單位的權益，總樓面面積約為545,581平方呎，並擁有77個車位。

結算日後事項

根據本公司於二零零六年九月十三日之公布及日期為二零零六年十月四日之本公司通函所述，本集團就出售一項投資物業訂立買賣協議，代價為11,200,000港元。該項出售交易已於二零零七年二月二十八日完成，且按照投資物業於二零零六年十二月三十一日之賬面值計算，並無引致重大盈利或虧損。

展望

預期香港經濟將於二零零七年持續增長。香港投資物業市場應繼續向好。

於年內，本集團維持充裕的現金狀況。預期商廈的租金將於二零零七年重拾升勢。除未能預見的情況外，本集團的整體前景將仍然樂觀。展望未來，本集團將繼續因應經濟環境的急劇轉變而靈活拓展業務。

致謝

本人謹藉此機會對股東一直以來的鼎力支持及全體董事和員工竭誠為本集團效力深表謝意。

代表董事會
主席
昌榮華

香港，二零零七年三月十三日

RESULTS

Turnover of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2006 (the "Year") fell slightly by 14% to HK\$2.9 million, down from HK\$3.4 million in the year 2005. The fall in turnover was due to decrease in rental income as a result of drop in occupancy rate caused by the building extension work at Gemstar Tower during the year. Gross profit for the Year amounted to HK\$1.7 million compared to HK\$2 million of last year, representing a 17% drop.

Fair value changes on investment properties for the Year amounted to HK\$14.9 million, representing more than three-fold increase over HK\$4.6 million recorded in 2005.

Included in current year results are net allowance for impairment loss on amounts due from associates and former associates of HK\$12.6 million (2005: write-backs of allowance of HK\$9.7 million).

Share of the results of associates for the Year recorded at HK\$84.9 million, down by HK\$16.1 million from HK\$101 million in 2005. This result reflected relatively slow down of the increase in the fair value gain on investment properties held by the associates. The Group shared from associates an increase in fair value on investment properties, net of deferred tax impact, of HK\$80.4 million (2005: HK\$92.5 million). No properties disposal was recorded by associates during the year while the Group shared gain on disposal of investment properties of HK\$6.3 million from an associate in 2005.

Profit attributable to equity holders of the Company for the Year was HK\$94.3 million (2005: HK\$121.5 million). Earnings per share for the Year recorded at HK27.85 cents (2005: HK36.40 cents).

NET ASSET VALUE

As at 31st December, 2006, net asset value attributable to equity holders of the Company amounted to HK\$761.5 million, representing an increase of HK\$94.4 million or 14% compared to HK\$667.1 million in preceding year. The increase was due to profit retained for the Year. Net asset value per share to equity holders of the Company was HK\$2.25 (2005: HK\$1.97).

業績

本公司及其附屬公司（「本集團」）截至二零零六年十二月三十一日止年度（「本年度」）之營業額較二零零五年度之3,400,000港元輕微下跌14%至2,900,000港元。營業額跌幅原因為駿昇中心於本年度進行擴建工程導致出租率下跌，致使租金收入減少。本年度之毛利達1,700,000港元，較去年2,000,000港元下跌17%。

本年度投資物業之公平值變動達14,900,000港元，較二零零五年錄得之4,600,000港元增加超過三倍。

本年度業績亦包括聯營公司及前聯營公司欠款準備之減值虧損撥回淨額12,600,000港元（二零零五年：撥回準備9,700,000港元）。

本年度應佔聯營公司業績為84,900,000港元，較二零零五年之101,000,000港元下跌16,100,000港元，反映聯營公司所持有投資物業之公平值收益增幅放緩。本集團所佔聯營公司持有投資物業之公平值增加為80,400,000港元（已扣除遞延稅項之影響），（二零零五年：92,500,000港元）。於本年度，聯營公司並無錄得物業出售，而本集團則於二零零五年錄得佔聯營公司出售投資物業之收益6,300,000港元。

本公司股本持有人於本年度之應佔溢利為94,300,000港元（二零零五年：121,500,000港元）。本年度每股盈利為27.85港仙（二零零五年：36.40港仙）。

資產淨值

於二零零六年十二月三十一日，本公司股本持有人應佔資產淨值為761,500,000港元，較前一年之667,100,000港元上升94,400,000港元或14%。增幅為本年度保留溢利所致。本公司股本持有人應佔每股資產淨值為2.25港元（二零零五年：1.97港元）。

DEBT AND GEARING

The Group continued to maintain a strong capital and cash position for the Year. As at 31st December, 2006, cash and bank balances amounted to HK\$187.9 million (31st December, 2005: HK\$195.1 million). The moderate decrease was mainly due to payment of development expenditure for building extension work carried out at Gemstar Tower. The Group did not have any bank borrowings for both years. 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, 2006, no assets were pledged by the Group to secure any banking facility and the Group did not have any obligation under banking facility documentation.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31st December, 2006.

FINANCIAL AND INTEREST INCOME/EXPENSES

Interest income for the Year amounted to HK\$12.8 million, representing an increase of HK\$3.4 million compared to HK\$9.4 million in 2005. The increase in interest income was attributable to higher average deposit rate during the Year. The Group recorded imputed interest expenses on interest-free loans from the minority shareholders of subsidiaries of HK\$0.1 million (2005: HK\$2.1 million).

債務及資本與負債比率

本集團於本年度繼續維持充裕之資本及現金狀況。於二零零六年十二月三十一日，現金及銀行結存為187,900,000港元（二零零五年十二月三十一日：195,100,000港元）。溫和跌幅主要是就駿昇中心進行擴建工程而支付之發展開支所致。本集團於兩年度並無任何銀行借貸。本集團於本年度之大部分收入以港元計值及未就非港元資產或投資進行對沖。

資產抵押

於二零零六年十二月三十一日，本集團並無將任何資產抵押以取得銀行信貸，而本集團概無任何根據銀行信貸文件須履行之責任。

或然負債

於二零零六年十二月三十一日，本集團並無任何重大或然負債。

財務及利息收入／支出

本年度之利息收入為12,800,000港元，較二零零五年之9,400,000港元增加3,400,000港元。利息收入之升幅乃因本年度之平均存款利率有所增加。本集團錄得附屬公司少數股東免息貸款之名義利息開支100,000港元（二零零五年：2,100,000港元）。

REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31st December, 2006, the Group employed a total of 12 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 by the Group 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, 2006 and that valuation was used in preparing this year's financial statements. The Group's investment properties were valued at HK\$63.4 million, the net increase in fair value of approximately HK\$14.9 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\$80.4 million (net of deferred tax impact of HK\$16.6 million). Development properties and non-investment properties were stated at cost less impairment, if any, in the financial statements.

酬金政策及購股權計劃

於二零零六年十二月三十一日，本集團共僱用十二名職員。僱員按其表現、經驗及現行市場慣例給予酬金。酬金（包括薪金及年終酌情花紅）乃根據市況及個人表現釐定。本公司董事將繼續檢討僱員之貢獻及向他們提供所需之獎勵及彈性，使其更投入工作及有更佳表現。本年度本集團並未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二零零六年十二月三十一日持有之投資物業進行物業估值。有關估值乃用以編製本年度之財務報表。本集團投資物業之估值為63,400,000港元，公平值之淨增長約為14,900,000港元，並已列入本年度之收益表中。本集團亦分佔聯營公司投資物業80,400,000港元之公平值增長（扣除16,600,000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" or "Board") 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, 2006 (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, 2006 are set out in notes 39 and 40 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 39.

No interim dividend was declared for the Year (2005: Nil) and the Board did not recommend any payment of final dividend for the Year (2005: Nil).

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to profit for the Year by principal activities is set out in note 6 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 101.

INVESTMENT PROPERTIES

Movements in the investment properties during the Year are set out in note 16 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment during the Year are set out in note 17 to the financial statements.

本公司董事（「董事」或「董事會」）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」）截至二零零六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二零零六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39及40。

業績及分配

本集團於本年度之業績載於第39頁之綜合收益表。

本年度並無宣派中期股息（二零零五年：無）而董事會亦不建議派發本年度之末期股息（二零零五年：無）。

分類資料

本集團按主要業務劃分之本年度營業額及溢利分析載於財務報表附註6。

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101頁內。

投資物業

投資物業於年內之變動載於財務報表附註16。

物業、廠房及設備

物業、廠房及設備於年內之變動情況載於財務報表附註17。

PROPERTIES HELD FOR DEVELOPMENT

Movements in the properties held for development during the Year are set out in note 18 to the financial statements.

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18。

PROPERTY INTERESTS HELD FOR DEVELOPMENT

Movements in the property interests held for development during the Year are set out in note 19 to the financial statements.

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19。

PREPAID LEASE PAYMENTS

Movements in the prepaid lease payments during the Year are set out in note 20 to the financial statements.

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20。

PRINCIPAL PROPERTIES

Details of the principal properties of the Group at 31st December, 2006 are set out on pages 102 to 106.

主要物業

本集團於二零零六年十二月三十一日之主要物業詳情載於第102至106頁內。

SHARE CAPITAL

Movements in the share capital of the Company during the Year are set out in note 32 to the financial statements.

股本

本公司之股本於年內之變動載於財務報表附註32。

RESERVES

Movements in the reserves of the Group and the Company during the Year are set out on page 42 and in note 33 to the financial statements respectively.

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42頁及財務報表附註33。

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.

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。

CHARITABLE DONATIONS

During the Year, no charitable donations have been made by the Group (2005: Nil).

慈善捐款

年內，本集團概無作出慈善捐款（二零零五年：無）。

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers contributed approximately 63% and 98% of the Group's total purchases for the Year.

The aggregate turnover attributable to the Group's largest customer and five largest customers accounted for 14% and 38% of the Group's total turnover for the Year.

None of the Directors, their associates, or any shareholders of the Company (which to the knowledge of the 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. Matthew Cheong, Veng-va (*Chairman*)

(appointed on 29th March, 2006)

Ms. Teresa Poon, Mun-chie (*Chief Executive Officer*)

(appointed on 29th March, 2006)

Mr. Thomas Lau, Luen-hung (*Chairman*)

(resigned on 29th March, 2006)

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

(resigned on 29th March, 2006)

Independent Non-executive Directors:

Mr. Lai, Yun-hung

(appointed on 1st December, 2006)

Mr. Mok, Hon-sang

Mr. Wong, Tik-tung

Mr. Wang, Jian-guo

(resigned on 1st December, 2006)

In accordance with Articles 92 and 101 of the Company's Articles of Association, Mr. Lai, Yun-hung and Mr. Wong, Tik-tung 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).

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63%及98%。

本年度本集團累計之最大客戶及五大客戶應佔之營業總額分別佔本集團營業總額之14%及38%。

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：

昌榮華先生（主席）

（於二零零六年三月二十九日獲委任）

潘敏慈小姐（行政總裁）

（於二零零六年三月二十九日獲委任）

劉鑾鴻先生（主席）

（於二零零六年三月二十九日辭任）

劉鑾雄先生（行政總裁）

（於二零零六年三月二十九日辭任）

獨立非執行董事：

賴恩雄先生

（於二零零六年十二月一日獲委任）

莫漢生先生

汪滌東先生

王建國先生

（於二零零六年十二月一日辭任）

根據本公司組織章程細則第92及101條之規定，賴恩雄先生及汪滌東先生將告退，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 EXECUTIVE(S)' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st December, 2006, none of the Directors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of 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 under 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 (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the Year, none of the Directors or chief executive(s) 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 its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 31st December, 2006, so far as are known to any Director or chief executive of the Company, 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:

Name 名稱	Number of Shares (ordinary share) 股份數目 (普通股)	Capacity 身份	Percentage of Issued Share Capital 已發行股本百分比
Billion Up Limited	209,931,186 (note 1) (附註1)	Beneficial Owner 實益擁有人	61.96%
Lucky Years Ltd.	209,931,186 (note 1) (附註1)	Interest in Controlled Corporation 於受控制公司之權益	61.96%
Chinese Estates Holdings Limited 華人置業集團	209,931,186 (note 1) (附註1)	Interest in Controlled Corporation 於受控制公司之權益	61.96%

董事及最高行政人員於本公司及相關法團之證券權益

於二零零六年十二月三十一日，董事或最高行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部所指的相聯法團）之股份、相關股份或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香港聯合交易所有限公司證券上市規則（「上市規則」）所載《上市發行人董事進行證券交易的標準守則》（「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」）之任何權益或淡倉。年內，董事或最高行政人員以及彼等之配偶或十八歲以下子女概無獲授予或已行使任何可認購本公司及其相關法團任何證券之權利。

主要股東於本公司之證券權益

據董事及最高行政人員所知悉，於二零零六年十二月三十一日，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另行知會本公司，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（董事或最高行政人員除外）如下：

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 名稱	Number of Shares (ordinary share) 股份數目 (普通股)	Capacity 身份	Percentage of Issued Share Capital 已發行股本百分比
Mr. Joseph Lau, Luen-hung 劉鑾雄先生	209,931,186 (note 2) (附註2)	Interest in Controlled Corporation 於受控制公司之權益	61.96%
Global King Ltd.	209,931,186 (note 3) (附註3)	Trustee 信託人	61.96%
GZ Trust Corporation	209,931,186 (note 3) (附註3)	Trustee and Beneficiary of a Trust 信託人及一項信託之受益人	61.96%
Mr. Li Ka-shing 李嘉誠先生	20,833,142 (notes 4 & 5) (附註4及5)	Founder of Discretionary Trusts and Interest of Controlled Corporations 酌情信託之創立人及 受控制公司之權益	6.15%
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%

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 名稱	Number of Shares (ordinary share) 股份數目 (普通股)	Capacity 身份	Percentage of Issued Share Capital 已發行股本百分比
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%

Notes:

1. Billion Up Limited is a wholly-owned subsidiary of Lucky Years Ltd., which in turn is a wholly-owned subsidiary of Chinese Estates Holdings Limited ("Chinese Estates"). By virtue of the SFO, Lucky Years Ltd. and Chinese Estates were deemed to be interested in the 209,931,186 shares of the Company held by Billion Up Limited.
2. Mr. Joseph Lau, Luen-hung, by virtue of his approximately 47.07% interests in the issued share capital of Chinese Estates, was deemed to be interested in the same interests stated against Chinese Estates under the SFO.
3. GZ Trust Corporation as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. is the trustee. Global King Ltd. is 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 by virtue of the SFO.

附註:

1. Billion Up Limited為Lucky Years Ltd.之全資附屬公司，而後者為華人置業集團（「華人置業」）之全資附屬公司。根據證券及期貨條例，Lucky Years Ltd.及華人置業均被視為擁有Billion Up Limited持有之209,931,186股本公司股份之權益。
2. 根據證券及期貨條例，劉鑾雄先生於華人置業已發行股本中擁有約47.07%權益，因此被視為擁有華人置業所擁有之權益。
3. GZ Trust Corporation（作為一項酌情信託之信託人）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，根據證券及期貨條例，Global King Ltd.及GZ Trust Corporation被視為擁有華人置業所擁有之權益。

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

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.

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, Mr. Li Ka-shing, being the settlor of DT1 and DT2 may be regarded as a founder of DT1 and DT2 and for the purpose of the SFO, each of Mr. Li Ka-shing, 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, 2006, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

主要股東於本公司之證券權益 (續)

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 股本公司股份之權益。
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。

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」) (另一酌情信託 (「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，李嘉誠先生身為 DT1 及 DT2 之財產授予人，可被視為 DT1 及 DT2 之創立人；李嘉誠先生、TDT1、TDT2、TUT1 及長實就證券及期貨條例而言個別被視為擁有 Primetek 持有之 20,833,142 股本公司股份。

上述所有權益均為好倉。於二零零六年十二月三十一日，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。

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 non-exempted connected transactions or non-exempted continuing connected transactions under the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31st December, 2006, none of the Directors were interested in any business, which competed or was likely to compete, either directly or indirectly, with the Company's businesses.

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

根據上市規則，本公司於年內概無須予披露之非豁免關連交易或非豁免持續關連交易。

董事於競爭性業務之權益

於二零零六年十二月三十一日，董事概無於與本公司業務直接或間接構成競爭或可能構成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 Schemes Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme"); and
- (2) the provident fund scheme as defined in the Occupational Retirement Schemes 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.

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.

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。

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。

RETIREMENT BENEFIT SCHEMES (cont'd)

The Group's cost for the MPF scheme charged to consolidated income statement for the Year amounted to HK\$87,000 (2005: HK\$55,000).

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.

ADVANCES TO ENTITIES

As at 31st December, 2006, the Group had made advances to associated companies of approximately HK\$191 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, details of the loans advanced to the entities as at 31st December, 2006 were as below:

Name of associated companies 聯營公司名稱	Attributable interest held by the Group 本集團持有之應佔權益 %	Interest rates 利率 %	Interest-bearing 計息 HK\$'000 千港元	Non-interest bearing 不計息 HK\$'000 千港元	Total advances 墊款總額 HK\$'000 千港元
Finedale Industries Limited 廣坤實業有限公司	33 1/3	Prime -2.75 最優惠利率 減2.75	81,242	-	81,242
Canaria Holding Limited	50	N/A 不適用	-	47,320	47,320
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	-	52,598	52,598
Earn Elite Development Limited 盈才發展有限公司	50	6.75	9,500	-	9,500
			90,742	99,918	190,660

退休福利計劃(續)

本集團於年內就強積金計劃於綜合收益表扣除之費用為87,000港元(二零零五年:55,000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。

墊付實體款項

於二零零六年十二月三十一日,本集團向聯營公司提供之墊款約為191,000,000港元(未扣除撥備)。該等股東貸款乃用作收購資產或日常營運所需。該等股東貸款為無抵押、無特定到期日並須於通知時償還。

根據上市規則第13.20條,於二零零六年十二月三十一日向實體提供之貸款詳情如下:

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, 2006 (the latest practicable date) is presented below:

		(Note) Combined total (附註) 合併總額 HK\$'000 千港元	Interest attributable to the Group 本集團 應佔權益 HK\$'000 千港元
Non-current assets	非流動資產	1,280,604	435,302
Current assets	流動資產	20,540	7,825
Current liabilities	流動負債	(33,455)	(11,759)
Non-current liabilities	非流動負債	(623,693)	(246,472)
Net assets	資產淨值	643,996	184,896

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

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二零零六年十二月三十一日(最後實際可行日期)之備考合併資產負債表如下:

附註：備考合併資產負債表已作調整，以配合本集團之會計政策。

AUDIT COMMITTEE

The Audit Committee comprises Independent Non-executive Directors of the Company and the annual results of the Group for the Year had been reviewed by the Audit Committee.

審核委員會

審核委員會乃由本公司獨立非執行董事組成，而本集團之本年度業績已由審核委員會審閱。

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the prescribed amount of public float during the Year and up to the date of this report as required under the Listing Rules.

公眾持股量

根據本公司得悉的公開資料，及董事所知悉，本公司於本年度內及截至本報告日已按上市規則規定維持指定數額的公眾持股量。

AUDITORS

During the Year, Messrs. Deloitte Touche Tohmatsu resigned as auditors of the Company and Messrs. HLB Hodgson Impey Cheng were appointed by the Directors to fill the casual vacancy.

Save as disclosed above, there have been no other changes of auditors in the past three years.

A special notice pursuant to sections 116C and 132(1)(c) of the Companies Ordinance has been received from a shareholder of the Company nominating Messrs. HLB Hodgson Impey Cheng to be reappointed auditors of the Company.

It is proposed to put forward to shareholders for consideration of passing an ordinary resolution at the forthcoming annual general meeting of the Company to re-appoint Messrs. HLB Hodgson Impey Cheng as auditors of the Company. HLB Hodgson Impey Cheng 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
Matthew Cheong, Veng-va
Chairman

Hong Kong, 13th March, 2007

核數師

年內，德勤•關黃陳方會計師行辭任為本公司之核數師，而國衛會計師事務所獲董事會委任以填補此臨時空缺。

除上文披露者外，於過去三年概無其他核數師變動。

本公司接獲一位股東之特別通知，根據公司條例第116C及132(1)(c)條，提議續聘國衛會計師事務所為本公司之核數師。

本公司於即將舉行之股東週年大會上向股東建議考慮通過一項普通決議案，重新委任國衛會計師事務所為本公司之核數師。國衛會計師事務所將於即將舉行之股東週年大會結束時卸任，屆時將合資格再獲委任為本公司之核數師。

代表董事會
主席
昌榮華

香港，二零零七年三月十三日

The Company together with its subsidiaries (the "Group") is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest in general. The board of directors (the "Directors" or "Board") works hard to ensure effective self-regulatory practices, to maintain sound internal control system and to absorb high calibre members to the Board.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (the "Code") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This Corporate Governance Report describes how the Company has applied the principles in the Code throughout the year ended 31st December, 2006 (the "Year").

The Company has applied the principles of the Code and complied with the code provisions and certain recommended best practices throughout the Year except that:

1. the Non-executive Directors have not been appointed for any specific terms. However, 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. It is proposed to put forward to shareholders for passing a special resolution at the forthcoming annual general meeting of the Company to amend the relevant provision in the Company's Articles of Association such that every Director shall be subject to retirement by rotation at least once every three years.

本公司連同其附屬公司（「本集團」）銳意維持高度企業管治，以確保運作更具透明度及全面保障股東利益。董事會（「董事」或「董事會」）致力確保制訂有效之自我監管常規，維持良好之內部監控制度及吸納卓越之成員加入董事會。

企業管治常規守則

本公司已採納香港聯合交易所有限公司（「聯交所」）頒布之聯交所證券上市規則（「上市規則」）附錄十四《企業管治常規守則》（「守則」）所載之守則條文及若干建議最佳常規。

本企業管治報告書概述本公司於截至二零零六年十二月三十一日止年度（「本年度」）如何應用守則原則。

除以下情況外，本公司於本年度一直應用守則原則，並遵守守則條文及若干建議最佳常規：

1. 非執行董事並非按任何特定任期委任。然而，彼等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。茲建議於本公司應屆股東週年大會提呈一項特別決議案供股東批准，以修訂本公司組織章程細則之相關條文，致使每位董事最少每三年輪席告退一次。

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 has 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 directing and supervising the Company's affairs in a responsible and effective manner. Each Director has a duty to act in good faith for 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 devote sufficient time and attention to the Company's affairs.

The Board currently comprises two Executive Directors and three Independent Non-executive Directors (the "INEDs") which represent more than one-third of the Board. The Directors' biographies are available on the Company's website. There is no relationship among members of the Board and in particular, between the chairman and the chief executive officer. The INEDs are highly experienced professionals and businessmen 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. They participate in Board meetings to bring independent opinion and judgement 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.

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」)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。

再者，本公司亦已就可能擁有未公佈的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

董事會以負責及有效之方法領導及監督本公司事務。每位董事應以本公司之最佳利益為前題，以誠信態度履行職責。董事知悉彼等在管理、控制及經營本公司事務上，共同及個別向全體股東負責。彼等付出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。董事會成員之間，尤其是主席與行政總裁之間，並無關係。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意見及判斷；在有潛在利益衝突時發揮領導作用；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。

BOARD OF DIRECTORS (cont'd)

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 that all of INEDs are independent.

Throughout their period in office, the Directors were informed of 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 provide 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 are 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 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.

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

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

董事會 (續)

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。

本公司向在任董事匯報有關本集團業務、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前最少十四日送交全體董事，供其選擇是否出席會議。董事會文件於會議舉行前最少三日發給全體董事，以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。高級管理層成員獲邀與會，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，有助董事會作出決策。

主席已委派本公司之公司秘書負責在考慮各董事建議之議程後，編撰及批核每次董事會會議之議程。

董事會之議事程序一般由主席主持，以確保分配充裕之時間作出討論及考慮議程內之各個項目。各董事均獲平等機會表達意見及其關注事宜。

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。

BOARD OF DIRECTORS (cont'd)

All Directors have full access to the advice and services of the Company Secretary to ensure the Board's procedures, rules and regulations are followed. Draft and final versions of minutes of each 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 meetings and meetings of the Board committees kept by the Company Secretary are open for inspection by the Directors on reasonable notice.

Four regular Board meetings were held on 14th March, 13th June, 8th August and 13th December in 2006, of which one of them was held by telephone conference to approve the 2005 final results, 2006 interim results and to consider financial and operating performances of the Group. The Company Secretary, Qualified Accountant and the Company's senior management had attended the Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting, finance and business. Individual attendance of each Director at these meetings is as follows:

Directors	No. of Meetings Attended/Held (Percentage of Attendance in Total)
<i>Executive Directors</i>	
Mr. Matthew Cheong, Veng-va (Chairman)*	3/3 (100%)
Ms. Teresa Poon, Mun-chie (Chief Executive Officer)*	3/3 (100%)
Mr. Thomas Lau, Luen-hung (Chairman)*	1/1 (100%)
Mr. Joseph Lau, Luen-hung (Chief Executive Officer)*	1/1 (100%)
* appointed on 29th March, 2006	
* resigned on 29th March, 2006	
<i>Independent Non-executive Directors</i>	
Mr. Lai, Yun-hung (appointed on 1st December, 2006)	1/1 (100%)
Mr. Mok, Hon-sang	4/4 (100%)
Mr. Wong, Tik-tung	4/4 (100%)
Mr. Wang, Jian-guo (resigned on 1st December, 2006)	2/3 (67%)

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

董事會 (續)

全體董事有權全面尋求公司秘書之意見及服務，以確保遵守董事會程序、規則及規例。詳盡之各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。

年內董事會已於二零零六年三月十四日、六月十三日、八月八日及十二月十三日舉行共四次定期董事會會議，其中一次以電話會議方式舉行，目的為批准二零零五年全年業績、二零零六年中期業績及考慮本集團之財務及經營情況。公司秘書、合資格會計師及本公司高級管理層出席董事會會議，匯報企業管治、風險管理、法例遵守、會計、財務及業務相關之事宜。各董事於該等會議之出席率如下：

董事	出席/舉行 會議數目 (出席率)
<i>執行董事</i>	
昌榮華先生 (主席)*	3/3 (100%)
潘敏慈小姐 (行政總裁)*	3/3 (100%)
劉鑾鴻先生 (主席)*	1/1 (100%)
劉鑾雄先生 (行政總裁)*	1/1 (100%)
* 於二零零六年三月二十九日獲委任	
* 於二零零六年三月二十九日辭任	
<i>獨立非執行董事</i>	
賴恩雄先生 (於二零零六年十二月一日獲委任)	1/1 (100%)
莫漢生先生	4/4 (100%)
汪滌東先生	4/4 (100%)
王建國先生 (於二零零六年十二月一日辭任)	2/3 (67%)

獨立非執行董事積極參與董事會會議，就會議事項作出獨立判斷及在提呈於會議上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. As at 31st December, 2006, Mr. Matthew Cheong, Veng-va was the Chairman with responsibility for overseeing the function of the Board, formulating overall strategies and policies of the Company; Ms. Teresa Poon, Mun-chie was the CEO 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.

BOARD COMMITTEES

The Board has established Audit Committee and 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 “Independent Auditors”). It acts in an advisory capacity and makes recommendations to the Board.

All the Audit Committee members possess diversified industry experience. The chairman has appropriate professional qualification, or accounting, or related financial management expertise as required by the Listing Rules. They are all INEDs, namely:

Mr. Wong, Tik-tung (*Chairman*)

Mr. Lai, Yun-hung (appointed on 1st December, 2006)

Mr. Mok, Hon-sang

Mr. Wang, Jian-guo (resigned on 1st December, 2006)

The Audit Committee’s terms of reference can be found on the Group’s website.

主席及行政總裁

主席及行政總裁之角色須予分開，且不得由同一個人擔任。於二零零六年十二月三十一日，昌榮華先生為主席，負責監督董事會職能、制訂本公司整體策略及政策；潘敏慈小姐為行政總裁，負責監督本集團之業務及運作。主席及行政總裁職能分配已清楚以書面訂立，以清楚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。

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（「獨立核數師」）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為獨立非執行董事，具備多元化的業務經驗。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：

汪滌東先生（主席）

賴恩雄先生（於二零零六年十二月一日獲委任）

莫漢生先生

王建國先生（於二零零六年十二月一日辭任）

有關審核委員會之職權範圍的詳情，可瀏覽本集團網站。

BOARD COMMITTEES (cont'd)

Audit Committee (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 Independent Auditors, review and monitor their independence and objectivity as well as 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 judgements contained in them; and
- iii) to review and ensure the effectiveness of the Company's financial controls, internal control and risk management systems.

The Audit Committee shall meet at least twice each year. The Company prepares and delivers an information memorandum that includes 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 3 meetings on 7th March, 7th August and 13th December, 2006 with the presence of the Company's senior management during the Year. The Audit Committee members met and discussed with the Independent Auditors without the presence of the Company's senior management in one of the said three meetings. 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 records.

董事委員會 (續)

審核委員會 (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獨立核數師向董事會提供推薦意見、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綜合財務報表、報告和賬目及季度報告之真實性，以及審閱上述各項所載之任何重大財務報告之判斷；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。

審核委員會每年須最少開會兩次。本公司編製資料備忘錄，內容包括會議時所需之所有資料，於審核委員會開會前最少三日提交予審核委員會成員。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成員（如有需要）討論。

年內，審核委員會於二零零六年三月七日、八月七日及十二月十三日舉行共三次會議，而本公司的高層管理成員均有出席。審核委員會成員在本公司的高層管理成員避席之情況下曾經在前述之三次會議中一次與獨立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成員傳閱及給予意見。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。

BOARD COMMITTEES (cont'd)

Audit Committee (cont'd)

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

Members	No. of Meetings Attended/Held (Percentage of Attendance in Total)
Mr. Lai, Yun-hung (appointed on 1st December, 2006)	1/1 (100%)
Mr. Mok, Hon-sang	3/3 (100%)
Mr. Wong, Tik-tung	3/3 (100%)
Mr. Wang, Jian-guo (resigned on 1st December, 2006)	2/2 (100%)

The works performed by the Audit Committee in the Year are summarized below:

- i) reviewed and considered the Group accounts and financial statements for the year ended 31st December, 2005, and interim and quarterly accounts for 2006;
- ii) proposed the appointment of Messrs. HLB Hodgson Impey Cheng as Independent Auditors of the Company to fill the casual vacancy occasioned by Messrs. Deloitte Touche Tohmatsu who resigned on 15th November, 2006;
- iii) reviewed and discussed with the Independent Auditors in respect of the audit fee for the years 2005 and 2006; the terms of the engagement letters; the nature, scope and process of audit and reporting obligations as well as the financial statements for the year ended 31st December, 2005;
- iv) reviewed and assessed the adequacy and effectiveness of the Group's financial controls, internal control and risk management systems;
- v) reviewed the Corporate Governance Report and monitored the progress of compliance of the Code; and
- vi) prepared and submitted to the Board an Audit Committee Report detailing the work performed by the Audit Committee during the Year, presented its findings and made recommendations for considerations by the Board.

On 6th March, 2007, the Audit Committee reviewed the Group accounts and draft financial statements for the year ended 31st December, 2006.

董事委員會 (續)

審核委員會 (續)

各委員會成員於該等會議之出席率如下:

成員	出席/舉行 會議數目 (出席率)
賴恩雄先生(於二零零六年十二月一日獲委任)	1/1 (100%)
莫漢生先生	3/3 (100%)
汪滌東先生	3/3 (100%)
王建國先生(於二零零六年十二月一日辭任)	2/2 (100%)

審核委員會於本年履行之工作概述如下:

- i) 審閱及省覽本集團截至二零零五年十二月三十一日止年度之賬目及財務報表, 以及二零零六年之中期及季度賬目;
- ii) 建議委任國衛會計師事務所為本公司獨立核數師, 以填補德勤•關黃陳方會計師事務所於二零零六年十一月十五日辭任所產生之空缺。
- iii) 與獨立核數師審閱及討論二零零五年及二零零六年核數費用; 委聘書之條款; 核數之性質、範圍及程序; 申報責任以及截至二零零五年十二月三十一日止年度之財務報表;
- iv) 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;
- v) 審閱企業管治報告書及監控遵循守則之進度; 及
- vi) 編製並向董事會呈交審核委員會報告, 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。

於二零零七年三月六日, 審核委員會已審閱本集團截至二零零六年十二月三十一日止年度之賬目及財務報表的草稿。

BOARD COMMITTEES (cont'd)

Remuneration Committee

The Remuneration Committee has been established since June 2005 with the role to assist the Board in reviewing and determining the framework or broad policy for remuneration packages of the Directors and senior management, overseeing any major changes in employee benefit structures and considering other topics as defined by the Board.

All the members of the Remuneration Committee are INEDs, namely:

Mr. Wong, Tik-tung (*Chairman*)

Mr. Lai, Yun-hung (appointed on 1st December, 2006)

Mr. Mok, Hon-sang

Mr. Wang, Jian-guo (resigned on 1st December, 2006)

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

The principal responsibilities of the Remuneration Committee are as follows:

- 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 as well as compensation payable 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 would consult the Chairman and/or the CEO about its proposals on remuneration of other Executive Directors and seek internal and external professional advices if considered necessary.

The Remuneration Committee held a meeting on 7th March, 2006 to discuss the Executive Directors' and employees' emolument as well as to recommend the remuneration of the INEDs for the Year to the Board for approval.

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待遇或具體政策，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。

薪酬委員會全體成員均為獨立非執行董事，彼等為：

汪滌東先生 (主席)

賴恩雄先生 (於二零零六年十二月一日獲委任)

莫漢生先生

王建國先生 (於二零零六年十二月一日辭任)

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待遇，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需支付之賠償；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。

於二零零六年三月七日，薪酬委員會舉行會議，討論執行董事及僱員酬金，以及就獨立非執行董事於本年度之薪酬提供意見，供董事會批准。

BOARD COMMITTEES (cont'd)

Remuneration Committee (cont'd)

Individual attendance of each committee member at the meeting is as follows:

Members	No. of Meetings Attended/Held (Percentage of Attendance in Total)
Mr. Mok, Hon-sang	1/1 (100%)
Mr. Wong, Tik-tung	1/1 (100%)
Mr. Wang, Jian-guo (resigned on 1st December, 2006)	1/1 (100%)

The INEDs are not entitled to any other emoluments for holding office as the INEDs except for their entitlement of an annual remuneration of HK\$120,000 determined by the Board subject to annual review with reference to the prevailing market condition. No share option scheme is adopted by the Company during the Year.

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 INEDs, considering appointment or re-appointment of the Directors and succession planning for the Directors. The Board shall exercise its power under Article 92 of the Articles of Association of the Company to appoint any person as a director either to fill as casual vacancy or as an addition to the Board whenever the business of the Company requires.

MANAGEMENT FUNCTIONS

The Executive Directors define clear directions on powers of management and delegate daily management and administration functions to the management. The functions reserved to the Board and those delegated to the 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)

薪酬委員會 (續)

各委員會成員於該等會議之出席率如下:

成員	出席/舉行 會議數目 (出席率)
莫漢生先生	1/1 (100%)
汪滌東先生	1/1 (100%)
王建国先生 (於二零零六年十二月一日辭任)	1/1 (100%)

獨立非執行董事除每年享有120,000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而每年作出檢討。年內，本公司並無採納任何購股權計劃。

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。董事會將按本公司之業務需要，根據本公司組織章程細則第92條行使其權力，委任任何人士填補董事空缺或作為新增董事會成員。

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。董事會所保留與委派予高級管理層之職能乃不時予以檢討。倘本集團之規模發展至須劃分董事會與管理層之職責時，本公司將製訂該等職責劃分。

INDEPENDENT AUDITORS

During the Year, Messrs. Deloitte Touche Tohmatsu resigned as auditors of the Company and Messrs. HLB Hodgson Impey Cheng (“HLB”) were appointed by the Directors to fill the casual vacancy. In order to maintain the independence and objectivity of the Independent 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 it has been pre-approved by the Audit Committee. Neither Deloitte Touche Tohmatsu nor HLB was engaged for any non-audit service during the year.

It is proposed that HLB shall be re-appointed as the Company’s auditors for the financial year 2007 at a fee to be agreed with the Board.

The approved audit fees of HLB for auditing the financial statements of the Group for the Year were HK\$360,000.

SHAREHOLDERS’ RIGHTS

The Company is committed to safeguard shareholders’ interests and encourages 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. The Directors, including the INEDs were available to answer questions at the 2006 annual general meeting. Chairman of the Audit Committee and Remuneration Committee, and the Independent 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 2006. Separate resolutions for each substantially separate issue were proposed by the chairman at the 2006 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, the 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 prepared to answer any questions from shareholders whenever voting by way of a poll were required.

獨立核數師

年內，德勤•關黃陳方會計師行辭任本公司核數師一職，而董事已委任國衛會計師事務所（「國衛」）填補有關空缺。為保持獨立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），彼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。年內，德勤•關黃陳方會計師行或國衛均無獲委聘提供任何非審核服務。

茲建議續聘國衛為本公司二零零七年財政年度之核數師，費用有待與董事會協定。

國衛就審核本集團本年度之財務報表所收取之已批准核數費用為360,000港元。

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二十一日通知。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。董事（包括獨立非執行董事）均已出席二零零六年股東週年大會並回答提問。審核委員會和薪酬委員會主席及獨立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，已載於本公司於二零零六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，已由二零零六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例，已由會議主席於該大會上宣佈。此外，會議主席於該大會開始時，已解釋於提呈決議案以舉手方式表決前，股東可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。

SHAREHOLDERS' RIGHTS (cont'd)

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.

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 Independent Auditors about their reporting responsibilities for the Year is set out in this annual report.

The Independent Auditors did not report for the Year that there were any material uncertainties relating to events or conditions that might 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.

股東權利 (續)

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。

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。獨立核數師就彼等於本年度之報告責任聲明載於本年報內。

獨立核數師並無就本年度作出有關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之報告。

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為基礎，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而公佈。

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.

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 procedures of the Group had been commented by the committee members in December 2006.

In December 2006, the Audit Committee reviewed the financial control, internal control and risk management systems of the Company for the year ended 31st December, 2006. 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. Further reviews will be conducted on the request of any Audit Committee members, the Company Secretary, the Qualified Accountant and/or the Directors.

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完整性、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保證。內部監控制度乃為管理（而非完全消除）失責風險而設，旨在為達至機構目標而提供合理（而非絕對）保證。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。

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。於二零零六年十二月，本集團內部監控程序已由委員會成員批閱。

於二零零六年十二月，審核委員會已審閱本公司截至二零零六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供業務內使用或作刊發之財務資料，並反映資產及負債之可表述性。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，可進行額外審閱。

INTERNAL CONTROL (cont'd)

The Audit Committee considered that 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;
- review of the system of the internal control by the Audit Committee to ensure the effectiveness of such control; and
- the Board considered the internal control system effective and adequate.

The Company has established an Internal Audit function 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.

內部監控 (續)

審核委員會認為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承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；
- 審核委員會審閱內部監控系統以確保有關監控之有效性；及
- 董事會認為內部監控系統屬有效及充足。

本公司已製訂之內部稽核職能主要工作如下：

- 檢討本集團各方面之活動及內部監控，及在認為必須之情況下具備無限制及直接接觸任何管理階層之權利；
- 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。

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, profiles 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.

CONCLUSION

The Company believes that corporate governance principles and practices are essential to the business communities. 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.

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、董事及高級管理層簡介，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。

總結

本公司相信企業管治原則及守則對商業社會而言至關重要，故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。



Chartered Accountants
Certified Public Accountants

**TO THE SHAREHOLDERS OF
CHI CHEUNG INVESTMENT COMPANY, LIMITED**

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Chi Cheung Investment Company, Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 100, which comprise the consolidated and company balance sheets as at 31st December, 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

致至祥置業有限公司股東

(於香港註冊成立之有限公司)

吾等已審核第39頁至第100頁所載至祥置業有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表。綜合財務報表包括於二零零六年十二月三十一日之綜合及公司資產負債表、截至該日止年度之綜合收益表、綜合股本權益變動報表及綜合現金流量表、以及主要會計政策概要及其他說明附註。

董事編製財務報表之責任

貴公司董事須遵照香港會計師公會頒布之香港財務報告準則以及香港公司條例之規定，負責編製並真實公平地呈列此等財務報表。此責任包括設計、實行及維持與編製並真實公平地呈列綜合財務報表有關之內部監控，以確保其並無重大錯誤陳述(不論其由欺詐或錯誤引起)；選擇及應用適當會計政策；並在不同情況下作出合理之會計估算。

核數師之責任

吾等負責根據吾等之審核結果對綜合財務報表發表意見。本報告謹按照香港公司條例第141條而僅向閣下編製，並不作其他用途。吾等不會就報告內容而向任何其他人士負責或承擔法律責任。

吾等按照香港會計師公會頒布之香港核數準則進行審核工作。該等準則要求吾等在策劃和進行審核工作時須符合道德規範，使吾等能就綜合財務報表是否存有重要錯誤陳述作合理之確定。

AUDITORS' RESPONSIBILITY (cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2006 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 13th March, 2007

核數師之責任 (續)

審核範圍包括進程序以取得與綜合財務報表所載數額及披露事項有關之審核憑證。選用之程序須視乎核數師之判斷，包括評估綜合財務報表之重大錯誤陳述（不論其由欺詐或錯誤引起）之風險。在作出該等風險評估時，核數師將考慮與公司編製並真實公平地呈列綜合財務報表有關之內部監控，以為不同情況設計適當審核程序，但並非旨在就公司內部監控是否有效表達意見。審核範圍亦包括評估所用會計政策之恰當性，董事所作會計估算之合理性，並就財務報表之整體呈列方式作出評估。

吾等相信，就提出審核意見而言，吾等所獲審核憑證屬充分恰當。

意見

吾等認為，根據香港財務報告準則，綜合財務報表真實公平地反映 貴公司及 貴集團於二零零六年十二月三十一日之財務狀況以及 貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例妥為編製。

國衛會計師事務所

英國特許會計師

香港執業會計師

香港，二零零七年三月十三日

Consolidated Income Statement

For the year ended 31st December, 2006

綜合收益表

截至二零零六年十二月三十一日止年度

			2006	2005
		Notes	HK\$'000	HK\$'000
		附註	千港元	千港元
Turnover	營業額	7	2,916	3,370
Cost of sales	銷售成本		(1,257)	(1,363)
Gross profit	毛利		1,659	2,007
Other revenue	其他收益	7	11,932	8,504
Other income	其他收入		956	906
Administrative expenses	行政開支		(4,711)	(4,818)
Other operating expenses	其他經營開支		(638)	-
Fair value changes on investment properties	投資物業之公平值變動	16	14,874	4,600
Finance costs	財務費用	8	(58)	(2,100)
Impairment loss recognised in respect of advances to associates	就墊付聯營公司款項確認之減值虧損	22	(13,477)	(4)
Write-back of allowance for amount due from an associate	聯營公司欠款準備之撥回金額	22	897	1,024
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
Share of results of associates	應佔聯營公司業績	9	84,886	100,977
Profit before taxation	稅前溢利	10	96,320	119,816
Taxation	稅項	11	(2,029)	(398)
Profit for the year	本年度溢利		94,291	119,418
Attributable to:	下列應佔:			
Equity holders of the Company	本公司股本持有人		94,349	121,518
Minority interests	少數股東權益		(58)	(2,100)
			94,291	119,418
Earnings per share	每股盈利			
Basic and diluted	基本及攤薄	14	27.85 cents 仙	36.40 cents 仙

The accompanying notes form an integral part of these financial statements.

隨附附註為本財務報表之一部份。

Consolidated Balance Sheet

As at 31st December, 2006

綜合資產負債表

於二零零六年十二月三十一日

	Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Non-current assets	非流動資產		
Investment properties	16	63,400	53,950
Property, plant and equipment	17	205	240
Properties held for development	18	-	23,901
Prepaid lease payments	20	9,666	9,700
Interests in associates	22(a)	329,152	246,345
Advances to associates	22(b)	106,911	124,756
Available-for-sale financial asset	23	270	270
		509,604	459,162
Current assets	流動資產		
Properties held for sale	24	78,483	28,796
Debtors, deposits and prepayments	25	672	768
Taxation recoverable		6	6
Cash and cash equivalents	26	187,900	195,130
		267,061	224,700
Current liabilities	流動負債		
Creditors and accruals	27	8,886	6,899
Deposits received		3,276	346
Provision for a litigation claim	28	-	8,427
Taxation payable		1,805	7
		13,967	15,679
Net current assets	流動資產淨值	253,094	209,021
Total assets less current liabilities	資產總額減流動負債	762,698	668,183
Non-current liabilities	非流動負債		
Loans from minority shareholders of subsidiaries	29	1,023	965
Advance from an associate	30	-	59
Deferred taxation liabilities	31	1,235	1,010
		2,258	2,034
Total assets and liabilities	資產及負債總額	760,440	666,149
Equity	權益		
Capital and reserves attributable to equity holders of the Company	本公司股本持有人應佔股本及儲備		
Share capital	32	3,388	3,388
Reserves		758,075	663,726
Equity attributable to equity holders of the Company	本公司股本持有人應佔權益	761,463	667,114
Minority interests	少數股東權益	(1,023)	(965)
Total equity	權益總額	760,440	666,149

Approved by the Board of Directors on 13th March, 2007 and are signed on its behalf by:

經由董事會於二零零七年三月十三日批准並由下列代表簽署:

Matthew Cheong, Veng-va
Director

昌榮華
董事

Teresa Poon, Mun-chie
Director

潘敏慈
董事

The accompanying notes form an integral part of these financial statements.

隨附附註為本財務報表之一部份。

Balance Sheet

As at 31st December, 2006

資產負債表

於二零零六年十二月三十一日

		Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	-	16
Interests in subsidiaries	附屬公司權益	21	184,104	185,311
Advances to subsidiaries	墊付附屬公司款項	21	217,466	207,736
Advances to associates	墊付聯營公司款項	22(b)	9,500	9,500
Available-for-sale financial asset	可供出售金融資產	23	270	270
			411,340	402,833
Current assets	流動資產			
Deposits and prepayments	按金及預付款項	25	549	553
Cash and cash equivalents	現金及現金等同項目	26	183,911	194,522
			184,460	195,075
Current liabilities	流動負債			
Creditors and accruals	應付賬項及應計費用	27	1,042	846
Provision for a litigation claim	索償訴訟撥備	28	-	8,427
			1,042	9,273
Net current assets	流動資產淨值		183,418	185,802
Total assets and liabilities	資產及負債總額		594,758	588,635
Equity	權益			
Capital and reserves attributable to equity holders of the Company	本公司股本持有人應佔股本及儲備			
Share capital	股本	32	3,388	3,388
Reserves	儲備	33	591,370	585,247
Total equity	權益總額		594,758	588,635

Approved by the Board of Directors on 13th March, 2007 and are signed on its behalf by:

經由董事會於二零零七年三月十三日批准並由下列代表簽署:

Matthew Cheong, Veng-va

Director

昌榮華

董事

Teresa Poon, Mun-chie

Director

潘敏慈

董事

The accompanying notes form an integral part of these financial statements.

隨附附註為本財務報表之一部份。

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

綜合股本權益變動報表

截至二零零六年十二月三十一日止年度

Equity attributable to equity holders of the Company

本公司股本持有人應佔權益

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Contribution from shareholders 股東注資 HK\$'000 千港元 (Note a) (附註a)	Special capital reserve (accumulated I & II) 特別股本儲備I及II HK\$'000 千港元 (Note b) (附註b)	Retained profits/ losses 保留溢利/ (累計虧損) HK\$'000 千港元	Total 總計 HK\$'000 千港元	Minority interests 少數股東權益 HK\$'000 千港元	Total equity 權益總額 HK\$'000 千港元
The Group	本集團								
At 1st January, 2005	於二零零五年一月一日	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	本年度溢利及本年度確認之總收入	-	-	-	-	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	於若干附屬公司自願清盤時註銷少數股東貸款	-	-	-	-	-	-	39,228	39,228
At 31st December, 2005 and 1st January, 2006	於二零零五年十二月三十一日及二零零六年一月一日	3,388	495,160	104,225	-	64,341	667,114	(965)	666,149
Profit for the year and total recognised income for the year	本年度溢利及本年度確認之總收入	-	-	-	-	94,349	94,349	(58)	94,291
At 31st December, 2006	於二零零六年十二月三十一日	3,388	495,160	104,225	-	158,690	761,463	(1,023)	760,440

The accompanying notes form an integral part of these financial statements.

隨附附註為本財務報表之一部份。

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

綜合股本權益變動報表

截至二零零六年十二月三十一日止年度

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 capitalisation 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 retained profits/ (accumulated losses) of the Company.

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（該等附屬公司持有多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保留溢利／（累計虧損）。

Consolidated Cash Flow Statement

For the year ended 31st December, 2006

綜合現金流量表

截至二零零六年十二月三十一日止年度

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Operating activities	經營業務		
Profit before taxation	稅前溢利	96,320	119,816
<i>Adjustments for:</i>	<i>按下列各項調整:</i>		
Share of results of associates	應佔聯營公司業績	(84,886)	(100,977)
Interest income	利息收入	(12,851)	(9,393)
Finance costs	財務費用	58	2,100
Depreciation	折舊	35	47
Amortisation of prepaid lease payments	預付租賃款項攤銷	34	33
Impairment loss recognised in respect of trade receivable	就應收貿易賬項確認之減值虧損	38	-
Impairment loss recognised in respect of properties held for sale	就持作出售物業確認之減值虧損	600	-
Impairment loss recognised in respect of advances to associates	就墊付聯營公司款項確認之減值虧損	13,477	4
Write-back of allowance for amount due from an associate	聯營公司欠款準備之撥回金額	(897)	(1,024)
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)
Fair value changes on investment properties	投資物業之公平值變動	(14,874)	(4,600)
Gain on disposal of investment property	出售投資物業收益	(24)	-
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	(2,970)	(2,714)
Increase/(decrease) in deposits received	已收按金增加/(減少)	110	(264)
Decrease/(increase) in debtors, deposits and prepayments	應收賬項、按金及預付款項減少/(增加)	27	(181)
Increase in creditors and accruals	應付賬項及應計費用增加	455	91
Decrease in provision for a litigation claim	索償訴訟撥備減少	(8,427)	-
Net cash used in operations	經營業務所用現金淨額	(10,805)	(3,068)
Hong Kong Profits Tax (paid)/refunded	(已付)/退回香港利得稅	(6)	124
Net cash used in operating activities	經營業務所用現金淨額	(10,811)	(2,944)
Investing activities	投資業務		
Increase in properties held for development	持作發展物業增加	(24,853)	(18,054)
Net proceeds from disposal of investment property	出售投資物業所得款項淨額	5,448	-
Interest received	已收利息	7,103	4,608
Deposit received from disposal of properties	已收出售物業按金	2,819	-
Dividend received from an associate	已收聯營公司股息	2,020	1,150
Repayment from associates	聯營公司還款	11,044	17,721
Repayment from former associates	前聯營公司還款	-	8,720
Net cash generated from investing activities	投資業務所得現金淨額	3,581	14,145

Consolidated Cash Flow Statement

For the year ended 31st December, 2006

綜合現金流量表

截至二零零六年十二月三十一日止年度

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Financing activities	融資活動		
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
Net (decrease)/increase in cash and cash equivalents	現金及現金等同項目之 (減少)／增加淨額	(7,230)	64,009
Cash and cash equivalents at beginning of the year	本年初之現金及現金等同項目	195,130	131,121
Cash and cash equivalents at end of the year	本年終之現金及現金等同項目	187,900	195,130
Analysis of the balances of cash and cash equivalents	現金及現金等同項目 結餘分析		
Cash and cash equivalents	現金及現金等同項目	187,900	195,130

The accompanying notes form an integral part of these financial statements.

隨附附註為本財務報表之一部份。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

1. GENERAL INFORMATION

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 39 to the financial statements.

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

In the current year, the Company and its subsidiaries (the "Group") has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The new HKFRSs adopted by the Group in the financial statements are set out as follows:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) – Int 5	Rights to Interests arising from Decommissioning Restoration and Environmental Rehabilitation Funds
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

1. 一般資料

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財務報表附註39。

2. 應用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」）首次應用香港會計師公會（「香港會計師公會」）頒布並於二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效之若干新訂準則、修訂及詮釋（「新香港財務報告準則」）。本集團於財務報表內應用之新香港財務報告準則載列如下：

香港會計準則第19號（修訂）	精算損益、集團計劃及披露
香港會計準則第21號（修訂）	海外業務之淨投資
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
香港會計準則第39號（修訂）	公平值之選擇
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處理
香港財務報告準則第6號	礦產資源的開採及評估
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
香港（國際財務報告詮釋委員會）－詮釋第5號	拆卸、復原及環境修復基金產生權益之權利
香港（國際財務報告詮釋委員會）－詮釋第6號	參與特定市場所產生之負債－電子廢料及電子設備

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

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

The adoption of the above new HKFRSs has no material impact on the accounting policies and the results and financial position of the Group.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – Int 8	Scope of HKFRS 2 ³
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁶

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

² Effective for annual periods beginning on or after 1st March, 2006.

³ Effective for annual periods beginning on or after 1st May, 2006.

⁴ Effective for annual periods beginning on or after 1st June, 2006.

⁵ Effective for annual periods beginning on or after 1st November, 2006.

⁶ Effective for annual periods beginning on or after 1st March, 2007.

2. 應用新訂及經修訂香港財務報告準則(續)

應用上述新香港財務報告準則將不會對本集團之會計政策及業績與財務狀況構成重大影響。

本集團並未提早採納下列已頒布但尚未生效之新香港財務報告準則。本集團現正評估該等新香港財務報告準則之潛在影響，惟仍未能釐定該等新香港財務報告準則會否對其經營業績及財務狀況之編製及呈列方式構成重大影響。該等新香港財務報告準則可能於未來導致業績及財務狀況之編製及呈列方式有變。

香港會計準則第1號(修訂)	資本披露 ¹
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 ²
香港(國際財務報告詮釋委員會) – 詮釋第8號	香港財務報告準則第2號之範圍 ³
香港(國際財務報告詮釋委員會) – 詮釋第9號	重新評估內含衍生工具 ⁴
香港(國際財務報告詮釋委員會) – 詮釋第10號	中期財務報告及減值 ⁵
香港(國際財務報告詮釋委員會) – 詮釋第11號	香港財務報告準則第2號 – 集團及庫務股票交易 ⁶

¹ 於二零零七年一月一日或之後開始之年度期間生效。

² 於二零零六年三月一日或之後開始之年度期間生效。

³ 於二零零六年五月一日或之後開始之年度期間生效。

⁴ 於二零零六年六月一日或之後開始之年度期間生效。

⁵ 於二零零六年十一月一日或之後開始之年度期間生效。

⁶ 於二零零七年三月一日或之後開始之年度期間生效。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 4 to the financial statements.

A summary of the significant accounting policies followed by the Group in the preparation of the financial statements is set out below:

(a) **Basis of preparation**

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

3. 主要會計政策

綜合財務報表乃根據所有適用香港財務報告準則（「香港財務報告準則」）編製。香港財務報告準則為一個統稱，包括所有由香港會計師公會頒布之適用香港財務報告準則、香港會計準則及詮釋、香港公認會計原則及香港公司條例之披露規定，以及聯交所證券上市規則（「上市規則」）應適用之披露規定。除另有說明外，綜合財務報表以港元呈報，所有價值均四捨五入至最接近之千位數（千港元）。

管理層需在編製符合香港財務報告準則之財務報表時作出對會計政策應用、以及資產、負債、收入和支出之報告數額構成影響之判斷、估計和假設。該等估計和相關假設是根據以往經驗和管理層因應當時情況認為合理之多項其他因素作出的，其結果構成了管理層在無法依循其他途徑即時得知資產與負債之賬面值時所作出判斷之基礎。實際結果可能有別於估計數額。管理層會不斷審閱各項估計和相關假設。如果會計估計之修訂只是影響某一期間，其影響便會在該期間內確認；如果修訂對當前和未來期間均有影響，則在作出修訂之期間和未來期間確認。

有關管理層在應用香港財務報告準則時所作出對本財務報表有重大影響之判斷，以及作出極可能在下一年度構成重大調整風險之估計，已於附註4論述。

本集團於編製財務報表所採納主要會計政策之概要如下：

(a) **編製基準**

財務報表乃按歷史成本法編製，惟若干金融資產、金融負債及投資物業如下文所載會計政策所述按其公平值計算。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) *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.

(c) *Investments in subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

3. 主要會計政策 (續)

(b) *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。

(c) *附屬公司投資*

附屬公司乃本集團有權監管其財務及營運政策之所有實體，通常擁有其過半數投票權之股權。在評估本集團是否控制另一實體時，會考慮是否存在即時可行使或轉換之潛在投票權及其作用。

在本公司之資產負債表中，於附屬公司之投資乃以成本減除減值虧損撥備列賬。附屬公司之業績由本公司按已收及應收股息基準列賬。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) *Investments in subsidiaries (cont'd)*

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(d) *Interests in associates*

An 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 consolidated 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.

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.

3. 主要會計政策 (續)

(c) *附屬公司投資 (續)*

本集團採用收購會計法為本集團所收購之附屬公司列賬。收購成本為於交易當日所獲資產之公平值、所發行之股本工具及所產生或承擔之負債，加上直接與收購事項有關之成本。在業務合併過程中所收購之可識別資產、所承擔之負債及或然負債，均於收購當日按其公平值初步計算（不論任何少數股東權益之款額）。收購成本超出本集團應佔所收購之可識別淨資產之差額乃記錄為商譽。倘收購成本低於所收購附屬公司淨資產之公平值，則有關差額將直接於收益表內確認。

(d) *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綜合財務報表。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。

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。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) **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.

(f) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits 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.

(g) **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.

(h) **Properties held for development**

When the leasehold land and buildings are in the course of development for production, rental, for administrative purposes or for sale, 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.

3. 主要會計政策 (續)

(e) **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。

(f) **物業、廠房及設備**

物業、廠房及設備按成本減累計折舊以及任何累計減值虧損列賬。

物業、廠房及設備之折舊，乃按其估計可使用年期以直線法撇銷成本。

當物業、廠房及設備項目出售，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。

(g) **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認減值虧損列賬。

(h) **持作發展物業**

在發展中作生產、租賃、行政或出售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興建中樓宇之成本內。興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, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) **Properties held for sale**

Completed properties held for sale remaining unsold at the balance sheet date are stated at the lower of cost and net realisable value.

(j) **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 expenses on a straight-line basis over the lease term.

The Group as lessee

Rental payable under operating leases is 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.

(k) **Cash and cash equivalents**

Cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(l) **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.

3. 主要會計政策 (續)

(i) **持作出售物業**

可持作出售惟於結算日仍未售出的已落成物業按成本與可變現淨值兩者中之較低者入賬。

(j) **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，並以直線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。

(k) **現金及現金等同項目**

現金等同項目包括銀行存款及現金、存放於銀行及其他金融機構之活期存款及購入後一般在三個月內可予兌現及可隨時轉換為已知數額現金且價值變動風險較少之短期高度流動性投資，減須應要求償還並構成本集團現金管理之組成部份之銀行透支。

(l) **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, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) 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.

(m) 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.

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.

3. 主要會計政策 (續)

(l) 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。

(m) 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。

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。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Foreign currencies (cont'd)

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.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

(n) Retirement benefit costs

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

(o) 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.

3. 主要會計政策 (續)

(m) 外幣 (續)

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內確認。

收購海外業務產生之已收購可識別資產商譽及公平值調整，被視為該海外業務之資產及負債，並按結算日適用之匯率換算。由此產生之匯兌差額於匯兌儲備確認。

(n) 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。

(o) 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算。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。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) **Financial instruments (cont'd)**

Financial assets

The Company's and the Group's financial assets are classified into loans and receivables and available-for-sale financial asset. 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 asset's 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories under HKAS 39. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in income statement. Any impairment losses on available-for-sale financial assets are recognised in income statement. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. 主要會計政策 (續)

(o) **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以及可供出售金融資產，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。

可供出售金融資產

可供出售金融資產為根據香港會計準則第39號指定或並無分類為任何其他分類之非衍生工具。於首次確認後之各個結算日，可供出售金融資產按公平值計算。公平值變動於權益確認，直至出售金融資產或金融資產被釐定為減值為止。屆時，以往於權益確認之累計收益或虧損會於權益扣除，並於收益表確認。可供出售金融資產之任何減值虧損於收益表確認。可供出售股本投資之減值虧損不會於往後期間撥回。就可供出售債務投資而言，倘投資之公平值增加可能客觀地涉及確認減值虧損後發生之事件，減值虧損則於其後撥回。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) **Financial instruments (cont'd)**

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, deposits received, 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.

(p) **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 before tax 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 income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date.

3. 主要會計政策 (續)

(o) **金融工具 (續)**

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、已收按金、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。

(p) **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。應課稅溢利與收益表所報稅前溢利不同，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，亦不包括收益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。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Taxation (cont'd)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases 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 goodwill (or negative goodwill) or 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, 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 tax rates that are expected to apply in the period when the liability is settled or the asset is realised. 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.

3. 主要會計政策 (續)

(p) 稅項 (續)

遞延稅項為預期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應付或可收回之稅項，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。若暫時差異乃因商譽（或負商譽）或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，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份稅項資產時減少。

遞延稅項乃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。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being member of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(r) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(s) **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 is subsequently reversed, 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.

3. 主要會計政策 (續)

(q) **關連人士交易**

倘一方有能力直接或間接控制另一方或在財務及營運決策方面對另一方行使重大影響，則雙方被視為關連。倘雙方均受共同控制或受到共同重大影響，則雙方亦被視為關連。關連人士可以是個人（即主要管理人員、重要股東及／或與彼等關係密切之家族成員）或其他實體，並且包括受到本集團之關連人士重大影響之實體（該等人士為個人及以本集團或為本集團關連人士之任何實體之僱員為受益人而設之離職後福利計劃）。

倘一項交易涉及關連人士進行資源或責任轉移，則該項交易被視為關連人士交易。

(r) **借款**

借款初步按公平值扣除所產生之交易成本確認。交易成本為直接與收購、發行或出售金融資產或金融負債有關之增加成本，包括支付予代理、顧問、經紀及交易商之費用及佣金、監管機關及證券交易所之徵費，以及轉讓稅項及稅收。借款其後按攤銷成本列賬，所得款項（扣除交易成本）與贖回價值兩者間之任何差額，使用實際利息法於借款期間內在收益表中確認。

(s) **減值虧損**

每逢結算日，本集團會檢討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。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

(u) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(v) Segment reporting

A business segment is a group of assets and operations engaged in property development or property leasing that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in property development or property leasing within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

3. 主要會計政策 (續)

(t) 撥備

當本集團因過往事件而須承擔現有法律或推定責任，且大大可能需要資源流出以應付有關債務時，則確認為撥備，且有關債務所涉及數額必須能可靠地估計。撥備於每一年結日檢討，並調整以反映現時之最佳估計。如資金之時值影響重大，撥備之金額為預期須用以償付債務之支出之現值。

(u) 或然負債及或然資產

或然負債乃一項因過往事件產生之承擔，而該等過往事件之存在僅可由一項或多項並非由本集團全權控制之日後不明朗事件之存在與否確定。或然負債亦可為一項因不大可能需要耗用經濟資源或承擔之金額未能可靠地計算而未有確認之過往事件產生之現有承擔。或然負債未有予以確認，惟已於財務報表附註中披露。倘耗用經濟資源之可能性出現變動致使有可能需耗用經濟資源，則或然負債將確認為撥備。

或然資產乃一項因過往事件產生之資產，而該等過往事件之存在僅可由一項或多項並非由本集團全權控制之日後不明朗事件之存在與否確定。或然資產不會在財務報表確認，但於可能出現經濟利益流入時於財務報表附註中予以披露。於流入獲實質上確定時將對資產確認。

(v) 分類報告

業務分類指從事物業發展或物業租賃之一組資產和業務，而物業發展或物業租賃之風險和回報與其他業務分類不同。一個地區分類乃於某一特定經濟環境中從事物業發展或物業租賃，其所涉及之風險及回報與於其他經濟環境當中營運之地區分類不同。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Impairment of assets

The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

(c) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

4. 關鍵會計估計及判斷

估計及判斷會不斷重估，並依據過往經驗及其他因素，包括在若干情況下屬合理之未來事件預測。

關鍵會計估計及假設

本集團就未來作出估計及假設。鑑於其推測性質，所得之會計估計很少與實際情況完全相同。極可能構成下一財政年度之資產及負債賬面值作出重大調整風險之估計及假設之討論載列如下。

(a) 所得稅

本集團須繳納若干司法權區之所得稅。在釐定全球所得稅撥備時須作出重大判斷。在日常業務過程中，大部份交易及計算之最終稅務決定均不明朗。本集團根據附加稅項會否到期之估計來確認預計稅項審核事宜之負債。倘此等事宜之最終稅務結果有別於首次錄得之金額，有關差額將對作出決定期間之所得稅及遞延稅項撥備構成影響。

(b) 資產減值

本集團每年進行資產減值測試，並利用須作出若干假設及估計之使用價值計算法，釐定資產或現金產生單位之可收回金額。

(c) 投資物業之公平值估計

公平值之最佳憑證為同類租約及其他合約於活躍市場所提供之現行價格。倘缺乏此方面資料，本集團在合理公平值估計範圍內釐定有關金額。在作出判斷時，本集團考慮多方面資料，其中包括：

- (i) 不同性質、狀況或地點（或受不同租約或其他合約規限）之物業當時在活躍市場上之最新價格（須就該等差異作出調整）；

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(c) Estimate of fair value of investment properties (cont'd)

- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group assesses the fair value of its investment properties based on valuation determined by qualified independent professional surveyors in Hong Kong.

4. 關鍵會計估計及判斷 (續)

(c) 投資物業之公平值估計 (續)

- (ii) 活躍程度稍遜之市場所提供相類物業最近期價格(須就自以該等價格成交當日以來經濟狀況出現之任何變化作出調整); 及

- (iii) 根據未來現金流量所作可靠估計而預測之折現現金流量。此項預測源自任何現有租約及其他合約之條款及(在可能情況下)外在證據(如地點及狀況相同之類似物業現行市場租值), 並採用反映當時無法肯定有關現金流量金額及時間之折現率計算。

倘無法取得有關投資物業現行或最近期價格之資料, 則採用折現現金流量估值法釐定投資物業公平值。本集團所用假設主要以各結算日出現之市況為依據。

支持管理層所作公平值估計之主要假設涉及: 約定租金收入、預計未來市場租值、空置期、維修保養規定及適當之折現率。此等估值定期與實際市場回報數據及本集團進行實際交易及市場提供之交易記錄作比較。

預計未來市場租值乃根據地點及狀況相同之類似物業之現行市場租值釐定。

本集團根據香港合資格獨立專業測量師釐定之估價評估其投資物業之公平值。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(d) **Property interests held for development**

As explained in Note 19, 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 write-back of impairment loss to other income (if any) will rely on the conclusive judgement of legal proceedings and the actual amount that could be recovered from the recourse action (if necessary).

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) **Market risks**

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollars. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

Price risk

The Group has investment properties and available-for-sale financial asset which are measured at fair value at each balance sheet date. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

(b) **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, 2006 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.

4. 關鍵會計估計及判斷 (續)

(d) **持作發展之物業權益**

誠如附註19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。

5. 財務風險管理

本集團之業務面對不同財務風險。本集團之整體風險管理計劃針對金融市場不可預測之情況，尋求減低其對本集團財務表現構成之潛在不利影響。

(a) **市場風險**

外匯風險

本集團之外匯風險來自不同貨幣，當中以港元為主。外匯風險來自海外業務之未來商業交易及已確認資產及負債及投資淨額。

價格風險

本集團擁有按各個結算日之公平值計算之投資物業及可供出售金融資產。本集團通過密切監察可能影響有關投資價值之價格及市況之變動來管理其風險。

(b) **信貸風險**

本集團就倘交易對手未能履行其於二零零六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檢討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。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

5. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

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, 2006.

(c) Interest rate risk

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

The Group and the Company have no significant interest-bearing assets except for interest-bearing advances to associates and time deposits and bank balances, details of which have been disclosed in Note 22 and Note 26.

(d) Liquidity risk

The Group manages liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and intended credit lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

(e) Cash flow and fair value interest rate risk

Long term borrowings at variable interest rates expose the Group to cash flow interest rate risk and those at fixed rates expose the Group to fair value interest rate risk.

The Group monitors the interest rate risk exposure on a continuous basis and adjusts the portfolio of borrowings where necessary.

5. 財務風險管理 (續)

(b) 信貸風險 (續)

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。

截至二零零六年十二月三十一日止，本公司並無重大之信貸風險。

(c) 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22及附註26披露。

(d) 流動資金風險

本集團管理流動資金風險之方法為定期監察現時及預測之流動資金需要，並確保具備足夠流動現金及取得計劃來自主要金融機構之融資，以應付本集團之短期及長期流動資金需要。

(e) 現金流量及公平值利率風險

按浮動利率的長期借貸使本集團面對現金流量利率風險。按固定利率的長期借貸則使本集團面對公平值利率風險。

本集團以持續基準監察利率風險及在有需要時調整借款組合。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

6. 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

Segment information about these businesses is presented below:

Income statement

For the year ended 31st December, 2006

6. 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

該等業務之分類資料如下：

收益表

截至二零零六年十二月三十一日止年度

		Property development 物業發展 HK\$'000 千港元	Property leasing 物業租賃 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Segment turnover	分類營業額	–	2,916	2,916
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	(391)	5,889	5,498
– Fair value changes on investment properties	– 投資物業之公平值變動	–	14,874	14,874
– Segment result after fair value changes on investment properties	– 投資物業之公平值變動後分類業績	(391)	20,763	20,372
Unallocated corporate income	未分攤之公司收入			7,649
Unallocated corporate expenses	未分攤之公司支出			(3,949)
Finance costs	財務費用			(58)
Impairment loss recognised in respect of advances to associates	就墊付聯營公司款項確認之減值虧損	–	(13,477)	(13,477)
Write-back of allowance for amount due from an associate	聯營公司欠款準備之撥回金額	–	897	897
Share of results of associates	應佔聯營公司業績	–	84,886	84,886
Profit before taxation	稅前溢利			96,320
Taxation	稅項			(2,029)
Profit for the year	本年度溢利			94,291

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

6. SEGMENT INFORMATION (cont'd)

Business segments (cont'd)

Balance sheet

As at 31st December, 2006

		Property development	Property leasing	Consolidated
		物業發展	物業租賃	綜合
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Assets	資產			
Segment assets	分類資產	102,207	53,076	155,283
Interests in associates	聯營公司權益	-	329,152	329,152
Advances to associates	墊付聯營公司款項	-	106,911	106,911
Unallocated corporate assets	未分攤之公司資產			185,319
Consolidated total assets	綜合資產總額			776,665
Liabilities	負債			
Segment liabilities	分類負債	1,523	10,528	12,051
Unallocated corporate liabilities	未分攤之公司負債			4,174
Consolidated total liabilities	綜合負債總額			16,225

Other information

For the year ended 31st December, 2006

其他資料

截至二零零六年十二月三十一日止年度

		Property development	Property leasing	Others	Consolidated
		物業發展	物業租賃	其他	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Capital additions	資本增加	26,386	-	-	26,386
Depreciation	折舊	-	-	35	35
Amortisation of prepaid lease payments	預付租賃款項攤銷	14	-	20	34
Fair value changes on investment properties	投資物業之公平值變動	-	(14,874)	-	(14,874)

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

6. SEGMENT INFORMATION (cont'd)

Business segments (cont'd)

Income statement

For the year ended 31st December, 2005

6. 分類資料 (續)

按業務劃分 (續)

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
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Segment turnover	分類營業額	–	3,370	3,370
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	(931)	8,093	7,162
– Fair value changes on investment properties	– 投資物業之公平值 變動	–	4,600	4,600
– Segment result after fair value changes on investment properties	– 投資物業之公平值變動後 分類業績	(931)	12,693	11,762
Unallocated corporate expenses	未分攤之公司支出			(563)
Finance costs	財務費用			(2,100)
Impairment loss recognised in respect of advances to associates	就墊付聯營公司款項確認之 減值虧損	–	(4)	(4)
Write-back of allowance for amount due from an associate	聯營公司欠款準備之 撥回金額	–	1,024	1,024
Write-back of allowance for amounts due from former associates	前聯營公司欠款準備之 撥回金額	2,964	5,756	8,720
Share of results of associates	應佔聯營公司業績	–	100,977	100,977
Profit before taxation	稅前溢利			119,816
Taxation	稅項			(398)
Profit for the year	本年度溢利			119,418

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

6. SEGMENT INFORMATION (cont'd)

Business segments (cont'd)

Balance sheet

As at 31st December, 2005

		Property development	Property leasing	Consolidated
		物業發展	物業租賃	綜合
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Assets	資產			
Segment assets	分類資產	75,724	236,999	312,723
Interests in associates	聯營公司權益	–	246,345	246,345
Advances to associates	墊付聯營公司款項	–	124,756	124,756
Unallocated corporate assets	未分攤之公司資產			38
Consolidated total assets	綜合資產總額			<u>683,862</u>
Liabilities	負債			
Segment liabilities	分類負債	5,649	10,214	15,863
Unallocated corporate liabilities	未分攤之公司負債			1,850
Consolidated total liabilities	綜合負債總額			<u>17,713</u>

Other information

For the year ended 31st December, 2005

6. 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
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Capital additions	資本增加	23,151	–	23,151
Depreciation	折舊	18	29	47
Amortisation of prepaid lease payments	預付租賃款項攤銷	33	–	33
Fair value changes on investment properties	投資物業之公平值變動	–	(4,600)	(4,600)

其他資料

截至二零零五年十二月三十一日止年度

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

6. 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 turnover is 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	
		分類資產賬面值		資本增加	
		2006	2005	2006	2005
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Hong Kong	香港	776,549	683,750	26,386	23,151
PRC	中國	116	112	–	–
		776,665	683,862	26,386	23,151

6. 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。在上述兩個年度本集團之營業額全部來自香港。

以下為於結算日之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：

7. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate amounts received and receivable from property rental income, analysed as follows:

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Turnover	營業額		
Property rental income	物業租金收入	2,916	3,370
Other revenue	其他收益		
Interest income from bank deposits	銀行存款利息收入	7,070	4,928
Interest income on advances to associates	墊付聯營公司款項之利息收入	4,855	3,557
Sundry income	雜項收入	7	19
		11,932	8,504

7. 營業額及其他收益

營業額指已收及應收之物業租金收入，分析如下：

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

8. FINANCE COSTS

8. 財務費用

	2006	2005
	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
	58	2,100

9. SHARE OF RESULTS OF ASSOCIATES

9. 應佔聯營公司業績

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
Operating income	經營收入	4,731
Gain on disposal of properties	出售物業之收益	6,273
Fair value changes on investment properties	投資物業之公平值變動	112,071
Less: deferred tax arose from fair value changes on investment properties	減：投資物業之公平值變動 所產生之遞延稅項	(19,612)
	80,416	92,459
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)
Other deferred tax	其他遞延稅項	-
	84,886	100,977

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

10. PROFIT BEFORE TAXATION

10. 稅前溢利

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
Profit before taxation is stated after charging:		
Auditors' remuneration	365	373
Depreciation	35	47
Amortisation of prepaid lease payments	34	33
Staff costs (excluding directors' remuneration)		
– salaries and allowances	1,843	1,057
– retirement benefit costs	87	55
Impairment loss recognised in respect of property held for sale	600	–
Impairment loss recognised in respect of trade receivable	38	–
and after crediting:		
Imputed interest income relating to interest-free advance to an associate	924	906
Gain on disposal of investment properties	24	–
Exchange gain	8	–
Gross rental income from properties	2,916	3,370
Less: direct operating expenses from properties that generated rental income during the year	(438)	(541)
direct operating expenses from properties that not generated rental income during the year	(819)	(822)
	1,659	2,007

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

11. TAXATION

11. 稅項

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Current tax	年內稅項		
Hong Kong	香港	1,805	7
Overprovision in prior years	過往年度超額撥備		
Hong Kong	香港	(1)	–
		1,804	7
Deferred tax (See Note 31)	遞延稅項(見附註31)	225	391
		2,029	398

Hong Kong Profits Tax is calculated at 17.5% (2005: 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.

香港利得稅乃按兩個年度之估計應課稅溢利按稅率17.5%(二零零五年: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。

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

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, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

11. TAXATION (cont'd)

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

11. 稅項 (續)

本年度稅項支出與收益表之稅前溢利對賬如下：

		2006					
		Hong Kong		PRC		Total	
		香港		中國		合計	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
		千港元		千港元		千港元	
Profit/(loss) before taxation	稅前溢利/(虧損)	96,602		(282)		96,320	
Tax at domestic profits tax rate	按本地利得稅稅率計算之稅項	16,949	17.5	(93)	(33.3)	16,856	17.5
Tax effect of share of results of associates	攤佔聯營公司業績之稅務影響	(14,855)	(15.4)	-	-	(14,855)	(15.4)
Estimated tax effect of expenses not deductible in determining profits tax	計算利得稅時不可扣稅支出之估計稅務影響	3,292	3.4	-	-	3,292	3.4
Estimated tax effect of income not taxable in determining profits tax	計算利得稅時毋須課稅收入之估計稅務影響	(2,344)	(2.4)	-	-	(2,344)	(2.4)
Estimated tax effect of utilisation of unrecognised tax losses from prior periods	動用過往期間未確認稅務虧損之估計稅務影響	(1,443)	(1.5)	-	-	(1,443)	(1.5)
Estimated tax effect of unrecognised tax losses	未確認稅務虧損之估計稅務影響	(40)	0.0	93	33.3	53	0.0
Others	其他	470	0.5	-	-	470	0.5
Tax charge at the Group's effective rate for the year	本年度按本集團實際稅率計算之稅項支出	2,029	2.1	-	-	2,029	2.1

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

11. TAXATION (cont'd)

11. 稅項 (續)

		Hong Kong		2005 PRC		Total	
		香港		中國		合計	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit/(loss) before taxation	稅前溢利/(虧損)	120,439		(623)		119,816	
Tax at domestic profits tax rate	按本地利得稅稅率計算之稅項	21,175	17.5	(207)	(33.3)	20,968	17.5
Tax effect of share of results of associates	攤佔聯營公司業績之稅務影響	(17,671)	(14.7)	–	–	(17,671)	(14.7)
Estimated tax effect of expenses not deductible in determining profits tax	計算利得稅時不可扣稅支出之估計稅務影響	590	0.5	–	–	590	0.5
Estimated tax effect of income not taxable in determining profits tax	計算利得稅時毋須課稅收入之估計稅務影響	(2,856)	(2.4)	–	–	(2,856)	(2.4)
Estimated tax effect of unrecognised tax losses	未確認稅務虧損之估計稅務影響	(1,039)	(0.7)	207	33.3	(832)	(0.7)
Others	其他	199	0.1	–	–	199	0.1
Tax charge at the Group's effective rate for the year	本年度按本集團實際稅率計算之稅項支出	398	0.3	–	–	398	0.3

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

12. 本公司權益持有人應佔溢利

For the year ended 31st December, 2006, net profit of HK\$6,123,000 (2005: net profit of HK\$21,517,000) has been dealt with in the financial statements of the Company.

截至二零零六年十二月三十一日止年度，於本公司財務報表內處理之純利淨額6,123,000港元（二零零五年：純利21,517,000港元）。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

13. 董事及僱員之酬金

(a) Directors' emoluments

The emoluments, pension and compensation arrangements paid or payable to the directors and past directors for their services on the Company were as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Director's fees:	董事袍金：		
Executive Directors	執行董事	-	-
Independent Non-executive Directors	獨立非執行董事		
- Mr. Lai, Yun-hung	- 賴恩雄先生	10	-
- Mr. Mok, Hon-sang	- 莫漢生先生	120	100
- Mr. Wong, Tik-tung	- 汪滌東先生	120	100
- Mr. Wang, Jian-guo	- 王建國先生	110	100
		360	300
Other emoluments:	其他酬金：		
Executive Directors	執行董事		
Salaries and other benefits	薪金及其他福利	-	-
Retirement benefit schemes contributions	退休福利計劃供款	-	-
Independent Non-executive Directors	獨立非執行董事	-	-
		-	-
		360	300

(b) Employees' emoluments

During the year, no directors of the Company were included in the five highest paid individuals of the Group (2005: two directors) whose emoluments are set out above. The emoluments payable to the five highest paid individuals (2005: three individuals) were as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	963	385
Retirement benefit schemes contributions	退休福利計劃供款	42	19
		1,005	404

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

(a) 董事酬金

就董事及前任董事向本公司提供服務而已付或應付彼等之酬金、退休金及補償安排如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Director's fees:	董事袍金：		
Executive Directors	執行董事	-	-
Independent Non-executive Directors	獨立非執行董事		
- Mr. Lai, Yun-hung	- 賴恩雄先生	10	-
- Mr. Mok, Hon-sang	- 莫漢生先生	120	100
- Mr. Wong, Tik-tung	- 汪滌東先生	120	100
- Mr. Wang, Jian-guo	- 王建國先生	110	100
		360	300
Other emoluments:	其他酬金：		
Executive Directors	執行董事		
Salaries and other benefits	薪金及其他福利	-	-
Retirement benefit schemes contributions	退休福利計劃供款	-	-
Independent Non-executive Directors	獨立非執行董事	-	-
		-	-
		360	300

(b) 僱員酬金

年內，本公司董事全非本集團五名最高薪酬人士（二零零五年：兩名董事），其酬金詳情載於上文。應付五名最高薪酬人士之酬金（二零零五年：三名）如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	963	385
Retirement benefit schemes contributions	退休福利計劃供款	42	19
		1,005	404

個別僱員之酬金全部低於500,000 港元。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

14. EARNINGS 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 HK\$94,349,000 (2005: HK\$121,518,000) and the weighted average number of 338,765,987 (2005: 333,816,069) ordinary shares in issue during the year.

For the years ended 31st December, 2006 and 31st December, 2005, diluted earnings per share has been presented even though there were no diluting events during these years.

15. DIVIDENDS

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

16. INVESTMENT PROPERTIES

14. 每股盈利

每股基本盈利乃根據本公司股本持有人應佔溢利94,349,000港元(二零零五年:121,518,000港元)及年內已發行普通股之加權平均數338,765,987股(二零零五年:333,816,069股)計算。

儘管截至二零零六年十二月三十一日及二零零五年十二月三十一日止年度並無攤薄事項,惟仍然呈列每股攤薄盈利。

15. 股息

兩個年度均無派發或建議派發任何股息,自結算日以來亦概無建議派發任何股息。

16. 投資物業

		HK\$'000 千港元
The Group	本集團	
Fair value	公平值	
At 1st January, 2005	於二零零五年一月一日	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 and 1st January, 2006	於二零零五年十二月三十一日及 二零零六年一月一日	53,950
Disposals	出售	(5,424)
Fair value changes recognised in income statement	於收益表確認之 公平值變動	14,874
At 31st December, 2006	於二零零六年十二月三十一日	63,400

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

16. INVESTMENT PROPERTIES (cont'd)

The fair value of the Group's investment properties at 31st December, 2006 has been arrived at on the basis of valuation carried out on that date by Norton Appraisals Limited ("Norton Appraisals"), independent qualified professional surveyors not connected with the Group. Norton Appraisals 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 2005) 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, 2006, the carrying amount of such property interests amounted to HK\$63,400,000 (2005: HK\$53,950,000).

The carrying amounts of investment properties shown above comprise:

Properties in Hong Kong held under:

Long lease

Medium-term lease

於香港按以下租約持有之物業:

長期租約

中期租約

16. 投資物業 (續)

本集團投資物業於二零零六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(「普敦國際評估」)於該日進行之估值為基準而計算。普敦國際評估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(二零零五年第一版),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。於二零零六年十二月三十一日,該等物業權益之賬面金額為63,400,000港元(二零零五年:53,950,000港元)。

上述投資物業之賬面值包括:

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
	3,600	3,350
	59,800	50,600
	63,400	53,950

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		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
The Group	本集團			
Cost	成本值			
At 1st January, 2005,	於二零零五年一月一日、			
31st December, 2005,	二零零五年十二月三十一日、			
1st January, 2006 and	二零零六年一月一日及			
31st December, 2006	二零零六年十二月三十一日	882	1,121	2,003
Depreciation and amortisation	折舊及攤銷			
At 1st January, 2005	於二零零五年一月一日	643	1,073	1,716
Charge for the year	本年度扣除	18	29	47
At 31st December, 2005 and	於二零零五年十二月三十一日			
1st January, 2006	及二零零六年一月一日	661	1,102	1,763
Charge for the year	本年度扣除	18	17	35
At 31st December, 2006	於二零零六年十二月三十一日	679	1,119	1,798
Net book value	賬面淨值			
At 31st December, 2006	於二零零六年十二月三十一日	203	2	205
At 31st December, 2005	於二零零五年十二月三十一日	221	19	240

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

上述物業、廠房及設備項目以直線法按下列年率計算折舊：

Type	Basis	種類	基準
Buildings	Over the shorter of the unexpired period of the land lease and 20 years	樓宇	土地租賃尚餘年期及二十年 (以較短者為準)
Furniture, fixtures and equipment	10%	傢俬、裝置及設備	10%

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

17. PROPERTY, PLANT AND EQUIPMENT (cont'd)

17. 物業、廠房及設備 (續)

		Furniture, fixtures and equipment
		傢俬、裝置及設備
		HK\$'000
		千港元
The Company	本公司	
Cost	成本值	
At 1st January, 2005, 31st December, 2005, 1st January, 2006 and 31st December, 2006	於二零零五年一月一日、二零零五年十二月 三十一日、二零零六年一月一日及 二零零六年十二月三十一日	1,117
Depreciation	折舊	
At 1st January, 2005	於二零零五年一月一日	1,072
Charge for the year	本年度扣除	29
At 31st December, 2005 and 1st January, 2006	於二零零五年十二月三十一日及 二零零六年一月一日	1,101
Charge for the year	本年度扣除	16
At 31st December, 2006	於二零零六年十二月三十一日	1,117
Net book value	賬面淨值	
At 31st December, 2006	於二零零六年十二月三十一日	-
At 31st December, 2005	於二零零五年十二月三十一日	16

18. PROPERTIES HELD FOR DEVELOPMENT

18. 持作發展物業

		HK\$'000
		千港元
The Group	本集團	
Cost	成本值	
At 1st January, 2005	於二零零五年一月一日	750
Addition	添置	23,151
At 31st December, 2005 and 1st January, 2006	於二零零五年十二月三十一日及 二零零六年一月一日	23,901
Addition	添置	26,386
Transfer to properties held for sale (See Note 24)	轉撥至持作出售物業 (見附註24)	(50,287)
At 31st December, 2006	於二零零六年十二月三十一日	-

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。

19. PROPERTY INTERESTS HELD FOR DEVELOPMENT

19. 持作發展之物業權益

	HK\$'000 千港元
The Group	
Cost	
At 1st January, 2005, 31st December, 2005, 1st January, 2006 and 31st December, 2006	183,381
Impairment	
At 1st January, 2005, 31st December, 2005, 1st January, 2006 and 31st December, 2006	(183,381)
Net book value	
At 31st December, 2006	-
At 31st December, 2005	-

Notes:

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) proceeds to apply for the land requisition of the Land on or before the Deadline and settle the Final Payment; (ii) applies for an extension of the Deadline; or (iii) terminates 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").

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清付最後付款；(ii)申請延長該限期；(iii)終止該合同及要求退還已付金額其中約46,200,000港元（等同人民幣49,100,000元）（「索償金額」）。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

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

Notes: (cont'd)

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.

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.

19. 持作發展之物業權益 (續)

附註: (續)

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。

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。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

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

Notes: (cont'd)

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 Shantou City Intermediate People's Court (the "Intermediate 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 Intermediate 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.

On 28th December, 2006, the Intermediate Court made the judgment in favour of SPV as follows: (1) The Contract and other related agreements and correspondence are null and void; (2) the Chenghai Bureau shall refund SPV the pre-payment in the sum of RMB53 million and interest accrued from 28th April, 2005 to the date of settlement within 10 days from the effective date of the judgment; and (3) the Chenghai Bureau shall be liable for the court fees in sum of RMB285,020 and pay the same to SPV directly.

On 23rd January, 2007, the Chenghai Bureau submitted an application of appeal to the High People's Court of Guangdong Province (the "High Court") and SPV also sent out a reply to the High Court on 13th February, 2007. According to the legal opinion of our PRC lawyer, it is more likely that the High Court will sustain the judgment of the Intermediate Court.

Up to the date of approval of these financial statements, the application of appeal is pending for hearing.

19. 持作發展之物業權益 (續)

附註：(續)

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（「中級法院」）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，中級法院知會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。

於二零零六年十二月二十八日，中級法院判處SPV勝訴：(1) 該合同及其他相關協議及文件失效及作廢；(2) 澄海當局須向SPV退還合共人民幣53,000,000元的預付款項，連同由二零零五年四月二十八日至裁決生效日期起計10日內還款當日之累計利息；及(3) 澄海當局須支付堂費合共人民幣285,020元，並直接向SPV支付相同款額。

於二零零七年一月二十三日，澄海當局向廣東省高級人民法院（「高級法院」）提交上訴申請，而SPV亦已於二零零七年二月十三日向高級法院提交回應。根據本公司中國律師的法律意見，高級法院很大機會維持中級法院的裁決。

截至批准此等財務報表日期，上訴申請仍有待聆訊。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

20. PREPAID LEASE PAYMENTS

20. 預付租賃款項

		HK\$'000	
		千港元	
The Group	本集團		
Cost	成本值		
At 1st January, 2005, 31st December, 2005, 1st January, 2006 and 31st December, 2006	於二零零五年一月一日、二零零五年 十二月三十一日、二零零六年一月一日及 二零零六年十二月三十一日	12,958	
Depreciation and amortisation	折舊及攤銷		
At 1st January, 2005	於二零零五年一月一日	3,225	
Charge for the year	本年度扣除	33	
At 31st December, 2005 and 1st January, 2006	於二零零五年十二月三十一日及 二零零六年一月一日	3,258	
Charge for the year	本年度扣除	34	
At 31st December, 2006	於二零零六年十二月三十一日	3,292	
Net book value	賬面淨值		
At 31st December, 2006	於二零零六年十二月三十一日	9,666	
At 31st December, 2005	於二零零五年十二月三十一日	9,700	
		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
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	長期租約	9,446	9,460
Medium-term lease	中期租約	220	240
		9,666	9,700

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

21. INTERESTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES

21. 附屬公司權益／墊付附屬公司款項

		2006	2005
		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	192,070
Capital contribution	注資	5,888	3,632
Less: impairment loss recognised in respect of the investments in subsidiaries	減: 就附屬公司投資確認之減值虧損	(13,854)	(10,391)
		184,104	185,311
Advances to subsidiaries	墊付附屬公司款項	682,178	666,404
Less: impairment loss recognised in respect of the advances to subsidiaries	減: 就墊付附屬公司款項確認之減值虧損	(464,712)	(458,668)
		217,466	207,736

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

注資指墊付附屬公司免息款項所計之名義利息。

The advances to subsidiaries, net of allowances are unsecured. Included in the balance as at 31st December, 2006, the amount of HK\$167,462,000 (2005: 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 approximate to their fair values.

墊付附屬公司款項(扣除準備)為無抵押。於二零零六年十二月三十一日之結存中,包括一筆為數167,462,000港元之計息款項(二零零五年:153,358,000港元)。董事認為,本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貸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。

Particulars of the Group's principal subsidiaries at 31st December, 2006 are set out in Note 39 to the financial statements.

本集團主要附屬公司於二零零六年十二月三十一日之詳情載於財務報表附註39。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

22. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES

22. 聯營公司權益／墊付聯營公司款項

		The Group		The Company	
		本集團		本公司	
		2006	2005	2006	2005
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
(a) Interests in associates	(a) 聯營公司權益				
Cost of investments in associates – Unlisted in Hong Kong	聯營公司投資成本 – 香港非上市公司	103,252	103,252	–	–
Share of post-acquisition profits, net of dividends received (Note ii)	所佔收購後溢利，扣除已收股息 (附註ii)	225,900	143,093	–	–
		329,152	246,345	–	–
(b) Advances to associates	(b) 墊付聯營公司款項				
Interest-bearing advances to associates (Note iii)	墊付聯營公司計息款項(附註iii)	90,742	96,028	9,500	9,500
Interest-free advances to associates, net of allowances (Note iv)	墊付聯營公司免息款項(扣除準備) (附註iv)	99,979	99,977	–	–
		190,721	196,005	9,500	9,500
Less: impairment loss recognised (Note i)	減：已確認之減值虧損(附註i)	(83,810)	(71,249)	–	–
		106,911	124,756	9,500	9,500

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

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

(b) Advances to associates (cont'd)

Notes:

- (i) The movements in provision for impairment loss recognised in respect of advances to associates are as follows:

At 1st January, 2006/2005	於二零零六年／二零零五年 一月一日	71,249	72,269
Impairment loss recognised during the year	年內確認之減值虧損	13,477	4
Amount due from an associate written off	撇銷聯營公司欠款	(19)	-
Write-back of allowance for amount due from an associate	撥回聯營公司 欠款準備	(897)	(1,024)
At 31st December, 2006/2005	於二零零六年／二零零五年 十二月三十一日	83,810	71,249

- (ii) The investment properties of the associates were revalued at 31st December, 2006 on the basis of a valuation carried out on that date by Norton Appraisals. The Group recognised an interest in the fair value gain on the investment properties of the associates of HK\$80.4 million (net of deferred tax impact of HK\$16.6 million) as at 31st December, 2006. Details are set out in Note 9 to the financial statements.
- (iii) Except for an amount of HK\$9,500,000 (2005: HK\$9,500,000) which bears interest at 6.75% (2005: 6.75%), the remaining balances of interest-bearing advances 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.
- (iv) 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 as at 31st December, 2006 are set out in Note 40 to the financial statements.

22. 聯營公司權益／墊付聯營公司款項(續)

(b) 墊付聯營公司款項(續)

附註:

- (i) 就墊付聯營公司款項確認之減值虧損撥備變動如下:

2006 HK\$'000 千港元	2005 HK\$'000 千港元
71,249	72,269
13,477	4
(19)	-
(897)	(1,024)
83,810	71,249

- (ii) 聯營公司投資物業於二零零六年十二月三十一日按普敦國際評估於該日進行之估值為基準而重估。本集團已確認聯營公司投資物業於二零零六年十二月三十一日之公平值收益權益80,400,000港元(扣除遞延稅項影響16,600,000港元)。有關詳情載於財務報表附註9。
- (iii) 除一筆9,500,000港元之款項(二零零五年:9,500,000港元)按6.75厘(二零零五年:6.75厘)計息外,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,因此被視為非流動。本公司董事認為墊付聯營公司款項之賬面金額與其公平值相若。
- (iv) 免息墊款為無抵押,而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貸利率折現免息墊款之未來現金流量而估計其公平值。本公司董事認為免息墊付聯營公司款項之賬面值與其公平值相若。

有關本集團於二零零六年十二月三十一日之主要聯營公司之詳情載於財務報表附註40。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

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

(b) Advances to associates (cont'd)

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

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Total assets	資產總額	1,426,413	1,160,507
Total liabilities	負債總額	(556,208)	(514,533)
Net assets	資產淨值	870,205	645,974
Group's share of net assets of associates	本集團應佔聯營公司資產淨值	329,152	246,345
Turnover	營業額	46,465	36,681
Profit for the year	本年度溢利	228,390	274,106
Group's share of results of associates for the year (See Note 9)	本集團應佔本年度聯營公司之 業績(見附註9)	84,886	100,977

23. AVAILABLE-FOR-SALE FINANCIAL ASSET

The Group and the Company

Club debenture, at fair value

本集團及本公司

會籍債券·公平值

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
	270	270

22. 聯營公司權益／墊付聯營公司款項(續)

(b) 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:

23. 可供出售金融資產

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

24. PROPERTIES HELD FOR SALE

The Group

Properties held for sale
Transfer from properties held
for development (Note 18)

Less: impairment loss recognised

本集團

持作出售物業
從持作發展物業轉入
(附註18)

減: 已確認之減值虧損

At 31st December, 2006, the directors of the Company reviewed the carrying value of the properties held for sale with reference to current market situation and the estimated selling price of the properties held for sale provided by Norton Appraisals. An impairment loss of approximately HK\$600,000 (2005: HK\$Nil) was made by reference to the recoverable amount of the properties held for sale.

25. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group and the Company

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

The Group

Included in debtors, deposits and prepayments are trade debtors of HK\$2,000 (2005: HK\$68,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipt of bills. The following is an aged analysis of trade debtors at the balance sheet date:

24. 持作出售物業

2006	2005
HK\$'000	HK\$'000
千港元	千港元
28,796	28,796
50,287	–
79,083	28,796
(600)	–
78,483	28,796

於二零零六年十二月三十一日，本公司董事已參照現行市況及普敦國際評估提供之持作出售物業估計售價審閱持作出售物業之賬面金額。本集團參照持作出售物業之可收回金額作出約600,000港元之減值虧損（二零零五年：零港元）。

25. 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貿易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2,000港元（二零零五年：68,000港元），主要為預先開立賬單之應收租金，並預期租客將於收取賬單時清付。於結算日應收貿易賬項之賬齡分析如下：

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

25. DEBTORS, DEPOSITS AND PREPAYMENTS (cont'd)

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Within 30 days	三十日內	2	14
31 – 60 days	三十一至六十日	-	12
Over 60 days	六十日以上	-	42
		2	68

25. 應收賬項、按金及預付款項 (續)

26. CASH AND CASH EQUIVALENTS

		The Group		The Company	
		本集團		本公司	
		2006	2005	2006	2005
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Cash at banks and on hand	銀行存款及現金	1,400	1,030	611	422
Time deposits	定期存款	186,500	194,100	183,300	194,100
		187,900	195,130	183,911	194,522

26. 現金及現金等同項目

The time deposits of the Group and the Company carry interest rate ranging from 3.7% to 4.0% (2005: 3.9% to 4.0%) per annum and these deposits had maturity within 3 months.

本集團及本公司之定期存款按年利率介乎3.7厘至4.0厘(二零零五年:3.9厘至4.0厘)計息,而此等存款於三個月內到期。

The directors of the Company consider that the carrying amount of the Group's and the Company's cash and cash equivalents approximate to their fair values.

本公司董事認為本集團及本公司之現金及現金等同項目之賬面金額與其公平值相若。

27. CREDITORS AND ACCRUALS

The Group and the Company

There were no trade payables included in creditors and accruals as at 31st December, 2006 and 2005. The directors of the Company consider that the carrying amount of the Group's and the Company's creditors and accruals approximate to their fair values.

27. 應付賬項及應計費用

本集團及本公司

於二零零六年及二零零五年十二月三十一日,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。

28. 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. 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 a litigation claim approximates to its fair value.

Apart from disclosed as above, the Group and the Company did not have any provision for litigation claim as at 31st December, 2006 and 2005.

29. LOANS FROM MINORITY SHAREHOLDERS OF SUBSIDIARIES

The Group

The loans are unsecured and 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 consider 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.

28. 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。本公司已呈交同意和解傳票，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，本集團及本公司之索償訴訟撥備之賬面金額與其公平值相若。

除上文所披露者外，本集團及本公司於二零零六年及二零零五年十二月三十一日並無任何索償訴訟撥備。

29. 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貸利率折現該等貸款之未來現金流量而考慮其公平值，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, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

30. ADVANCE FROM AN ASSOCIATE

The Group

The amount is unsecured and 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 amount was fully settled during the year ended 31st December, 2006. The directors of the Company consider that the carrying amount of the Group's advance from an associate approximates to its fair value.

31. DEFERRED TAXATION LIABILITIES

The Group

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

		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, 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 11)	撥入(扣自)本年度收益表(見附註11)	193	(112)	(472)	(391)
At 31st December, 2005 and 1st January, 2006	於二零零五年十二月三十一日及二零零六年一月一日	(1,499)	24	465	(1,010)
Credit (charge) to the income statement for the year (See Note 11)	撥入(扣自)本年度收益表(見附註11)	245	(5)	(465)	(225)
At 31st December, 2006	於二零零六年十二月三十一日	(1,254)	19	-	(1,235)

30. 聯營公司墊款

本集團

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。該筆款項已於截至二零零六年十二月三十一日止年度悉數清償。本公司董事認為本集團來自聯營公司墊款之賬面金額與其公平值相若。

31. 遞延稅項負債

本集團

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:

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

31. 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 had not recognised deferred tax assets in respect of tax losses of HK\$201,387,000 (2005: HK\$206,669,000) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

31. 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：

2006	2005
HK\$'000	HK\$'000
千港元	千港元
19	489
(1,254)	(1,499)
(1,235)	(1,010)

於結算日，由於難以預測未來溢利多寡，本集團無就稅務虧損201,387,000港元(二零零五年：206,669,000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。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

32. SHARE CAPITAL

32. 股本

	Number of shares	Share capital
	股份數目	股本
		HK\$'000
		千港元
The Group and the Company		
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1st January, 2005, 31st December, 2005, 1st January, 2006 and 31st December, 2006	於二零零五年一月一日、 二零零五年十二月三十一日、 二零零六年一月一日及 二零零六年十二月三十一日	50,000,000,000 500,000
Issued and fully paid:	已發行及繳足:	
At 1st January, 2005	於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, 1st January, 2006 and 31st December, 2006	於二零零五年十二月三十一日、 二零零六年一月一日及 二零零六年十二月三十一日	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股股份。

33. RESERVES

33. 儲備

The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

本集團

本集團於本年度及過往年度之儲備金額及其變動於綜合股本權益變動報表呈列。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

33. RESERVES (cont'd)

33. 儲備 (續)

The Company

本公司

		Contribution from shareholders	Share premium	Special capital reserve I & II 特別股本 儲備I及II	Accumulated losses	Total
		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
At 1st January, 2005	於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 and 1st January, 2006	於二零零五年十二月 三十一日及二零零六年 一月一日	117,054	495,160	–	(26,967)	585,247
Profit for the year	本年度溢利	–	–	–	6,123	6,123
At 31st December, 2006	於二零零六年十二月 三十一日	117,054	495,160	–	(20,844)	591,370

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，則多出之部分須撥入「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

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

33. 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 capitalisation of distributable profits after 8th October, 2003, the effective date (the "effective date") for capital reduction.

The Company had 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 retained profits/(accumulated 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, 2006 and 2005.

34. MAJOR NON-CASH TRANSACTIONS

For the year ended 31st December, 2006, the Group had the following major non-cash transactions:

- (i) the Group had incurred costs for additions of properties under development of approximately HK\$26,386,000 of which approximately HK\$7,117,000 had not been paid as at 31st December, 2006 which was included in creditors and accruals; and

For the year ended 31st December, 2005, the Group had the following major non-cash transactions:

- (i) the Group applied for the voluntary winding-up of certain subsidiaries and the loans from the minority shareholders amounting to HK\$39,228,000 were written off;
- (ii) the Group had 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 had received dividend income of approximately HK\$14,000,000 from an associate by way of set off against the advance from the associate.

33. 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進賬金額以削減特別股本儲備I及II之進賬金額。

由生效日期起至截至二零零五年十二月三十一日止年度，本公司已增加已發行股本及股份溢價賬，以符合命令有關透過發行及配發股份換取現金代價而削減特別資本儲備I及II之規定。因此，根據法律意見，特別股本儲備I及II之進賬總額54,720,000港元可全數削減並將之轉撥至本公司之保留溢利／（累計虧損）。

本公司董事認為，本公司於二零零六年及二零零五年十二月三十一日並無可供分派之儲備。

34. 主要非現金交易

截至二零零六年十二月三十一日止年度，本集團曾進行下列主要非現金交易：

- (i) 本集團已產生添置發展中物業之成本約26,386,000港元，其中已計入應付賬項及應計費用之約7,117,000港元於二零零六年十二月三十一日尚未支付；及

截至二零零五年十二月三十一日止年度，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，並已撇銷少數股東貸款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。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

35. 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

78

58

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

Within one year

一年內

83

10

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:

Within one year

一年內

461

629

In the second to fifth year inclusive

第二至第五年(包括首尾兩年)

329

210

790

839

The investment properties of the Group are expected to generate annual rental yields of approximately 6% on an ongoing basis. All of the properties held have committed tenants not exceeding approximately three years.

本集團之投資物業預期將每年持續產生約6%之租金回報率。持有之物業均已與租戶訂立不超過約三年之租約。

36. COMMITMENTS

The Group and the Company did not have any significant capital commitments at 31st December, 2006 and 2005.

36. 承擔

於二零零六年及二零零五年十二月三十一日，本集團及本公司並無任何重大資本承擔。

35. 營業租約承擔

本集團作為承租人

2006

2005

HK\$'000

HK\$'000

千港元

千港元

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：

2006

2005

HK\$'000

HK\$'000

千港元

千港元

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：

2006

2005

HK\$'000

HK\$'000

千港元

千港元

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

37. RETIREMENT BENEFIT SCHEMES

The Group operates two retirement benefit schemes:

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

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\$87,000 (2005: HK\$55,000).

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.

37. 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，該兩項計劃之資產均相應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。

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（即本集團就任何於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87,000港元（二零零五年：55,000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, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

38. RELATED PARTY TRANSACTIONS

Saved as disclosed in Note 21 and Note 22 to the financial statements as above, the Group had entered into transactions with related parties which, in the opinion of the directors, were carried out in normal commercial terms and in the ordinary course of the Group's business as shown below:

Key management personnel remuneration

Remuneration for key management personnel is disclosed in Note 13(a) to the financial statements.

During the year, the Group had the following material transactions with 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) During the year, the Company renewed the sub-lease agreement with Chinese Estates, Limited ("CEL"), a wholly owned subsidiary of Chinese Estates Holdings Limited. Pursuant to the renewed sub-lease agreement, CEL sub-leases the office premises at Room 103, 1st Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong to the Company for the period from 1st March, 2006 to 31st December, 2007 at a monthly rental of HK\$6,881.
- (ii) Interest was charged on outstanding balance during the year.

None of the related party transactions constituted discloseable non-exempted connected transactions or non-exempted continuing connected transactions under the Listing Rules.

38. 關連人士交易

除上文財務報表附註21及附註22所披露者外，本集團曾與關連人士訂立下列交易，而董事認為有關交易乃於本集團日常業務過程中按正常商業條款進行：

主要管理人員酬金

主要管理人員之酬金於財務報表附註13(a)披露。

年內，本集團曾與關連人士進行下列交易：

2006	2005
HK\$'000	HK\$'000
千港元	千港元
78	58
4,855	3,557
924	906
5,857	4,521

附註：

- (i) 年內，本公司與Chinese Estates Holdings Limited之全資附屬公司華人置業有限公司（「華置」）續訂分租協議，根據該項續租協議，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室之辦公室物業，租期由二零零六年三月一日起至二零零七年十二月三十一日止，月租為6,881港元。
- (ii) 利息根據年內尚欠結餘計算。

根據上市規則，關連人士交易概無構成須予披露之非豁免關連交易或非豁免持續關連交易。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The directors of the Company 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, 2006 which principally affect the results or assets of the Group.

39. 主要附屬公司詳情

本公司董事認為列出全部附屬公司資料會令篇幅過於冗長，故下表只披露於二零零六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 subsidiaries 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／註冊股本類別	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 activities 主要業務
				Directly 直接	Indirectly 間接	
Comford 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	HK\$200 200港元	–	100%	Property investment 物業投資
		Non-voting deferred ordinary 無投票權遞延普通股	HK\$164,400 164,400港元			
		Non-voting deferred founder 無投票權遞延創立人股	HK\$1,000 1,000港元			
Country Honour Limited 國賢有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Property investment 物業投資
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

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

39. 主要附屬公司詳情 (續)

Name of subsidiaries 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/ 註冊股本類別	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 activities 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 trading 物業買賣
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。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

40. PARTICULARS OF PRINCIPAL ASSOCIATES

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affect the results or assets of the Group:

Name of associates 聯營公司名稱	Place of incorporation and operation 註冊成立及經營地點	Class of share/ registered capital held 所持股份/ 註冊股本類別	Fully paid share capital/ registered capital 繳足股本/ 註冊股本	Percentage of equity attributable indirectly to the Group 本集團間接應佔股權百分比	Principal activities 主要業務
Earn Elite Development Limited 盈才發展有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	50%	Property investment 物業投資
Finedale Industries Limited 廣坤實業有限公司	Hong Kong 香港	Ordinary 普通股	HK\$9,999 9,999港元	33 ¹ / ₃ %	Property investment 物業投資
Healthy Point Limited 強邦有限公司	Hong Kong 香港	Ordinary 普通股 Non-voting preferred 無投票權優先股	HK\$2 2港元 HK\$1 1港元	50%	Property investment 物業投資

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

42. POST BALANCE SHEET EVENT

As contained in the Company's announcement on 13th September, 2006 and the circular dated 4th October, 2006, the Group entered into a sale and purchase agreement to dispose of an investment property at a consideration of HK\$11.2 million. The disposal had been completed on 28th February, 2007 and did not result in significant gain or loss based on the book value of the investment property as at 31st December, 2006.

43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13th March 2007.

40. 主要聯營公司詳情

以下列出對本集團之業績或資產有重要影響之聯營公司(全部均為非上市之公司實體)之詳情:

Name of associates 聯營公司名稱	Place of incorporation and operation 註冊成立及經營地點	Class of share/ registered capital held 所持股份/ 註冊股本類別	Fully paid share capital/ registered capital 繳足股本/ 註冊股本	Percentage of equity attributable indirectly to the Group 本集團間接應佔股權百分比	Principal activities 主要業務
Earn Elite Development Limited 盈才發展有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	50%	Property investment 物業投資
Finedale Industries Limited 廣坤實業有限公司	Hong Kong 香港	Ordinary 普通股	HK\$9,999 9,999港元	33 ¹ / ₃ %	Property investment 物業投資
Healthy Point Limited 強邦有限公司	Hong Kong 香港	Ordinary 普通股 Non-voting preferred 無投票權優先股	HK\$2 2港元 HK\$1 1港元	50%	Property investment 物業投資

41. 比較數字

若干比較數字已經重列，以符合本年度之呈列方式。

42. 結算日後事項

根據本公司於二零零六年九月十三日之公布及日期為二零零六年十月四日之本公司通函所述，本集團就出售一項投資物業訂立買賣協議，代價為11,200,000港元。該項出售交易已於二零零七年二月二十八日完成，且按照投資物業於二零零六年十二月三十一日之賬面值計算，並無引致重大盈利或虧損。

43. 授權刊發財務報表

董事會已於二零零七年三月十三日批准及授權刊發財務報表。

Schedule of Principal Properties

主要物業附表

A. INVESTMENT PROPERTIES 投資物業

Location 地點	Lot number 地段編號	Approx. gross floor area (square feet) 總樓面 面積約數 (平方呎)	Usage 用途	Category of the lease term 租期類別	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	Residential 住宅	Long 長期	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 area 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個車位) * 面積不包括所有車位	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	Medium 中期	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	25,922	Commercial 商業	Medium 中期	50%

A. INVESTMENT PROPERTIES (cont'd)
投資物業(續)

Location 地點	Lot number 地段編號	Approx. gross floor area (square feet) 總樓面面積約數 (平方呎)	Usage 用途	Category of the lease term 租期類別	Group's interest 集團所佔權益
<p>4. Gemstar Tower Unit H on 6th Floor, ^Δ Unit C on 13th Floor and the Roof together with 50 car parking spaces on 1st to 3rd Floors No. 23 Man Lok Street Hung Hom, Kowloon Hong Kong * excluding area of all car parking spaces 駿昇中心 香港九龍紅磡 民樂街23號6樓H室、^Δ 13樓C室及天台與 1樓至3樓50個車位 * 面積不包括所有車位</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>	29,380*	Godown 貨倉	Medium 中期	100%
<p>^Δ The unit was disposed of after 31st December, 2006. 該單位已於二零零六年十二月三十一日後售出。</p>					
<p>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</p>	<p>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</p>	24,080	Commercial 商業	Long 長期	50%
<p>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</p>	<p>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</p>	453	Commercial 商業	Long 長期	100%

Schedule of Principal Properties

主要物業附表

A. INVESTMENT PROPERTIES (cont'd) 投資物業(續)

Location 地點	Lot number 地段編號	Approx. site area (square feet) 地盤 面積約數 (平方呎)	Usage 用途	Category of the lease term 租期類別	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*	Medium 中期	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號餘下部份	24,675	Agricultural* 農業*	Medium 中期	100%

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

B. PROPERTIES HELD FOR SALE 持作出售物業

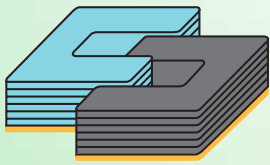
Location 地點	Lot number 地段編號	Approx. gross floor area (square feet) 總樓面面積約數 (平方呎)	Usage 用途	Group's interest 集團所佔權益
1. Gemstar Tower Units C and D on 7th Floor, ^Δ the whole of 16th, 17th and 18th Floors No. 23 Man Lok Street Hung Hom, Kowloon Hong Kong 駿昇中心 香港九龍紅磡 民樂街23號 7樓C及D室、 ^Δ 16樓、17樓及18樓全層	Certain 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	110,784	Godown 貨倉	100%
^Δ The units were disposed of after 31st December, 2006. 該單位已於二零零六年十二月三十一日後售出。				
2. Meeco Industrial Building ^Δ 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 ^Δ 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	Industrial 工業	100%
^Δ The property was disposed of after 31st December, 2006. 該物業已於二零零六年十二月三十一日後售出。				

C. PROPERTY HELD FOR DEVELOPMENT

持作發展物業

Location 地點	Lot number 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段餘下部份及 C段1分段餘下部份	2,146	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年的七層高住宅，被本集團持有作為未來重建之用。應用香港會計準則第17號時，該物業被重新分類至預付租賃款項。



CHI CHEUNG INVESTMENT COMPANY, LIMITED
至祥置業有限公司