



CHINESE ESTATES HOLDINGS LIMITED
華人置業集團

Stock Code 股份代號 : 127

2006
Annual Report
二零零六年年報

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Directors

Joseph Lau, Luen-hung (*Chairman and Chief Executive Officer*)

Lau, Ming-wai

Amy Lau, Yuk-wai[#]

Chan, Kwok-wai^{*}

Cheng, Kwee^{*}

Phillis Loh, Lai-ping^{*}

[#] *Non-executive Director*

^{*} *Independent Non-executive Directors*

Audit Committee

Chan, Kwok-wai

Cheng, Kwee

Phillis Loh, Lai-ping

Remuneration Committee

Chan, Kwok-wai

Cheng, Kwee

Phillis Loh, Lai-ping

Company Secretary and Qualified Accountant

Lam, Kwong-wai

Solicitors

Sidley Austin

Sit, Fung, Kwong & Shum

董事

劉鑾雄 (主席及行政總裁)

劉鳴煒

劉玉慧[#]

陳國偉^{*}

鍾貴^{*}

羅麗萍^{*}

[#] *非執行董事*

^{*} *獨立非執行董事*

審核委員會

陳國偉

鍾貴

羅麗萍

薪酬委員會

陳國偉

鍾貴

羅麗萍

公司秘書及合資格會計師

林光蔚

律師

盛德律師事務所

薛馮鄭岑律師行

Auditors

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

Principal Bankers and Financial Institutions

Bank of China (Hong Kong) Limited
Bank of East Asia, Limited
China Construction Bank Corporation
Chong Hing Bank Limited
Citibank, N.A.
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Place of Incorporation

Bermuda

Registered Office

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

Principal Office in Hong Kong

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

Principal Registrar and Transfer Office

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Pembroke HM 08, Bermuda

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字樓

主要往來銀行及財務機構

中國銀行(香港)有限公司
東亞銀行有限公司
中國建設銀行
創興銀行有限公司
花旗銀行
恆生銀行有限公司
中國工商銀行股份有限公司
華僑銀行有限公司
渣打銀行(香港)有限公司
株式會社三菱東京UFJ銀行

註冊成立地點

百慕達

註冊辦事處

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

香港主要辦事處

香港灣仔
告士打道38號
美國萬通大廈26樓

主要過戶登記處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Pembroke HM 08, Bermuda

Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
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183 Queen's Road East
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Offices in the People's Republic of China

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Chengdu, Sichuan Province, PRC
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Shenzhen, Guangdong Province, PRC
Post Code: 518001
Tel: (86755) 8234 7139
Fax: (86755) 8234 0012

香港過戶登記處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心17樓
1712至1716室

中華人民共和國辦事處

北京辦事處:

中國北京市朝陽區
東三環北路
東方東路9號
東方國際大廈202室
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錦江區北新街58號
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傳真: (8621) 6445 9710

深圳辦事處:

中國廣東省深圳市
羅湖區建設路
羅湖商業城
六樓南拱1-3室
郵編: 518001
電話: (86755) 8234 7139
傳真: (86755) 8234 0012

Website

<http://www.chineseestates.com>

Stock Code

127 (Ordinary Shares)

2516 (Convertible Bonds due 2010)

Board Lot

2,000 Shares (Ordinary Shares)

HK\$10,000 nominal (Convertible Bonds due 2010)

Investor Relations

For enquiries relating to investor relations, please contact:

Investor Relations Manager

Tel: (852) 2866 6999

Fax: (852) 2866 2822

(852) 2866 2833

E-mail: investor.relations@chineseestates.com

網址

<http://www.chineseestates.com>

股份代號

127 (普通股)

2516 (二零一零年到期可換股債券)

買賣單位

2,000股 (普通股)

面值10,000港元 (二零一零年到期可換股債券)

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

電郵： investor.relations@chineseestates.com

EXECUTIVE DIRECTORS

Mr. Joseph LAU, Luen-hung, aged 55, joined the Company in 1989. He is the Chairman and Chief Executive Officer of the Company. Mr. Lau is also a non-executive director of Lifestyle International Holdings Limited (“Lifestyle”), a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). He holds a Bachelor Degree of Science from the University of Windsor, Canada. Mr. Lau has over 31 years of experience in corporate finance, manufacturing and property investment and development. He is the brother of Mr. Thomas Lau, Luen-hung and Ms. Amy Lau, Yuk-wai. He is also the father of Mr. Lau, Ming-wai.

The companies of which Mr. Lau is a director and having a discloseable interest in the shares and underlying shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance are set out in Directors’ Report under the section of “Substantial Shareholders’ Interests in the Securities of the Company” in this annual report.

Mr. LAU, Ming-wai, aged 26, joined the Company in 2006 and has been an Executive Director of the Company since 15th December, 2006. He is also the Chairman of the Company’s subsidiary, G-Prop (Holdings) Limited (“G-Prop”), a company whose shares are listed on the Stock Exchange. Mr. Lau holds a Bachelor Degree of Laws from King’s College London, Master Degree of Laws from The London School of Economics and Political Science, and a Doctoral Degree of Laws from King’s College London, University of London. He previously worked at The Goldman Sachs Group, Inc. and Longview Partners LP, both in London. Mr. Lau is a registered attorney in the State of New York and a CFA (Chartered Financial Analyst) Charterholder. He is the son of Mr. Joseph Lau, Luen-hung and nephew of Mr. Thomas Lau, Luen-hung and Ms. Amy Lau, Yuk-wai.

The companies of which Mr. Lau is a director and having a discloseable interest in the shares and underlying shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance are set out in Directors’ Report under the section of “Substantial Shareholders’ Interests in the Securities of the Company” in this annual report.

執行董事

劉鑾雄先生，現年55歲，於一九八九年加入本公司。彼為本公司之主席兼行政總裁。劉先生亦為利福國際集團有限公司（「利福」）之非執行董事，該公司之股份在香港聯合交易所有限公司（「聯交所」）上市。彼持有加拿大溫莎大學之理學士學位。劉先生在企業財務、製造業及物業投資與發展方面累積逾三十一年經驗。彼為劉鑾鴻先生及劉玉慧女士之胞兄。彼亦為劉鳴煒先生之父親。

由劉先生擔任董事並於本公司股份及相關股份中擁有根據證券及期貨條例第XV部條文須予披露權益之各公司，載於本年報董事會報告書內「主要股東於本公司之證券權益」一節。

劉鳴煒先生，現年26歲，於二零零六年加入本公司，自二零零六年十二月十五日起為本公司之執行董事。彼亦為本公司之附屬公司金匡企業有限公司（「金匡」）之主席，該公司之股份在聯交所上市。劉先生持有倫敦大學國王學院（King’s College London）法律學士學位、倫敦大學倫敦經濟及政治科學學院（The London School of Economics and Political Science）法律碩士學位及倫敦大學國王學院（King’s College London）之法律博士學位。彼曾在倫敦任職於The Goldman Sachs Group, Inc.及Longview Partners, LP。劉先生為紐約州註冊律師及特許財務分析師（Chartered Financial Analyst）特許持有人。彼為劉鑾雄先生之兒子及劉鑾鴻先生和劉玉慧女士之姪兒。

由劉先生擔任董事並於本公司股份及相關股份中擁有根據證券及期貨條例第XV部條文須予披露權益之各公司，載於本年報董事會報告書內「主要股東於本公司之證券權益」一節。

EXECUTIVE DIRECTORS (cont'd)

Mr. Thomas LAU, Luen-hung, aged 53, joined the Company in 1989 and resigned as an Executive Director of the Company in December, 2006. Mr. Lau holds a Bachelor Degree of Arts from the University of Toronto and a Master Degree of Business Administration from the University of Windsor. Mr. Lau is the managing director and an executive director of Lifestyle. He has over 29 years of successful entrepreneurial experience in corporate finance, property investment and development, retailing business, manufacturing and technology industries. He is the brother of Mr. Joseph Lau, Luen-hung and Ms. Amy Lau, Yuk-wai. Mr. Lau is also the uncle of Mr. Lau, Ming-wai.

The companies of which Mr. Lau is a director and having a discloseable interest in the shares and underlying shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance are set out in Directors' Report under the section of "Substantial Shareholders' Interests in the Securities of the Company" in this annual report.

NON-EXECUTIVE DIRECTOR

Ms. Amy LAU, Yuk-wai, aged 54, joined the Company in 2004. Ms. Lau holds a Bachelor Degree of Science and a Doctor Degree of Dental Surgery from the University of Toronto in Canada. Ms. Lau is also a non-executive director of Lifestyle. She is the sister of Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung. Ms. Lau is also the aunt of Mr. Lau, Ming-wai.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN, Kwok-wai, aged 48, joined the Company in 2004. He is also the Chairman of the audit committee and remuneration committee of the Company. Mr. Chan holds a Bachelor Degree of Business Administration from the Monash University. He is also the member of the Hong Kong Securities Institute and an associate member of CPA Australia. He has over 21 years of experience in finance and accounting industry. Mr. Chan is currently a director of High Progress Consultants Limited. He is also an independent non-executive director of Junefield Department Store Group Limited, China Investments Holdings Limited, Tern Properties Company Limited, National Electronics Holdings Limited and Far East Consortium International Limited, the shares of all of which are listed on the Stock Exchange.

執行董事(續)

劉鑾鴻先生·現年53歲·於一九八九年加入本公司·並已於二零零六年十二月辭任本公司執行董事。劉先生取得多倫多大學之文學士學位及溫莎大學之工商管理碩士學位。劉先生為利福之董事總經理兼執行董事。彼在企業財務、物業投資與發展、零售業務、製造業及科技業方面累積逾二十九年成功之企業經驗。彼為劉鑾雄先生及劉玉慧女士之胞弟。劉先生亦為劉鳴煒先生之叔父。

由劉先生擔任董事並於本公司股份及相關股份中擁有根據證券及期貨條例第XV部條文須予披露權益之各公司·載於本年報董事會報告書內「主要股東於本公司之證券權益」一節。

非執行董事

劉玉慧女士·現年54歲·於二零零四年加入本公司。劉女士分別取得加拿大多倫多大學之理學士學位及牙醫博士學位。劉女士亦為利福之非執行董事。彼為劉鑾雄先生之胞妹及劉鑾鴻先生之胞姊。劉女士亦為劉鳴煒先生之姑母。

獨立非執行董事

陳國偉先生·現年48歲·自二零零四年加入本公司。彼亦為本公司審核委員會及薪酬委員會之主席。陳先生持有蒙納士大學工商管理學士學位·並為香港證券專業學會及澳洲會計師公會會員。彼在財務及會計方面擁有超過二十一年經驗。陳先生現為勤達顧問有限公司之董事。彼亦為莊勝百貨集團有限公司、中國興業控股有限公司、太興置業有限公司、樂聲電子有限公司及遠東發展有限公司之獨立非執行董事·上述所有公司之股份均在聯交所上市。

INDEPENDENT NON-EXECUTIVE DIRECTORS (cont'd)

Mr. CHENG, Kwee, aged 48, joined the Company in 2004. He is also a member of the audit committee and remuneration committee of the Company. Mr. Cheng is a major shareholder of Business Securities Limited (broker no. 2860) which is the Stock Exchange Participant. Mr. Cheng has over 22 years of experience in securities and financial services. He also runs property development and investment businesses in Mainland China, Macau, Singapore, Thailand, Malaysia and Cambodia.

Ms. Phillis LOH, Lai-ping, aged 42, joined the Company in 2006. She is also a member of the audit committee and remuneration committee of the Company. Ms. Loh was a practising solicitor from 1990 to 1997 and has become a practising barrister-at-law since 1998. Ms. Loh is a graduate of the University of Hong Kong and was admitted as a solicitor in Hong Kong and the United Kingdom, and also a barrister and solicitor in the Supreme Court of the Australian Capital Territory. She was an independent non-executive director of The Kwong Sang Hong International Limited ("KSH"), the shares of which were listed on the Stock Exchange. KSH was privatized in February 2005.

SENIOR EXECUTIVES

Mr. LAM, Kwong-wai, aged 51, joined the Company in 1989 and is the Group Financial Controller and Company Secretary of the Company, Chi Cheung Investment Company, Limited ("Chi Cheung") and G-Prop. Both Chi Cheung and G-Prop are listed subsidiaries of the Company. Mr. Lam is a qualified accountant and holds a Master Degree of Business Administration. He has over 29 years of experience in auditing, finance and accounting.

Mr. Alec KONG, Chi-ming, aged 43, joined the Company in 1994 and is the Senior Manager of China Business Department. Mr. Kong holds a Bachelor Degree and a Master Degree of Business Administration. He is responsible for the overall management and development of projects in the Mainland China and has over 16 years of experience in the property field of the Mainland China. He is an executive director and deputy chairman of G-Prop.

獨立非執行董事 (續)

鍾貴先生，現年48歲，於二零零四年加入本公司。彼亦為本公司審核委員會及薪酬委員會之成員。鍾先生為一間聯交所參與者東信證券有限公司（經紀代號：2860）之主要股東。鍾先生於證券及財務服務方面累積逾二十二年經驗。彼亦於中國大陸、澳門、新加坡、泰國、馬來西亞及柬埔寨經營物業發展及投資業務。

羅麗萍女士，現年42歲，於二零零六年加入本公司。彼亦為本公司審核委員會及薪酬委員會之成員。羅女士由一九九零年至一九九七年為執業律師及自一九九八年起至今為執業大律師。羅女士畢業於香港大學，並獲得香港及英國之執業律師資格，以及獲得澳洲首府最高法院之大律師及執業律師資格。彼曾任The Kwong Sang Hong International Limited（「廣生行」）之獨立非執行董事，該公司股份曾在聯交所上市。廣生行已於二零零五年二月私有化。

高級行政人員

林光蔚先生，現年51歲，於一九八九年加入本公司，現任本公司、至祥置業有限公司（「至祥」）及金匡之集團財務總監及公司秘書，至祥和金匡皆為本公司之上市附屬公司。林先生為合資格會計師，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。

江志明先生，現年43歲，於一九九四年加入本公司，現任中國業務部高級經理。江先生持有工商管理學士及碩士學位，負責在中國之項目之整體管理及發展，並累積逾十六年中國房地產經驗。彼為金匡之執行董事及副主席。

SENIOR EXECUTIVES (cont'd)

Ms. Hazel LAI, Ming-yan, aged 38, joined the Company in 2000 and is the Quantity Surveying Manager. Ms. Lai is a registered professional surveyor and holds a Master Degree of Construction and Real Estate. She is also a member of the Hong Kong Institute of Surveyors and the Chartered Institute of Arbitrators. Ms. Lai is responsible for the quantity surveying affairs and has over 16 years of relevant experience.

Ms. Teresa POON, Mun-chie, aged 36, joined the Company in 2002 and is the Project Manager. She is also the chief executive officer and an executive director of Chi Cheung. Ms. Poon is a registered architect in Hong Kong and authorized person under the List of Architects of the Building Authority. She holds a Bachelor Degree of Architectural Studies and a Master Degree of Architecture. She is responsible for the project development affairs. Ms. Poon has over 12 years of experience in the management and development of property projects.

Mr. Kenneth NG, Yik-hei, aged 39, joined the Company in 2004 and is the Project Manager. Mr. Ng is a chartered building surveyor and a registered professional surveyor (authorized person). He holds a Bachelor Degree of Building Surveying and a Master Degree of Practising Accounting. He is also a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. He has been appointed as a member of the Appeal Tribunal Panel (Buildings) from 1st February, 2007 to 30th November, 2009. He is responsible for the project development affairs and has 17 years of relevant experience.

Mr. Albert WONG, Fu-wai, aged 36, joined the Company in 2004 and is the Department Head of Leasing Department. He has over 10 years of relevant experience. Mr. Wong previously worked as a marketing executive of CITIC Pacific Limited. Mr. Wong holds a Bachelor Degree of Arts in Geography from the University of Calgary.

高級行政人員 (續)

黎明欣小姐，現年38歲，於二零零零年加入本公司，現任工料測量經理。黎小姐為註冊專業測量師，持有建築及房地產學碩士學位，並為香港測量師學會會員及英國特許仲裁學會會員。黎小姐負責工料測量事宜，並累積逾十六年有關經驗。

潘敏慈小姐，現年36歲，於二零零二年加入本公司，現任項目經理。彼亦為至祥之行政總裁及執行董事。潘小姐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，持有建築學學士及碩士學位。彼負責項目發展事宜。潘小姐在物業項目管理及發展方面累積逾十二年經驗。

吳易義先生，現年39歲，於二零零四年加入本公司，現任項目經理。吳先生為特許建築測量師及註冊專業測量師（認可人士），持有建築測量學士學位及會計學碩士學位，並為香港測量師學會會員及英國特許測量師學會會員。彼並獲委任為上訴審裁團（建築物）成員，任期由二零零七年二月一日起至二零零九年十一月三十日止。彼負責項目發展事宜，並累積十七年有關經驗。

王孚威先生，現年36歲，於二零零四年加入本公司及為租務部主管。彼擁有超過十年相關經驗。王先生曾任職中信泰富有限公司市場主任。王先生持有卡加利大學(University of Calgary)地理系文學士學位。

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 parent for the Year was HK\$7,477.3 million as compared to HK\$6,154.6 million for the same period last year. The profit for the Year was mainly attributable from the fair value gains on investment properties and the share of results of associates generated from the sales of development properties. Earnings per share was HK339.2 cents (year ended 31st December, 2005: HK300.0 cents).

DIVIDENDS

The Board of Directors of the Company has recommended the payment of final dividend of HK18 cents per share for the Year (2005: HK12 cents) and proposed to give shareholders the option of receiving part or all of the final dividend in form of new shares ("Scrip Dividend") in lieu of cash dividend. The Scrip Dividend proposal (the "Proposal") will be conditional on (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting a listing of and permission to deal in the shares to be issued pursuant to the Proposal. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the proposed final dividend will be paid on or around 15th June, 2007 to shareholders whose names appear on the register of members of the Company on 15th May, 2007.

Together with the interim dividend of HK12 cents per share (2005: HK9 cents), the total distribution for 2006 will amount to HK30 cents per share (2005: HK21 cents).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 9th May, 2007 to 15th May, 2007, both days inclusive. In order to qualify for the proposed final dividend and 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 Branch Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 8th May, 2007.

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

本年度母公司股本權益持有人的應佔溢利為7,477,300,000港元，而去年同期為6,154,600,000港元。本年度的溢利主要來自投資物業的公平值變動收益及攤佔聯營公司來自銷售發展物業的業績。每股盈利為339.2港仙（截至二零零五年十二月三十一日止年度：300.0港仙）。

股息

本公司董事會建議派付本年度之末期股息每股18港仙（二零零五年：12港仙），並建議給予股東選擇權以新股之形式收取部份或全部末期股息代替現金股息（「以股代息」）。是項以股代息建議（「建議」）須待以下條件達成方可作實：(i) 建議之末期股息在本公司應屆股東週年大會上獲得批准及(ii)香港聯合交易所有限公司（「聯交所」）批准根據建議而發行之股份上市及買賣。待股東於本公司應屆股東週年大會上批准後，建議之末期股息將於二零零七年六月十五日或前後派付予於二零零七年五月十五日名列本公司股東名冊之股東。

連同中期股息每股12港仙（二零零五年：9港仙），二零零六年之總分派將為每股30港仙（二零零五年：21港仙）。

暫停辦理股東登記手續

本公司將於二零零七年五月九日至二零零七年五月十五日（包括首尾兩日）暫停辦理股東登記手續。為符合獲派建議之末期股息的資格，以及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送達本公司於香港之股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

ZERO COUPON CONVERTIBLE BONDS DUE 2010 (the "BONDS")

The payment of the final dividend (if approved by the shareholders) will result in the adjustment of the conversion price of the Bonds in accordance with the terms and conditions of the Bonds. The adjustment shall take effect as from 15th May, 2007, being the record date for determination of shareholders of the Company to be entitled to receive the final dividend (if any). Notification on the result of adjustment price (if appropriate) will be announced on or about 15th May, 2007.

BUSINESS REVIEW

Hong Kong Property Investment

Rentals from investment properties continued to be one of the major sources of our income. The overall occupancy rate of the Group's retail portfolio was 79.17% as at 31st December, 2006 due to the renovation of Windsor House and Silvercord. The occupancy rate jumped to 92.35% if Windsor House and Silvercord are excluded. Such sustainable high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties. Retail rents were generally raised due to the increase in tenants' business turnover benefited from the growth of both tourists' and local consumption.

During the Year under review, the gross rental income slightly reduced 6.7% to HK\$667.9 million, as compared with last year. The decrease in gross rental income is mainly attributable to the redevelopment of Tung Ying Building and Tung Sang Building; the renovation works of Laforet (formerly Nu Front), Windsor House and Silvercord; and the sale of substantial part of Chic Castle. Such a temporary reduction is believed to be worthwhile as the redevelopment and renovation will maximize the value of the Group's retail properties. If the redeveloped and renovated properties are excluded, gross rental income would be increased by approximately 12.8% over the last year, and the respective increases in retail and non-retail portion have been 16.0% and 7.0%.

於二零一零年到期之零票息可換股債券(「債券」)

根據債券之條款及條件，派付末期股息(倘獲股東批准)將導致債券之兌換價調整。有關調整將於二零零七年五月十五日(即釐定本公司股東收取末期股息(如適用)之權利之記錄日期)生效。本公司將於二零零七年五月十五日或前後刊發有關價格調整(如適用)結果之通知。

業務回顧

香港物業投資

投資物業之租金仍然是集團之主要收入來源之一。由於皇室大廈及新港中心進行翻新工程，本集團截至二零零六年十二月三十一日止之零售物業組合之整體出租率為79.17%。如撇除皇室大廈及新港中心，出租率則升至92.35%，出租率維持高企與本集團大部份零售物業位於主要地區有關。租戶之營業額由於旅客及本地消費增加而上升，故此零售租金普遍上揚。

於回顧年度內，租金收入總額較去年微跌6.7%至667,900,000港元，租金收入總額減少主要與東英大廈及東生大廈重建、東角Laforet(前稱東角駅)、皇室大廈及新港中心翻新以及出售Chic的堡大部分業權有關。由於重建及翻新將會大幅提升本集團零售物業的價值，故此本集團相信租金收入出現暫時下降仍屬值得。如撇除重建及翻新之物業，本集團的租金收入總額則較去年增加約12.8%，其中零售與非零售商舖的租金分別上升16.0%與7.0%。

BUSINESS REVIEW (cont'd)

Hong Kong Property Investment (cont'd)

The renovation works of Laforet was completed in July 2006 and grand opening took place in August 2006. The enhancement includes reallocation of escalator and change in internal layout to improve pedestrian flow, the installation of two LED (light-emitting diode) electronic display screens and the refurbishment of the covered walkway. The revamped Laforet, consisting of small shops and a restaurant with area ranging from 150 to 5,100 square feet, specially targets at the young and trendy customers. As at 31st December, 2006, its occupancy rate was 93.3% and if fully leased out, the rental is expected to increase by 81.8% as compared with the previous lease.

Renovation works of Windsor House commenced in 2006. The scope of work includes re-layout of basement, ground and first floor, sub-dividing the retail space previously occupied by supermarket, department store and an anchor tenant to provide greater varieties of prime retail shops and specialty restaurants. The renovation will be completed by the fourth quarter of 2007. The revamped Windsor House will have improved and diversified trade mix while the rental income will rise substantially.

vim, part of the basement of Silvercord in Tsim Sha Tsui, has been opened since December 2005. As at 31st December, 2006, its occupancy rate reached 83.1% and there was a 4.3 times increase in rental as compared with the previous lease. The first phase of converting the existing bubble lifts to shops was completed in December 2006 with the second phase to be completed in the third quarter of 2007, the works of which has been commenced in late 2006. The conversion of the cinema to shops commenced in the fourth quarter of 2006 with the scheduled completion date in the third quarter of 2007.

The occupancy rate for the Group's office properties maintained at a high level throughout the year. During the Year, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 89.3%, 96.1% and 95.5% respectively, bringing the approximate occupancy rate of the overall office portfolio to 93.4%.

業務回顧(續)

香港物業投資(續)

東角Laforet之翻新工程已於二零零六年七月完成，並已於二零零六年八月舉行隆重的開幕典禮。改良工程包括重新編排扶手電梯及更改內部設計以改善人流，安裝兩個戶外發光二極管(LED)顯示屏及翻新有蓋行人通道。經翻新的東角Laforet由小商舖及一間餐廳組成，面積介乎150至5,100平方呎不等，以崇尚潮流的年青顧客為對象。截至二零零六年十二月三十一日止，該商場之出租率達93.3%，倘全部商舖租出後，預期租金將會較以往租約上升81.8%。

皇室大廈之翻新工程於二零零六年展開。工程範圍包括重新規劃地庫、地下及一樓、分拆之前由超級市場、百貨公司及長期租戶租用之零售空間，以提供更多不同類型之優質零售店舖及專題食肆。翻新工程將於二零零七年第四季完成，經翻新的皇室大廈將更臻完善及具多元化商戶組合，而租金收入將同時大幅上升。

尖沙咀新港中心部份地庫的vim已於二零零五年十二月啟業。截至二零零六年十二月三十一日止，其出租率達83.1%，租金較以往租約增加4.3倍。將現有觀光升降機改為商舖的首期工程已於二零零六年十二月完成，而第二期工程則將於二零零七年第三季完成，有關工程已於二零零六年年底施工。將戲院改建為商舖的工程已於二零零六年第四季展開，預期於二零零七年第三季完成。

本集團辦公室物業的出租率於全年均維持於高水平。本年度內，皇室大廈、美國萬通大廈及夏慤大廈的平均出租率分別約為89.3%、96.1%及95.5%，使整體辦公室物業組合出租率達到約93.4%。

BUSINESS REVIEW (cont'd)

Hong Kong Property Investment (cont'd)

The demolition work of Tung Ying Building in Tsim Sha Tsui started in early 2006. Completion of the redevelopment is expected to be in early 2010.

Tung Sang Building in Wanchai has also commenced its demolition work and will be redeveloped as a brand new residential / retail composite building with completion date rescheduled to end of 2008.

During the Year, the Group has won a tender at approximately HK\$234 million for Sun Fair Mansions at 12 Shiu Fai Terrace, a residential site in mid-level East, which is a traditional prestigious location for luxury residential project in Hong Kong. The site area is about 12,000 square feet that can provide a total residential gross floor area of around 39,700 square feet. The site will be redeveloped into a luxury residential project.

In general, it is expected that both the occupancy rate in retail and office properties will remain at high level while their rental rates will have room for increment this year.

Hong Kong Property Development

In general, the Group's development projects have been progressing satisfactorily and the sales have been achieving pleasing results.

The residential development of Indihome, Tsuen Wan (50% interest) was completed in January 2006, 583 presold units had been handed over to the purchasers. A further 289 units were sold during the Year. As at 31st December, 2006, 91% of the total units were already sold.

As at 31st December, 2006, the units of Parc Palais, Homantin (10% interest) were substantially sold, representing 96% of total units; 72% of houses of Miami Crescent, Sheung Shui (50% interest) were already sold.

The certificate of compliance of Mount Beacon, Kowloon Tong (33.33% interest) was issued in July 2006. As at 31st December, 2006, 79% of apartments with almost half of the total houses were sold.

業務回顧(續)

香港物業投資(續)

尖沙咀東英大廈的清拆工程已於二零零六年年初展開，預期重建工程將於二零一零年年初完成。

灣仔東生大廈的清拆工程亦已展開，將重建為一幢全新的住宅／零售綜合大樓，而竣工日期重新預期為二零零八年年底。

本年度內，本集團以約234,000,000港元成功投得肇輝臺12號新輝大廈，新輝大廈為位處香港傳統豪宅項目優越位置的東半山區的住宅地盤。地盤面積約12,000平方呎，可提供住宅總樓面面積合共約39,700平方呎，地盤將重建為豪宅項目。

整體上，本集團預期零售及辦公室物業的出租率將於年內維持於高水平，租金亦將有上升空間。

香港物業發展

整體上，本集團各個發展項目進展理想，銷售成績令人滿意。

荃灣樂悠居住宅發展項目(佔50%權益)已於二零零六年一月竣工，583個預售單位已向買家交吉。本年度內再售出289個單位。截至二零零六年十二月三十一日止，單位總數的91%經已售出。

截至二零零六年十二月三十一日止，何文田君頤峰(佔10%權益)大部份單位經已售出，佔單位總數的96%，而水上邁爾豪園(佔50%權益)亦已售出72%的洋房。

九龍塘畢架山峰(佔33.33%權益)已於二零零六年七月獲發滿意紙。截至二零零六年十二月三十一日止，79%大廈單位經已售出，而接近半數的獨立大屋亦已售出。

BUSINESS REVIEW (cont'd)

Hong Kong Property Development (cont'd)

The construction work of Phase I of the residential development project – The Zenith (87.5% interest) was completed. This is a redevelopment project at Tai Yuen Street, Wanchai undertaken with the Urban Renewal Authority. Phase I comprises 3 residential tower blocks having 652 units with flat size ranging from gross floor area of approximately 605 square feet to 879 square feet. The pre-sale consent was received in September 2006 and 195 units were presold during the Year. Sales proceed and profit will be booked this year. The construction work of Phase II will commence in end of 2007.

The Group has also formed two other joint venture projects with Urban Renewal Authority, one is located at the junction of Reclamation Street and Arran Street in Mongkok, foundation work of which was completed in the first quarter of 2006 and the whole project is expected to be completed in mid of 2007; the other one is located at Larch Street/Bedford Road in Tai Kok Tsui, foundation work of which was completed in early 2007 and the whole project is expected to be completed in end of 2008.

Foundation work of the development project located at Hoi Ting Road and junction of Hoi Wang Road and Hoi Ting Road, West Kowloon Reclamation Area (25% interest) has been commenced. Residential and retail properties with a total gross floor area of 1,095,980 square feet will be developed.

Macau Property Development

In December 2005, the Group acquired 5 parcels of adjoining land in Taipa, Macau (70.01% interest). The acquisition was completed in early 2006. The total site area is approximately 848,000 square feet and will be developed by four phases. Building plan has been submitted for approval and foundation work of phase I is expected to be commenced in 2007. The launching of phase I of this project is scheduled in 2007.

Mainland China Property Investment

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 23-storey office/shopping complex including a 2-storey basement and has a total gross floor area of 263,708 square feet for leasing purpose. The average occupancy rates of the office and retail spaces of the tower were about 87% and 100% respectively in 2006.

業務回顧 (續)

香港物業發展 (續)

住宅發展項目-尚翹峰(佔87.5%權益)的第一期工程已經完成。此為與市區重建局合作進行的灣仔太原街重建項目。第一期工程包括3幢住宅大廈,合共652個單位,單位樓面面積約介乎605平方呎至879平方呎不等。預售樓花同意書已於二零零六年九月取得,本年度內已預售195個單位。銷售所得及利潤將於本年入賬。第二期工程將於二零零七年年底施工。

本集團亦與市區重建局組成另外兩個合資項目,其中一項位於旺角新填地街及鴉蘭街交界,有關地基工程已於二零零六年首季完成,預期整個項目將於二零零七年中旬完成;另一項則位於大角咀洋松街/必發道,有關地基工程已於二零零七年年初完成,預期此項目將於二零零八年年底完成。

位於西九龍填海區海庭道及海泓道與海庭道交界之發展項目(佔25%權益)的地基工程經已展開。該項目將發展為總樓面面積1,095,980平方呎的住宅及零售物業。

澳門物業發展

於二零零五年十二月,本集團收購澳門氹仔5幅毗鄰的土地(佔70.01%權益)。是項收購已於二零零六年年初完成。該項目的總地盤面積約為848,000平方呎,並將分為四期發展。樓宇圖則已呈交有關部門審批,預期第一期的地基工程將於二零零七年展開。該項目的第一期預計於二零零七年推出。

中國大陸物業投資

坐落於上海淮海中路的愛美高大廈,為一幢樓高23層的辦公室/購物商場(包括兩層地庫),總樓面面積達263,708平方呎作出租之用。於二零零六年,大廈辦公室及商場的平均出租率分別為87%及100%。

BUSINESS REVIEW (cont'd)

Mainland China Property Investment (cont'd)

Hilton Beijing (50% interest) maintained an average occupancy rate of 82% and achieved a gross operating profit of HK\$73.66 million in 2006. Hilton Beijing is expanding by converting the adjacent auditorium into an executive tower. Having demolished the auditorium in November 2006, construction work of the executive tower commenced and is expected to be completed in early 2008.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, was 84% let out as at 31st December, 2006.

The occupancy rate of the 79 retail outlets with the total area of approximately 29,000 square feet in Lowu Commercial Plaza, Shenzhen in December 2006 was 89%.

The Group acquired two pieces of residential land at Dongda Street of Jinjiang District as well as Yingbin Road of Jinniu District in Chengdu in October 2006, having site area of 194,410 square feet and 795,625 square feet with respective gross floor area of 1.47 million square feet completed in 2009 and 3.76 million square feet completed in 2010. The land use rights will be obtained in the second half of 2007 upon fully settlement of land cost. Subsequent to the year end, the Group has further obtained a parcel of commercial and residential land in Chengdu, details of which has been included in – “Post Balance Sheet Event” below. The acquisitions reflect the Group's confidence in Chengdu's economy and its property market.

POST BALANCE SHEET EVENT

In January 2007, the Group further obtained a commercial and residential land at South Taisheng Road of Qingyang District in Chengdu, having site area of 404,264 square feet with a development scale of 3.2 million square feet to be completed in 2011. The land use rights will be granted in the second half of 2007 upon fully settlement of land cost.

業務回顧(續)

中國大陸物業投資(續)

北京希爾頓酒店(佔50%權益)於二零零六年的平均入住率維持於82%，並錄得經營毛利73,660,000港元。北京希爾頓酒店正進行擴建，將接鄰的劇場改建為行政大樓。繼劇場於二零零六年十一月清拆後，行政大樓的建築工程亦已展開，預期將於二零零八年年初完工。

截至二零零六年十二月三十一日止，毗鄰北京希爾頓酒店、樓高10層的辦公室大樓東方國際大廈(佔50%權益)之84%單位經已租出。

於二零零六年十二月，深圳羅湖商業城79個總面積約29,000平方呎的零售商舖之出租率為89%。

本集團於二零零六年十月收購分別位於成都市錦江區東大街及金牛區迎賓大道的兩幅住宅用地，地盤面積分別為194,410平方呎及795,625平方呎，1,470,000平方呎及3,760,000平方呎的總樓面面積將分別於二零零九年及二零一零年完成。土地使用權將於悉數支付土地成本後於二零零七年下旬取得。於年結日後，本集團再取得於成都市的一幅商業及住宅用地，有關詳情載於下列結算日後事項一節。收購活動反映本集團對成都市的經濟及其物業市場充滿信心。

結算日後事項

於二零零七年一月，本集團進一步取得一幅位於成都市青羊區太升南路的商業及住宅用地，地盤面積為404,264平方呎，發展規模為3,200,000平方呎，將於二零一一年竣工。土地使用權將於悉數支付土地成本後於二零零七年下旬取得。

PROSPECTS

Hong Kong's economy is expected to remain stable in the year 2007 under broadly favorable global economic condition. Hong Kong's investment property market should continue to be satisfactory, which will benefit our Group's commercial and residential sectors with steady rental growth.

The Group sees promising future in its core businesses. The Group will also continue to enhance the value of its existing investment properties through continuous redevelopment, renovation works and repackaging programs such as those of Tung Ying Building, vim, Laforet and Windsor House, in order to strengthen our recurrent income stream. In addition to expanding our investment property portfolio in Hong Kong, the Group will also focus on property development in Macau and Mainland China so as to benefit from the positive economic prospects in these areas.

The Group will also continue to consider various options to strengthen the financial position of the Group and to enhance shareholders' value, including, but not limited to, the possibility of disposing of investment properties of the Group in Hong Kong to a real estate investment trust (the "REIT") and the possible listing of the units of the REIT in a suitable jurisdiction.

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

Joseph Lau, Luen-hung

Chairman

Hong Kong, 14th March, 2007

展望

在全球有利的宏觀經濟環境下，本集團預期香港經濟將於二零零七年維持平穩。香港投資物業市場的表現應持續理想，本集團的商業及住宅業務將可於穩定的租金增長中受惠。

本集團對其核心業務前景樂觀。本集團亦會如東英大廈、vim、東角Laforet及皇室大廈般繼續透過持續進行重建、翻新工程及重新包裝的計劃，不斷提升其現有投資物業的價值，以鞏固其經常性收入來源。除擴充集團於香港的投資物業組合外，本集團亦專注於澳門及中國大陸的物業發展，務求在該等地區正面的經濟前景下受惠。

本集團亦將繼續考慮多項選擇，以加強本集團財政狀況及提高股東價值，包括但不限於向房地產投資信託基金出售本集團於香港的投資物業的可能性，以及可能於適當司法權區將房地產投資信託基金的單位上市。

致謝

本人謹藉此機會對股東一直以來的鼎力支持與各位董事及全體員工的竭誠工作表示謝意。

代表董事會

主席

劉鑾雄

香港，二零零七年三月十四日

RESULTS

Turnover for the year ended 31st December, 2006 (the "Year") amounted to HK\$4,763.8 million (year ended 31st December, 2005: 2,275.0 million), a 1.1 times increase over the same period last year. It was mainly due to the increase in turnover of securities investments.

For property leasing, the Year recorded a decrease of 6.7% in rental income as compared with the corresponding year in 2005, amounting HK\$667.9 million (2005: HK\$715.6 million). It was mainly due to the redevelopment of Tung Ying Building and Tung Sang Building. The buildings have been vacant for redevelopment since December 2005 and January 2006 respectively. Furthermore, Laforet (formerly Nu Front) at Excelsior Plaza and lower portion of Windsor House had been vacant for renovation since November 2005 and July 2006 respectively. Laforet was re-opened in July 2006 and Windsor House is scheduled to complete by the fourth quarter of 2007. Evergo Tower in Shanghai acquired in March 2006 had a contribution in rental during the Year.

Gross profit for the Year amounted to HK\$923.7 million, a 17.7% increase as compared with the same period last year.

In relation to property development, the sale of Miami Crescent in Sheung Shui (50% interest), Indihome in Tsuen Wan (50% interest) and Mount Beacon in Kowloon Tong (33.33% interest) had been successful during the Year, which had generated a profit of HK\$107.8 million (year ended 31st December, 2005: HK\$45.9 million), HK\$239.6 million (year ended 31st December, 2005: nil) and HK\$690.0 million (year ended 31st December, 2005: nil) respectively, all of which were included in share of results of associates. Furthermore, the sale of Parc Palais in Homantin (10% interest) had generated a contribution of HK\$51.5 million (year ended 31st December, 2005: HK\$78.0 million) which was included in investment income.

The Group had reviewed the carrying amount of two development projects at Reclamation Street/Arran Street project and Larch Street/Bedford Road project, a total impairment loss of HK\$200 million was recognised during the Year (year ended 31st December, 2005: reverse of HK\$977 million for Tai Yuen Street project).

業績

截至二零零六年十二月三十一日止年度（「本年度」）的營業額為4,763,800,000港元（截至二零零五年十二月三十一日止年度：2,275,000,000港元），較去年同期增加1.1倍，主要與證券投資的交易額增加有關。

在物業租賃方面，本年度的租金收入較二零零五年減少6.7%，達667,900,000港元（二零零五年：715,600,000港元），主要與重建東英大廈及東生大廈有關，該等大廈分別自二零零五年十二月及二零零六年一月起空置以進行重建。此外，怡東商場之東角Laforet（前稱東角駁）及皇室大廈低層分別自二零零五年十一月及二零零六年七月起空置以進行翻新工程，東角Laforet已於二零零六年七月重開，而皇室大廈則預期於二零零七年第四季完成翻新工程。於二零零六年三月購入的上海愛美高大廈於本年度帶來租金收入貢獻。

本年度的毛利為923,700,000港元，較去年同期增加17.7%。

在物業發展方面，上水邁爾豪園（佔50%權益）、荃灣樂悠居（佔50%權益）及九龍塘畢架山峰（佔33.33%權益）於本年度成功售出，分別帶來107,800,000港元（截至二零零五年十二月三十一日止年度：45,900,000港元）、239,600,000港元（截至二零零五年十二月三十一日止年度：零）及690,000,000港元（截至二零零五年十二月三十一日止年度：零）之溢利，全部溢利均列入攤佔聯營公司業績。此外，何文田君頤峰（佔10%權益）的銷售入賬51,500,000港元（截至二零零五年十二月三十一日止年度：78,000,000港元），已列入投資收入。

本集團已分別審閱位於新填地街／鴉蘭街及洋松街／必發道的兩項發展項目的賬面值，並已於本年度確認減值虧損合共200,000,000港元（截至二零零五年十二月三十一日止年度：撥回太原街項目977,000,000港元）。

RESULTS (cont'd)

In respect of the performance of listed securities investments and treasury products, the Group has recorded profit before and after finance costs of HK\$868.2 million (year ended 31st December, 2005: HK\$279.9 million) and HK\$689.2 million (year ended 31st December, 2005: HK\$243.3 million) respectively. The components in the income statement for the Year were gross profit of HK\$270.9 million (year ended 31st December, 2005: HK\$59.1 million), loss on fair value changes of HK\$9.1 million (year ended 31st December, 2005: HK\$138.0 million), realised gain on disposals of available-for-sale investments of HK\$233.0 million (year ended 31st December, 2005: HK\$86.3 million), and gain on other treasury products, dividend and interest income of HK\$373.4 million (year ended 31st December, 2005: HK\$272.5 million). Finance costs of HK\$179.0 million (year ended 31st December, 2005: HK\$36.6 million) included interest expense and exchange loss in the sum of HK\$156.4 million (year ended 31st December, 2005: HK\$61.0 million) and HK\$22.6 million (year ended 31st December, 2005: gain of HK\$24.4 million) respectively. In addition to profit recognised in the income statement, gains on fair value changes on available-for-sale investments amounted to HK\$4,211.6 million (year ended 31st December, 2005: HK\$330.4 million) was recognised in equity during the Year.

Other income recorded a decrease of 69.3% to HK\$30.7 million when compared with the same period last year. Administrative expenses increased by 45.2% to HK\$186.6 million as compared with the same period last year. Finance costs recorded an increase of 44% to HK\$453.5 million as compared with the same period last year.

The share of results of associates for the Year increased by 1.6 times to HK\$1,135.2 million as compared with the same period last year (year ended 31st December, 2005: HK\$430.0 million), including fair value gains on investment properties and profits on disposals of Miami Crescent, Indihome and Mount Beacon.

業績(續)

至於上市證券投資及財資產品的表現，本集團於本年度分別錄得扣除財務費用前後溢利868,200,000港元(截至二零零五年十二月三十一日止年度：279,900,000港元)及689,200,000港元(截至二零零五年十二月三十一日止年度：243,300,000港元)。計入本年度收益表之各項包括毛利270,900,000港元(截至二零零五年十二月三十一日止年度：59,100,000港元)、公平值變動虧損9,100,000港元(截至二零零五年十二月三十一日止年度：138,000,000港元)、出售待售投資的已變現收益233,000,000港元(截至二零零五年十二月三十一日止年度：86,300,000港元)及其他財資產品收益、股息及利息收入373,400,000港元(截至二零零五年十二月三十一日止年度：272,500,000港元)。財務費用179,000,000港元(截至二零零五年十二月三十一日止年度：36,600,000港元)包括利息開支及匯兌虧損總額分別156,400,000港元(截至二零零五年十二月三十一日止年度：61,000,000港元)及22,600,000港元(截至二零零五年十二月三十一日止年度：收益24,400,000港元)。除於收益表內確認的溢利外，待售投資的公平值變動收益為4,211,600,000港元(截至二零零五年十二月三十一日止年度：330,400,000港元)亦已於年內確認為股本權益。

其他收入較去年同期減少69.3%至30,700,000港元，行政開支較去年同期增加45.2%至186,600,000港元。財務費用較去年同期增加44%至453,500,000港元。

本年度的攤佔聯營公司業績較去年同期增加1.6倍至1,135,200,000港元(截至二零零五年十二月三十一日止年度：430,000,000港元)，當中包括投資物業的公平值變動收益及銷售邁爾豪園、樂悠居及畢架山峰的溢利。

RESULTS (cont'd)

Profit attributable to equity holders of the parent for the Year was HK\$7,477.3 million as compared to HK\$6,154.6 million for the same period last year. The profit for the Year was mainly attributable from the fair value gains on investment properties and the share of results of associates generated from the sales of development properties. Earnings per share was HK339.2 cents (year ended 31st December, 2005: HK300.0 cents).

If the major non-cash items of HK\$5,339.6 million (2005: HK\$5,040.5 million) are excluded, profit attributable to equity holders of the parent for the Year will become HK\$2,137.7 million (2005: HK\$1,114.1 million) and earnings per share will become HK97.0 cents (2005: HK54.3 cents), an increase of 91.9% and 78.6% over 2005 respectively.

The two major non-cash items are fair value gains on investment properties together with their respective deferred tax expenses of HK\$5,539.6 million (2005: HK\$4,192.7 million) and impairment loss recognised of HK\$200.0 million (2005: impairment loss reversed of HK\$847.8 million at the Group's interest) in respect of stock of properties.

A final dividend of HK12 cents per share in amount of HK\$266.8 million for the year ended 31st December, 2005 (year ended 31st December, 2004: HK11 cents) and an interim dividend of HK12 cents per share in amount of HK\$268.9 million for the half year ended 30th June, 2006 (half year ended 30th June, 2005: HK9 cents) were paid in cash and in form of new shares in lieu of cash (scrip dividend) during the Year. 40.5% and 59.5% were paid in cash and in scrip dividend respectively for the final dividend as well as 27.1% and 72.9% were paid in cash and in scrip dividend respectively for the interim dividend.

A final dividend has been recommended at HK18 cents (2005: HK12 cents) per share. Together with interim dividend of HK12 cents (2005: HK9 cents) per share, the total dividend for the Year is HK30 cents (2005: HK21 cents) per share, representing a total dividend payout of 8.8% (2005: 7.0%). If the net income on the two major non-cash items (per above) for the Year is excluded, the dividend payout ratio for the Year will become 30.9% (2005: 38.7%).

業績 (續)

本年度母公司股本權益持有人的應佔溢利為7,477,300,000港元，而去年同期為6,154,600,000港元。本年度的溢利主要來自投資物業的公平值變動收益及攤佔聯營公司來自銷售發展物業的業績。每股盈利為339.2港仙（截至二零零五年十二月三十一日止年度：300.0港仙）。

如撇除重大非現金項目5,339,600,000港元（二零零五年：5,040,500,000港元），本年度母公司股本權益持有人的應佔溢利將為2,137,700,000港元（二零零五年：1,114,100,000港元），而每股盈利將為97.0港仙（二零零五年：54.3港仙），分別較二零零五年增加91.9%及78.6%。

兩項主要非現金項目分別為有關投資物業公平值變動收益連同其各自遞延稅項支出5,539,600,000港元（二零零五年：4,192,700,000港元），以及就物業存貨確認的減值虧損200,000,000港元（二零零五年：本集團所佔權益之減值虧損撥回847,800,000港元）。

截至二零零五年十二月三十一日止年度的末期股息每股12港仙（截至二零零四年十二月三十一日止年度：11港仙），合共266,800,000港元，而截至二零零六年六月三十日止半年的中期股息每股12港仙（截至二零零五年六月三十日止半年：9港仙），合共268,900,000港元，兩項股息均已於本年度以現金及以新股份代替現金（以股代息）的形式派付，末期股息的40.5%及59.5%分別以現金及以股代息形式派付，中期股息的27.1%及72.9%分別以現金及以股代息形式派付。

本公司董事會建議派付末期股息每股18港仙（二零零五年：12港仙）。連同中期股息每股12港仙（二零零五年：9港仙），本年度的股息總額為每股30港仙（二零零五年：21港仙），相當於總派息率8.8%（二零零五年：7.0%）。如撇除本年度兩項重大非現金項目的收入淨額，本年度的派息率將為30.9%（二零零五年：38.7%）。

NET ASSET VALUE

As at 31st December, 2006, the Group's total net asset to equity holders of the parent amounted to approximately HK\$35,533 million (31st December, 2005: HK\$23,302 million), an increase of HK\$12,231 million or 52.5% when compared with 31st December, 2005. With the total number of ordinary shares in issue of 2,259,809,483 as at 31st December, 2006 (31st December, 2005: 2,091,506,780 shares), the net asset value per share to equity holders of the parent was HK\$15.72, an increase of 41.1% over 31st December, 2005 (HK\$11.14). The increase in net asset value per share was mainly due to the fair value gains on listed securities investments and the profit retained for the Year, including the fair value gains on investment properties.

Included in the total net asset is deferred tax liabilities of HK\$4,238 million on fair value gains on investment properties. If the deferred tax liabilities are excluded, the total net asset to equity holders of the parent will become HK\$39,771 million or HK\$17.6 per share.

During the Year, the Group had acquired certain lands in Macau (70.01% interest) and two lands in Chengdu for development, Evergo Tower in Shanghai and Sun Fair Mansions at No. 12 Shiu Fai Terrace in Hong Kong for investment, bought and sold listed securities investments and disposal of Hong Kong New World Tower in Shanghai (34.65% interest). Other than the existing projects and those disclosed in the annual report, the Group did not have any future plans for material investment or capital assets.

SECURITIES INVESTMENTS

As at 31st December, 2005, the listed securities investments and treasury products were HK\$7,602.8 million. During the Year, the portfolio was reduced by a net disposal of HK\$3,428.9 million, a decrease of 45.1% over 2005. After adding the fair value gains of HK\$4,202.5 million (2005: HK\$192.4 million) for the Year, the listed securities investments portfolios of the Group reached HK\$8,376.4 million at 31st December, 2006, representing 14.5% (31st December, 2005: 18.8%) of the total assets, which formed part of the Group's cash management activities.

資產淨值

於二零零六年十二月三十一日，母公司的股本權益持有人應佔本集團的總資產淨值約為35,533,000,000港元（二零零五年十二月三十一日：23,302,000,000港元），較二零零五年十二月三十一日增加12,231,000,000港元或52.5%。根據二零零六年十二月三十一日的已發行普通股總數2,259,809,483股（二零零五年十二月三十一日：2,091,506,780股）計算，母公司的股本權益持有人的每股資產淨值為15.72港元，較二零零五年十二月三十一日（11.14港元）增加41.1%。每股資產淨值增加主要與本年度上市證券投資的公平值變動收益及保留溢利有關，當中包括投資物業的公平值變動收益。

總資產淨值包括有關投資物業的公平值變動收益的遞延稅項負債4,238,000,000港元。如撇除該遞延稅項負債，母公司的股本權益持有人的總資產淨值將為39,771,000,000港元或每股17.6港元。

本年度內，本集團收購澳門若干土地（佔70.01%權益）及成都兩幅土地以作發展，收購上海愛美高大廈及香港肇輝臺12號新輝大廈以作投資，並且買入及賣出上市證券投資，以及出售於上海的香港新世界大廈（佔34.65%權益）。除現有項目及年報所披露者外，本集團並無有關重大投資或資本資產的未來計劃。

證券投資

於二零零五年十二月三十一日，上市證券投資及財資產品為7,602,800,000港元。本年度內，該等組合因出售淨額3,428,900,000港元而減少，較二零零五年減少45.1%。於加入本年度4,202,500,000港元的公平值變動收益（二零零五年：192,400,000港元）後，本集團於二零零六年十二月三十一日的上市證券投資組合達到8,376,400,000港元，佔總資產14.5%（二零零五年十二月三十一日：18.8%），該等組合為本集團資金管理其中一部份。

RISK MANAGEMENT

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

EQUITY

The number of issued ordinary shares as at 31st December, 2006 and 31st December, 2005 were 2,259,809,483 and 2,091,506,780 respectively.

CONVERTIBLE BONDS

The face value of convertible bonds outstanding as at 31st December, 2006 was HK\$322.5 million, with adjusted conversion price of HK\$6.97 but before adjustment on 2006 proposed final dividend.

DEBT AND GEARING

As at 31st December, 2006, the Group's bank and other borrowings amounted to HK\$14,993 million (31st December, 2005: HK\$12,889 million). Cash, deposit at bank and United States currency treasury bills amounted to HK\$8,121 million (31st December, 2005: HK\$1,755 million) and net borrowings amounted to HK\$6,872 million (31st December, 2005: HK\$11,134 million).

Total debt to equity ratio was 41.7% (31st December, 2005: 54.4%) and net debt to equity ratio was 19.1% (31st December, 2005: 47.0%), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total equity of HK\$35,963 million (31st December, 2005: HK\$23,703 million).

The decrease of the total debt to equity ratio and the net debt to equity ratio were mainly due to an increase in total equity, which was mainly attributable from the fair value gains on listed securities investments and the profit retained for the Year, including the fair value gains on investment properties.

風險管理

本集團設有一套完善的風險管理程序，以識別、衡量、監察及控制其面對的各種風險，同時輔以積極管理、有效的內部監控及足夠的內部審核，以保障本集團的最佳利益。

股本

於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的已發行普通股數目分別為2,259,809,483股及2,091,506,780股。

可換股債券

於二零零六年十二月三十一日未行使的可換股債券的面值為322,500,000港元，經調整的換股價為6.97港元，惟尚未就二零零六年擬派末期股息作出調整。

債務及資本與負債比率

於二零零六年十二月三十一日，本集團的銀行及其他借貸為14,993,000,000港元（二零零五年十二月三十一日：12,889,000,000港元）。現金、銀行結存及美國貨幣國庫券為8,121,000,000港元（二零零五年十二月三十一日：1,755,000,000港元），而借貸淨額為6,872,000,000港元（二零零五年十二月三十一日：11,134,000,000港元）。

總債務與股本權益比率為41.7%（二零零五年十二月三十一日：54.4%），而淨債務與股本權益比率為19.1%（二零零五年十二月三十一日：47.0%），乃將銀行及其他借貸及借貸淨額分別除以總股本權益35,963,000,000港元（二零零五年十二月三十一日：23,703,000,000港元）得出的百分比。

總債務及淨債務與股本權益比率之減少主要與總股本權益增加有關，總股本權益增加主要由於上市證券投資的公平值變動收益及本年度的保留溢利（包括投資物業的公平值變動收益）所致。

DEBT AND GEARING (cont'd)

If the listed securities investments and treasury products of HK\$8,376 million (31st December, 2005: HK\$7,603 million) are included, there will be net cash position of HK\$1,504 million (31st December, 2005: net debt of HK\$3,531 million).

Excluding outstanding convertible bonds, at the balance sheet date, all of the Group's bank and other borrowings were denominated in Hong Kong dollars. Of the Group's total bank and other borrowings of HK\$14,714 million, 74.8%, 3.3%, 21.8% and 0.1% were repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank and other borrowings carrying interest rates were calculated mainly with reference to HIBOR and LIBOR. No hedging for interest rate was subsisted at the end of the year.

PLEDGE OF ASSETS

As at 31st December, 2006, the Group had pledged the following assets:

- (a) The Group's investment properties, property and other fixed assets, prepaid lease payments, stock of properties and time deposits with their respective book value of approximately HK\$30,062.6 million (31st December, 2005: HK\$23,263.2 million), HK\$49.1 million (31st December, 2005: HK\$50.6 million), HK\$239.8 million (31st December, 2005: HK\$240.4 million), HK\$2,829.5 million (31st December, 2005: HK\$2,138.0 million) and HK\$1,086.0 million (31st December, 2005: HK\$124.5 million) were pledged to the Group's bankers to secure general banking and loan facilities granted to the Group.
- (b) The Group's investments held-for-trading, available-for-sale investments and equity-linked notes with an aggregate carrying amount of approximately HK\$7,258.5 million (31st December, 2005: HK\$7,859.9 million) were pledged to the Group's financial institutions to secure margin and securities facilities granted to the Group in respect of securities transactions and utilised by the Group as borrowings due within one year of approximately HK\$3,924.7 million (31st December, 2005: HK\$4,318.1 million).

債務及資本與負債比率(續)

如計入上市證券投資及財資產品8,376,000,000港元(二零零五年十二月三十一日:7,603,000,000港元),則現金淨額狀況將為1,504,000,000港元(二零零五年十二月三十一日:負債淨額3,531,000,000港元)。

於結算日,撇除未行使的可換股債券,本集團的所有銀行及其他借貸以港元計值。於本集團的銀行及其他借貸總額14,714,000,000港元中,74.8%、3.3%、21.8%及0.1%須分別於一年內、一至兩年、兩至五年及五年後償還。本集團的銀行及其他借貸主要參照香港銀行同業拆息及倫敦銀行同業拆息計算利息。於年底並無就利率作出對沖。

資產抵押

於二零零六年十二月三十一日,本集團已抵押以下資產:

- (a) 本集團賬面值分別約為30,062,600,000港元(二零零五年十二月三十一日:23,263,200,000港元)、49,100,000港元(二零零五年十二月三十一日:50,600,000港元)、239,800,000港元(二零零五年十二月三十一日:240,400,000港元)、2,829,500,000港元(二零零五年十二月三十一日:2,138,000,000港元)及1,086,000,000港元(二零零五年十二月三十一日:124,500,000港元)的投資物業、物業及其他固定資產、預付租賃款項、物業存貨及定期存款,已就本集團獲授之一般銀行及貸款融資,抵押予本集團之往來銀行。
- (b) 本集團賬面總值約為7,258,500,000港元(二零零五年十二月三十一日:7,859,900,000港元)的持作買賣之投資、待售投資及股票掛鈎票據,已就本集團有關證券交易獲授之保證金及證券融資,抵押予本集團之財務機構,而本集團已動用於一年內到期之借貸約3,924,700,000港元(二零零五年十二月三十一日:4,318,100,000港元)。

PLEDGE OF ASSETS (cont'd)

- (c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.
- (d) The Group has subordinated and assigned its advance to associates of approximately HK\$802.1 million (31st December, 2005: HK\$858.8 million) to financial institutions to secure banking general credit facilities granted to associates.

FINANCIAL AND INTEREST INCOME/EXPENSES

Interest income was included in turnover and investment income. Finance costs included interest expenses on bank and other loans, exchange difference on foreign currency loans, and arrangement, facility and commitment fee expenses. Interest income for the Year was HK\$479.1 million, representing an increase of 63.5% from that of 31st December, 2005 (HK\$293.0 million). Interest capitalised for the Year was HK\$148.3 million as compared to HK\$23.8 million for last year. Excluding imputed interest, interest expenses for the Year amounted to HK\$405.4 million, representing a 47.8% increase over the interest expenses of HK\$274.3 million recorded for the same period last year. An exchange loss on translation of foreign currency loans of HK\$22.6 million (year ended 31st December, 2005: gain of HK\$24.4 million) was recorded during the Year. The increase in interest expenses was mainly due to increase in interest rate and increase in borrowings during the Year. The average interest rate over the year under review was 4.74% (2005: 3.51%), which was expressed as a percentage of total interest expenses over the average total borrowings.

REMUNERATION POLICIES AND SHARE OPTION SCHEME

During the year under review, the Group employed a total of 286 staff (year ended 31st December, 2005: 249 staff) (excluding about a total of 253 staff (year ended 31st December, 2005: 225 staff) for estate management employed under the Group's estate management company, Perfect World Company Limited).

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 Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Year.

資產抵押(續)

- (c) 本公司若干附屬公司之權益已質押為本集團獲授若干銀行借貸之部分抵押。
- (d) 本集團已就聯營公司獲授之銀行信貸將其墊付聯營公司款項約802,100,000港元(二零零五年十二月三十一日: 858,800,000港元)轉歸及授讓財務機構。

財務及利息收入/支出

營業額及投資收入包括利息收入。財務費用包括銀行及其他貸款之利息支出、外匯貸款匯兌差額、安排、信貸及承擔費用支出。本年度之利息收入為479,100,000港元，較二零零五年十二月三十一日(293,000,000港元)增加63.5%。本年度之資本化利息為148,300,000港元，而去年則為23,800,000港元。撇除名義利息，本年度之利息支出為405,400,000港元，較去年同期錄得之利息支出274,300,000港元增加47.8%。本年度之換算外幣貸款匯兌虧損為22,600,000港元(截至二零零五年十二月三十一日止年度: 收益24,400,000港元)。利息支出增加主要與本年度利率上升及借貸增加有關。於回顧年度內之平均利率為4.74%(二零零五年: 3.51%)，乃以總利息支出除以平均借貸總額得出。

酬金政策及購股權計劃

於回顧年度內，本集團共有僱員286人(截至二零零五年十二月三十一日止年度: 249人)(不包括受僱於本集團之物業管理公司忠信物業管理有限公司之物業管理員工合共253人(截至二零零五年十二月三十一日止年度: 225人))。

僱員薪金乃根據其表現、經驗及目前業內慣例釐定。酬金包括薪金以及按市況及個人表現釐定之年終花紅。執行董事繼續檢討僱員工作表現，並於需要時給予獎勵及靈活處理，鼓勵員工在工作上更加投入和有更好表現。本年度並無採納購股權計劃。

MAINLAND CHINA AND MACAU

Profit contribution from the Group's investment in the Mainland China (including gross profit, fair value changes on investment properties and share of results of associates) for the Year amounted to HK\$90.2 million representing 1.2% of the profits attributable to equity holders of the parent (year ended 31st December, 2005: HK\$95.0 million). The Group's net investment in the Mainland China as at 31st December, 2006 amounted to HK\$1,345.0 million (31st December, 2005: HK\$1,170.5 million) representing approximately 2.3% of the Group's total asset value and 3.8% of the Group's net asset value. Further, the Group's net investment in Macau as at 31st December, 2006 amounted to HK\$1,299.9 million representing approximately 2.3% of the Group's total asset value.

LISTED SUBSIDIARIES

At the year end date, the Group owned 61.96% interest in Chi Cheung Investment Company, Limited and 50.1% interest in G-Prop (Holdings) Limited.

PROPERTY VALUATION

A property valuation has been carried out by Messrs. Norton Appraisals Limited, independent qualified professional valuers, in respect of the Group's investment properties as at 31st December, 2006 and that valuation was used in preparing 2006 financial statements. The Group's investment properties were valued at HK\$31,054 million (2005: HK\$23,987 million), a 29% increase over 2005 after adjusted for additions and disposals of investment properties during the Year. The increase in fair value of approximately HK\$6,922 million was credited to the income statement for the Year. The Group also shared an increase (net of deferred tax of HK\$18 million) in fair value changes on investment properties of the associates of HK\$88 million for the Year. Development properties and non-investment properties of the Group were stated at cost less impairment, if any, in the financial statements.

中國大陸及澳門

本集團於中國大陸之投資為本年度帶來溢利（包括毛利、投資物業的公平值變動及攤佔聯營公司業績）90,200,000港元，佔母公司股本權益持有人應佔溢利1.2%（截至二零零五年十二月三十一日止年度：95,000,000港元）。本集團之中國大陸投資淨額於二零零六年十二月三十一日達1,345,000,000港元（二零零五年十二月三十一日：1,170,500,000港元），分別佔本集團資產總值及本集團資產淨值約2.3%及3.8%。此外，於二零零六年十二月三十一日本集團於澳門之投資淨額為1,299,900,000港元，佔本集團資產總值約2.3%。

上市附屬公司

於年結日，本集團於至祥置業有限公司擁有61.96%權益，另於金匡企業有限公司擁有50.1%權益。

物業估值

獨立合資格專業估值師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，有關估值乃用於編製二零零六年財務報表。本集團投資物業之估值為31,054,000,000港元（二零零五年：23,987,000,000港元），經作出二零零六年投資物業之增加及出售之調整後較二零零五年增加29%。公平值變動之增加約6,922,000,000港元已計入本年度之收益表。本集團亦攤佔本年度聯營公司投資物業之公平值變動之增加88,000,000港元（已扣除遞延稅項18,000,000港元）。本集團之發展物業及非投資物業乃於財務報表中按成本扣除減值（如有）列賬。

The Board of Directors (the "Directors" or the "Board") of the Company (together with its subsidiaries, the "Group") is committed to principles of good corporate governance in safeguarding the interests of the shareholders and enhancing shareholders' value.

Throughout the year ended 31st December, 2006 (the "Year"), the Company has applied the principles of the Code on Corporate Governance Practices (the "Code") and complied with the code provisions (the "Code Provisions") and certain recommended best practices (the "Best Practices") set out in the Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except three technical deviations.

本公司(連同其附屬公司,「本集團»)董事會(「董事」或「董事會»)堅守良好的企業管治守則,以保障股東權益及提升股東價值。

於截至二零零六年十二月三十一日止年度(「本年度»),本公司已應用香港聯合交易所有限公司(「聯交所»)證券上市規則(「上市規則»)附錄十四所載企業管治常規守則(「常規守則»)之原則及遵守常規守則之守則條文(「守則條文»)及若干建議之最佳常規(「最佳常規»),惟於三方面出現技術性偏差。

Highlights of our dedication to high standards of corporate governance are:

1. FEES AND EMOLUMENTS

Fees' and emoluments' entitlement of the two executive directors of the Company shall not exceed in aggregate an amount of HK\$8,000,000 per annum.

2. GENERAL MANDATE

The Company is committed to propose to the shareholders at annual general meetings to issue and allot new shares up to 10% of the issued share capital of the Company. The Company is also committed not to issue any shares pursuant to the general mandate at a discount of more than 12% to the benchmarked price (as defined in Rule 13.36(5) of the Listing Rules), unless approved by an independent Board committee.

3. CONNECTED TRANSACTIONS

The Company will ensure that the aggregate of all connected transactions over any 12-month period not exceeding HK\$500 million unless approved by the independent shareholders.

4. INDEPENDENT NON-EXECUTIVE DIRECTORS

The number of Independent Non-executive Directors of the Company will not be less than 50% of the total number of Directors of the Company.

Details of the said new corporate governance measures are set out in the announcement of the Company dated 28th April, 2006.

本公司致力維持高水平企業管治之有關摘要如下:

1. 袍金及酬金

本公司兩名執行董事之袍金及酬金每年總額不會超過8,000,000港元。

2. 一般授權

本公司承諾會於股東週年大會向股東提議發行及配發數目為本公司已發行股本10%之新股。本公司亦承諾不會根據一般授權以較股份基準價格折讓12%以上之折讓價(定義見上市規則第13.36(5)條)發行股份(除非得到獨立董事委員會批准)。

3. 關連交易

除非獲獨立股東批准,本公司將確保關連交易總額於任何十二個月期間不會超過500,000,000港元。

4. 獨立非執行董事

本公司獨立非執行董事數目不會少於本公司董事總人數50%。

上述新企業管治措施之詳情載於本公司日期為二零零六年四月二十八日之公佈內。

THE BOARD

The Board comprises two Executive Directors and four Non-executive Directors. The Directors' biographies are available on the Company's website. The relationship among the Board members are set out in the Profiles of Directors and Senior Executives of this annual report. Save as disclosed in the Profiles of Directors, there is no financial, business, family or other material/relevant relationship among the Directors.

Under the Listing Rules, the board of directors of a listed company must include at least three independent non-executive directors. The Code recommends that at least one-third of the directors should be independent non-executive directors.

The Company considers that it is important for the Board to include a balanced composition of Executive, Non-executive and Independent Non-executive Directors (the "INEDs" or "INED"), so that there is a strong independent element on the Board which can effectively exercise independent judgement on the actions of the Company. The Board currently comprises two Executive Directors, one Non-executive Director and three INEDs, with INEDs representing 50% of the Board, which is higher than the Best Practices of the Code. The Company is committed that the number of INEDs will not be less than 50% of the total number of the directors and the minimum number of independent non-executive directors required by Rule 3.10(1) of the Listing Rules. In the event that the number of INEDs falls below 50% of the total number of Directors, the Company will take remedial action and fulfill the requirements set out above within 14 days.

The Company has complied with the Code Provisions and certain 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 meetings in accordance with the Company's Bye-laws;

董事會

董事會包括兩名執行董事及四名非執行董事。董事之簡介可在本公司網頁瀏覽。董事會成員之間的關係，載於本年報董事及高級行政人員簡介一項內。除董事簡介一項所披露者外，董事會成員之間並無財務、業務、家族或其他重大／相關關係。

根據上市規則，上市公司之董事會必須包括最少三名獨立非執行董事。常規守則建議最少三分之一的董事，必須為獨立非執行董事。

本公司認為董事會內之執行、非執行及獨立非執行董事之組成比例維持均衡實屬重要，以使董事會有充足之獨立元素，可對本公司之行動作出有效獨立判斷。董事會現由兩名執行董事、一名非執行董事及三名獨立非執行董事組成，而獨立非執行董事之人數佔董事會50%，較常規守則之最佳常規為高。本公司承諾獨立非執行董事之人數，將不少於董事總人數之50%及上市規則第3.10(1)條所規定之獨立非執行董事最低人數。倘獨立非執行董事之人數低於董事總人數之50%，本公司將於十四日內作出糾正，並符合有關規定。

本公司已於本年度內遵守守則條文及若干最佳常規，惟以下三者除外：

1. 非執行董事並非按任何特定任期委任，惟彼等須根據本公司之公司細則於本公司之股東週年大會上輪席告退及重選連任；

THE BOARD (cont'd)

2. the Directors have not been required by the Company's Bye-laws to retire by rotation at least once every three years. However, in accordance with the Bye-laws, 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 to but not greater than one-third, shall retire from office by rotation provided that no Director holding office as chairman, managing director or joint managing director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire at each annual general meeting. According to the Private Act for incorporating the Company as an exempted company under the law of Bermuda in 1989, it is stipulated that the executive chairman and any managing director should not be required to retire by rotation. As the Company is bound by the provisions of the Private Act, the Bye-laws cannot be amended to fully reflect the requirements of the Code. However, in order to comply with the Code Provisions, the Chairman and Chief Executive Officer of the Company is willing to voluntarily retire from his directorship at future annual general meetings of the Company at least once every three years, and being eligible, will offer himself for re-election at the relevant annual general meetings. Every Director will therefore retire either by rotation under the Bye-laws or voluntarily at least once every three years and will subject himself to the absolute and free choice of the shareholders for re-election at the annual general meetings; and
3. the roles of Chairman and Chief Executive Officer (the "CEO") were not segregated as Mr. Joseph Lau, Luen-hung ("Mr. Joseph Lau"), the CEO was also designated as the Chairman on 15th December, 2006. The Board considers that this structure will not impair the balance of power and authority of the Board. It currently comprises two Executive Directors, one Non-executive Director and three INEDs, with INEDs representing 50% of the Board, which is higher than the Best Practices. Such a high percentage of INEDs in the Board could ensure their views carry significant weight and it reflects a strong independence element in the composition of the Board. At present, the Board also believes that under the leadership of Mr. Joseph Lau as the Chairman and CEO, the Board's decision could be made effectively and it is beneficial to the management and development of the Group's businesses. The Board would still consider segregation of the roles of Chairman and CEO if and when appropriate.

董事會 (續)

2. 本公司之公司細則並無規定董事最少每三年輪席告退一次。然而，根據本公司之公司細則，當時的三分之一董事（或如彼等人數並非三或三之倍數，則為最接近但不超過三分之一的數目）須輪席告退，惟出任主席、董事總經理或聯席董事總經理之董事毋須輪席告退，及於釐定各股東週年大會上退任董事人數時亦不計算在內。根據百慕達法例於一九八九年註冊成立本公司為獲豁免公司的私人法案規定，執行主席及任何董事總經理均毋須輪席告退。本公司在該私人法案的約束下，本公司未能就公司細則作出修訂以全面反映常規守則之要求。然而，為遵守守則條文，本公司的主席及行政總裁願意於往後之股東週年大會上至少每三年告退一次，並於有關之股東週年大會上膺選連任。據此，每名董事將根據公司細則或自願至少每三年輪席告退一次，並於股東週年大會上由股東全權自由決定其能否連任；及
3. 由於行政總裁劉鑾雄先生於二零零六年十二月十五日出任為主席，因此主席及行政總裁的角色並無分立。董事會認為此架構將不會損害董事會的權力及權限之平衡。董事會目前由兩名執行董事、一名非執行董事及三名獨立非執行董事組成，獨立非執行董事人數佔董事會的50%，較最佳常規所規定者為高。由獨立非執行董事佔董事會人數的大多數可確保彼等的意見具重大影響力，並反映董事會成員擁有相當之獨立元素。目前，董事會亦相信在劉鑾雄先生作為主席及行政總裁的領導下，董事會將可有效作出決策，對本集團的業務管理及發展均為有利。董事會仍會於適當時考慮將主席及行政總裁的角色分立。

THE BOARD (cont'd)

The Non-executive Directors with diversified expertise, skills and experience play an important role on formulating strategy and ensuring that the Board maintains high standards of corporate governance as well as taking the lead where potential conflict of interests arise. The Board has received from each INED a written annual confirmation of their independence and satisfied that their independence up to the date of this report is in accordance with the Listing Rules.

The Company does not have Nomination Committee. The power to appoint additional directors is vested in the Board according to the Bye-laws. The Board is responsible of the appointment of directors, evaluation of the Board's composition and the management of the Board's succession with reference to certain guidelines. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills as well as time commitments of the Board members. It carries out the process of selecting and recommending candidates for directorship including the consideration of referrals and engagement of recruitment firms, whenever necessary. The Board also reviews and recommends the re-appointment of retiring Directors for shareholders' approval at the annual general meetings. The Board shall exercise its power under Bye-law 94 of the Company to appoint additional director(s) whenever the business of the Company requires.

During the Year, the Board appointed Mr. Lau, Ming-wai as an Executive Director to fill the casual vacancy occasioned by the resignation of Mr. Thomas Lau, Luen-hung on 15th December, 2006. Mr. Lau, Ming-wai will be subject to re-election at the forthcoming Annual General Meeting of the Company.

The Board meets regularly throughout the Year to discuss the overall strategy, the operational and financial performance of the Group. Four regular Board meetings were held during the Year with advance notice of not less than 14 days were served upon each Director. All accompanying Board papers were sent to the Directors in a timely manner and at least 3 days before the Board or Board committees' meetings. Adequate explanation and information were given to the Directors by the management to facilitate the Directors in decision-making. Each 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 in accordance with the Bye-laws of the Company.

董事會 (續)

擁有不同專門知識、技巧及經驗之非執行董事在擬定策略方面擔當重要角色，彼等並確保董事會維持高水平企業管治及於出現潛在利益衝突時起牽頭作用。董事會已接獲各獨立非執行董事根據上市規則規定確認彼等獨立性之年度確認書，並滿意截至本報告日期為止彼等之獨立性。

本公司並未設有提名委員會，董事會根據公司細則授予之權力委任其他董事。董事會參考若干指引負責委任董事，評估董事會的組成以及考慮董事會的繼任。該等指引包括有關董事會成員需具備適合的專業知識及行業經驗、個人操守、誠信及技能以及付出的時間。董事會負責揀選及引薦董事候選人，包括考慮透過轉介及於必要時委聘招聘公司。董事會亦就續聘即將退任董事作出檢討及建議，並於股東週年大會向股東提呈以取得股東批准。董事會將因應本公司業務所需，行使其根據公司細則第94條之權力以委任其他董事。

年內，董事會於二零零六年十二月十五日委任劉鳴煒先生為執行董事，以填補劉鑾鴻先生辭任後之空缺。劉鳴煒先生將於本公司即將舉行之股東週年大會上膺選連任。

董事會於年內定期開會商討本集團整體策略、營運及財務表現。本公司於本年度內共舉行四次定期董事會會議，並於舉行會議前向各董事發出最少十四日之通知。所有相關的會議文件會及時並最少於董事會或董事委員會會議舉行前三日送交董事。管理層向董事提交充足解釋及資料，以便董事作出決定。各董事須根據本公司細則，於其或其任何聯繫人士擁有重大權益之任何董事會決議案，申報其權益並放棄投票。

THE BOARD (cont'd)

The functions reserved to the Board are basically provided in the Bye-laws of the Company and the Board from time to time delegates the functions to the senior management whenever required. In short, the Board has reserved for its decision on matters relating to the Group's strategy, major acquisitions and disposals, major capital expenditure, annual and interim results, Directors' appointment and other significant financial and operational issues. The senior management is responsible for daily business operation and is required to report to the Board and obtain its prior approval in important matters at all times.

The agenda of each Board meeting is set by the Chairman in consultation with members of the Board such that they are given an opportunity to include agenda items. On an on-going basis, senior executives provide the Directors with operational and financial reports of the Group's performance, position and prospects. All the Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner. Draft and executed Board minutes were sent in good time to all the Directors for their comment and records respectively. Minutes of the Board and Board committees' meetings recorded in sufficient details were kept by the Company Secretary. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The Board has established two committees with specific responsibilities as described below. Major matters which are specifically delegated by the Board to the senior executives include the preparation of annual and interim financial statements for the Board's approval, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal control and sound risk management practices. Notwithstanding the delegation, the Directors acknowledge that it is the responsibility of the Board for preparing the financial statements, which give a true and fair view of the financial results of the Group.

The Company has arranged appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

董事會 (續)

本公司之細則基本上已訂明董事會之功能，而董事會不時按需要將功能委託予高級管理層。簡而言之，董事會在有關本集團策略、主要收購及出售、重大資本開支、年度及中期業績、委任董事及其他重大財務及營運事項上保留決策權，而高級管理層則負責日常業務運作及須向董事會作出報告，並就所有重大事項，事先獲取董事會批准。

為給予董事會成員擬定董事會會議商討事項之機會，主席於諮詢董事會成員後訂定董事會會議之議程。高級行政人員持續就本集團之表現、狀況及展望向董事提呈營運及財務報告。本公司向所有董事即時匯報並簡報任何會影響本集團業務之重大轉變及資料。董事會會議紀錄之初稿及定稿會分別盡快送呈所有董事提供意見及紀錄之用。公司秘書會保存記錄充足資料之董事會及董事委員會會議紀錄。董事可為履行職責而尋求獨立專業意見，費用由本公司支付，而本公司亦鼓勵董事獨立接觸並諮詢本公司之高級管理層。

董事會成立兩個委員會，其特定責任載於下文。董事會特別委託高級行政人員處理之主要事項包括編製年度和中期財務報表供董事會批准、執行董事會所採納之業務策略和措施及推行妥善之內部監控制度及風險管理程序。儘管作出委託，董事確認董事會有責任編制反映本集團真實及公平財務業績之財務報表。

本公司已就賠償董事因企業事務所產生之責任安排合適之責任保險。保險責任範圍每年予以檢討。

THE BOARD (cont'd)

董事會 (續)

The individual attendance of each Director and member at the Board and Board committee meetings respectively held during the Year is as follows:

個別董事及董事委員會成員於本年度出席董事會及董事委員會會議之紀錄如下：

Attendance of Board and Board Committee Members at Meetings 董事會及董事委員會成員之會議出席率				
Directors	董事	No. of regular meetings attended/held		
		出席/舉行定期會議次數		
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
Executive Directors	執行董事			
Mr. Joseph Lau, Luen-hung (Chairman and Chief Executive Officer)	劉鑾雄先生 (主席及行政總裁)	4/4	N/A	N/A
Mr. Thomas Lau, Luen-hung*	劉鑾鴻先生*	4/4	N/A	N/A
Mr. Lau, Ming-wai**	劉鳴煒先生**	N/A	N/A	N/A
Non-executive Director	非執行董事			
Ms. Amy Lau, Yuk-wai	劉玉慧女士	3/4	N/A	N/A
Independent Non-executive Directors	獨立非執行董事			
Mr. Chan, Kwok-wai#	陳國偉先生#	4/4	3/3	2/2
Mr. Cheng, Kwee	鍾貴先生	4/4	3/3	2/2
Ms. Phillis Loh, Lai-ping	羅麗萍女士	2/4	3/3	2/2
Average attendance rate	平均出席率	88%	100%	100%
Dates of meeting	開會日期	11/04/2006 03/07/2006 09/08/2006 27/11/2006	13/03/2006 07/08/2006 27/11/2006	13/03/2006 07/08/2006

* Resigned on 15th December, 2006.

* 二零零六年十二月十五日辭任。

** Appointed on 15th December, 2006.

** 於二零零六年十二月十五日起獲委任。

Chairman of Audit Committee and Remuneration Committee.

審核委員會及薪酬委員會主席。

BOARD COMMITTEES

The Board has established the following committees (all the members are INEDs) with clear written terms of reference which are of no less exacting terms than those set out in the Code: Audit Committee and Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee was formed to review the Group's corporate governance, financial reporting, internal control, risk management and make relevant recommendations to the Board. The Audit Committee is made up of three INEDs, namely Mr. Chan, Kwok-wai, Mr. Cheng, Kwee and Ms. Phillis Loh, Lai-ping. One of the committee members possesses appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee met three times in 2006 (with 100% attendance rate) to review with senior executives and the Company's internal and external auditors (the "Independent Auditors") their audit findings, the accounting principles and practices adopted by the Group, the requirements of the Listing Rules and statutory compliance, and to discuss auditing, internal control, risk management and financial reporting matters (including the interim and annual accounts for the six months ended 30th June, 2006 and for the year ended 31st December, 2006 respectively before recommending them to the Board for approval). Sufficient resources had been given to the Audit Committee to allow it to discharge its duties and the senior management were co-opted to join the meetings of the Audit Committee to explain the financial and business conditions of the Company to the committee members from time to time.

董事委員會

董事會成立以下委員會：審核委員會及薪酬委員會（所有成員均為獨立非執行董事），其清晰的書面職權範圍之條款不遜於常規守則所載。

審核委員會

本公司成立審核委員會以審閱本集團之企業管治、財務報告、內部監控及風險管理程序，以及向董事會作出相關建議。審核委員會由三名獨立非執行董事（即陳國偉先生、鍾貴先生及羅麗萍女士）組成，其中一名成員按上市規則要求擁有適當的專業資格、會計或相關金融管理專業知識。

審核委員會於二零零六年舉行共三次會議（出席率均為100%），與高級行政人員、本公司內部及外聘核數師（「獨立核數師」）共同檢閱其審核結果、本集團所採納之會計原則與常規及遵守上市規則及法規規定之情況，並討論審核、內部監控、風險管理及財務報告之事宜（包括在建議給董事會批准前先分別討論截至二零零六年六月三十日止六個月及截至二零零六年十二月三十一日止年度之中期和年度賬目）。本公司已給予審核委員會充足資源，以讓其履行職責，而高級管理層亦獲邀出席審核委員會會議，不時向委員會成員解釋本公司之財務及業務狀況。

AUDIT COMMITTEE (cont'd)

In order to enhance independent reporting by Independent Auditors, INEDs hold meetings with the Independent Auditors without the presence of the Executive Directors. In addition, the engagement partner of the Independent Auditors is subject to periodical rotation, and the nature and ratio of annual fees to Independent Auditors for non-audit services and for audit services are subject to scrutiny by the Audit Committee. A policy of non-audit services from Independent Auditors was established. The Audit Committee considers whether there are clear efficiencies and value-added benefits to the Company from that work being undertaken by the Independent Auditors; whether there is adverse effect on the independence of their audit work or the perception of such independence; the nature of the non-audit services envisaged to be provided by the Independent Auditors; and the related fee levels individually and in aggregate relative to the audit fees. In addition, a policy restricting the employment of employees or former employees of Independent Auditors at senior executive and financial positions with the Group has also been in place.

During the Year, the Independent Auditors of the Company carried audit services at a fee of HK\$1,800,000. Engagement agreement with the Independent Auditors had been reviewed by the Audit Committee and approved by the Board. The Independent Auditors did not provide any non-audit services to the Group during the Year.

On 15th November, 2006, Messrs. Deloitte Touche Tohmatsu ("Deloitte") tendered their resignation as the Independent Auditors of the Company. The Audit Committee recommended to the Board the appointment of Messrs. HLB Hodgson Impey Cheng as the Independent Auditors of the Company to fill the casual vacancy caused by the resignation of Deloitte and the Board concurred with the appointment.

Prior to the commencement of the audit of accounts of the Group, the Audit Committee has reviewed the Independent Auditors' independence and objectivity as required under the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, reviewed the terms of their engagement and discussed with them the nature and scope of the audit and reporting obligations.

The Audit Committee is satisfied with the findings of their review of the process and effectiveness, independence and objectivity of the Independent Auditors.

審核委員會 (續)

為確保獨立核數師作出獨立報告，獨立非執行董事在執行董事不在場下與獨立核數師舉行會議。此外，獨立核數師之合夥人將定期輪換，審核委員會亦會監管獨立核數師每年就非核數及核數服務所收之酬金性質和比例。有關獨立核數師非核數服務之政策已訂立。審核委員會考慮獨立核數師受聘從事之工作會否為本公司帶來明確的效益和增值作用，並無對其審計工作的獨立性或獨立形象構成負面影響，和考慮被視為由獨立核數師提供之非核數服務之性質及個別費用之水平及總計費用相對於核數費用之水平。此外，本公司亦採納一套禁止聘用獨立核數師僱員或前僱員出任本集團高級行政和財務職位之措施。

本年度內，本公司之獨立核數師提供審核服務，並收取1,800,000港元之費用。審核委員會已審閱獨立核數師之聘任協議，並獲董事會批准。獨立核數師於本年度內並未向本公司提供任何非審核服務。

於二零零六年十一月十五日，德勤•關黃陳方會計師行（「德勤」）辭任本公司之獨立核數師。審核委員會向董事會推薦委任國衛會計師事務所出任本公司之獨立核數師，以填補德勤辭任所產生之空缺，而董事會同意有關委任。

本公司獨立核數師於審核本集團賬目前，審核委員會已根據由香港會計師公會頒布之會計師專業操守守則審閱其獨立和客觀性。審核委員會亦審閱他們的核數範圍，以及與他們討論核數和報告責任的性質和範圍。

審核委員會滿意其就獨立核數師之程序、效率、獨立性及客觀性所作之檢討結果。

REMUNERATION COMMITTEE

The Remuneration Committee comprises all INEDs, namely Mr. Chan, Kwok-wai, Mr. Cheng, Kwee and Ms. Phillis Loh, Lai-ping. It is responsible for approval and annual review of the remuneration policy for all Directors and senior executives. It will consult the Chairman and CEO on the remuneration proposals whenever it thinks fit. The Remuneration Committee met twice in 2006 (with 100% attendance rate) to review and approve the Directors' and senior executives' remuneration as well as to recommend to the Board the annual remuneration of INEDs for the Year. Professional advice and sufficient resources support will be given to the Remuneration Committee whenever it considers necessary in order to discharge its duties.

Remuneration Policy for Executive Directors

The primary goal of the remuneration policy on executive packages is to enable the Company to retain and motivate Executive Directors by linking their compensation with performance as measured against corporate objectives. In determining guidelines for each compensation element, the Company refers to remuneration surveys conducted by independent external consultants on companies operating in similar business. Under the policy, a Director is not allowed to approve his own remuneration.

The Listing Rules require disclosure of the compensation and emolument payable to each Director in the accounts and annual reports of the Company. Save for such disclosure requirements, there are no stipulations on maximum limit of emolument payable to the Directors. As part of the policy to be observed by the Company in respect of the determination of the remuneration of the Executive Directors, the Company will, observe that save with the prior approval of an independent Board committee comprising only the INEDs, all fees and emoluments paid to Mr. Joseph Lau, Luen-hung and Mr. Lau, Ming-wai, who are currently the Executive Directors, and their associates (as defined in Rule 1.01 of the Listing Rules as extended by Rule 14A.11(4) of the Listing Rules), will not exceed in aggregate an amount of HK\$8,000,000 each year, plus any adjustment by reference to the changes in consumer price index published by the Government of the Hong Kong Special Administrative Region. The total emoluments paid to the Executive Directors of the Company for the Year were HK\$5,945,160.

薪酬委員會

薪酬委員會的成員包括所有獨立非執行董事，即陳國偉先生、鍾貴先生及羅麗萍女士。薪酬委員會負責批准及每年檢討所有董事及高級行政人員之薪酬政策，並將其認為合適之薪酬建議，諮詢主席及行政總裁。薪酬委員會於二零零六年舉行共兩次會議（出席率為100%）以檢討及批准董事及高級行政人員於本年度之薪酬，及向董事會就獨立非執行董事於本年度之全年薪酬提出建議。薪酬委員會於其認為有需要時，本公司將提供專業意見及充足資源以協助其履行職責。

執行董事薪酬政策

有關執行董事薪酬待遇政策之主要目的乃讓本公司以公司目標為衡量標準，將執行董事之薪酬與表現掛鉤，藉以挽留和激勵執行董事。本公司決定每項薪酬元素之指引時會參考由獨立外部顧問對從事相近業務之公司所進行之薪酬調查。根據政策，董事不可批准其本人之薪酬。

上市規則規定支付予各董事之補償及薪酬須於本公司賬目及年報中披露。除該等披露規定外，上市規則並無訂明支付予董事之酬金上限。根據本公司在釐定執行董事薪酬時所遵守之政策，除由獨立非執行董事組成之獨立董事委員會預先作出之批准外，本公司將遵守規定支付予劉鑾雄先生及劉鳴煒先生（現時之執行董事）及彼等之聯繫人（定義見上市規則第14A.11(4)條所延伸的上市規則第1.01條）之所有袍金及酬金每年合共將不超過8,000,000港元及連同經參考香港特別行政區政府公佈之消費物價指數變動後作出之任何調整。本年度付予本公司執行董事之總酬金為5,945,160港元。

Remuneration Policy for Non-executive Directors

The Directors' fees of Non-executive Directors are subject to annual assessment. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at the Company's meetings.

The total Directors' fees paid to the INEDs of the Company for the Year were HK\$446,000.

DIRECTORS' 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 Appendix 10 to the Listing Rules (the "Model Code"). All Directors, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Model Code and the said code of conduct during the Year. All the relevant employees who, because of office or employment is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities have been requested to follow the Model Code when dealing in the securities of the Company.

GENERAL MANDATES TO ISSUE SHARES

The Listing Rules provide that if a general mandate to issue and allot shares has been obtained from the shareholders, the Directors may issue and allot shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution. The Listing Rules further provide that in the case of a placing of shares for cash consideration, the Company may not issue any shares pursuant to the general mandate if the relevant price represents a discount of 20% or more to the benchmarked price of the shares as determined in accordance with the provisions of Rule 13.36(5) of the Listing Rules (the "Benchmarked Price").

非執行董事薪酬政策

非執行董事之袍金按年評估。彼等可獲償付就履行職責（包括出席本公司會議）所產生之實付開支。

本年度付予本公司獨立非執行董事之總袍金為446,000港元。

董事證券交易

本公司已採納一套董事證券交易守則，其條款不遜於與上市規則附錄十（「標準守則」）所規定之標準。經本公司作出明確查詢後，所有董事均已確認彼等已於本年度遵守標準守則所規定之標準及前述之交易守則。本公司已要求所有因其職位或崗位而極可能掌握有關本公司或其證券之未公佈價格敏感資料之有關僱員，於買賣本公司證券時遵守標準守則。

發行股份之一般授權

上市規則規定，倘獲股東發行及配發股份之一般授權，董事可發行及配發最多佔本公司於通過有關決議案當日已發行股本面值總額20%之股份。上市規則進一步規定，倘以現金代價配售股份，而有關價格較根據上市規則第13.36(5)條之規定所釐定之股份基準價格（「基準價格」）折讓20%或以上，則本公司不可根據一般授權發行任何股份。

GENERAL MANDATES TO ISSUE SHARES (cont'd)

To further safeguard the interests of the shareholders and to ensure that minority shareholders' interests will not be unfairly diluted, the Company will only be seeking a general mandate at the forthcoming annual general meeting of the Company, to issue, allot and deal with further shares representing 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution. For the avoidance of doubt, the Company will be seeking a separate mandate from the shareholders of the Company to grant to the Directors the power to allot, issue and deal with additional shares not exceeding additional 5% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution pursuant to any exercise of rights to convert bonds for shares by the bondholders in respect of Zero Coupon Convertible Bonds due 2010 which were issued in 2005 with an aggregate principal amount of HK\$1,810,000,000.

In addition, notwithstanding that the proposal for the general mandate to be granted is unconditional, the Company is committed not to issue any shares under the general mandate if the issue price of the shares represents a discount of more than 12% to the Benchmarked Price, unless approved by an independent Board committee.

INTERNAL CONTROL

The Board is responsible for maintaining an adequate system of internal control in the Company and reviewing its effectiveness through the Audit Committee. The senior management is responsible to the implementation of such system of internal control. The internal auditors are responsible to review relevant financial, operational and compliance controls and risk management functions and report their findings and advice to the Audit Committee.

Based on the assessment made by the Independent Auditors, the Audit Committee and the Board are satisfied with the effectiveness of the system of internal control of the Group and concluded that:

- 1) the Company has complied with the code provisions on internal control during the Year;
- 2) a framework of prudent and effective controls has been established to identify, evaluate and manage the risks;
- 3) internal control and accounting systems of the Group are efficient and adequate;

發行股份之一般授權(續)

為進一步維護股東利益及確保少數股東權益不會被不公平地攤薄，本公司只會於本公司應屆股東週年大會上尋求一般授權，以發行、配發及處理佔本公司於通過有關決議案當日已發行股本總面值10%之額外股份。為免產生疑問，本公司將按有關債券持有人行使於二零零五年發行本金總額1,810,000,000港元於二零一零年到期之零票息可換股債券所涉及及將債券兌換為股份之權力，向本公司股東尋求一項獨立授權，以授予董事配發、發行及處理額外股份之權力，數目不超過於相關決議案通過當日之本公司已發行股本總面值之額外5%。

此外，儘管將予授出一般授權之建議為無條件，本公司承諾倘股份之發行價較基準價折讓超過12%，則不會根據一般授權發行任何股份，除非獲得獨立董事委員會批准。

內部監控

董事會負責維持本公司妥善之內部監控系統及透過審核委員會檢討其效能。高級管理層負責實施此內部監控系統。內部核數師負責檢討相關之財務、營運、監控控制及風險管理功能，並將檢討結果及建議提交審核委員會。

根據獨立核數師之評估，審核委員會及董事會對本集團之內部監控系統效率感滿意，並總結：

- 1) 本公司於本年度內已遵守內部監控之守則條文；
- 2) 本集團已設立審慎及有效之監控框架以識別、評估及管理風險；
- 3) 本集團之內部監控及會計系統屬有效及恰當；

INTERNAL CONTROL (cont'd)

- 4) significant risks that may influence the Group have been identified, evaluated and managed through ongoing monitoring process; and
- 5) material transactions are executed with the management's authorization.

Besides, an internal audit function has also been established with the key tasks to:

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

CONNECTED TRANSACTIONS

In accordance with Rule 14A.32(1) of the Listing Rules, a connected transaction on normal commercial terms where each of the percentage ratios (other than the profits ratio) is less than 2.5% is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and is exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules. To achieve higher transparency and to limit the transaction amount of connected transactions of the Company, the measures have set out much stricter compliance standards in respect of connected transactions. The Company aggregates the connected transactions entered into with any connected person in any 12-month period and will not enter into any further connected transaction(s) without first obtaining the approval of the independent shareholders of the Company if the aggregate amount of the connected transactions exceeds HK\$500 million, representing approximately 0.87% of the total assets of the Company as at 31st December, 2006, in any such 12-month period.

Connected transactions that have been approved separately by the independent shareholders in compliance with the Listing Rules will not be counted towards the HK\$500 million limit over any 12-month period described above.

內部監控 (續)

- 4) 本公司已透過持續監察過程識別、評估及管理可能影響本集團之重大風險；及
- 5) 本集團之重大交易已取得管理層授權才執行。

此外，內部審核部門已經成立，其主要職務為：

- 1) 於其認為有需要時，以無限制直接權力接觸任何管理層，以全面審閱本集團活動及內部監控；
- 2) 定期就本集團之常規及程序、收入和開支，及所有業務單位之內部監控進行綜合檢討；及
- 3) 對管理層所識別關注之範疇進行特別檢討及調查，以作出糾正。

關連交易

根據上市規則第14A.32(1)條，按一般商業條款進行而各百分比比例（溢利比例除外）均低於2.5%之關連交易，只須受上市規則第14A.45至14A.47條所載之呈報及公佈規定所限，並根據上市規則第14A章獲豁免遵守有關獨立股東批准之規定。為達至更高透明度以及限制本公司關連交易之交易金額，本公司已實施較遵守關連交易標準更嚴格之措施。本公司會綜合計算於任何十二個月期間與任何關連人士訂立之關連交易，倘關連交易之總額超過500,000,000港元（佔本公司於二零零六年十二月三十一日之總資產約0.87%）時，則在未預先獲得本公司獨立股東之批准前，不可在任何該十二個月期間再訂立任何其他關連交易。

獲獨立股東另行批准以符合上市規則之關連交易，則不受任何十二個月期間不超過500,000,000港元之上限所限制。

COMMUNICATIONS WITH SHAREHOLDERS

The Company acknowledges that general meetings are good communication channel with shareholders that the Directors and Board committees are encouraged to attend and to answer questions at the annual general meetings. The Directors, including the INEDs, were available to answer questions at the 2006 annual general meeting ("AGM"). Chairman of the Audit Committee and the Remuneration Committee and the Company's Independent Auditors had attended the AGM to answer shareholders' questions.

Procedures for demanding a poll were set forth in a circular accompanying the notice of the AGM. At the commencement of the AGM, the chairman had explained the procedures for demanding a poll to the shareholders and the shareholders were allowed to raise any question concerning the poll procedures. At the AGM, separate resolutions were proposed by the chairman of the AGM and put forward to the shareholders for voting. The level of proxies lodged on each resolution, and the balance for and against each resolution, were indicated by the chairman of the AGM after each resolution had been dealt with on a show of hands.

As a channel to promote effective communication, the Company maintains a corporate website (www.chineseestates.com) to disseminate the Group's information and answer enquiries raised by the investors of the Company and the general public.

The above corporate governance practices will be reviewed, amended and revoked from time to time as considered necessary by the Board and its committees.

與股東之溝通

本公司深信股東大會為與股東之良好溝通渠道，並鼓勵董事及董事委員會出席股東週年大會及解答有關的問題。董事（包括獨立非執行董事）已於二零零六年股東週年大會（「股東週年大會」）上回應垂詢。審核委員會及薪酬委員會之主席亦聯同本公司獨立核數師出席該股東週年大會，回應股東垂詢。

要求以投票方式表決之程序載於隨附該股東週年大會通告之通函。開始股東週年大會後，大會主席已向股東解釋要求以投票方式表決的程序，並容許股東可就表決程序提出發問。於股東週年大會上，大會主席提呈獨立決議案，並提交股東投票。大會主席於舉手表決決議案後，指出各決議案所涉及由委任代表投票之比例，以及贊成及反對決議案之票數。

為提高溝通成效，本公司設有公司網站 (www.chineseestates.com) 以發放集團資料及回應本公司之投資者和公眾提出之查詢。

董事會及其轄下之委員會不時按需要檢討、修訂及廢除以上企業管治常規。

The directors of the Company (the "Directors" or the "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

During the Year, the Company acted as an investment holding company and its subsidiaries were principally engaged in property investment and development, brokerage, securities investment and money lending.

SEGMENT INFORMATION

The Group's turnover and contribution to profit from operations analysed by principal activities are set out in notes 6 and 7 to the financial statements.

SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY

Particulars of the Company's principal subsidiaries, associates and jointly controlled entity as at 31st December, 2006 are set out in notes 53, 54 and 55 to the financial statements respectively.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31st December, 2006 are set out in the Consolidated Income Statement on page 55.

The Directors had declared an interim dividend of HK12 cents (2005: HK9 cents) per share. The Board resolved to recommend the payment of a final dividend of HK18 cents for the year ended 31st December, 2006 (2005: HK12 cents).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five years is set out on pages 150 and 151.

本公司董事（「董事」或「董事會」）謹此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

於本年度內，本公司為一間投資控股公司，其附屬公司主要從事物業投資及發展、經紀服務、證券投資及放債。

分類資料

本集團以主要業務劃分之營業額及經營溢利貢獻分析載於財務報表附註6及7。

附屬公司、聯營公司及共同控制機構

本公司於二零零六年十二月三十一日之主要附屬公司、聯營公司及共同控制機構之詳情，分別載於財務報表附註53、54及55。

業績及分配

本集團截至二零零六年十二月三十一日止年度之業績載於第55頁之綜合收益表內。

董事已派付中期股息每股12港仙（二零零五年：9港仙）。董事會議決建議派付截至二零零六年十二月三十一日止年度之末期股息每股18港仙（二零零五年：12港仙）。

財務概要

本集團過去五年之業績、資產及負債概要載於第150及第151頁。

INVESTMENT PROPERTIES

During the Year, the Group acquired certain leasehold properties in Hong Kong for a total consideration of approximately HK\$869,796,000 (2005: HK\$73,611,000). Investment properties with an aggregate net book value of approximately HK\$73,524,000 (2005: HK\$346,439,000) were disposed of during the Year.

Details of these and other movements in investment properties during the Year are set out in note 20 to the financial statements.

PROPERTY AND OTHER FIXED ASSETS

Movements in property and other fixed assets during the Year are set out in note 21 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group as at 31st December, 2006 are set out on pages 152 to 168.

SHARE CAPITAL

Movements in the share capital of the Company during the Year are set out in note 45 to the financial statements.

RESERVES

Movements in the reserves of the Group during the Year are set out on pages 58 and 59.

PRE-EMPTIVE RIGHTS

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

投資物業

於本年度內，本集團以總代價約869,796,000港元（二零零五年：73,611,000港元）購入若干位於香港之租賃物業。本年度內亦出售總賬面淨值約73,524,000港元（二零零五年：346,439,000港元）之投資物業。

於本年度內上述及其他投資物業之變動詳情載於財務報表附註20。

物業及其他固定資產

物業及其他固定資產於本年度內之變動情況載於財務報表附註21。

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152至第168頁內。

股本

本公司股本於本年度內之變動情況載於財務報表附註45。

儲備

本集團之儲備於本年度內之變動情況載於第58及第59頁內。

優先購買權

本公司於百慕達註冊成立，該司法轄區之法律並無優先購買權存在。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company purchased a total of 17,648,000 ordinary shares of HK\$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$163,430,000. All of the purchased shares were cancelled.

購買、出售或贖回上市證券

本年度內，本公司於香港聯合交易所有限公司（「聯交所」）按每股0.10港元購回合共17,648,000股普通股，總代價為163,430,000港元。所有被購回股份已被註銷。

Month of the purchases 進行購回之月份	Total number of the ordinary shares purchased 所購回普通股總數	Highest price paid per share 已付每股最高價 HK\$ 港元	Lowest price paid per share 已付每股最低價 HK\$ 港元	Aggregate consideration 總代價 HK\$'000 千港元
January 2006 二零零六年一月	3,360,000	8.100	7.600	26,236
August 2006 二零零六年八月	762,000	8.710	8.450	6,584
September 2006 二零零六年九月	2,402,000	9.460	9.210	22,399
October 2006 二零零六年十月	8,934,000	10.160	9.310	86,523
November 2006 二零零六年十一月	2,190,000	9.960	9.330	21,688
	17,648,000			163,430

The Directors considered that the aforesaid shares were purchased at a discount to the net asset value per share and resulted in an increase in the net asset value per share then in issue.

董事認為上述股份乃按每股資產淨值之折讓價購回，以致當時已發行股份之每股資產淨值增加。

Save as disclosed herein, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

除本報告所披露者外，本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

CHARITABLE DONATIONS

Charitable donations made by the Group during the Year amounted to HK\$390,000 (2005: HK\$299,000).

慈善捐款

本集團於本年度內之慈善捐款額為390,000港元（二零零五年：299,000港元）。

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Mr. Joseph Lau, Luen-hung (*Chairman and Chief Executive Officer*)
Mr. Lau, Ming-wai (appointed on 15th December, 2006)
Ms. Amy Lau, Yuk-wai
Mr. Chan, Kwok-wai*
Mr. Cheng, Kwee*
Ms. Phillis Loh, Lai-ping*
Mr. Thomas Lau, Luen-hung (*Chairman*)
(resigned on 15th December, 2006)

董事

於本年度內及直至本報告日期止，本公司之董事為：

劉鑾雄先生（主席及行政總裁）
劉鳴煒先生（於二零零六年十二月十五日獲委任）
劉玉慧女士
陳國偉先生*
鍾貴先生*
羅麗萍女士*
劉鑾鴻先生（主席）
（於二零零六年十二月十五日辭任）

* Independent Non-executive Director

* 獨立非執行董事

DIRECTORS (cont'd)

Mr. Lau, Ming-wai and Mr. Cheng, Kwee will retire from office at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election in accordance with Bye-laws 94 and 111 of the Bye-laws of the Company.

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

As at 31st December, 2006, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and 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 pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:—

I The Company

本公司

Name of Directors 董事姓名		Number of Shares (ordinary share) 股份數目 (普通股)	Note 附註	Capacity 身份	Percentage of Issued Share Capital 已發行股本百分比
Joseph Lau, Luen-hung ("Mr. Joseph Lau")	劉鑾雄 ("劉鑾雄先生")	224,831,709	(1)	Founder of trust 信託創立人	
		838,947,030	(2)	Founder of trust 信託創立人	
		<u>1,063,778,739</u>			47.07%
Lau, Ming-wai ("Mr. MW Lau")	劉鳴煒 ("劉鳴煒先生")	224,831,709	(1)	Beneficiary of trust 信託受益人	
		838,947,030	(2)	Beneficiary of trust 信託受益人	
		4,000	(3)	Other interests 其他權益	
		<u>1,063,782,739</u>			47.07%

董事 (續)

根據本公司之公司細則第94條及第111條，劉鳴煒先生及鍾貴先生將在即將舉行之股東週年大會上告退，並願意膺選連任。

董事及最高行政人員於本公司及相聯法團之證券權益

於二零零六年十二月三十一日，本公司董事及最高行政人員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）之股份、相關股份及債券中擁有之權益及淡倉，按本公司根據證券及期貨條例第352條存置之登記冊所載或根據聯交所證券上市規則（「上市規則」）所載之上市公司董事進行證券交易的標準守則知會本公司及聯交所者如下：

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

Notes:

- (1) These shares were indirectly owned by a discretionary trust of which Mr. Joseph Lau was the founder. Mr. Joseph Lau, Mr. MW Lau and certain other family members of Mr. Joseph Lau were eligible beneficiaries of that trust.
- (2) These shares were held by a unit trust of which Mr. Joseph Lau was one of the unit holders. The rest of the units in the unit trust were held by a discretionary trust of which Mr. Joseph Lau was the founder. Mr. MW Lau and certain other family members of Mr. Joseph Lau were eligible beneficiaries.
- (3) These shares were held under the estate of Ms. Theresa Po, Wing-kam, the late mother of Mr. MW Lau, of which Mr. MW Lau is the executor.

II Associated Corporations of the Company

本公司之相聯法團

1. Chi Cheung Investment Company, Limited ("Chi Cheung")

至祥置業有限公司(「至祥」)

董事及最高行政人員於本公司及相聯法團之證券權益(續)

附註:

- (1) 該等股份由一項酌情信託間接擁有。劉鑾雄先生為該信託之創立人。劉鑾雄先生、劉鳴煒先生及劉鑾雄先生之若干其他家族成員則為該信託之合資格受益人。
- (2) 該等股份由一項單位信託基金持有。劉鑾雄先生為該基金其中一名單位持有人。該單位信託基金之餘下單位由一項酌情信託擁有。劉鑾雄先生為該信託之創立人。劉鳴煒先生及劉鑾雄先生之若干其他家族成員則為該信託之合資格受益人。
- (3) 該等股份乃屬寶詠琴女士(劉鳴煒先生先慈)之遺產。劉鳴煒先生為該遺產之執行人。

Name of Director 董事姓名		Number of Shares (ordinary share) 股份數目(普通股)	Note 附註	Capacity 身份	Percentage of Issued Share Capital 已發行股本百分比
Joseph Lau, Luen-hung ("Mr. Joseph Lau")	劉鑾雄 ("劉鑾雄先生")	209,931,186	(i)	Interest in controlled corporation 於受控制公司 之權益	61.96%

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

董事及最高行政人員於本公司及相聯法團之證券權益(續)

2. G-Prop (Holdings) Limited ("G-Prop")

金匡企業有限公司(「金匡」)

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

Notes:

- (i) Mr. Joseph Lau by virtue of his 47.07% interests in the issued share capital of the Company as disclosed in paragraph 1 above, was deemed to be interested in 209,931,186 shares of Chi Cheung held directly by Billion Up Limited, a wholly-owned subsidiary of Lucky Years Ltd. which in turn was the wholly-owned subsidiary of the Company.
- (ii) Mr. Joseph Lau by virtue of his 47.07% interests in the issued share capital of the Company as disclosed in paragraph 1 above, was deemed to be interested in 397,858,761 shares of G-Prop under the provisions of the SFO. The Company was interested in 397,858,761 shares of G-Prop of which 170,000,000 shares, 113,818,911 shares, 37,162,165 shares and 76,877,685 shares were issued shares respectively held by Million Point Limited ("Million Point"), Paul Y. Holdings Company Limited ("Paul Y."), Great Empire International Ltd. ("Great Empire") and Luckpoint Investment Limited ("Luckpoint").

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

附註:

- (i) 正如上文第1段所披露，劉鑾雄先生因擁有本公司已發行股本中47.07%之權益，故被視為於本公司之全資附屬公司 Lucky Years Ltd. 之全資附屬公司 Billion Up Limited 直接持有之 209,931,186 股至祥股份中擁有權益。
- (ii) 正如上文第1段所披露，劉鑾雄先生因擁有本公司已發行股本中47.07%之權益，根據證券及期貨條例被視為於 397,858,761 股金匡股份中擁有權益。本公司擁有之 397,858,761 股金匡股份中，170,000,000 股、113,818,911 股、37,162,165 股及 76,877,685 股分別由 Million Point Limited (「Million Point」)、Paul Y. Holdings Company Limited (「Paul Y.」)、Great Empire International Ltd. (「Great Empire」) 及樂邦投資有限公司(「樂邦」)持有。

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

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

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

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

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

All the interests stated above represent long positions. The percentage shown was the number of shares the relevant Directors of the Company were interested in expressed as a percentage of the number of issued shares as at 31st December, 2006.

Save as disclosed above, none of the other Directors and chief executives of the Company had or were deemed under the SFO to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31st December, 2006.

During the Year, none of the Directors and chief executives of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations.

董事及最高行政人員於本公司及相聯法團之證券權益(續)

由於本公司擁有Paul Y.之全部已發行股本，故本公司根據證券及期貨條例亦被視為擁有上述113,818,911股金匡股份之權益。

由於本公司擁有Paul Y.之全部已發行股本，而Paul Y.擁有Goldstance Group Limited之全部已發行股本，後者則擁有Great Empire之全部已發行股本，故本公司根據證券及期貨條例亦被視為擁有上述37,162,165股金匡股份之權益。

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

上述所有權益均為好倉。所顯示的百分比為本公司有關董事於二零零六年十二月三十一日所擁有之股份數目佔已發行股份數目之百分比。

除上文所披露者外，於二零零六年十二月三十一日，本公司其他董事及最高行政人員概無擁有或根據證券及期貨條例被視為擁有本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券之任何權益或淡倉。

於本年度內，本公司董事及最高行政人員或彼等之配偶或十八歲以下之子女概無獲授或行使任何可認購本公司或其任何相聯法團之任何證券之權利。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 31st December, 2006, so far as are known to the Directors, the following parties (other than a Director or a chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

主要股東於本公司之證券權益

據董事所知悉，於二零零六年十二月三十一日，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，直接或間接擁有或被視為擁有本公司已發行股本5%或以上權益之人士（本公司之董事或最高行政人員除外）如下：

Name of Substantial Shareholders 主要股東名稱	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
GZ Trust Corporation	1,063,778,739 (notes 1 & 2) (附註1及2)	Trustee, beneficiary of a trust and interest in controlled corporation 信託人、一項信託之受益人及於受控制公司之權益	47.07%
Global King Ltd.	838,947,030 (note 1) (附註1)	Trustee 信託人	37.12%
Joseph Lau Luen Hung Investments Limited	224,831,709 (note 2) (附註2)	Beneficial owner 實益擁有人	9.95%
The Children's Investment Fund Management (UK) LLP	177,965,187 (note 3) (附註3)	Investment manager 投資經理	7.88%
The Children's Investment Master Fund	177,965,187 (note 3) (附註3)	Beneficial owner 實益擁有人	7.88%
Favor Gain Limited ("Favor Gain")	150,036,697 (note 4) (附註4)	Beneficial owner 實益擁有人	6.64%
Thomas Lau, Luen-hung ("Mr. Thomas Lau") 劉鑾鴻(「劉鑾鴻先生」)	150,036,697 (note 4) (附註4)	Interest in controlled corporation 於受控制公司之權益	6.64%

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

Notes:

1. GZ Trust Corporation as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. was the trustee and therefore was regarded as interested in the same parcel of shares held by Global King Ltd. These shares were the same parcel of 838,947,030 shares of the Company referred to in "Founder of trust" and "Beneficiary of trust" of Mr. Joseph Lau and Mr. MW Lau under "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations" as disclosed in paragraph 1 above.
2. GZ Trust Corporation as trustee of another discretionary trust held the entire issued share capital of Joseph Lau Luen Hung Investments Limited and therefore was regarded as interested in the same parcel of shares held by Joseph Lau Luen Hung Investments Limited. These shares were the same parcel of 224,831,709 shares of the Company referred to in "Founder of trust" and "Beneficiary of trust" of Mr. Joseph Lau and Mr. MW Lau under "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations" as disclosed in paragraph 1 above.
3. The Children's Investment Fund Management (UK) LLP as investment manager of The Children's Investment Master Fund ("TCI") held the 177,965,187 shares of the Company for the benefit of TCI.
4. Mr. Thomas Lau was deemed to be interested in the 150,036,697 shares of the Company by virtue of the SFO as he owned the entire issued share capital of Favor Gain.

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)

附註:

1. 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, 故被視為擁有 Global King Ltd. 所持有之同一批股份之權益。上述股份為上文第1段所披露「董事及最高行政人員於本公司及相聯法團之證券權益」項下劉鑾雄先生及劉鳴煒先生之「信託創立人」及「信託受益人」中所指之同一批 838,947,030 股本公司股份。
2. GZ Trust Corporation (作為另一項酌情信託之信託人) 持有 Joseph Lau Luen Hung Investments Limited 之全部已發行股本, 故被視為擁有 Joseph Lau Luen Hung Investments Limited 所持有之同一批股份之權益。上述股份為上文第1段所披露「董事及最高行政人員於本公司及相聯法團之證券權益」項下劉鑾雄先生及劉鳴煒先生之「信託創立人」及「信託受益人」中所指之同一批 224,831,709 股本公司股份。
3. The Children's Investment Fund Management (UK) LLP 作為 The Children's Investment Master Fund (「TCI」) 之投資經理就 TCI 之利益持有 177,965,187 股本公司股份。
4. 劉鑾鴻先生因擁有 Favor Gain 之全部已發行股本, 故根據證券及期貨條例, 彼被視為擁有上述 150,036,697 股本公司股份之權益。

上述所有權益均為好倉。於二零零六年十二月三十一日, 根據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。

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

董事於競爭性業務之權益

During the Year and as at 31st December, 2006, the following Directors of the Company declared their interests in the following companies with businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group:

於本年度內及於二零零六年十二月三十一日，以下本公司董事申報於下列與本集團業務直接或間接構成競爭或可能構成競爭之業務之公司中擁有權益：

Name of Directors 董事姓名	Name of companies 公司名稱	Nature of business considered to compete or likely to compete with the businesses of the Group 被認為與本集團業務 構成競爭或可能構成 競爭之業務性質	Nature of interest of the Directors in the companies 董事於該等公司之 權益性質
Mr. Joseph Lau, Luen-hung 劉鑾雄先生	* Chi Cheung and its subsidiaries * 至祥及其附屬公司	Property investment and development 物業投資及發展	Director and having certain deemed interests in Chi Cheung 董事及被視為擁有至祥 若干權益
	* G-Prop and its subsidiaries * 金匡及其附屬公司	Property investment 物業投資	Having certain deemed interests in G-Prop 被視為擁有金匡若干權益
Mr. Lau, Ming-wai 劉鳴煒先生	* Chi Cheung and its subsidiaries * 至祥及其附屬公司	Property investment and development 物業投資及發展	Director and having certain deemed interests in Chi Cheung 董事及被視為擁有至祥 若干權益
	* G-Prop and its subsidiaries * 金匡及其附屬公司	Property investment 物業投資	Having certain deemed interests in G-Prop 被視為擁有金匡 若干權益
Mr. Thomas Lau, Luen-hung 劉鑾鴻先生	* Chi Cheung and its subsidiaries * 至祥及其附屬公司	Property investment and development 物業投資及發展	Director 董事

* non wholly-owned listed subsidiary of the Company

* 本公司之非全資上市附屬公司

Mr. Joseph Lau, Luen-hung, Mr. Thomas Lau, Luen-hung and Mr. Lau, Ming-wai (collectively "the Lau's Family") had personal interests in private companies engaged in businesses consisting of property development and investment in Hong Kong, securities investment and money lending. As such, they were regarded as being interested in such businesses, which competed or might compete with the Group. However, when compared with the dominance and size of operations of the Group, such competing businesses were immaterial.

劉鑾雄先生、劉鑾鴻先生及劉鳴煒先生（統稱「劉氏家族」），於經營有關香港物業發展及投資、證券投資及放債業務之私人公司中擁有個人權益。因此，彼等被視為於與本集團構成競爭或可能構成競爭之業務中擁有權益。然而，上述競爭性業務與本集團之優勢及業務規模相比乃微不足道。

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (cont'd)

Other than the businesses of the private companies of the Lau's Family, the above-mentioned businesses were managed by separate publicly listed companies with independent management and administration. In this respect, coupled with the diligence of its Independent Non-executive Directors (whose views carry significant weight in the Board's decisions) and the independent Audit Committee, the Group was capable of carrying on its businesses independently of, and at arm's length from, the businesses of the above companies. In addition, Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung resigned as directors of Chi Cheung in March 2006.

For better delineation of property investment business, the Company, will give Chi Cheung, the non wholly-owned listed subsidiary, the priority over the future property investment project with the value of less than or equal to 50% of the net asset value of Chi Cheung with reference to the latest published accounts and subject to the financial resources of Chi Cheung from time to time.

The Company, through its subsidiary, has a 50% interest in Power Jade Limited ("Power Jade") which holds 100% interest in The Kwong Sang Hong International Limited ("Kwong Sang Hong"). The other shareholder of the 50% interest in Power Jade is Solar Chain Limited ("Solar Chain"). In order to have equal control over the board, both the Group and Solar Chain have nominated equal number of representatives to set up the board.

The Directors are aware of their fiduciary duties and will act honestly and in good faith in the interests of the Company and will avoid any potential conflicts of interest and duty. Three Independent Non-executive Directors are present on the Board and the Audit Committee of the Company, so that the interest of its shareholders can be adequately represented.

Other than as disclosed above, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the Company's business.

董事於競爭性業務之權益 (續)

除劉氏家族之私人公司之業務外，上述業務乃由獨立上市公司管理，該等獨立上市公司擁有獨立管理及行政程序。就此而言，結合其對董事會決策有重大影響力之獨立非執行董事及獨立審核委員會之努力，本集團能獨立並按公平磋商原則從事其業務。再者，劉鑾雄先生及劉鑾鴻先生已於二零零六年三月辭任至祥董事。

為了更清晰地劃分物業投資業務，本公司將參考最近期公布之賬目及因應本公司之非全資上市附屬公司至祥不時具備之財政資源，將價值少於或相當於至祥資產淨值50%之未來物業投資項目優先給予至祥考慮。

本公司透過其附屬公司擁有Power Jade Limited (「Power Jade」) 50%權益，後者則持有The Kwong Sang Hong International Limited (「廣生行」) 100%權益。擁有Power Jade其餘50%權益之股東為Solar Chain Limited (「Solar Chain」)。為了在董事會擁有同等比重之控制權，本集團及Solar Chain 委派相同數目之代表組成董事會。

董事知悉其誠信責任，將會秉誠行事以符合本公司之利益，並避免任何潛在利益及責任衝突。本公司之董事會及審核委員會均有三名獨立非執行董事為成員，足以代表其股東之利益。

除上文所披露者外，概無董事在本公司業務以外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。

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Apart from the agreement disclosed under the heading "Connected Transaction" below, there were no other 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

There were no other arrangements to which the Company or any of the Company's subsidiaries was a party to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate during the Year.

CONNECTED TRANSACTION

On 25th November, 2005, a sale and purchase agreement was entered into between Upgrade Assets Limited ("Upgrade Assets") as the vendor and First Dragon Enterprises Limited as the purchaser in respect of 1,000 shares in the capital of JadeField Limited ("JadeField"), representing the entire issued share capital of JadeField at a consideration of not more than HK\$390 million at the date of completion. Upgrade Assets is a wholly-owned subsidiary of Power Jade. Power Jade is owned as to 50% by Gold Castle Ltd., a wholly-owned subsidiary of the Company, and as to 50% by Solar Chain Limited. Power Jade through its wholly-owned subsidiary is indirectly interested in 25% of Dollar Union Limited, a non wholly-owned subsidiary of the Company. Accordingly, Power Jade and Upgrade Assets are associates of a substantial shareholder of a non wholly-owned subsidiary of the Company and hence are connected persons of the Company. Hence, the acquisition of the entire issued share capital of JadeField constitutes a connected transaction for the Company. The acquisition was formally completed on 13th March, 2006.

董事及控權股東於合約之權益

除下文「關連交易」所述之協議外，於年結時或本年度內任何時間本公司或本公司之任何附屬公司所訂立與本公司業務有關之重大合約中，董事概無直接或間接擁有重大權益；此外，本公司或本公司之任何附屬公司亦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其他重大合約。

購買股份或債券之安排

本公司或本公司任何附屬公司概無於本年度內作出其他安排，以使本公司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。

關連交易

於二零零五年十一月二十五日，Upgrade Assets Limited（「Upgrade Assets」）（作為賣方）與 First Dragon Enterprises Limited（作為買方）訂立買賣協議，於完成日期，以代價不超過 390,000,000 港元買賣 JadeField Limited（「JadeField」）股本中之 1,000 股（即 JadeField 所有已發行股份）。Upgrade Assets 為 Power Jade 之全資附屬公司。Power Jade 分別由本公司全資附屬公司 Gold Castle Ltd. 及 Solar Chain Limited 各自擁有 50% 權益。Power Jade 透過其全資附屬公司間接擁有本公司之非全資附屬公司金怡彩有限公司之 25% 權益。因此，Power Jade 及 Upgrade Assets 為本公司一間非全資附屬公司之主要股東之聯繫人士，故此為本公司之關連人士，而收購 JadeField 全數已發行股本構成本公司關連交易。該收購已於二零零六年三月十三日正式完成。

CONNECTED TRANSACTION (cont'd)

Save as aforesaid, there was no discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules during the Year.

In note 52 concerning "Related Party Transactions" to the financial statements for the year ended 31st December, 2006, the consideration paid to an associate for acquisition of a subsidiary in the sum of HK\$388,591,000 was referred to the aforesaid connected transaction.

Save as aforesaid, none of the "Related Party Transactions" as disclosed in note 52 to the financial statements for the year ended 31st December, 2006 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing rules.

To the extent of the above "Related Party Transactions" constituted connected transaction as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

GROUP BORROWINGS AND INTEREST CAPITALISED

Details of bank loans and other loans repayable within one year or on demand are shown in the Consolidated Balance Sheet. Details of long-term secured and unsecured bank loans and other loans are shown in note 40 to the financial statements.

Interest capitalised during the Year by the Group amounted to HK\$148,342,000 (2005: HK\$23,800,000).

RETIREMENT BENEFIT SCHEMES

The Group operates two retirement benefit schemes:

- (1) the provident fund scheme as defined in the Occupational Retirement Schemes Ordinance, Chapter 426 of the laws of Hong Kong, (the "ORSO Scheme"); and

關連交易 (續)

除上文所述外，根據上市規則，年內並無不獲豁免關連交易或不獲豁免持續關連交易須作出披露。

於截至二零零六年十二月三十一日止年度財務報表內之附註52有關「關連人士交易」，就收購附屬公司而支付聯營公司之代價388,591,000港元乃指上述關連交易。

除上文所述外，根據上市規則，截至二零零六年十二月三十一日止年度財務報表內附註52所披露之「關連人士交易」並無構成須予披露的不獲豁免關連交易或不獲豁免持續關連交易。

就上述「關連人士交易」根據上市規則構成關連交易，本公司已於年內遵守上市規則第14A章的有關規定。

董事服務合約

本公司或其任何附屬公司並無與董事簽訂任何一年內若由僱主終止合約時須作出賠償（法定賠償除外）之服務合約。

集團借貸及撥充資本之利息

須於一年內或按通知償還之銀行貸款及其他貸款之詳情載於綜合資產負債表。有抵押及無抵押長期銀行貸款及其他貸款之詳情載於財務報表附註40。

本集團於本年度撥充資本之利息為148,342,000港元（二零零五年：23,800,000港元）。

退休金計劃

本集團推行兩項退休金計劃：

- (1) 香港法例第426章職業退休計劃條例所界定之公積金計劃（「公積金計劃」）；及

RETIREMENT BENEFIT SCHEMES (cont'd)

- (2) the provident fund scheme as defined in the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme").

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

The ORSO Scheme was available to the Group's full-time permanent staff employed in Hong Kong before 1st December, 2000. Contributions to the ORSO Scheme were made by the Group at 5%, 7.5% or 10% based on the staff's basic salary depending on the length of service. 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 ORSO Scheme allowed any forfeited contributions (made by the Group for any staff member who subsequently left the ORSO 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 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 benefits were required by law to be preserved until the retirement age of 65.

In order to provide similar benefits to those who joined the MPF Scheme and the ORSO Scheme, the Group provided an additional portion (the "Top-up Portion") for those who joined the MPF Scheme. The purpose of the Top-up Portion is to match up the benefits of the MPF Scheme with that of the ORSO Scheme by providing those staff under the MPF Scheme with basic salary over HK\$20,000 and/or years of service over 5. Contributions to the Top-up Portion were made by the Group at 5%, 7.5% or 10% of the staff's basic salary less the Group's mandatory contribution under the MPF as mentioned above.

The Group's cost for the schemes charged to income statement for the year ended 31st December, 2006 amounted to approximately HK\$3,990,000 (2005: HK\$4,255,000). In addition, an amount of forfeited employer's contributions for the ORSO Scheme amounted to approximately HK\$473,000 (2005: HK\$374,000) was utilised towards reducing the Group's contributions during the Year.

退休金計劃(續)

- (2) 香港法例第485章強制性公積金計劃條例所界定之公積金計劃(「強積金計劃」)。

公積金計劃及強積金計劃均為定額供款計劃，該等計劃之資產乃由各自之受託人管理。

公積金計劃可供於二零零零年十二月一日前在香港受僱之本集團全職長期僱員參加。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%之供款。僱員於服務滿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。公積金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公積金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。

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。

為了向參加強積金計劃及公積金計劃之僱員提供相近之福利，本集團為參加強積金計劃之僱員提供額外部分(「補足部分」)。補足部分之目的是向基本月薪逾20,000港元及/或服務年期逾5年之僱員提供與公積金計劃相近之福利。本集團將根據僱員基本薪金之5%、7.5%或10%減本集團根據上述強積金計劃作出之強制性供款而作出補足部分之供款。

本集團於截至二零零六年十二月三十一日止年度就該等計劃於收益表扣除之費用約為3,990,000港元(二零零五年:4,255,000港元)。此外，就公積金計劃之已沒收僱主供款約473,000港元(二零零五年:374,000港元)已於本年度內用作削減本集團之供款。

MAJOR SUPPLIERS AND CUSTOMERS

The five largest customers and suppliers of the Group amounted to less than 30% of the total turnover and purchases to the Group during the Year.

At no time during the Year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

PUBLIC FLOAT

Based on 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.

AUDITORS

The financial statements for the Year were audited by Messrs. HLB Hodgson Impey Cheng ("HLB") who would retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

Messrs. Deloitte Touche Tohmatsu resigned as auditors of the Company on 15th November, 2006. HLB was appointed as auditors of the Company on the same day to fill the casual vacancy.

Save as disclosed above, there have been no other changes of auditors in the past three years. A resolution will be proposed to the shareholders at the forthcoming annual general meeting to re-appoint HLB as auditors of the Company.

On behalf of the Board

Joseph Lau, Luen-hung

Chairman

Hong Kong, 14th March, 2007

主要供應商及客戶

年內本集團五大客戶及供應商佔本集團之營業及購貨總額分別少於30%。

董事、董事之聯繫人士或本公司股東（據董事所知擁有本公司股本超過5%者）概無於年內任何時候於本集團五大供應商之中擁有權益。

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期已按上市規則規定維持規定之公眾持股量。

核數師

本年度之財務報表由國衛會計師事務所（「國衛」）審核。該會計師行將於即將舉行之股東週年大會結束時任滿告退，並願意膺聘連任。

德勤•關黃陳方會計師行已於二零零六年十一月十五日辭任本公司核數師。國衛乃於同日獲委任為本公司之核數師，以填補臨時空缺。

除上述者外，本公司過去三年間並無更換核數師。於即將舉行之股東週年大會上，將就續聘國衛為本公司核數師向股東提呈一項決議案。

代表董事會

主席

劉鑾雄

香港，二零零七年三月十四日



Chartered Accountants
Certified Public Accountants

TO THE SHAREHOLDERS OF CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Chinese Estates Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 55 to 149, which comprise the consolidated balance sheet 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 disclosure requirements of 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 the 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 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person of the contents of this report.

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The Landmark 中環
11 Pedder Street 畢打街11號
Central 置地廣場
Hong Kong 告羅士打大廈31樓

致CHINESE ESTATES HOLDINGS LIMITED股東

(於百慕達註冊成立之有限公司)

吾等已審核第55頁至第149頁所載CHINESE ESTATES HOLDINGS LIMITED(「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披露規定，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。本報告謹按照百慕達公司法第90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。

Auditors' responsibility (cont'd)

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.

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 Group as at 31st December, 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

Hong Kong, 14th March, 2007

核數師之責任(續)

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。

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之披露要求妥為編製。

國衛會計師事務所

英國特許會計師
香港執業會計師

香港，二零零七年三月十四日

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

		Notes	2006 HK\$'000 千港元	2005 HK\$'000 千港元
		附註		
Turnover	營業額	6	4,763,789	2,274,988
Cost of sales	銷售成本		(3,840,040)	(1,490,240)
Gross profit	毛利		923,749	784,748
Other income	其他收入	8	30,742	100,164
Investment income, net	投資收入淨額	9	833,235	461,356
Administrative expenses	行政開支		(186,599)	(128,533)
Other expenses	其他開支	10	(252)	(16,213)
Gain on disposals of property and other fixed assets	出售物業及其他 固定資產之收益		1,352	88,498
(Loss) Gain on disposals of investment properties	出售投資物業 之(虧損)收益		(722)	33,495
Fair value changes on investment properties	投資物業之公平值變動	20	6,921,971	4,976,713
Impairment loss (recognised) reversed in respect of stock of properties	有關物業存貨之 減值虧損(確認)撥回	35	(200,000)	977,054
Finance costs	財務費用	13	(453,519)	(314,992)
Other gains and losses, net	其他收益及虧損淨額	14	57,887	(8,640)
Share of results of associates	攤佔聯營公司業績		1,135,167	430,040
Profit before tax	除稅前溢利		9,063,011	7,383,690
Income tax expense	所得稅開支	17	(1,505,924)	(929,023)
Profit for the year	本年度溢利	12	7,557,087	6,454,667
Attributable to:	應佔本年度溢利:			
Equity holders of the parent	母公司之股本權益持有人		7,477,345	6,154,572
Minority interests	少數股東權益		79,742	300,095
			7,557,087	6,454,667
Dividends	股息	18	535,637	410,251
Earnings per share (HK cents)	每股盈利(港仙)	19		
Basic	基本		339.2	300.0
Diluted	攤薄		333.2	276.2

Consolidated Balance Sheet

At 31st December, 2006

綜合資產負債表

於二零零六年十二月三十一日

			2006	2005
	Notes		HK\$'000	HK\$'000
	附註		千港元	千港元 (重列)
Non-current assets		非流動資產		
Investment properties	20	投資物業	31,771,870	24,062,965
Property and other fixed assets	21	物業及其他固定資產	81,357	68,889
Properties under development	22	發展中物業	-	23,902
Prepaid lease payments	23	預付租賃款項	249,497	250,106
Property interests held for future development	24	持作日後發展之物業權益	-	-
Intangible assets	25	無形資產	-	15,951
Goodwill	26	商譽	-	-
Interests in associates	27	聯營公司權益	1,396,351	693,325
Advances to associates	28	墊付聯營公司款項	931,661	1,681,975
Available-for-sale investments	29	待售投資	8,532,632	3,405,181
Equity-linked notes	32	股票掛鈎票據	147,827	2,799,507
Advance to an investee company	31(a)	墊付接受投資公司款項	1,518	1,950
Loans receivable, due after one year	33	應收貸款—一年後到期	63,079	84,344
Deferred tax assets	44	遞延稅項資產	73,647	66,586
Advance to a minority shareholder	31(b)	墊付一名少數股東款項	9,436	-
Pledged deposits	34(a)	抵押存款	71,606	121,069
			43,330,481	33,275,750
Current assets		流動資產		
Stock of properties	35	物業存貨	4,851,504	2,485,777
Investments held-for-trading	30	持作買賣之投資	142,218	1,239,426
Equity-linked notes	32	股票掛鈎票據	75,725	628,983
Derivative financial instruments	36	衍生金融工具	-	59,940
Loans receivable, due within one year	33	應收貸款—一年內到期	224	6,698
Debtors, deposits and prepayments	37	應收賬項、按金 及預付款項	364,749	183,247
Securities trading receivable and deposits	34(b)	應收證券交易賬項 及存款	276,829	354,287
United States currency treasury bills	38	美國貨幣國庫債券	-	493,870
Tax recoverable		可收回稅項	4,083	7,475
Pledged deposits	34(a) & 48	抵押存款	1,014,351	3,463
Time deposits, bank balances and cash	34(c)	定期存款、銀行結餘 及現金	7,034,820	1,136,267
Presale proceeds held by stakeholders		保管人所持預售所得款項	530,005	-
			14,294,508	6,599,433
Asset classified as held for sale	11	列為持作出售之資產	9,338	566,109
			14,303,846	7,165,542

Consolidated Balance Sheet

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	2006 HK\$'000	2005 HK\$'000 (Restated)
	附註	千港元	千港元 (重列)
Current liabilities	流動負債		
Derivative financial instruments	衍生金融工具	36	152,089
Creditors and accruals	應付賬項及應計款項	39	118,735
Securities trading and margin payable	應付證券交易賬項 及保證金	191,206	11,320
Deposits and receipts in advance	按金及預先收取款項	761,900	224,243
Tax liabilities	稅項負債	88,662	71,684
Borrowings – due within one year	借貸 – 一年內到期	40	6,090,610
Provisions	撥備	41	24,444
Financial guarantee liabilities	財務擔保負債	-	455
		12,683,177	6,693,580
Net current assets	流動資產淨值	1,620,669	471,962
Total assets less current liabilities	總資產減流動負債	44,951,150	33,747,712
Non-current liabilities	非流動負債		
Borrowings – due after one year	借貸 – 一年後到期	40	5,663,442
Convertible bonds	可換股債券	42	1,135,302
Amounts due to associates	欠負聯營公司款項	43	14,879
Amounts due to minority shareholders	欠負少數股東款項	43	310,814
Deferred tax liabilities	遞延稅項負債	44	2,920,578
Financial guarantee liabilities	財務擔保負債		-
		8,988,516	10,045,015
Total assets and liabilities	資產與負債總額	35,962,634	23,702,697
Capital and reserves	股本及儲備		
Share capital	股本	45	209,151
Reserves	儲備		23,092,369
		35,332,698	23,301,520
Equity attributable to equity holders of the parent	母公司股本權益持有人的應佔股本權益	429,936	401,177
Minority interests	少數股東權益		
Total equity	股本權益總額	35,962,634	23,702,697

Approved by the Board of Directors on 14th March, 2007 and signed on its behalf by:

已獲董事會於二零零七年三月十四日批准，並由下列董事代表董事會簽署。

Joseph Lau, Luen-hung
Director

劉鑾雄
董事

Lau, Ming-wai
Director

劉鳴煒
董事

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

綜合股本權益變動表

截至二零零六年十二月三十一日止年度

Attributable to equity holders of the parent

母公司股東應佔股本權益

		Convertible		Securities investments	Statutory reserve	Other reserve	Capital redemption		Retained profits	Total	Minority interests	Total equity	
		Share capital	Share premium				bonds- equity reserve	reserve					Special reserve
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	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	203,021	1,575,192	-	317,326	-	-	2,499,685	96,597	11,997,818	16,689,639	6,024	16,695,663
Share of associates' reserve movements during the year	聯佑聯營公司年度儲備變動	-	-	-	7,355	-	(78,375)	-	-	-	(71,020)	-	(71,020)
Gains on fair value changes of available-for-sale investments	待售投資公平價值變動收益	-	-	-	255,977	-	-	-	-	-	255,977	-	255,977
Exchange adjustments	匯兌調整	-	-	-	-	-	-	-	9,057	9,057	-	-	9,057
Net income (expense) recognised directly in equity	直接於股本權益中確認之淨收入(支出)	-	-	-	263,332	-	(78,375)	-	9,057	194,014	194,014	-	194,014
Profit for the year	年內溢利	-	-	-	-	-	-	-	6,154,572	6,154,572	300,095	-	6,454,667
Total recognised income (expense) for the year	年內確認總收入(支出)	-	-	-	263,332	-	(78,375)	-	6,163,629	6,348,586	6,348,586	300,095	6,648,681
Effect on deemed disposal of subsidiaries	視作出售之附屬公司之影響	-	-	-	-	-	-	-	-	-	-	95,058	95,058
Equity component of convertible bonds	可換股債券之股本權益成份	-	-	311,125	-	-	-	-	-	-	311,125	-	311,125
Issue of ordinary shares from conversion of convertible bonds	按可換股債券轉換發行普通股	6,130	432,475	(76,184)	-	-	-	-	-	362,421	-	-	362,421
Final dividend paid	已付末期股息	-	-	-	-	-	-	-	(223,324)	(223,324)	-	-	(223,324)
Interim dividend paid	已付中期股息	-	-	-	-	-	-	-	(186,927)	(186,927)	-	-	(186,927)
At 31st December, 2005	於二零零五年十二月三十一日	209,151	2,007,667	234,941	580,658	-	(78,375)	2,499,685	96,597	17,751,196	23,301,520	401,177	23,702,697
Share of associates' reserve movements during the year	聯佑聯營公司年度儲備變動	-	-	-	10,110	-	38,500 (Note 1) (附註1)	-	-	-	48,610	-	48,610
Realisation of associates' reserve	變現聯營公司儲備	-	-	-	-	-	4,673	-	-	(4,673)	-	-	-
Gains on fair value changes of available-for-sale investments (Note 2)	待售投資公平價值變動收益(附註2)	-	-	-	4,170,862	-	-	-	-	-	4,170,862	-	4,170,862
PRC statutory reserve	中國法定儲備	-	-	-	-	728	-	-	-	-	728	-	728
Exchange adjustments	匯兌調整	-	-	-	-	-	-	-	1,510	1,510	-	-	1,510
Net income (expense) recognised directly in equity	直接於股本權益中確認之淨收入(支出)	-	-	-	4,180,972	728	43,173	-	-	(3,163)	4,221,710	-	4,221,710
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	7,477,345	7,477,345	79,742	7,557,087
Total recognised income for the year	年內確認總收入	-	-	-	4,180,972	728	43,173	-	-	7,474,182	11,699,055	79,742	11,778,797

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

綜合股本權益變動表

截至二零零六年十二月三十一日止年度

Attributable to equity holders of the parent

母公司股東應佔股本權益

	Convertible		Securities investments	Statutory reserve	Other reserve	Capital redemption		Retained profits	Total	Minority interests	Total equity	
	Share capital	Share premium				bonds- equity reserve	reserve					Special reserve
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
Acquisition of additional interests in subsidiaries										(265)	(265)	
Acquisition of subsidiaries										23	23	
Deemed contribution from minority interests										(46,779)	(46,779)	
Issue of ordinary shares from conversion of convertible bonds	14,595	1,041,710	(179,506)						876,799		876,799	
Cancellation on repurchase of own shares	(1,765)	(163,627)					1,765		(163,627)		(163,627)	
Issue of shares in lieu of 2005 final cash dividend	1,753								1,753		1,753	
Premium on issue of shares upon 2005 final scrip dividend		156,886							156,886		156,886	
Issue of shares in lieu of 2006 interim cash dividend	2,247								2,247		2,247	
Premium on issue of shares upon 2006 interim scrip dividend		193,702							193,702		193,702	
Dividend paid to minority shareholders										(3,962)	(3,962)	
Final dividend paid								(266,767)	(266,767)		(266,767)	
Interim dividend paid								(268,870)	(268,870)		(268,870)	
At 31st December, 2006	225,981	3,236,338	55,435	4,761,630	728	(35,202)	2,499,685	98,362	24,689,741	35,532,698	429,936	35,962,634

Notes:

- The other reserve represented the share of an associate's reserve of the Group, which included the release of the negative reserve upon the disposals of the relevant properties in amount of HK\$43,175,000 and the accumulated negative effect of imputed interest reserve on amount due to the Group in amount of HK\$4,675,000.
- The gains on fair value changes of available-for-sale investments included the gains on fair value changes of listed securities investment of approximately HK\$4,211,606,000.

附註:

- 其他儲備指攤佔本集團一間聯營公司之儲備，包括出售有關物業時撥回負值儲備金額43,175,000港元及就欠負本集團款項之名義利息負值儲備之累計影響4,675,000港元。
- 待售投資公平值變動收益包括約4,211,606,000港元之上市證券投資公平值變動收益。

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 tax	除稅前溢利	9,063,011	7,383,690
Adjustments for:	因下列事項之調整:		
Depreciation of property and other fixed assets	物業及其他固定資產折舊	14,235	10,398
Release of prepaid lease payments	預付租賃款項轉出	609	609
Interest expenses	利息支出	388,695	274,263
Imputed interest expenses	名義利息支出	38,898	53,453
Interest income	利息收入	(461,315)	(260,831)
Imputed interest income	名義利息收入	(60,284)	(48,042)
Realised loss (gain) on derivative financial instruments	衍生金融工具之變現虧損(收益)	59,940	(67,658)
Gain on disposals of United States currency treasury bills	出售美國貨幣國庫債券收益	(11,968)	(12,760)
Impairment loss recognised in respect of accounts receivable	就應收賬款確認之減值虧損	38	5,231
Dividend income from listed and unlisted investments	上市及非上市投資股息收入	(153,343)	(117,259)
Impairment loss recognised (reversed) in respect of stock of properties	就物業存貨減值虧損(撥回)	200,000	(977,054)
Impairment loss recognised in respect of available-for-sale investments	就待售投資確認之減值虧損	-	1,580
Increase in fair value changes on equity-linked notes	股票掛鈎票據公平值變動增加	(2,366)	(6,153)
Realised gain on available-for-sale investments	待售投資之變現收益	(233,012)	(86,252)
Fair value changes on investments held-for-trading	持作買賣之投資公平值變動	(5,066)	8,069
Fair value changes on derivative financial instruments	衍生金融工具公平值變動	16,555	136,082
Income from providing financial guarantee	提供財務擔保之收入	(455)	-
Impairment loss reversed in respect of advances to associates	就墊付聯營公司款項撥回之減值虧損	(897)	(9,740)
Impairment loss recognised in respect of advance to an associate	就墊付一間聯營公司款項確認之減值虧損	13,474	4,398
Loss (gain) on disposals of investment properties	出售投資物業虧損(收益)	722	(33,495)
Gain on disposals of property and other fixed assets	出售物業及其他固定資產收益	(1,352)	(88,498)
Realised loss on United States currency forward contracts	美國貨幣遠期合約之變現虧損	-	(1,010)
Gain on disposal of an associate	出售一間聯營公司收益	(70,366)	-
Share of results of associates	應佔聯營公司業績	(1,135,167)	(430,040)
Increase in fair value changes on investment properties	投資物業公平值變動增加	(6,921,971)	(4,976,713)
Impairment loss recognised in respect of goodwill	就商譽確認之減值虧損	-	7,702
Impairment loss recognised in respect of intangible assets	就無形資產確認之減值虧損	-	1,131
Net loss on deemed disposals of subsidiaries	視作出售附屬公司之淨虧損	-	16,459
Discount on acquisition of an associate	收購一間聯營公司之扣減	-	(2,530)

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

	Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	738,615	785,030
Decrease in stock of properties	物業存貨減少	5,345	2,268
Decrease (increase) in loans receivable	應收貸款減少(增加)	27,739	(77,078)
Increase in debtors, deposits and prepayments	應收賬項·按金及預付款項增加	(181,215)	(112,019)
Decrease (increase) in investments held-for-trading	持作買賣之投資減少(增加)	1,102,274	(764,778)
Decrease (increase) in equity-linked notes	股票掛鈎票據減少(增加)	3,207,304	(3,422,337)
Decrease in derivative financial instruments	衍生金融工具減少	-	23,725
Decrease (increase) in securities trading receivable and deposits	應收證券交易賬項及存款減少(增加)	77,458	(329,293)
Increase in presale proceeds held by stakeholders	保管人所持預售所得款項增加	(530,005)	-
(Decrease) increase in creditors and accruals	應付賬項及應計款項(減少)增加	(1,061,131)	57,826
Increase (decrease) in securities trading and margin payable	應付證券交易賬項及保證金增加(減少)	179,886	(4,027)
Increase (decrease) in deposits and receipts in advance	按金及預先收取款項增加(減少)	526,717	(918)
Decrease in provisions	撥備減少	(8,427)	-
Cash generated from (used in) operating activities	來自(用於)經營業務之現金	4,084,560	(3,841,601)
Net Hong Kong profits tax paid	已付香港利得稅淨額	(31,063)	(21,991)
Net cash generated from (used in) operating activities	來自(用於)經營業務之現金淨額	4,053,497	(3,863,592)
Investing activities	投資業務		
Dividend received from listed and unlisted investments	上市及非上市投資之已收股息	153,343	117,259
Dividend received from associates	聯營公司之已收股息	566,329	-
Interest received	已收利息	461,315	260,831
Purchases of investment properties	購買投資物業	(417,206)	(73,611)
Purchase of property and other fixed assets	購買物業及其他固定資產	(26,795)	(4,793)
Payments for properties under development	支付發展中物業款項	(26,384)	(23,152)
Payments for stock of properties	支付物業存貨款項	(1,124,173)	(597,454)
Proceeds on disposals of investment properties	出售投資物業所得款項	72,802	374,724
Proceeds on disposals of property and other fixed assets	出售物業及其他固定資產所得款項	1,963	96,738
Realised gain on United States currency treasury bills	美國貨幣國庫債券之變現收益	11,968	12,760
Proceeds from disposals of available-for-sale investments	出售待售投資所得款項	1,522,571	354,931
Purchases of available-for-sale investments	購買待售投資	(2,230,197)	(1,757,814)
Proceeds on disposal of an associate	出售一間聯營公司所得款項	636,475	-
Acquisition of subsidiaries (net cash and cash equivalents acquired)	收購附屬公司(扣除購入之現金及現金等值項目)	(383,243)	-
Acquisition of additional interest in a subsidiary	收購一間附屬公司之額外權益	(4,227)	-
Advances to associates	墊付聯營公司款項	-	(877,760)
Repayment from an investee company	接受投資公司還款	432	4,136
Decrease in United States currency treasury bills	美國貨幣國庫債券減少	493,870	32,743
(Increase) decrease in pledged deposits	抵押存款(增加)減少	(961,425)	4,928
Net cash used in investing activities	用於投資業務之現金淨額	(1,252,582)	(2,075,534)

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	融資業務		
Dividends paid	已付股息	(181,093)	(410,251)
Interest paid	已付利息	(388,695)	(274,263)
Advances from associates	聯營公司之墊款	730,838	–
New bank loans and other loans raised	新借銀行貸款及其他貸款	7,470,308	11,461,102
Repayments of bank loans and other loans	償還銀行貸款及其他貸款	(4,510,817)	(6,759,859)
Repurchase of own shares	購回本身股份	(163,627)	–
Advances from minority shareholders	少數股東之墊款	139,734	12,098
Proceeds from share placing	配發股份所得款項	44	78,599
Proceeds on issuance of convertible bonds	發行可換股債券所得款項	–	1,771,916
Net cash generated from financing activities	來自融資業務之現金淨額	3,096,692	5,879,342
Net increase (decrease) in cash and cash equivalents	現金及現金等值項目增加(減少)淨額	5,897,607	(59,784)
Cash and cash equivalents at 1st January	於一月一日之現金及現金等值項目	1,136,267	1,196,018
Effect of foreign exchange rate changes	匯率變動之影響	946	33
Cash and cash equivalents at 31st December	於十二月三十一日之現金及現金等值項目	7,034,820	1,136,267
Analysis of the balances of cash and cash equivalents	現金及現金等值項目結餘分析		
Time deposits, bank balances and cash	定期存款、銀行結餘及現金	7,034,820	1,136,267

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 Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

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

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in Notes 53, 54 and 55 respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (the "HKFRSs")

In the current year, 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 adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that affected the amounts reported for the current or prior accounting periods:

Financial guarantee contracts

In the current year, the Group has applied Hong Kong Accounting Standard 39 ("HKAS 39") and HKFRS 4 (Amendments) *Financial Guarantee Contracts* which is effective for annual periods beginning on or after 1st January, 2006.

A financial guarantee contract is defined by HKAS 39 *Financial Instruments: Recognition and Measurement* as "a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument".

1. 一般資料

本公司為一間於百慕達註冊成立為受豁免有限公司之公眾上市公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及主要業務地點之地址載於本年報之公司資料中。

此綜合財務報表以本公司之功能貨幣港元呈列。

本公司之主要業務為投資控股，而其主要附屬公司、聯營公司及共同控制機構之主要業務分別載於附註53、54及55。

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）

於本年度，本集團首次應用由香港會計師公會（「香港會計師公會」）頒布之若干新訂、修訂及詮釋之財務報告準則（「新香港財務報告準則」），該等準則均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。採用新香港財務報告準則導致本集團於下列範疇之會計政策出現變動，從而影響本年度或過往會計期間之呈報金額：

財務擔保合約

於本年度，本集團已應用於二零零六年一月一日或之後開始的年度期間生效之香港會計準則第39號（「香港會計準則第39號」）及香港財務報告準則第4號（修訂本）*財務擔保合約*。

財務擔保合約在香港會計準則第39號*財務工具：確認及計量*定義為「因指定債務人未能按債務工具之原有或經修改條款如期付款時，發行人需支付指定金額予持有人以補償其所遭受損失之合約」。

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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 (the "HKFRSs") (cont'd)

Financial guarantee contracts (cont'd)

Prior to 1st January, 2006, financial guarantee contracts were not accounted for in accordance with HKFRS 4 *Insurance Contract* and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated reliably.

Upon the application of these amendments, financial guarantee contracts issued by the Group and not designated as at fair value through profit or loss are recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

In relation to a financial guarantee granted by the Group to an associate over a bank loan, the fair value of the financial guarantee contract at 31st December, 2005 of HK\$455,000 has been adjusted to financial guarantee liability. This change in accounting policy has resulted in an increase in profit for the year ended 31st December, 2006 amounted to HK\$455,000 (2005: nil) as the financial guarantee contract had expired during the year. These changes affect the "other income" in the consolidated income statement.

There were two other new financial guarantee contracts granted by the Group to its associates over certain bank borrowings. The fair values of these financial guarantees of HK\$328,000 have been adjusted to financial guarantee liability during the year.

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

財務擔保合約（續）

於二零零六年一月一日以前，財務擔保合約並非根據香港財務報告準則第4號保險合約處理，而該等合約乃披露為或然負債。當解決財務擔保責任而有可能導致資源流出，而該金額能夠可靠地估計時，方會確認財務擔保撥備。

於應用有關修訂時，本集團已發行及並非按公平值列賬並在損益表內處理之財務擔保合約首次以其公平值減發行財務擔保合約之直接應佔交易成本確認。於首次確認後，本集團以(i)根據香港會計準則第37號撥備、或然負債及或然資產釐定的金額；及(ii)首次確認的金額減（如適用）根據香港會計準則第18號收益確認的累計攤銷，兩者中以較高者計算財務擔保合約。

就本集團為一間聯營公司之銀行貸款作出之財務擔保，其於二零零五年十二月三十一日之財務擔保合約之公平值為455,000港元，已調整為財務擔保負債。由於財務擔保合約於年內屆滿，因此有關會計政策變動導致截至二零零六年十二月三十一日止年度之溢利增加455,000港元（二零零五年：零）。該等變動對綜合收益表內之「其他收入」構成影響。

本集團為其聯營公司另外授予兩項就若干銀行貸款作出之新財務擔保合約，該等財務擔保之公平值為328,000港元，並已於年內就財務擔保負債作出調整。

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For the year ended 31st December, 2006

財務報表附註

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

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The Directors anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

本集團並無提早應用下列已頒布但尚未生效之新訂、修訂及詮釋之財務報告準則。董事會預計應用該等新訂、修訂及詮釋之財務報告準則並未對本集團日後業績及財務狀況構成重大影響。

香港會計準則 第1號（修訂本）	股本披露 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

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。

3. 主要會計政策

綜合財務報表乃根據歷史成本法編製，惟按公平值計算之若干物業及金融工具除外，有關之會計政策闡述如下：

綜合財務報表已根據香港會計師公會頒布之香港財務報告準則編製。此外，綜合財務報表亦包括聯交所證券上市規則及香港公司條例規定之適用披露事項。

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)

(a) 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 in the net assets 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 interest 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.

(b) Goodwill

Goodwill arising on an acquisition of a subsidiary or an associate represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or associate at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment of the relevant associate.

3. 主要會計政策 (續)

(a) 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告。

年內收購或出售之附屬公司之業績乃由實際收購日期起或至實際出售日期止計入綜合收益表中。

所有集團內公司間之交易、結餘、收入及費用在綜合賬目中均予以對銷。

綜合附屬公司淨資產內之少數股東權益與本集團之股本權益分開識別。淨資產內之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在附屬公司股權之少數股東權益之數額，將分配與本集團之權益中，惟少數股東具約束力責任及有能力增加投資補足虧損者除外。

(b) 商譽

收購附屬公司或聯營公司所產生之商譽指收購成本高於本集團於有關附屬公司或聯營公司在收購日期之可識別資產、負債及或然負債公平值所佔權益之款額。有關商譽會按成本減任何累計減值虧損列賬。

收購附屬公司所產生之已撥充資本商譽乃於資產負債表分開呈列。收購聯營公司所產生之已撥充資本商譽包括在投資有關該聯營公司成本中。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Goodwill (cont'd)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(c) Excess of the Group's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of a subsidiary or an associate represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in income statement. A discount on acquisition arising on an acquisition of an associate is included as income in the determination of the Group's share of results of the associate in which the investment is acquired.

3. 主要會計政策 (續)

(b) 商譽 (續)

就減值測試而言，收購產生之商譽會分配至各預期可受惠於收購之協同效益之有關現金產生單位或多組現金產生單位。商譽所屬之現金產生單位會每年及於有跡象顯示與商譽有關之現金產生單位可能出現減值時進行減值測試。就財政年度內收購所產生之商譽而言，商譽所屬之現金產生單位會於該財政年度結束前進行減值測試。倘現金產生單位之可收回金額低於其賬面值，則折損會先分配以調減該單位任何商譽之賬面值，其後則按該單位內各項資產之賬面值之比例分配至該單位之其他資產。任何商譽之折損會即時於收益表中確認。商譽之折損不會於其後期間撥回。

日後出售附屬公司而釐定出售盈虧時會計入已撥充資本之商譽所佔之金額。

(c) 於被收購公司可識別資產、負債及或然負債公平淨值之權益超逾成本之差額 (「收購折讓」)

收購附屬公司或聯營公司所產生之收購折讓指被收購公司可識別資產、負債及或然負債公平淨價值高於業務合併成本之款額。收購折讓會即時於收益表中確認。收購聯營公司時產生的收購折讓於當年計算本集團應佔聯營公司業績時一併計入收益。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) *Investments in associates*

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

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.

(e) *Jointly controlled entities*

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities 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 jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

3. 主要會計政策 (續)

(d) 於聯營公司之投資

聯營公司之業績及資產與負債利用會計權益法計入此等財務報表。根據權益法，於聯營公司之投資以成本在綜合資產負債表內列賬，並經本集團應佔聯營公司損益及權益變動之收購後變動而調整，減任何已識別折損列賬。倘本集團應佔聯營公司之虧損相等於或高於其於該聯營公司之權益（包括任何實質上構成本集團於該聯營公司之淨投資一部分之任何長期權益），則本集團會終止確認其應佔之其他虧損。本集團會就額外應佔之虧損撥備，並會確認負債，惟僅以本集團已產生法定或推定責任或代表該聯營公司付款為限。

倘集團實體與本集團之聯營公司進行交易，則會以本集團於有關聯營公司之權益為限而撇銷損益。

(e) 共同控制機構

共同控制機構指以合資安排另行成立之獨立機構，其每名合資方擁有權益。

共同控制機構之業績及資產與負債利用會計權益法計入此等財務報表。根據權益法，於共同控制機構之投資以成本在綜合資產負債表內列賬，並經本集團應佔共同控制機構損益及權益變動之收購後變動而調整，減任何已識別折損列賬。倘本集團應佔共同控制機構之虧損相等於或高於其於該共同控制機構之權益（包括任何實質上構成本集團於該共同控制機構之淨投資一部分之任何長期權益），則本集團會終止確認其應佔之其他虧損。本集團會就額外應佔之虧損撥備，並會確認負債，惟僅以本集團已產生法定或推定責任或代表該共同控制機構付款為限。

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截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) **Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is higher probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

(g) **Impairment losses (other than goodwill, intangible assets with indefinite lives)**

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

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

3. 主要會計政策 (續)

(f) 持作出售之非流動資產

非流動資產及出售組別之賬面值倘若乃透過出售交易而非透過持續使用而收回，則會分類為持作銷售類別。此條件只會於很可能達成出售及資產可於現況下供即時出售時方告符合。

分類為持作出售之非流動資產乃按資產以往賬面值及公平值（以較低者為準）減出售成本計量。

(g) 減值虧損（商譽及無限使用年期之無形資產除外）

於每個結算日，本集團會檢討其有形及無形資產之賬面值，以確定有關資產有否出現任何減值虧損之情況。如資產之可收回款額估計會低於其賬面值，資產之賬面值會削減至其可收回款額。減值虧損會即時確認為開支。

如折損於其後逆轉，資產之賬面值會提高至經修訂之估計可收回款額，惟已提高之賬面值不得高於在過往年度未有就資產確認減值虧損之情況下之賬面值。減值虧損之逆轉會即時確認為收入。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) *Investment properties*

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using fair value. Gains or losses arising from changes in the fair value of investment property are included in income statement for the period in which they arise.

Leasehold land held for undetermined future use

Leasehold land held for undetermined future use is regarded as held for capital appreciation purpose and classified as an investment property, and carried at fair value. Changes in fair value of the leasehold land are recognised directly in income statement for the period in which changes take place.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. 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 asset) is included in income statement for the period in which the item is derecognised.

(i) *Property and other fixed assets*

Property and other fixed assets (other than properties under development) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

3. 主要會計政策 (續)

(h) 投資物業

於初步確認時，投資物業乃按成本（包括任何直接應佔之開支）計量。於初步確認後，投資物業利用公平值模型計量。投資物業公平值變動產生之損益會於產生期間計入收益表。

持有未決定日後用途之租賃土地

持有未決定日後用途之租賃土地被視為持作資本增值用途而確認為投資物業，並以公平值入賬。租賃土地公平值之變動於變動發生期內直接於收益表確認。

投資物業於出售或於其被永久終止使用或預期於出售時再無日後經濟利益之時終止確認。終止確認資產所產生的任何損益（按淨出售代價及資產之賬面值之差異計算）載列於終止確認期間內之收益表中。

(i) 物業及其他固定資產

物業及其他固定資產（發展中物業除外）按成本減其後之累積折舊及累積減值虧損列賬。

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For the year ended 31st December, 2006

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截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property and other fixed assets (cont'd)

Depreciation is provided to write off the cost of property and other fixed assets (other than properties under development) over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

Type	Basis
Buildings	Over the shorter of the unexpired period of the lease and 40 years
Furniture, fixtures and equipment	3 to 10 years
Yacht and motor vehicles	3 to 10 years

(j) 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)

(i) 物業及其他固定資產 (續)

物業及其他固定資產(發展中物業除外)之折舊,乃按其估計可使用年期及估計剩餘價值以直線法撇銷成本,其年折舊率如下:

種類	基準
樓宇	按租約尚餘年期與四十年兩者中較短者
傢俬、裝置及設備	三至十年
遊艇及車輛	三至十年

(j) 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。

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截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) *Property interests held for future development*

Property interests held for future development represents a right to develop properties on a piece of land upon payment of a final amount, and are carried at cost less any identified impairment loss.

(l) *Stock of properties*

Stock of properties, which are held for trading, is stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the balance sheet date less selling expenses, or by management estimates based on the prevailing market conditions.

(m) *Intangible assets*

Trading and exchange rights

Trading rights and gold and silver exchange rights are stated at cost less accumulated amortisation and less any identified impairment loss. The amortisation period adopted for intangible assets is 5 years.

(n) *Financial instruments*

Financial assets and financial liabilities are recognised on the balance sheet when a group entity 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 income statement.

3. 主要會計政策 (續)

(k) 持作日後發展之物業權益

持作日後發展之物業權益指於支付最後款項或在土地上發展物業之權利，乃按成本扣除任何可辨認減值虧損列賬。

(l) 物業存貨

持作交易用途之物業存貨按其成本值及可變現淨值兩者中較低者列賬。可變現淨值參考於結算日後收取之出售所得款項減出售之開支計算，或根據管理層按當時市況作出之估計釐定。

(m) 無形資產

買賣及交易權利

買賣權及金銀貿易權，乃按成本減累積攤銷及任何可辨認減值虧損列賬。無形資產之攤銷期為五年。

(n) 金融工具

當一家集團實體成為金融工具合約條文之一方，則於資產負債表內確認金融資產及金融負債。金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債直接應佔之交易成本（按公平值列賬並在損益表內處理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。收購按公平值列賬並在損益表內處理之金融資產或金融負債直接應佔之交易成本，即時於收益表內確認。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial instruments (cont'd)

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchase or sale are purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in income statement in the period in which they arise.

Loans and receivables

Loans and receivables (including advance to associates, advance to an investee company, loan receivables, pledged deposits, securities trading receivable and deposits, time deposits, bank balances and cash) 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 are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策 (續)

(n) 金融工具 (續)

金融資產

本集團之金融資產分類為以下三個類別其中之一，包括按公平值列賬並在損益表內處理之金融資產、貸款及應收款項及待售金融資產。所有正常購買或銷售之金融資產，按交易日之基準確認及不予確認。正常購買或銷售金融資產是指按照市場規定或慣例須在一段期限內進行資產交付之金融資產買賣。各類別金融資產而所採納之會計政策載列如下。

按公平值列賬並在損益表內處理之金融資產

按公平值列賬並在損益表內處理之金融資產有兩類，包括持有作買賣用途之金融資產及於首次確認時被指定按公平值列賬並在損益表內處理之金融資產。於首次確認後之各結算日，按公平值列賬並在損益表內處理之金融資產乃按公平值計量，而公平值之變動在彼等產生之期間內即時直接在收益表中確認。

貸款及應收款項

貸款及應收款項 (包括墊付聯營公司款項、墊付接受投資公司款項、應收貸款、抵押存款、應收證券交易賬項及存款、定期存款、銀行結餘及現金) 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，貸款及應收款項使用實際利率法按經攤銷成本減任何可識別減值虧損列賬。當有客觀證據顯示資產已減值，則於收益表確認減值虧損，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量。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，減值虧損於其後期間撥回，但以所撥回於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之經攤銷成本。

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截至二零零六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial instruments (cont'd)

Financial assets (cont'd)

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 (set out above). 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.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. They are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity 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 asset of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

3. 主要會計政策 (續)

(n) 金融工具 (續)

金融資產 (續)

待售金融資產

待售金融資產為非衍生項目，無論是否劃分為任何其他類別（闡述如上）。於初步確認後之每個結算日，待售金融資產按公平值計量。公平值之變動於股本中確認，直至該金融資產被出售或釐定為已減值，屆時過往於股本中確認之累計收益或虧損會自股本中剔除，並於收益表確認。待售金融資產之任何減值於收益表確認。待售股本投資之減值虧損將不會於往後期間撥回。就待售債項投資而言，倘該投資之公平值增加可客觀地與確認減值後之事件有關，則減值將獲撥回。

該等並無活躍市場之市價報價，而其公平值未能可靠計量的待售股權投資，於首次確認後之各個結算日按成本值減任何已識別減值虧損計算。倘具備客觀證明資產減值，則減值虧損於收益表確認。減值虧損數額按資產賬面值與按類似金融資產之現行市場回報率折讓估計未來現金流量之現值間之差額計算。有關減值虧損將不會於以後期間撥回。

金融負債及股本權益

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。本集團之金融負債一般分類為按公平值列賬並在損益表內處理之金融負債及其他金融負債。就金融負債及股本工具而採納之會計政策載列如下。

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial instruments (cont'd)

Financial liabilities and equity (cont'd)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in income statement in the period in which they arises.

Other financial liabilities

Other financial liabilities including creditors and accruals, securities trading and margin payable, deposits and receipts in advance, bank and other borrowings, amounts due to associates and amounts due to minority shareholders are subsequently measured at amortised cost, using the effective interest rate method.

Convertible bonds

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the bonds into equity, is included in equity (convertible bonds – equity reserve).

3. 主要會計政策 (續)

(n) 金融工具 (續)

金融負債及股本權益 (續)

按公平值列賬並在損益表內處理之金融負債

按公平值列賬並在損益表內處理之金融負債可細分為兩個類別，分別為持作買賣之金融負債及於首次確認時已指定為於損益賬按公平值處理之金融負債。於首次確認後之各結算日，於損益賬按公平值處理之金融負債乃按公平值計算，而公平值之變動乃於產生期間直接確認於收益表。

其他金融負債

其他金融負債包括應付賬款及應計款項、應付證券交易賬項及保證金、按金及預先收取款項、銀行及其他借貸、欠負聯營公司款項及欠負少數股東款項，乃採用實際利率法按攤銷成本計算。

可換股債券

本公司發行之可換股債券包括金融負債及股本權益部分，乃於首次確認時獨立分類為負債及股本權益部分。於首次確認時，負債部分之公平值乃按類似不可轉換債務之現行市場利率釐定。發行可換股債券之所得款項與轉往負債部分之公平值之差額，即代表可讓持有人將債券兌換為股本權益之認購期權應列入股本權益（可換股債券股本權益儲備）。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial instruments (cont'd)

Financial liabilities and equity (cont'd)

Convertible bonds (cont'd)

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds – equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds – equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds – equity reserve will be released to the retained profits. No gain or loss is recognised in income statement upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to convertible bonds – equity reserve. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Equity instruments

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

3. 主要會計政策 (續)

(n) 金融工具 (續)

金融負債及股本權益 (續)

可換股債券 (續)

於往後期間，可換股債券之負債部份乃採用實際利率法攤銷成本列賬。股本權益部份，即可將負債部份兌換為本公司普通股之期權將保留於可換股債券股本權益儲備，直至附設之期權獲行使為止，在此情況下，可換股債券股本權益儲備之結餘將轉移至股本及股份溢價。倘期權於到期日尚未獲行使，可換股債券股本權益儲備之結餘將撥至保留盈利。期權兌換或到期時將不會於收益表中確認任何盈虧。

與發行可換股債券相關之交易成本乃按所得款項之劃分比例分配至負債及股本權益部分。與股本權益部分相關之交易成本乃直接計入可換股債券股本權益儲備內。與負債部分相關之交易成本乃計入負債部分之賬面值，並按可換股債券之期限採用實際利率法攤銷。

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。

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial instruments (cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derivative financial instruments that do not qualify for hedge accounting

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in income statement.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in income statement.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in income statement.

3. 主要會計政策 (續)

(n) 金融工具 (續)

財務擔保合約

財務擔保合約為因指定債務人未能按債務工具之原有或經修改條款如期付款時，發行人需支付指定金額予持有人以補償其所遭受損失之合約。本集團已發行及並非按公平值列賬並在損益表內處理之財務擔保合約首次以其公平值減發行財務擔保合約之直接應佔交易成本確認。於首次確認後，本集團以(i)根據香港會計準則第37號撥備、或然負債及或然資產釐定的金額；及(ii)首次確認的金額減(如適用)根據香港會計準則第18號收益確認的累計攤銷，兩者中以較高者計算財務擔保合約。

不符合作對沖會計處理之金融衍生工具

衍生工具並不符合作對沖會計處理被視為持作買賣金融資產或持作買賣金融負債。該衍生工具的公平值變動即時於收益表內確認。

取消確認

若從資產收取現金流之權利已到期，或金融資產已轉讓及本集團已將其於金融資產擁有權之絕大部分風險及回報轉移，則金融資產將被取消確認。於取消確認金融資產時，資產賬面值與已收代價及已直接於股本權益確認之累計損益之總和之差額，將於收益表中確認。

就金融負債而言，則於本集團之資產負債表中移除(即倘於有關合約之特定責任獲解除、取消或到期)。取消確認之金融負債賬面值與已付或應付代價之差額乃於收益表中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Revenue recognition

Revenue from properties developed for sale is recognised on the execution of a binding sales agreement or when the relevant occupation permit or certificate of compliance is issued by the building authority, whichever is the later.

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.

Rental income, including rental invoiced in advance from properties under operating leases, is recognised in income statement on a straight-line basis over the term of the relevant lease.

Sale of securities investments are recognised on a trade date basis.

Brokerage income on dealings in securities and futures contracts and the profit and loss on trade in securities and futures contracts are recognised on the transaction dates when the relevant contract notes are executed.

Management fee income is recognised in accordance with terms of respective agreements over the relevant period in which the services are rendered.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

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.

3. 主要會計政策 (續)

(o) 收入確認

已發展物業之銷售收入在執行具約束力之銷售協議或獲有關建築當局批出有關入伙准許證或滿意紙後(以較後者為準),方予確認入賬。

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。

租金收入包括就營業租約物業預先開出發票之租金,乃就有關租約年期按直線法於收益表中確認。

出售證券投資按買賣日期基準確認。

買賣證券及期貨合約之經紀收入以及買賣證券及期貨合約之溢利及虧損於執行買賣單據之交易日確認。

管理費收入乃就提供服務期間按有關協議之條款確認。

投資之股息收入乃於本集團收取款項之權利確立後確認。

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。有關利率指將金融資產的估計未來所收現金在估計可使用期內折現至資產賬面淨值的利率。

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Deferred tax is recognised 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 from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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 realised. Deferred tax is charged or credited to 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

3. 主要會計政策 (續)

(p) 稅項

所得稅開支指本年度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純利不同，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。本集團的本期稅項負債以結算日已一直採用或實際採用的稅率計算。

遞延稅項確認於就財務報告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，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較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。若暫時差異因商譽或因於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，則不會確認該等資產及負債。

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

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權益之項目，其遞延稅項亦會於股本權益中處理。

如所得稅是由同一稅務當局徵收及本集團打算支付其稅項資產及稅項負債之淨額，遞延稅項資產及負債可以互相抵銷。

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Leasing

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

The Group as lessee

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(r) 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 exchange 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.

3. 主要會計政策 (續)

(q) 租約

凡租約條款規定將租賃資產擁有權之絕大部分風險及回報轉移至承租人之租約均列為財務租約。所有其他租約分類為經營租約。

本集團為出租人

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

本集團為承租人

根據經營租約應付之租金會以直線法按有關租約年期在收益表中扣除。作為訂立經營租約獎勵之已收及應收利益以直線法按有關租約年期確認為租金開支扣減。

(r) 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量之非貨幣項目不會重新換算。

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Foreign currencies (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into 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 translation reserve). Such exchange differences are recognised in income statement in the period in which the foreign operation is disposed of.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those asset. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

(t) Retirement benefits costs

Payment to defined contribution retirement benefit schemes are charged in income statement as they fall due.

3. 主要會計政策 (續)

(r) 外幣 (續)

結算貨幣項目及換算貨幣項目時產生之匯兌差額於產生之期間在收益表中確認。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收益表中，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權益確認，在此情況下，匯兌差額亦會直接於股本權益中確認。

為呈列綜合財務報表的目的，本集團境外業務的資產及負債均以結算日通用匯率換算為本公司的呈列貨幣（即港元），而其收入及開支則以本年度平均匯率予以換算。除非匯率於期內波動很大。在此情況下，以交易日通用之匯率換算。產生的匯兌差異確認為一個股本權益的獨立部分（換算儲備）。該匯兌差額於該境外業務被出售期間於收益表內確認。

(s) 借貸成本

於購買、興建或製造合資格資產之直接應佔借貸成本，將撥作為該等資產之部分成本，當該等資產實質上達至擬定用途或銷售時借貸成本便不再作資本化。

所有其他借貸成本已於發生時於收益表確認為支出。

(t) 退休福利成本

定額供款退休福利計劃之供款於其到期支付時作為開支於收益表中扣除。

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligations. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(v) Prepaid lease payments

Payment for obtaining land use rights accounted for as prepaid lease payments and are charged to income statement on a straight-line basis over the lease terms.

(w) 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.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products, or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. 主要會計政策 (續)

(u) 撥備

倘本集團因過往事件而產生目前的責任，而本集團須償還該責任時，則確認撥備。撥備乃根據董事會於結算日對償還有關責任所需支出的最佳估算釐定，並在出現重大影響時折讓至現值。

(v) 預付租賃款項

為取得土地使用權而支付之款項列作預付租賃款項，按直線法在租約期內自收益表扣除。

(w) 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。

(x) 分類報告

分類是從事提供產品或服務（按業務劃分）或提供產品或服務在某一經濟環境（按地域劃分）以清晰本集團一個可辨別的組成部分，而該組成部分在風險和報酬方面與其他分類不同。

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Segment reporting (cont'd)

In accordance with the Group's internal financial reporting, the Group has determined that business segment be presented as the primary reporting format and geographical segment as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions which are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group companies within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period on additions of segment assets (both tangible and intangible) that are expected to be used for more than one period.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 3, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may 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:

Impairment loss in respect of accounts receivable

The policy for impairment loss in respect of accounts receivable of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

3. 主要會計政策 (續)

(x) 分類報告 (續)

根據本集團的內部財務申報，本集團已選取按業務劃分資料成為主要申報形式，而按地域劃分則作為第二申報形式。

分類收益、開支、業績、資產及負債包括了直接來自一個劃分的項目，以及可合理分配至該劃分的項目。分類收益、開支、業績、資產及負債乃在集團內公司間結餘及交易對銷（作為綜合帳目的一部分）前釐定，惟限於該集團內，公司間結餘及交易乃在同一劃分內的集團佐業之間的為限。劃分之間的定價乃根據給予外間公司的類似項目而定。

分類資本支出是期內收購預期會享用多於一個期間的分類資產（有形及無形）所付的總成本。

4. 估計不明確因素之主要來源

在應用上文附註3所載本集團之會計政策時，於結算日，管理層對未來之預期及其他估計不明確因素之主要來源作出若干主要假設，可能對財務報表確認之金額構成重大影響之關鍵會計判斷及估計之不明確因素之主要來源概述如下：

有關應收賬款之減值虧損

本集團有關應收賬款之減值虧損之政策基於付款能力評估及年期分析賬目及管理層之判斷衡量。於評估此等應收款項之最終收回情況時需要作出大量判斷，包括各客戶目前之信譽及付款紀錄。倘若集團客戶之財政狀況轉差而削弱彼等之付款能力時，則需要作出額外撥備。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Investment properties

As described in note 20, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

Income taxes

As at 31st December, 2006, a deferred tax asset of approximately HK\$86,049,000 (2005: HK\$96,250,000) in relation to unused tax losses has been recognised in the Group's consolidated balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in income statement for the period in which such a reversal takes place.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, borrowings, loan receivables, trade receivables, trade payables and convertible bonds, equity-linked notes, time deposits and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

4. 估計不明確因素之主要來源 (續)

投資物業

誠如附註20所述，投資物業是以獨立專業評估師評定之公平值入賬。評估師於決定公平值時乃根據包含若干估計之估值方法進行，管理層於信賴估值報告時已作出了判斷及認同該估值方法乃反映市場現況。如市場現況導致假設有變動，投資物業之公平值可能於未來變動。

所得稅

於二零零六年十二月三十一日，有關未使用稅務虧損之遞延稅項資產約86,049,000港元（二零零五年：96,250,000港元）已經於本集團之綜合資產負債表內確認。遞延稅項資產能否變現主要視乎日後是否具有足夠之未來溢利或應課稅暫時差異。倘若未來之實際溢利低於預期，則可能產生重大之遞延稅項資產撥回，該項確認將於出現撥回發生之期間內在收益表內確認。

5. 財務風險管理目標及政策

本集團之主要金融工具包括股權投資、借貸、應收貸款、應收貿易賬項、應付貿易賬項、可換股債券、股東掛鈎票據、定期存款及銀行結餘。該等金融工具詳情於各附註披露。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時和有效地採取適當之措施。

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 OBJECTIVES AND POLICIES (cont'd)

Market risk

(i) Currency risk

The majority of the Group's assets by value and the rental income are denominated in Hong Kong dollars, except certain equity investments and equity-linked notes are denominated in foreign currencies. The currency exposure arising from the equity investments and equity-linked notes is mitigated primarily through borrowings denominated in the relevant foreign currencies.

(ii) Interest rate risk

The Group has variable-rate borrowings and is therefore exposed to cash flow interest rate risk (see note 40 for details of these borrowings). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

(iii) Price risk

The Group's equity investments classified as available-for-sale investments and investments held-for-trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

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 asset as stated in the consolidated balance sheet. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover 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 consider that the Group's credit risk is significantly reduced.

5. 財務風險管理目標及政策 (續)

市場風險

(i) 貨幣風險

本集團大部分資產價值及所有租金均以港元為貨幣單位，惟若干股權投資及股票掛鈎票據則以外幣為貨幣單位。本集團主要透過相應外國貨幣單位之借貸降低由股權投資及股票掛鈎票據而產生之貨幣風險。

(ii) 利率風險

本集團有浮息借貸，故本集團須承擔現金流量利率風險（該等借貸詳情見附註40）。本集團現時並無採用任何利率對政策。然而，管理層會監控利率風險，並於需要時考慮對重大利率風險。

(iii) 價格風險

本集團之股權投資包括待售投資及持買賣之投資每逢結算日均會按公平值計量。因此，本集團須承擔股本證券之價格風險。管理層以設立不同風險水平的投資組合控制有關風險。

信貸風險

倘若交易對手無法履行彼等截至二零零六年十二月三十一日之債項，本集團承受之最大信貸風險為綜合資產負債表內確認之金融資產之賬面值。為盡量降低信貸風險，管理層已指派一組人員負責釐定信貸額度、信貸批核及其他監管程序，確保能採取跟進行動追收逾期貸款。此外，於每個結算日，本集團檢討每宗個別貿易債項之可收回款項，確保就無法收回款項作出足夠之減值虧損。就此而言，董事會認為本集團之信貸風險已大幅降低。

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 OBJECTIVES AND POLICIES (cont'd)

Credit risk (cont'd)

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong.

6. TURNOVER

Turnover represents the aggregate of amounts received and receivable from the sales of investments held-for-trading, sales of properties held for sale, property rental income, commission from brokerage, settlement charges from brokerage and interest income from loan financing.

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into five operating divisions – property development and trading, property leasing, money lending, listed securities investments and treasury products and unlisted securities investment, investment holding and brokerage. These divisions are the basis on which the Group reports its primary segments information.

Principal activities are as follows:

Property development and trading	–	Property development and sales of properties
Property leasing	–	Property rental
Money lending	–	Loan financing
Listed securities investments and treasury products	–	Listed securities investments and trading, over-the-counter trading and structured products
Unlisted securities investments, investment holding and brokerage	–	Unlisted securities investments, trading and brokerage

5. 財務風險管理目標及政策 (續)

信貸風險 (續)

本集團按地域集中承擔信貸風險之地區為香港。

6. 營業額

營業額指已收及應收之出售持作買賣之投資收入、出售持作出售物業收入、物業租金收入、經紀佣金、經紀服務之交易費用以及貸款融資利息收入之總額。

7. 按業務及地域劃分之資料

按業務劃分

就業務管理而言，本集團之業務目前可分為五個經營部分－物業發展及買賣、物業租賃、放債、上市證券投資及財資產品以及非上市證券投資、投資控股及經紀服務。該等部分為本集團申報其主要分類資料之基準。

主要業務活動如下：

物業發展及買賣	–	物業發展及物業銷售
物業租賃	–	物業租賃
放債	–	貸款融資
上市證券投資及財資產品	–	上市證券投資及買賣、場外交易及結構性產品
非上市證券投資、投資控股及經紀服務	–	非上市證券投資、買賣及經紀服務

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

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

Segment information about these businesses is presented below:

INCOME STATEMENT

For the year ended 31st December, 2006

7. 按業務及地域劃分之資料 (續)

以下呈報該等業務之分類資料：

收益表

截至二零零六年十二月三十一日止年度

		Property development and trading 物業發展 及買賣 HK\$'000 千港元	Property leasing 物業租賃 HK\$'000 千港元	Money lending 放債 HK\$'000 千港元	Listed securities investments and treasury products 上市證券 投資及 財資產品 HK\$'000 千港元	Unlisted securities investments, investment holding and brokerage 非上市 證券投資、 投資控股及 經紀服務 HK\$'000 千港元	Other operations/ unallocated 其他業務/ 未分攤 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover	營業額							
Turnover from external customers	來自外間客戶之營業額	10,700	667,913	9,976	4,040,018	35,182	-	4,763,789
Result	業績							
Segment result	分類業績	(194,762)	7,528,646	9,976	868,217	266,156	-	8,478,233
Unallocated corporate expenses, net	未分攤之公司支出淨額							(154,757)
Finance costs on listed securities investments and treasury products	上市證券投資及財資產品之 財務費用	-	-	-	(178,995)	-	-	(178,995)
Other finance costs	其他財務費用							(274,524)
Other gains and losses, net	其他收益及虧損淨額	-	56,892	-	-	-	995	57,887
Share of results of associates	攤佔聯營公司業績	1,010,296	111,622	58	-	7,618	5,573	1,135,167
Profit before tax	除稅前溢利							9,063,011
Income tax expense	所得稅開支							(1,505,924)
Profit for the year	本年度溢利							7,557,087

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

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

7. 按業務及地域劃分之資料 (續)

BALANCE SHEET

At 31st December, 2006

資產負債表

於二零零六年十二月三十一日

		Property development and trading	Property leasing	Money lending	Listed securities investments and treasury products	Unlisted securities investments, investment holding and brokerage 非上市 證券投資、 投資控股及 經紀服務	Other operations/ unallocated 其他業務/ 未分攤	Consolidated 綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Assets	資產							
Segment assets	分類資產	5,614,067	38,172,801	66,008	10,663,250	664,772	38,251	55,219,149
Interests in associates	聯營公司權益	816,713	513,885	43	-	-	65,710	1,396,351
Advances to associates	墊付聯營公司款項	753,511	169,054	9,096	-	-	-	931,661
Unallocated corporate assets	未分攤之公司資產							87,166
								<u>57,634,327</u>
Liabilities	負債							
Segment liabilities	分類負債	872,095	316,260	99	4,067,818	218,327	40,731	5,515,330
Unallocated corporate liabilities	未分攤之公司負債							16,156,363
								<u>21,671,693</u>

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

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

OTHER INFORMATION

For the year ended 31st December, 2006

7. 按業務及地域劃分之資料 (續)

其他資料

截至二零零六年十二月三十一日止年度

		Property development and trading	Property leasing	Unlisted securities investments, investment holding and brokerage	Consolidated
		物業發展 及買賣	物業租賃	非上市 證券投資、 投資控股及 經紀服務	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	2,547,170	897,110	-	3,444,280
Depreciation	折舊	-	14,235	-	14,235
Amortisation	攤銷	-	609	-	609
Impairment losses recognised in the income statement	於收益表確認 之減值虧損	200,000	-	-	200,000
Other non-cash expenses	其他非現金開支	-	13,474	-	13,474

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

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

7. 按業務及地域劃分之資料 (續)

INCOME STATEMENT

For the year ended 31st December, 2005

收益表

截至二零零五年十二月三十一日止年度

		Property development and trading 物業發展 及買賣	Property leasing 物業租賃	Money lending 放債	Listed securities investments and treasury products 上市證券 投資及 財資產品	Unlisted securities investments, and holding and brokerage 非上市 證券投資、 投資控股及 經紀服務	Other operations/ unallocated 其他業務/ 未分攤	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額							
Turnover from external customers	來自外間客戶之營業額	3,900	715,606	31,158	1,515,655	8,669	–	2,274,988
Result	業績							
Segment result	分類業績	978,658	5,697,834	31,158	279,936	243,070	–	7,230,656
Unallocated corporate income, net	未分攤之公司收入淨額							46,626
Finance costs on listed securities investments and treasury products	上市證券投資及財資產品之 財務費用	–	–	–	(36,676)	–	–	(36,676)
Other finance costs	其他財務費用							(278,316)
Other gains and losses, net	其他收益及虧損淨額							(8,640)
Share of results of associates	攤佔聯營公司業績	231,810	174,743	428	–	17,547	5,512	430,040
Profit before tax	除稅前溢利							7,383,690
Income tax expense	所得稅開支							(929,023)
Profit for the year	本年度溢利							6,454,667

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

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

BALANCE SHEET

At 31st December, 2005

7. 按業務及地域劃分之資料 (續)

資產負債表

於二零零五年十二月三十一日

		Property development and trading 物業發展 及買賣 HK\$'000 千港元 (Restated) (重列)	Property leasing 物業租賃 HK\$'000 千港元	Money lending 放債 HK\$'000 千港元	Listed securities investments and treasury products 上市證券 投資及 財資產品 HK\$'000 千港元	Unlisted securities investments, investment holding and brokerage 非上市 證券投資、 投資控股及 經紀服務 HK\$'000 千港元	Other operations/ unallocated 其他業務/ 未分攤 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元 (Restated) (重列)
Assets	資產							
Segment assets	分類資產	2,531,246	25,707,560	531,008	8,706,533	487,125	28,459	37,991,931
Interests in associates	聯營公司權益	280,839	358,991	3,776	-	-	49,719	693,325
Advances to associates	墊付聯營公司款項	571,799	957,880	22,107	-	-	130,189	1,681,975
Unallocated corporate assets	未分攤之公司資產							74,061
								<u>40,441,292</u>
Liabilities	負債							
Segment liabilities	分類負債	14,137	309,123	133	4,332,830	164,035	29,162	4,849,420
Unallocated corporate liabilities	未分攤之公司負債							<u>11,889,175</u>
								<u>16,738,595</u>

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

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

7. 按業務及地域劃分之資料 (續)

OTHER INFORMATION

For the year ended 31st December, 2005

其他資料

截至二零零五年十二月三十一日止年度

		Property development and trading 物業發展 及買賣 HK\$'000 千港元	Property leasing 物業租賃 HK\$'000 千港元	Unlisted securities investments, investment holding and brokerage 非上市 證券投資、 投資控股及 經紀服務 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Capital additions	資本增加	620,606	78,404	78,882	777,892
Depreciation	折舊	–	10,398	–	10,398
Amortisation	攤銷	–	609	–	609
Impairment losses reversed in the income statement	於收益表撥回 之減值虧損	(977,054)	–	–	(977,054)
Other non-cash expenses	其他非現金開支	4,398	29,392	2,711	36,501

Geographical segments

按地域劃分

No further geographical segment information is presented as the activities of the Group carried out in Hong Kong and the assets of the Group located in Hong Kong is the only major geographical segment of the Group.

由於本集團於香港從事之業務及本集團位於香港之資產乃本集團之唯一主要地區分類資料，因此並無進一步呈列按地域劃分之資料。

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. OTHER INCOME

8. 其他收入

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Included in other income are:	其他收入包括:		
Building management fee income, net	樓宇管理費收入淨額	21,399	22,376
Exchange gain, net	匯兌收益淨額	-	9,757
Forfeiture of deposit received on sale of properties	沒收出售物業所收之按金	-	2,403
Share of resale profit arising from properties resale by a related party in respect of properties previously acquired from the Group (Note)	攤分關連人士轉售先前購自本集團之物業所產生之轉售溢利(附註)	-	50,160
Management fee income	管理費收入	1,159	3,146
Write off of retention money	保留款項撤銷	-	3,727

Note: Pursuant to a sale and purchase agreement dated 27th August, 2004 in relation to the disposal of several properties ("Properties") to a company wholly-owned by a discretionary trust set up by Mr. Joseph Lau, Luen-hung, an executive director and a substantial shareholder of the Company, the Group is entitled to 80% profit sharing when the Properties are subsequently sold by the discretionary trust. For the year ended 31st December, 2005, certain properties had been sold and HK\$50,160,000 representing 80% of the total profit arising from the sale of the Properties was recognised in the income statement.

附註：根據一份日期為二零零四年八月二十七日之買賣協議，該協議關於向一所由執行董事兼主要股東劉鑾雄先生成立之酌情信託全資擁有的公司出售若干物業（「物業」）之交易，本集團可攤分於物業隨後由酌情信託出售之轉售溢利80%。截至二零零五年十二月三十一日止年度，若干物業已出售，而出售物業產生之溢利之80%，即50,160,000港元，已於收益表中確認。

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

9. INVESTMENT INCOME, NET

9. 投資收入淨額

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Fair value changes on investments held-for-trading	持作買賣之投資之公平值變動	5,066	(8,069)
Fair value changes on equity-linked notes & bonds	股票掛鈎票據及債券之公平值變動	2,366	6,153
Fair value changes on derivative financial instruments	衍生金融工具之公平值變動	(16,555)	(136,082)
Realised gain on available-for-sale investments	待售投資之已變現收益	233,012	86,252
Realised (loss) gain on equity-linked notes & bonds	股票掛鈎票據及債券之已變現(虧損)收益	(17,624)	6,552
Realised (loss) gain on derivative financial instruments	衍生金融工具之已變現(虧損)收益	(59,940)	67,658
Other investment income	其他投資收入	11,968	12,760
Dividend income on:	股息收入:		
Listed investments	上市投資	69,597	10,122
Unlisted investments	非上市投資	83,746	107,137
Interest income	利息收入	461,315	260,831
Imputed interest on:	以下各項之名義利息:		
Advances to associates	墊付聯營公司款項	60,284	47,747
Loans receivable	應收貸款	-	295
		833,235	461,356

Included in interest income are interest from equity-linked notes & bonds and derivative financial instruments amounted to approximately HK\$245 million (2005: HK\$137 million) and approximately HK\$137 million (2005: HK\$52 million) respectively.

利息收入之中包括股票掛鈎票據及債券以及衍生金融工具之利息分別約245,000,000港元(二零零五年: 137,000,000港元)及約137,000,000港元(二零零五年: 52,000,000港元)。

10. OTHER EXPENSES

10. 其他開支

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Included in other expenses are:	其他開支包括:		
Impairment loss recognised in respect of accounts receivable	就應收賬款確認之減值虧損	38	5,231
Impairment loss recognised in respect of goodwill	就商譽確認之減值虧損	-	7,702
Impairment loss recognised in respect of intangible assets	就無形資產確認之減值虧損	-	1,131
Impairment loss recognised in respect of available-for-sale investments	就待售投資確認之減值虧損	-	1,580

11. ASSET CLASSIFIED AS HELD FOR SALE

On 2nd December, 2005, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party of the Company, relating to the disposal of one of the Group's associate, Grand Make International Limited ("Grand Make"), which holds 99% indirect interest in Hong Kong New World Tower located in Shanghai. The 35% equity interest of Grand Make was expected to be sold within twelve months from 31st December, 2005, had been classified as a disposal asset held for sale and was presented separately in the balance sheet. The net proceeds of disposal was expected to exceed the net carrying amount of the relevant assets and accordingly, no impairment loss had been recognised. This disposal was completed in March 2006.

On 27th December, 2006 and 8th December, 2006, Superkey Development Limited and Boria Enterprises Limited, indirect wholly owned subsidiaries of G-Prop (Holdings) Limited, which is a 50.1% interest subsidiary of the Group, entered into sale and purchase agreements with two independent third parties ("the Purchasers") in relation to the disposals of a car park located at No. 4106, 4/F., Bank of America Tower, 12 Harcourt Road, Hong Kong (the "Car Park") and property located at 3rd Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the "Property") at considerations of HK\$538,000 and HK\$8,800,000 respectively. The Car Park was satisfied by the Purchaser in cash and completed on 19th January, 2007 and the Property shall be satisfied in cash and completed on or before 31st May, 2007. In accordance with HKFRS 5, the above investment properties have been presented as assets classified as held for sale in the balance sheet as at 31st December, 2006.

11. 列為持作出售之資產

於二零零五年十二月二日，本公司一間全資附屬公司與本公司之獨立第三方訂立一項有關出售本集團聯營公司Grand Make International Limited（「Grand Make」）之買賣協議，Grand Make持有位於上海之香港新世界大廈之99%間接權益。預期會於二零零五年十二月三十一日後之十二個月內出售Grand Make之35%股權，故分類為持作出售資產及於資產負債表中獨立呈報。預期有關資產之出售所得款項淨額將超過其賬面淨值，故此並無確認減值虧損。出售已於二零零六年三月完成。

於二零零六年十二月二十七日及二零零六年十二月八日，本集團佔50.1%權益之附屬公司金匡企業有限公司之全資附屬公司偉祺發展有限公司及博永企業有限公司與兩名獨立第三方（「買方」）訂立買賣協議，分別以代價538,000港元及8,800,000港元出售香港夏慤道12號美國銀行中心4樓4106號停車位（「停車位」）及位於香港新界葵涌梨木道63-71號中僑貨倉大廈3樓之物業（「物業」）。出售停車位已由買方於二零零七年一月十九日以現金支付及完成，出售物業則將由買方於二零零七年五月三十一日或之前以現金支付及完成。根據香港財務報告準則第5號，上述投資物業已於二零零六年十二月三十一日之資產負債表內列為持作出售之資產。

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12. PROFIT FOR THE YEAR

12. 本年度溢利

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Profit for the year has been arrived at after (charging) crediting:	本年度溢利已 (扣除) 計入:		
Auditors' remuneration	核數師酬金	(3,505)	(3,974)
Depreciation	折舊	(14,235)	(10,398)
Amortisation	攤銷	(609)	(609)
Staff costs, including Directors' emoluments	僱員成本 (包括董事酬金)	(86,432)	(75,221)
Retirement benefits scheme contributions, net of forfeited contributions of HK\$473,000 (2005: HK\$374,000)	退休福利計劃供款·扣除已沒收供款473,000港元 (二零零五年: 374,000港元)	(3,517)	(3,881)
Total staff costs	總僱員成本	(89,949)	(79,102)
Gain on disposals of investments held-for-trading included in gross profit:	計入毛利之出售持作買賣投資之收益:		
Increase in market value of investments held-for-trading	持作買賣投資之市值增加	256,613	69,427
Realised exchange gain (loss) on translation of investments held-for-trading	已變現持作買賣之投資匯兌換算收益 (虧損)	14,255	(10,349)
		270,868	59,078
Gross rental income from investment properties	投資物業租金收入總額	667,913	715,606
Less: Direct operating expenses from investment properties that generated rental income during the year	減: 年內產生租金收入之投資物業直接經營開支	(48,864)	(21,731)
Direct operating expenses from investment properties that did not generate rental income during the year	年內並無產生租金收入之投資物業直接經營開支	(11,652)	(6,249)
		607,397	687,626
Share of tax of associates (included in share of results of associates)	攤佔聯營公司稅項 (已計入攤佔聯營公司業績)	(227,267)	(60,685)

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13. FINANCE COSTS

13. 財務費用

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Interest on:	利息：		
Bank loans wholly repayable within five years	須於五年內全數償還之銀行貸款	345,606	235,645
Bank loans wholly repayable over five years	須於五年後全數償還之銀行貸款	1,760	1,380
Other loans wholly repayable within five years	須於五年內全數償還之其他貸款	156,393	61,038
Amounts due to minority shareholders	欠負少數股東款項	33,278	–
		537,037	298,063
Imputed interest on:	名義利息：		
Amounts due to associates	欠負聯營公司款項	985	414
Amounts due to minority shareholders	欠負少數股東款項	16,726	16,107
Convertible bonds	可換股債券	21,187	36,932
		38,898	53,453
Total interest	利息總額	575,935	351,516
Exchange loss (gain) on translation of foreign currency loans	外幣貸款匯兌虧損(收益)	22,602	(24,362)
Other finance costs	其他財務費用	3,324	11,638
		601,861	338,792
Less: Interest capitalised to stock of properties under development	減：撥充發展中物業存貨資本之利息	(92,979)	(23,800)
Less: Interest capitalised to investment properties under development	減：撥充發展中投資物業資本之利息	(55,363)	–
		453,519	314,992

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14. OTHER GAINS AND LOSSES, NET

14. 其他收益及虧損淨額

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Included in other gains and losses, net are:	其他收益及虧損淨額包括:		
Impairment loss reversed in respect of advances to associates	就墊付聯營公司款項撥回之減值虧損	897	9,740
Discount on acquisition of an associate	收購一間聯營公司之折讓	-	2,530
Impairment loss recognised in respect of advance to an associate	就墊付一間聯營公司款項確認之減值虧損	(13,474)	(4,398)
Net loss on deemed disposals of subsidiaries (Note)	視作出售附屬公司虧損淨額 (附註)	-	(16,459)
Gain on disposal of an associate	出售一間聯營公司收益	70,366	-

Note: Net loss on deemed disposals of subsidiaries was arising from Chi Cheung Investment Company, Limited and G-Prop (Holdings) Limited issue shares to independent investors pursuant to the respective placing agreements in February 2005.

附註: 視作出售附屬公司虧損淨額乃因至祥置業有限公司及金匡企業有限公司根據其各自於二零零五年二月訂立之配售協議向獨立投資者發行股份而產生。

15. DIRECTORS' EMOLUMENTS

15. 董事酬金

Fees and other emoluments paid or payable to each of the 7 (2005: 5) directors for the year ended 31st December, 2006 and 2005 were as follows:

於截至二零零六年及二零零五年十二月三十一日止年度已付或應付予七名董事 (二零零五年: 五名) 之袍金及其他酬金如下:

		2006			2005		
		Salaries and other emolument			Salaries and other emolument		
		Fee	薪金及	Total	Fee	薪金及	Total
		袍金	其他酬金	總計	袍金	其他薪金	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Mr. Joseph Lau, Luen-hung	劉鑾雄先生	-	3,600	3,600	-	3,600	3,600
Mr. Thomas Lau, Luen-hung	劉鑾鴻先生	-	2,290	2,290	-	2,400	2,400
Mr. Lau, Ming-wai	劉鳴煒先生	-	55	55	-	-	-
Mr. Koon, Wing-yee	官永義先生	6	-	6	100	-	100
Mr. Chan, Kwok-wai	陳國偉先生	150	-	150	100	-	100
Mr. Cheng, Kwee	鍾貴先生	150	-	150	100	-	100
Ms. Phillis Loh, Lai-ping	羅麗萍女士	140	-	140	-	-	-
		446	5,945	6,391	300	6,000	6,300

No directors waived any emoluments for the years ended 31st December, 2006 and 2005.

董事概無於截至二零零六年及二零零五年十二月三十一日止年度內放棄收取任何酬金。

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16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2005: two) were executive directors of the Company whose emoluments are included in the disclosures in Note 15 above. The emoluments of the remaining three (2005: three) individuals disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange were as follows:

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Salaries and other benefits	3,296	3,128
Retirement benefit scheme contributions	166	139
	3,462	3,267

Their emoluments were within the following bands:

		Number of employees 僱員人數	
		2006	2005
Nil – HK\$1,000,000	無 – 1,000,000 港元	2	2
HK\$1,000,001 – HK\$1,500,000	1,000,001 港元 – 1,500,000 港元	0	1
HK\$1,500,001 – HK\$2,000,000	1,500,001 港元 – 2,000,000 港元	1	0

During the years ended 31st December, 2006 and 2005, no emoluments were paid by the Group to the five highest paid individuals or directors, as an inducement to join or upon joining the Group as compensation for loss of office.

16. 僱員酬金

本集團五名最高薪酬人士中，兩名（二零零五年：兩名）為本公司執行董事，彼等之薪酬已於上文附註15披露。遵照聯交所證券上市規則披露之其他三名（二零零五年：三名）人士之酬金如下：

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
	3,296	3,128
	166	139
	3,462	3,267

彼等之酬金分下列等級：

	Number of employees 僱員人數	
	2006	2005
	2	2
	0	1
	1	0

於截至二零零六年及二零零五年十二月三十一日止年度內，本集團概無為吸引加入本集團或於加入本集團時或作為離職補償而向該五名最高薪酬人士或董事支付任何酬金。

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17. INCOME TAX EXPENSE

17. 所得稅開支

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
The charge (credit) comprises:	稅項支出(撥回)包括:		
Current tax:	當期稅項:		
Hong Kong Profits Tax	香港利得稅	42,038	27,994
Other than Hong Kong	香港以外地區	5,852	2,777
		47,890	30,771
Underprovision (overprovision) in prior years:	過往年度撥備不足(超額撥備):		
Hong Kong Profits Tax	香港利得稅	2,960	(200)
Other than Hong Kong	香港以外地區	-	-
		2,960	(200)
Deferred tax (Note 44):	遞延稅項(附註44):		
Current year	本年度	1,455,288	899,631
Overprovision in prior years	過往年度超額撥備	(214)	(1,179)
		1,455,074	898,452
		1,505,924	929,023

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for the both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

香港利得稅乃根據上述兩個年度之估計應課稅溢利按稅率17.5%計算。其他司法權區產生之稅項乃按有關司法權區之現行稅率計算。

The major deferred tax liabilities recognised by the Group is deferred tax on fair value changes on investment properties of HK\$1,431,805,000 (2005: HK\$875,490,000) for the year.

本集團於年內確認之遞延稅項負債主要為投資物業公平值變動之遞延稅項1,431,805,000港元(二零零五年:875,490,000港元)。

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17. INCOME TAX EXPENSE (cont'd)

17. 所得稅開支 (續)

The tax charge for the year can be reconciled to the profit before tax as follows: 年內之稅項支出與除稅前溢利對賬如下:

		2006		2005	
		HK\$'000	%	HK\$'000	%
		千港元		千港元	
Profit before tax	除稅前溢利	9,063,011		7,383,690	
Tax at Hong Kong Profits Tax rate of 17.5%	按香港利得稅稅率17.5%計算之稅項	1,586,026	17.5	1,292,146	17.5
Tax effect of share of results of associates	攤佔聯營公司業績之稅務影響	(89,638)	(1.0)	(75,257)	(1.0)
Tax effect of expenses not deductible for tax purpose	就稅務而言不可扣減支出之稅務影響	513,203	5.7	28,440	0.4
Tax effect of income not taxable for tax purpose	就稅務而言毋須課稅收入之稅務影響	(471,619)	(5.2)	(104,016)	(1.4)
Underprovision (Overprovision) in respect of prior years	過往年度撥備不足(超額撥備)	2,746	-	(1,379)	-
Tax effect of tax losses not recognised	未確認之稅務虧損之稅務影響	178	-	2,585	-
Utilisation of tax losses previously not recognised	運用先前未確認之稅務虧損之稅務影響	(33,154)	(0.4)	(210,449)	(2.9)
Tax effect on accelerated accounting depreciation over tax depreciation not provided in prior years	過往年度未撥備之稅務折舊之加速會計折舊之稅務影響	(6,404)	(0.1)	(32)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	在其他司法權區經營之附屬公司適用之不同稅率之影響	4,628	0.1	(3,015)	-
Others	其他	(42)	-	-	-
Tax charge for the year	年度稅項	1,505,924	16.6	929,023	12.6

18. DIVIDENDS

18. 股息

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
(a) Final dividend for 2005 paid on 30th June, 2006 of HK12 cents (2004: HK11 cents) per share	(a) 於二零零六年六月三十日派付之二零零五年末期股息每股12港仙(二零零四年: 11港仙)		
Cash	現金	108,128	223,324
Share alternative under scrip dividend scheme	根據以股代息計劃收取股份	158,639	n/a 不適用
		266,767	223,324

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18. DIVIDENDS (cont'd)

18. 股息 (續)

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
(b) Interim dividend for 2006 paid on 4th October, 2006 of HK12 cents (2005: HK9 cents) per share	(b) 於二零零六年十月四日派付之二零零六年中期股息: 每股12港仙 (二零零五年: 9港仙)		
Cash	現金	72,965	186,927
Share alternative under scrip dividend scheme	根據以股代息計劃收取股份	195,905	n/a 不適用
		268,870	186,927
Total dividends paid	已派付股息總額	535,637	410,251

The final dividend of HK18 cents (2005: HK12 cents) per share has been proposed by the Directors and is subject to approval by the shareholders in general meeting.

董事會建議派付末期股息每股18港仙 (二零零五年: 12港仙), 有待股東於股東大會批准。

19. EARNINGS PER SHARE

19. 每股盈利

The calculation of the basic and diluted earnings per share attributable to equity holders of the parent is based on the following data:

母公司之股本權益持有人應佔之每股基本及攤薄盈利乃根據以下數據計算:

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Earnings:	盈利:		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the parent)	計算每股基本盈利之盈利 (母公司股本權益持有人應佔之本年度溢利)	7,477,345	6,154,572
Effect of dilutive potential ordinary shares: Imputed interest on convertible bonds	潛在攤薄普通股之影響: 可換股債券之名義利息	21,187	36,932
Earnings for the purposes of diluted earnings per share	計算每股攤薄盈利之盈利	7,498,532	6,191,504

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19. EARNINGS PER SHARE (cont'd)

19. 每股盈利 (續)

		Number of shares	
		股份數目	
		2006	2005
Number of shares:	股份數目:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	計算每股基本盈利之普通股加權平均數	2,204,297,086	2,051,367,232
Effect of dilutive potential ordinary shares:	潛在攤薄普通股		
Convertible bonds	之影響: 可換股債券	46,269,727	190,626,220
Weighted average number of ordinary shares for the purposes of diluted earnings per share	計算每股攤薄盈利之普通股加權平均數	2,250,566,813	2,241,993,452

20. INVESTMENT PROPERTIES

20. 投資物業

		HK\$'000
		千港元
Fair value	公平值	
At 1st January, 2005	於二零零五年一月一日	19,359,080
Additions	添置	73,611
Increase in fair value recognised in the income statement	於收益表中確認之公平值增加	4,976,713
Disposals	出售	(346,439)
At 31st December, 2005	於二零零五年十二月三十一日	24,062,965
Acquisition of subsidiaries	收購附屬公司	393,000
Additions	添置	476,796
Increase in fair value recognised in the income statement	於收益表中確認之公平值增加	6,921,971
Reclassification to non-current assets held for sale	重新分類為持作出售之非流動資產	(9,338)
Disposals	出售	(73,524)
At 31st December, 2006	於二零零六年十二月三十一日	31,771,870

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20. 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 Messrs. Norton Appraisals Limited ("Norton Appraisals"), independent qualified professional valuers not connected with the Group. Norton Appraisals has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms 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.

The carrying value of investment properties shown above comprises:

20. 投資物業(續)

與本集團並無關連之獨立合資格專業估值師普敦國際評估有限公司(「普敦國際」)已按其於二零零六年十二月三十一日所進行估值為基準,計算本集團投資物業於該日之公平值。普敦國際擁有合適資格及最近亦有評估相關地點之同類物業之經驗。該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),並按公開市值為基準進行重估。

根據營運租賃持有以賺取租金或資本增值之本集團所有物業權益乃採用公平值模式計量,並分類及入賬列作投資物業。

上述投資物業之賬面值包括:

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Properties in Hong Kong held under:	於香港按以下租約持有之物業:		
Long lease	長期租約	26,684,270	20,181,670
Medium-term lease	中期租約	3,967,400	3,433,700
		30,651,670	23,615,370
Properties outside Hong Kong held under:	於香港以外按以下租約持有之物業:		
Long lease	長期租約	304,000	169,595
Medium-term lease	中期租約	816,200	278,000
		1,120,200	447,595
		31,771,870	24,062,965

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21. PROPERTY AND OTHER FIXED ASSETS

21. 物業及其他固定資產

		Buildings	Furniture, fixtures and equipment	Yachts and motor vehicles	Total
		樓宇	傢俬、裝置 及設備	遊艇及汽車	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Cost	成本				
At 1st January, 2005	於二零零五年一月一日	59,679	169,595	39,469	268,743
Additions	添置	–	1,696	3,097	4,793
Disposals	出售	–	(86,113)	(2,442)	(88,555)
		<hr/>			
At 31st December, 2005	於二零零五年十二月三十一日	59,679	85,178	40,124	184,981
Acquisition of subsidiaries	收購附屬公司	–	24	495	519
Additions	添置	–	5,248	21,547	26,795
Disposals	出售	–	(4,614)	(5,713)	(10,327)
		<hr/>			
At 31st December, 2006	於二零零六年十二月三十一日	59,679	85,836	56,453	201,968
Depreciation	折舊				
At 1st January, 2005	於二零零五年一月一日	7,330	151,531	27,148	186,009
Charge for the year	本年度變動	1,502	3,896	5,000	10,398
Elimination upon disposals	出售時對銷	–	(78,220)	(2,095)	(80,315)
		<hr/>			
At 31st December, 2005	於二零零五年十二月三十一日	8,832	77,207	30,053	116,092
Charge for the year	本年度變動	1,501	3,616	9,118	14,235
Elimination upon disposals	出售時對銷	–	(4,614)	(5,102)	(9,716)
		<hr/>			
At 31st December, 2006	於二零零六年十二月三十一日	10,333	76,209	34,069	120,611
Carrying amounts	賬面值				
At 31st December, 2006	於二零零六年十二月三十一日	49,346	9,627	22,384	81,357
		<hr/>			
At 31st December, 2005	於二零零五年十二月三十一日	50,847	7,971	10,071	68,889
		<hr/>			

The Group's buildings are situated in Hong Kong and held under medium-term leases.

本集團之樓宇均位於香港並按中期租約持有。

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For the year ended 31st December, 2006

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22. PROPERTIES UNDER DEVELOPMENT

22. 發展中物業

		Properties held under medium-term lease in Hong Kong
		於香港持有之中期租約物業
		HK\$'000
		千港元
Cost	成本	
At 1st January, 2005	於二零零五年一月一日	750
Additions	添置	23,152
		<hr/>
At 31st December, 2005	於二零零五年十二月三十一日	23,902
Additions	添置	26,384
Transfer to stock of properties	轉撥至物業存貨	(50,286)
		<hr/>
At 31st December, 2006	於二零零六年十二月三十一日	-
		<hr/>
Carrying amounts	賬面值	
At 31st December, 2006	於二零零六年十二月三十一日	-
		<hr/> <hr/>
At 31st December, 2005	於二零零五年十二月三十一日	23,902
		<hr/> <hr/>

23. PREPAID LEASE PAYMENTS

23. 預付租賃款項

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
The Group's prepaid lease payments comprise:	本集團之預付租賃款項包括:		
Leasehold land in Hong Kong:	於香港按以下租約持有之土地:		
Long lease	長期租約	249,250	249,839
Medium-term lease	中期租約	247	267
		<hr/>	<hr/>
		249,497	250,106
		<hr/> <hr/>	<hr/> <hr/>

Amortisation expense on prepaid lease payments of HK\$609,000 (2005: HK\$609,000) has been charged to income statement for the year.

年內金額為609,000港元(二零零五年: 609,000港元)之預付租賃款項攤銷開支已於收益表內扣除。

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財務報表附註

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24. PROPERTY INTERESTS HELD FOR FUTURE DEVELOPMENT

24. 持作日後發展之物業權益

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Cost	成本		
At 1st January and 31st December	於一月一日及十二月三十一日	71,118	71,118
Impairment loss	減值虧損		
At 1st January and 31st December	於一月一日及十二月三十一日	(71,118)	(71,118)
Carrying amounts	賬面值		
At 1st January and 31st December	於一月一日及十二月三十一日	-	-

The property interests held for development project in Chenghai Royal Garden, Shantou, PRC is held by a wholly owned subsidiary of Chi Cheung Investment Company, Limited, which is a 61.96% interest subsidiary of the Company. Under a Contract for Pre-registration of Grant of State-owned Land Use Right (the "Contract") with the district bureau of Chenghai dated 5th August, 1992, the Group had made certain downpayment. However, the Group subsequently determined not to proceed with the land requisition and requested for refund.

In April 2005, the Group commenced legal proceedings to terminate the Contract against the Shantou City Chenghai District Planning and State-owned Land Resources Bureau ("Chenghai Bureau"). In view of the uncertainty in the recoverability of the amount claimed and any other entitlements under the Contract, the Group had made a full provision for an impairment loss of HK\$71,118,000.

On 28th December, 2006, the judgments were ruled in favour of the Group. However, Chenghai Bureau has submitted a application of appeal in January 2007. Up to the date of approval of these financial statements, the application of appeal is pending for hearing.

中國汕頭市澄海海麗花園之持作發展物業權益項目，乃由本公司擁有61.96%權益之附屬公司至祥置業有限公司之一間全資附屬公司持有。根據於一九九二年八月五日與澄海地區當局訂立之國有土地使用權預約合同（「合同」），本集團已支付若干定金。本集團其後決定不進行徵地，並終止該合同及要求退還定金。

於二零零五年四月，本集團向汕頭市澄海區規劃與國土資源局（「澄海當局」）展開法律程序，終止合同。由於未能確定可否收回索償款額及根據合同之其他權益，本集團已就減值虧損作出71,118,000港元之全數撥備。

於二零零六年十二月二十八日，判決裁定本集團勝訴，然而，澄海當局於二零零七年一月提出申請上訴。截至批准本財務報表當日，有關上訴申請仍有待聆訊。

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25. INTANGIBLE ASSETS

25. 無形資產

		Club debentures	Trading and exchange rights	Total
		會社債券	買賣及貿易權	合計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Cost	成本			
At 1st January, 2005 and 31st December, 2005	於二零零五年一月一日及 二零零五年十二月三十一日	24,307	2,705	27,012
Reclassification to available-for-sale investments	重新分類至待售投資	(24,307)	–	(24,307)
At 31st December, 2006	於二零零六年十二月三十一日	–	2,705	2,705
Amortisation and impairment	攤銷及減值			
At 1st January, 2005	於二零零五年一月一日	8,356	1,574	9,930
Impairment recognised for the year	本年度減值虧損確認	–	1,131	1,131
At 31st December, 2005	於二零零五年十二月三十一日	8,356	2,705	11,061
Reclassification to available-for-sale investments	重新分類至待售投資	(8,356)	–	(8,356)
At 31st December, 2006	於二零零六年十二月三十一日	–	2,705	2,705
Carrying amounts	賬面值			
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	15,951	–	15,951

For the year ended 31st December, 2005, the Directors reviewed the recoverable amount of the trading rights and the gold and silver exchange rights. The Directors were of the opinion that there were no expected net cash inflow from the continuous use of the trading rights and the gold and silver exchange rights. An impairment loss of approximately HK\$1,131,000 was recognised in the income statement for the year ended 31st December, 2005.

於截至二零零五年十二月三十一日止年度，董事會審視買賣權及金銀貿易權之可收回款額。董事會認為並無由持續使用買賣權及金銀貿易權而產生之預期現金淨流入。約1,131,000港元之減值虧損已經於截至二零零五年十二月三十一日止年度之損益表中確認。

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截至二零零六年十二月三十一日止年度

26. GOODWILL

		HK\$'000 千港元
Cost	成本	
At 1st January, 2005	於二零零五年一月一日	61,862
Elimination of amortisation accumulated prior to adoption of HKFRS 3	採用香港財務報告準則第3號 前之累積攤銷之對銷	<u>(14,114)</u>
At 31st December, 2005 and 31st December, 2006	於二零零五年十二月三十一日 及二零零六年十二月三十一日	<u>47,748</u>
Amortisation	攤銷	
At 1st January, 2005	於二零零五年一月一日	14,114
Elimination of amortisation accumulated prior to adoption of HKFRS 3	採用香港財務報告準則第3號 前之累積攤銷之對銷	<u>(14,114)</u>
At 31st December, 2005 and 31st December, 2006	於二零零五年十二月三十一日及 二零零六年十二月三十一日	<u>—</u>
Impairment	減值	
At 1st January, 2005	於二零零五年一月一日	40,046
Impairment loss recognised for the year	本年度減值虧損確認	<u>7,702</u>
At 31st December, 2005 and 31st December, 2006	於二零零五年十二月三十一日及 二零零六年十二月三十一日	<u>47,748</u>
Carrying amounts At 31st December, 2006	賬面值 於二零零六年十二月三十一日	<u><u>—</u></u>
At 31st December, 2005	於二零零五年十二月三十一日	<u><u>—</u></u>

27. INTERESTS IN ASSOCIATES

27. 聯營公司權益

		2006 HK\$'000 千港元	2005 HK\$'000 (Restated) 千港元 (重列)
Cost of investment in associates, unlisted	投資非上市聯營公司成本	307,926	307,926
Share of post-acquisition profits, net of dividend received	攤佔收購後溢利扣除 已收股息	1,088,425	385,399
		1,396,351	693,325

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27. INTERESTS IN ASSOCIATES (cont'd)

The Company provided corporate guarantee to secure bank loans granted to its associates. The fair value of the financial guarantee contract was determined by CB Richard Ellis Limited, an independent valuer, and it was recognised as interest in associates and financial guarantee liabilities in the Group's consolidated balance sheet.

Particulars of the Group's principal associates at 31st December, 2006 are set out in Note 54.

The investment properties of the Group's principal associates were revalued at 31st December, 2006 by Norton Appraisals. The valuation, which conforms 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.

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

27. 聯營公司權益 (續)

本公司提供公司擔保作為其聯營公司獲授銀行貸款之抵押。財務擔保合約之公平值由獨立估值師世邦魏理仕有限公司釐定，並已於本集團之綜合資產負債表內確認為聯營公司權益及財務擔保負債。

本集團於二零零六年十二月三十一日之主要聯營公司詳情載於附註54。

本集團主要聯營公司之投資物業已由普敦國際於二零零六年十二月三十一日進行重估。該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)，並按公開市值為基準進行重估。

本集團之聯營公司之財務資料概述如下：

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Total assets	總資產	11,568,969	10,669,585
Total liabilities	總負債	(8,197,694)	(8,867,442)
Net assets	淨資產	3,371,275	1,802,143
Minority interest	少數股東權益	22,031	(72,150)
		3,393,306	1,729,993
Group's share of net assets of associates	本集團攤佔聯營公司淨資產	1,396,351	693,325
Turnover	營業額	6,131,011	565,879
Profit for the year	本年度溢利	2,924,850	927,142
Group's share of result of associates for the year	本集團攤佔聯營公司本年度業績	1,135,167	430,040

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27. INTERESTS IN ASSOCIATES (cont'd)

A legal action against an 50% associate of the Group, The Kwong Sang Hong International Limited ("Kwong Sang Hong"), was taken by a Chinese joint venture partner of Kwong Sang Hong in respect of a development project in the PRC. Pending the result of retrial, provision of HK\$19.7 million (2005: HK\$19.7 million) against damages, legal costs and interest was made by Kwong Sang Hong.

28. ADVANCES TO ASSOCIATES

Interest bearing advances to associates	墊付聯營公司之計息款項
Interest-free advances to associates	墊付聯營公司之免息款項

The advances to associates are unsecured. An approximately HK\$766,669,000 was expected to be repayable in 2010 and the amount is therefore shown as non-current. For the remaining HK\$164,992,000, the Group will not demand repayment within one year from the balance sheet date and the amounts are therefore shown as non-current. The interest bearing advances to associates bear interest at the prevailing market rate. The Directors consider that the fair value of the interest-free advances as at the balance sheet date, determined based on the present values of the estimated future cash flows discounted using the prevailing market rates at the balance sheet date approximate their carrying amounts.

27. 聯營公司權益 (續)

本集團之50%聯營公司The Kwong Sang Hong International Limited (「廣生行」)之一個中國合營夥伴就中國一項發展項目採取法律行動控告廣生行。在等待覆核裁決期間，廣生行已就賠償、法律費用及利息作出19,700,000港元之撥備(二零零五年:19,700,000港元)。

28. 墊付聯營公司款項

2006	2005
HK\$'000	HK\$'000
千港元	千港元
166,056	199,299
765,605	1,482,676
931,661	1,681,975

向聯營公司提供之墊支為無抵押。約766,669,000港元之款項預期於二零一零年償還，因此該等款項被列為非流動項目。就剩餘之164,992,000港元，本集團不要求於結算日起計一年內償還，因此該等款項被列為非流動項目。墊付聯營公司之計息款項以現行之市場借貸利率計息。而免息墊款於結算日之公平值，則按於結算日之市場借貸利率貼現未來現金流量之現時價值約數估計，董事會認為該公平值與其賬面值相若。

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29. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Listed investments:	上市投資:		
– Equity securities listed in Hong Kong	– 於香港上市之股本證券	8,179,251	1,871,937
– Equity securities listed elsewhere	– 於其他地區上市之股本證券	–	1,155,070
		8,179,251	3,027,007
Unlisted securities:	非上市證券:		
– Equity securities incorporated in Hong Kong	– 於香港註冊之股本證券	258,549	299,293
– Equity securities incorporated elsewhere	– 於其他地區註冊之股本證券	78,881	78,881
		8,516,681	3,405,181
Club debentures	會社債券	15,951	–
Total	合計	8,532,632	3,405,181

As at the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably. Fair values of those listed investments have been determined based on the quoted market bid prices available on the relevant stock exchanges.

Included in the carrying amount of unlisted securities are approximately HK\$258,549,000 (2005: HK\$299,293,000) unlisted investments which are stated at fair values determined by using discounted cash flow valuation techniques. The remaining approximately HK\$78,881,000 (2005: HK\$78,881,000) represents an investment in unlisted equity securities issued by private entities incorporated in United States of America. Both these equity securities and club debentures are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

29. 待售投資

待售投資包括：

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
於香港上市之股本證券	8,179,251	1,871,937
於其他地區上市之股本證券	–	1,155,070
	8,179,251	3,027,007
於香港註冊之股本證券	258,549	299,293
於其他地區註冊之股本證券	78,881	78,881
	8,516,681	3,405,181
會社債券	15,951	–
合計	8,532,632	3,405,181

於結算日，除其公平值不能可靠計量之非上市股本投資外，所有待售投資亦以其公平值呈列。上市投資之公平值根據相關證券交易所之市場買入報價釐定。

非上市證券之賬面值包括約258,549,000港元（二零零五年：299,293,000港元）以公平值呈列之非上市投資，其公平值採用折現現金流量估值法釐定。餘下約78,881,000港元（二零零五年：78,881,000港元）為於美國註冊之私人實體發行之非上市股本證券之一項投資，由於估計該等股本證券及會社債券合理公平值時所需考慮之假設因素範圍甚廣，董事會認為未能可靠地衡量其公平值，故此該等投資按結算日之成本扣除減值入賬。

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30. INVESTMENTS HELD-FOR-TRADING

Investments held-for-trading comprise:

Listed investments:

- Equity securities listed in Hong Kong
- Equity securities listed elsewhere

上市證券：

- 於香港上市之股本證券
- 於其他地區上市之股本證券

30. 持作買賣之投資

持作買賣之投資包括：

2006	2005
HK\$'000	HK\$'000
千港元	千港元
24,692	596,925
117,526	642,501
142,218	1,239,426

The fair values of the investments held-for-trading are determined based on the quoted market bid prices available on the relevant stock exchanges.

持作買賣之投資之公平值乃根據相關證券交易所之市場買入報價釐定。

31. ADVANCE TO AN INVESTEE COMPANY AND A MINORITY SHAREHOLDER

- (a) The advance made to an investee company, of which the principal purpose is for providing second mortgage for a property development project, is unsecured and interest-bearing at prevailing market rate. The advance is not repayable within one year and is therefore shown as non-current.

The Directors consider that the fair value of the advance to an investee company at the balance sheet date approximates to its carrying amount.

- (b) The advance made to a minority shareholder is unsecured and interest-free. The advance is not repayable within one year and is therefore shown as non-current.

The Directors consider that the fair value of the advance to a minority shareholder at the balance sheet date, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the balance sheet date, approximates to its carrying amount.

31. 墊付接受投資公司及一名少數股東款項

- (a) 墊付接受投資公司款項主要為一項物業發展項目提供二按，該款項乃無抵押及按當時之市場利率計息。由於墊款不會於一年內償還，故列作非流動性質。

董事會認為墊付接受投資公司款項於結算日之公平值與其賬面值相若。

- (b) 墊付一名少數股東款項乃無抵押及免息。由於墊款不會於一年內償還，故列作非流動性質。

墊付一名少數股東款項於結算日之公平值乃按結算日之現行市場利率貼現其估計未來現金流量而計算出之現值，董事會認為於結算日該公平值與賬面值相若。

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32. EQUITY-LINKED NOTES

Equity-linked notes are designated as financial assets at fair value through profit or loss.

Carrying amount analysed for reporting purposes as:

Current	流動性質
Non-current	非流動性質

Major terms of the equity-linked notes are as follows:

Notional amount

名義數額

US\$10,000,000	10,000,000美元
US\$20,000,000	20,000,000美元

The equity-linked notes are callable, interest bearing which range from 18% to 20.2% per annum with guaranteed coupon for the 1st quarter. The equity-linked notes are linked with various overseas listed securities at various strike prices.

The equity-linked notes are measured at fair value at balance sheet date. Their fair values are determined based on the quoted prices provided by the securities' brokers for equivalent instruments at the balance sheet date.

32. 股票掛鈎票據

股票掛鈎票據被分類為按公平值列賬並在損益表內處理之金融資產。

就報告用途之賬面值分析：

2006	2005
HK\$'000	HK\$'000
千港元	千港元
75,725	628,983
147,827	2,799,507
223,552	3,428,490

股票掛鈎票據之主要內容如下：

Maturity

到期日

股票掛鈎票據可贖回，其年息為18厘至20.2厘，並隨附首季度之保證息票。股票掛鈎票據以不同行使價與若干海外上市證券掛鈎。

股票掛鈎票據於結算日以公平值計量，其公平值根據證券經紀於結算日提供之相等工具買入報價釐定。

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33. LOANS RECEIVABLE

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Long term loans receivable, secured	有抵押之應收長期貸款		
Non-current	非流動性質	63,058	84,344
Current	流動性質	223	6,676
		63,281	91,020
Other loans and advances, unsecured	無抵押之其他貸款及墊款	22	22
		63,303	91,042
Less: Amount due within one year shown under current assets	減：一年內到期並列作流動資產之款項	(224)	(6,698)
Amount due after one year	一年後到期之款項	63,079	84,344

Loans receivable comprise:

應收貸款包括：

	Maturity date	Collateral	Effective interest rate	Carrying amounts	
	到期日	抵押	實際利率	賬面值	
				2006	2005
				HK\$'000	HK\$'000
				千港元	千港元
Loans receivable	4 years – 17 years	Properties	Prime rate	3,490	5,629
應收貸款	四年至十七年	物業	優惠利率		
Loans receivable	1 year–2 years	Nil	Fixed rate	22	–
應收貸款	一年至兩年	無	固定利率		
Loans receivable (Note)	19th January, 2010	Unlisted equity share	Prime – 1%	59,791	85,413
應收貸款(附註)	二零一零年 一月十九日	非上市股本證券	優惠利率 減一厘		
				63,303	91,042

The Directors consider that the fair value of the Group's loans receivable approximate to their carrying amounts.

董事會認為本集團應收貸款之公平值與其賬面值相若。

Note:

附註：

The principal will be receivable through five annual instalments with 7.5% on principal for first 4 instalments and 70% on principal in the final instalment in January, 2010.

本金按年分五期收回，最初四期按本金之7.5%及最後一期按本金之70%於二零一零年一月收回。

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34. OTHER FINANCIAL ASSETS

(a) Pledged deposits

The amount represents deposits pledged to banks and other financial institutions to secure credit facilities granted to the Group. Deposits amounting to HK\$1,014,351,000 (2005: HK\$3,463,000) have been pledged to secure short-term borrowing and are therefore classified as current assets. The remaining deposits amounting to HK\$71,606,000 (2005: HK\$121,069,000) have been pledged to secure long-term borrowings and are therefore classified as non-current assets.

The deposits carry interest rate at prevailing market rate. The pledged deposits will be released upon the settlement of relevant borrowings. The fair value of the deposits at the balance sheet date approximates to the corresponding carrying amount.

(b) Securities trading receivable and deposits

Securities trading receivables and deposits are mainly amounts due from clearing house, brokers and clients. The fair value of the securities trading receivable and deposits at the balance sheet date approximates to the corresponding carrying amount.

(c) Time deposits, bank balances and cash

The deposits carry interest rate at prevailing bank savings deposits rate and mature within 1 month. The Directors consider that the fair value of the time deposits, bank balances and cash at the balance sheet date approximates to the corresponding carrying amount.

35. STOCK OF PROPERTIES

34. 其他金融資產

(a) 抵押存款

此款額指抵押予銀行及其他金融機構，作為給予本集團信貸之存款。1,014,351,000港元（二零零五年：3,463,000港元）之存款已作為短期借貸之抵押，並因此被分類為流動資產。餘下71,606,000港元存款（二零零五年：121,069,000港元）已作為長期貸款之抵押，並因此被分類為非流動資產。

以上存款計息，利率為當時市場之利率。此抵押存款於有關貸款獲償還時解除。此存款於結算日之公平值與其相關賬面值相若。

(b) 應收證券交易賬項及存款

應收證券交易賬項及存款主要為應收結算所、證券經紀及客戶款項。本集團之應收證券交易賬項及存款於結算日之公平值與其相關賬面值相若。

(c) 定期存款、銀行結餘及現金

存款之利率為當時銀行之存款利率，並於一個月內到期。董事會認為定期存款、銀行結餘及現金於結算日之公平值與相應賬面值相若。

35. 物業存貨

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Completed properties	完成物業	79,198	34,257
Properties under development held for sales	持作買賣之發展中物業	5,251,773	2,730,987
		5,330,971	2,765,244
Less: Impairment loss recognised	減：已確認減值虧損	(479,467)	(279,467)
		4,851,504	2,485,777

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35. STOCK OF PROPERTIES (cont'd)

Included in the cost of properties under development held for sales is net interest capitalised of approximately HK\$140,799,000 (2005: HK\$47,820,000).

At 31st December, 2006, the Directors reviewed the carrying value of the properties under development held for sales with reference to current market situation and the estimated selling price of the properties under development held for sales provided by Norton Appraisals. An impairment loss recognised of approximately HK\$200,000,000 (2005: reverse of HK\$977,054,000) was made by reference to the recoverable amount of the properties under development held for sales.

36. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

Financial assets, held for trading

Stock option

資產

持作買賣之金融資產

購股權

Liabilities

Financial liabilities, held for trading

Interest rate swap

Equity-linked swaps

負債

持作買賣之金融負債

利率掉期合約

股票掛鈎掉期合約

Total

合計

35. 物業存貨 (續)

持作買賣之發展中物業成本包括撥充資本之利息淨額約140,799,000港元(二零零五年: 47,820,000港元)。

於二零零六年十二月三十一日,董事會參考當時市場環境及由普敦國際提供之持作買賣之發展中物業估計賣價,審閱持作買賣之發展中物業之賬面值,並根據持作買賣之發展中物業之可收回數額作出減值虧損約200,000,000港元(二零零五年:撥回977,054,000港元)。

36. 衍生金融工具

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
	-	59,940
	102,776	86,364
	65,868	65,725
	168,644	152,089

At 31st December, 2005, major terms of the stock option are as follows:

於二零零五年十二月三十一日,購股權之主要內容如下:

Notional Amount

名義數額

JPY11,922,000,000

11,922,000,000日圓

Maturity

到期日

25th November, 2006

二零零六年十一月二十五日

Underlying Stock

相關股份

Japanese listed securities

日本上市證券

The stock option was matured during the year ended 31st December, 2006.

購股權於截至二零零六年十二月三十一日止年間到期。

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36. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Major terms of the interest rate swap are as follows:

Notional Amount 名義數額	Maturity 到期日
US\$100,000,000 100,000,000美元	13th January, 2017 二零一七年一月十三日

Under the interest rate swap agreement, the Group is receiving a fixed rate of 12% in the first year and floating rate for the remaining life of the interest rate swap period. The Group is paying for 3-month United States Dollars LIBOR floating rate throughout the interest rate swap period to the counterparty.

Major terms of the equity-linked swaps are as follows:

Notional Amount 名義數額	Maturity 到期日
US\$50,000,000 50,000,000美元	28th June, 2015 二零一五年六月二十八日
US\$50,000,000 50,000,000美元	29th June, 2015 二零一五年六月二十九日
US\$50,000,000 50,000,000美元	21st July, 2015 二零一五年七月二十一日

Under the equity-linked swaps arrangement, the Group is paying a 12-month United States Dollars LIBOR floating rate and receiving a fixed rate coupon which is guaranteed in the first year and determined by the financial performance or stock price of the underlying linked Hong Kong listed securities for the remaining life of the swaps to the counterparties.

The above derivatives are measured at fair value at balance sheet date. Their fair values are determined based on the quoted prices provided by the securities' brokers for equivalent instruments at the balance sheet date.

36. 衍生金融工具 (續)

利率掉期合約之主要內容如下:

在利率掉期合約安排下，本集團首年所收款項以固定利率12厘計息，合約餘下期間則以浮動利率計息。本集團於利率掉期合約生效期間向交易對手繳付以三個月美元倫敦銀行同業拆息率浮動利率計息之款項。

股票掛鈎掉期合約之主要內容如下:

在股票掛鈎掉期合約安排下，本集團向交易對手繳付以十二個月美元倫敦銀行同業拆息率浮動利率計息之款項，並收取固定利率息票，首年利率獲保證，合約餘下期間之利率按相關香港上市證券之財務表現或股價而釐定。

以上衍生工具於結算日以公平值計量。其公平值按證券經紀於結算日提供之相等工具之買入報價釐定。

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37. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade receivables of approximately HK\$22,138,000 (2005: HK\$21,990,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings.

The following is an aged analysis of trade receivables at the balance sheet date:

0 – 30 days	零至三十日
31 – 60 days	三十一日至六十日
61 – 90 days	六十一日至九十日
Over 90 days	九十日以上

The Directors consider that the fair value of the Group's debtors at the balance sheet date was approximately their carrying amounts.

38. UNITED STATES CURRENCY TREASURY BILLS

The United States currency treasury bills are measured at fair value at balance sheet date. Their fair values are determined based on the quoted prices provided by the securities' brokers for equivalent instruments at the balance sheet date.

At 31st December, 2005, major terms of the United States currency treasury bills are as follows:

Notional Amount 名義數額	Maturity 到期日
US\$36,300,000 36,300,000美元	12th January, 2006 二零零六年一月十二日
US\$27,700,000 27,700,000美元	23rd March, 2006 二零零六年三月二十三日

All United States currency treasury bills were matured during the year ended 31st December, 2006.

37. 應收賬項、按金及預付款項

應收賬項、按金及預付款項包括應收貿易賬項約22,138,000港元(二零零五年: 21,990,000港元)·主要包括預先開單而預期於收到租單後會支付之應收租金。

應收貿易賬項於結算日之賬齡分析如下:

2006 HK\$'000 千港元	2005 HK\$'000 千港元
7,923	5,768
1,464	2,185
660	866
12,091	13,171
22,138	21,990

董事會認為本集團於結算日之應收賬項之公平值與其賬面值相若。

38. 美國貨幣國庫債券

美國貨幣國庫債券於結算日以公平值計量。其公平值根據證券經紀於結算日提供之相等工具買入報價釐定。

於二零零五年十二月三十一日·美國貨幣國庫債券之主要內容如下:

所有美國貨幣國庫債券於截至二零零六年十二月三十一日止年間到期。

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39. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade payables of approximately HK\$13,599,000 (2005: HK\$7,337,000).

The following is an aged analysis of trade payables at the balance sheet date:

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
0 – 90 days	零至九十日	11,605	3,766
Over 90 days	九十日以上	1,994	3,571
		13,599	7,337

The Directors consider that the fair value of the Group's creditors at the balance sheet date was approximately their carrying amounts.

40. BORROWINGS

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Secured bank loans repayable within a period of:	須於下列期間償還之有抵押銀行貸款:		
Less than 1 year	一年以下	7,079,513	1,772,476
More than 1 year but within 2 years	一年以上但不超逾兩年	491,283	2,942,313
More than 2 years but within 5 years	兩年以上但不超逾五年	3,205,369	2,703,604
Over 5 years	五年以上	12,688	17,525
		10,788,853	7,435,918
Secured other loans repayable within 1 year	須於一年內償還之其他有抵押貸款	3,924,691	4,318,134
		14,713,544	11,754,052
Less: Amount due within one year	減: 於一年內到期之款項	(11,004,204)	(6,090,610)
Amount due after one year	一年後到期之款項	3,709,340	5,663,442

The bank loans are variable-rate borrowings which carry interest ranging from HIBOR+0.4% to HIBOR+0.8% (2005: HIBOR+0.47% to HIBOR+0.8%) per annum.

39. 應付賬項及應計款項

應付賬項及應計款項包括應付貿易賬項約13,599,000港元(二零零五年: 7,337,000港元)。

應付貿易賬項於結算日之賬齡分析如下:

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
	11,605	3,766
	1,994	3,571
	13,599	7,337

董事會認為本集團於結算日之應付賬項之公平值與其賬面值相若。

40. 借貸

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
	7,079,513	1,772,476
	491,283	2,942,313
	3,205,369	2,703,604
	12,688	17,525
	10,788,853	7,435,918
	3,924,691	4,318,134
	14,713,544	11,754,052
	(11,004,204)	(6,090,610)
	3,709,340	5,663,442

該等銀行貸款均為浮動利率借貸，所附年息為香港銀行同業拆息加0.4厘至加0.8厘不等(二零零五年: 香港銀行同業拆息加0.47厘至加0.8厘不等)。

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40. BORROWINGS (cont'd)

The other loans are variable-rate borrowings which carry interest ranging from Inter-bank Rate+0.25% to Inter-bank Rate+0.5% (2005: Inter-bank Rate+0.25% to Inter-bank Rate+0.5%) per annum.

The Directors consider that the fair value of the Group's borrowings approximates to their carrying amounts.

The Group's borrowings that are denominated in currencies other than Hong Kong dollars are set out below:

		Japanese Yen	US Dollar	Australian Dollar
		日圓	美元	澳洲元
		JPY'000	US\$'000	AUD'000
		千日圓	千美元	千澳洲元
As at 31st December, 2006	於二零零六年 十二月三十一日	Nil	Nil	Nil
As at 31st December, 2005	於二零零五年 十二月三十一日	11,197,355	437,865	26,910

40. 借貸 (續)

其他貸款為浮動利率借貸，所附年息為銀行同業拆息加0.25厘至加0.5厘不等（二零零五年：銀行同業拆息加0.25厘至加0.5厘不等）。

董事會認為本集團借貸之公平值與其賬面值相若。

本集團以港元以外貨幣計算之借貸如下：

41. PROVISIONS

		Contingency provision	Litigation claim	Total
		或然事項撥備	訴訟索償	合計
		HK\$'000	HK\$'000	HK\$'000
		(Note)		
		千港元	千港元	千港元
		(附註)		
At 1st January, 2005 and 31st December, 2005	於二零零五年一月一日及 二零零五年十二月 三十一日	16,017	8,427	24,444
Provision written off for the year	本年度撥備撇銷	-	(8,427)	(8,427)
At 31st December, 2006	於二零零六年 十二月三十一日	16,017	-	16,017

41. 撥備

Note: The provision represents construction cost determined by the management's best estimate of the Group's liability on contingency claims by a third party to whom a property under development project was previously disposed of.

附註：撥備指按管理層就一名第三者對早前售出之發展中物業項目作出或然索償而產生之本集團負債所作出之最佳估計而釐定之建築成本。

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42. CONVERTIBLE BONDS

In April and May 2005, the Company has issued zero coupon Convertible Bonds (the "Bonds") with a maturity date on 2010 in an principal amount of HK\$1,750,000,000 and a further principal amount of HK\$60,000,000.

The Bonds are convertible on or after 20th May, 2005 up to and including 20th March, 2010 into fully paid ordinary shares with a par value of HK\$0.10 each of the Company at an initial price of HK\$7.37 per share, subject to adjustment. Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed at 100 per cent of their principal amount on 20th April, 2010.

The Bonds contain two components, liability and equity elements. Upon the application of HKAS 32, the Bonds were split between the liability and equity elements. The equity element is presented in equity heading "Convertible bonds – equity reserve". The effective interest rate of the liability component is 4.38%.

The movement of the liability component of the Bonds for the year is set out below:

42. 可換股債券

本公司於二零零五年四月及五月再發行本額為分別發行本金額為1,750,000,000港元及60,000,000港元，於二零一零年到期之零息可換股債券（「債券」）。

債券可於二零零五年五月二十日或之後直至二零一零年三月二十日（包括該日）以初步價格每股7.37港元（可予調整）兌換為本公司每股面值0.10港元之繳足股款普通股。除非先前已經贖回、兌換或購買及註銷，否則債券可於二零一零年四月二十日按其本金額全部購回。

債券包含兩個部分－負債及權益部分。於應用香港會計準則第32號時，債券已劃分為負債及權益部分。權益部分於「可換股債券－權益儲備」中以權益呈列。負債部分之實際利率為4.38%。

債券之負債部分於年內之變動載列如下：

		HK\$'000 千港元
Liability component at date of issue	於發行日之負債部分	1,460,790
Converted to ordinary share	已兌換為普通股	(362,420)
Imputed interest expense for the year	本年度之名義利息開支	36,932
		<hr/>
Liability component at 31st December, 2005	於二零零五年十二月三十一日之負債部分	1,135,302
Converted to ordinary share	已兌換為普通股	(876,800)
Imputed interest expense for the year	本年度之名義利息開支	21,187
		<hr/>
Liability component at 31st December, 2006	於二零零六年十二月三十一日之負債部分	279,689

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43. AMOUNTS DUE TO ASSOCIATES AND MINORITY SHAREHOLDERS

Both the amounts due to associates and minority shareholders are unsecured. Except for the amount due to one minority shareholder which is interest bearing at prevailing market rate, the amounts due to associates and other minority shareholders are interest-free. The associates and minority shareholders will not demand for repayment within one year from the balance sheet date and are therefore shown as non-current. The Directors consider that the fair value of the amounts as at the balance sheet date, determined based on the present values of the estimated future cash flows discounted using the prevailing market rates at the balance sheet date, approximate their carrying amounts.

44. DEFERRED TAXATION

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the year and prior years:

		Accelerated	Revaluation	Tax	Total
		tax	of	losses	
		depreciation	investment	properties	losses
		加速稅項折舊	投資物業重估	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	4,216	2,069,932	(113,038)	1,961,110
Charge to the income statement for the year	自年內收益表	483	881,581	16,388	898,452
Realised on disposal of investment properties	出售投資物業時變現	(1,527)	(4,443)	400	(5,570)
At 31st December, 2005	於二零零五年十二月三十一日	3,172	2,947,070	(96,250)	2,853,992
Charge to the income statement for the year	自年內收益表	8,363	1,436,510	10,201	1,455,074
Fair value adjustments arising from acquisition	因收購而產生之公平值調整	–	79,225	–	79,225
At 31st December, 2006	於二零零六年十二月三十一日	11,535	4,462,805	(86,049)	4,388,291

43. 欠負聯營公司及少數股東款項

欠負聯營公司及少數股東款項均為無抵押。除欠負一名少數股東之款項乃按市場利率計息外，欠負聯營公司及其他少數股東款項均為免息。該聯營公司及少數股東不會於結算日起一年內要求償還，故列作非流動性質。該等款項於結算日之公平值乃按結算日之市場利率貼現其估計未來現金流量而計算出之現值，董事會認為於結算日該公平值與賬面值相若。

44. 遞延稅項

以下為本集團於本年度及過往年度確認之主要遞延稅項負債（資產）及其變動：

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44. DEFERRED TAXATION (cont'd)

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

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

44. 遞延稅項 (續)

為資產負債表之呈列，若干遞延稅項負債（資產）已經對銷。就財務報告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
	4,461,938	2,920,578
	(73,647)	(66,586)
	4,388,291	2,853,992

At the balance sheet date, the Group has the following major unrecognised deferred tax assets due to the unpredictability of the future profit streams.

於結算日，本集團有以下難以預料未來溢利而未確認之主要遞延稅項資產。

Accelerated tax depreciation	加速稅項折舊
Tax losses	稅務虧損

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
	(332)	(216)
	(324,770)	(419,534)
	(325,102)	(419,750)

The unrecognised tax losses may be carried forward indefinitely.

未確認之稅務虧損可無限期結轉。

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45. SHARE CAPITAL

45. 股本

Movements in the share capital of the Company during the year were as follows:

於本年度內本公司股本變動如下：

		Number of shares		Share capital	
		2006	2005	2006	2005
				HK\$'000	HK\$'000
				千港元	千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股				
Authorised:	法定股本：				
At 1st January and	於一月一日及				
31st December	十二月三十一日	5,000,000,000	5,000,000,000	500,000	500,000
Issued and fully paid:	已發行及繳足股本：				
At 1st January	於一月一日	2,091,506,780	2,030,214,000	209,151	203,021
Repurchased and cancelled (Note)	購回及註銷(附註)	(17,648,000)	—	(1,765)	—
Issue of ordinary shares in lieu of cash dividend	代替現金股息而發行之普通股	39,995,429	—	4,000	—
Issue of ordinary shares from conversion of convertible bonds	轉換可換股債券而發行之普通股	145,955,274	61,292,780	14,595	6,130
At 31st December	於十二月三十一日	2,259,809,483	2,091,506,780	225,981	209,151

Note: During the year, the Company repurchased on the Stock Exchange a total of 17,648,000 (2005: Nil) shares of HK\$0.10 each of the Company, at an aggregate consideration after expenses of approximately HK\$163,627,000 (2005: Nil), which were subsequently cancelled during the year. The nominal value of the cancelled shares was credited to capital redemption reserve and the aggregate consideration paid was debited to the share premium of the Group.

附註：於年內，本公司在聯交所回購本公司合共 17,648,000 股（二零零五年：零）每股面值 0.10 港元之股份，扣除支出後之總代價約為 163,627,000 港元（二零零五年：零），該等股份其後於年內註銷。註銷股份之面值已撥入資本贖回儲備內，而已付代價總額則自本集團之股份溢價賬內扣除。

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46. ACQUISITION OF SUBSIDIARIES

- (a) On the 13th March, 2006, the Group acquired 100% equity interest of JadeField Limited from an 50% associate for consideration of approximately HK\$388,591,000.

The net assets acquired in the transaction are as follows:

		HK\$'000 千港元
Net assets acquired:	收購資產淨值:	
Investment properties	投資物業	393,000
Properties and other fixed assets	物業及其他固定資產	519
Debtors, deposits and prepayments	應收賬項、按金及預付款項	325
Bank balances and cash	銀行結餘及現金	6,270
Deposits and receipts in advance	按金及預先收取款項	(10,940)
Tax liabilities	稅項負債	(583)
		<u>388,591</u>
Total consideration satisfied by:	總代價以下列方式支付:	
Cash	現金	<u>388,591</u>
Net cash outflow arising on acquisition:	收購所產生之現金流出淨額:	
Cash consideration paid	已付現金代價	(388,591)
Bank balances and cash acquired	所收購之銀行結餘及現金	6,270
		<u>(382,321)</u>

Details of the acquisition were disclosed in the Company's announcement dated 25th November, 2005.

JadeField Limited contributed approximately HK\$16,371,000 to the Group's profit for the period from the date of acquisition to the balance sheet date.

If the acquisition had been completed on 1st January, 2006, total group revenue for the year would have been HK\$4,768 million, and profit for the year would have been HK\$7,560 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2006, nor is it intended to be a projection of future results.

46. 收購附屬公司

- (a) 於二零零六年三月十三日，本集團以代價約388,591,000港元向擁有50%權益的聯營公司收購JadeField Limited之100%股本權益。

交易中所收購之資產淨值如下：

	HK\$'000 千港元
收購資產淨值:	
投資物業	393,000
物業及其他固定資產	519
應收賬項、按金及預付款項	325
銀行結餘及現金	6,270
按金及預先收取款項	(10,940)
稅項負債	(583)
	<u>388,591</u>
總代價以下列方式支付:	
現金	<u>388,591</u>
收購所產生之現金流出淨額:	
已付現金代價	(388,591)
所收購之銀行結餘及現金	6,270
	<u>(382,321)</u>

收購之詳情披露於本公司於二零零五年十一月二十五日發出之公布內。

JadeField Limited由收購日至結算日期間為本集團帶來溢利約16,371,000港元。

倘收購於二零零六年一月一日已完成，則年內集團總收益將為4,768,000,000港元，而年度溢利則為7,560,000,000港元。備考資料僅供說明用途，且不可視為倘收購於二零零六年一月一日已完成，本集團實際可達到之收益及業績指標，亦不可作為日後之業績預測。

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46. ACQUISITION OF SUBSIDIARIES (cont'd)

- (b) On 5th January, 2006, the Group acquired 70.01% equity interest of Moon Ocean Ltd. for consideration of HK\$1,000,000.

The net assets acquired in the transaction are as follows:

		HK\$'000 千港元
Net assets acquired:	收購資產淨值:	
Properties under development	發展中物業	1,396,613
Bank balances and cash	銀行結餘及現金	78
Creditor and accruals	應付賬項及應計款項	(1,063,356)
Payable for properties under development	有關發展中物業之應付款項	(332,312)
Minority interest	少數股東權益	(23)
		<u>1,000</u>
Total consideration satisfied by:	總代價以下列方式支付:	
Cash	現金	<u>1,000</u>
Net cash outflow arising on acquisition:	收購所產生之現金流出淨額:	
Cash consideration paid	已付現金代價	(1,000)
Bank balances and cash acquired	所收購之銀行結餘及現金	78
		<u>(922)</u>

Details of the acquisition were disclosed in the Company's announcement dated 30th December, 2005 and the Company's circular dated 20th January, 2006.

Moon Ocean Ltd. recorded loss of approximately HK\$1,198,000 for the period from the date of acquisition to the balance sheet date.

If the acquisition had been completed on 1st January, 2006, total group revenue for the year would have been HK\$4,764 million, and profit for the year would have been HK\$7,556 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2006, nor is it intended to be a projection of future results.

46. 收購附屬公司 (續)

- (b) 於二零零六年一月五日，本集團以代價1,000,000港元收購Moon Ocean Ltd.之70.01%股本權益。

交易中所收購之資產淨值如下：

	HK\$'000 千港元
收購資產淨值：	
發展中物業	1,396,613
銀行結餘及現金	78
應付賬項及應計款項	(1,063,356)
有關發展中物業之應付款項	(332,312)
少數股東權益	(23)
	<u>1,000</u>
總代價以下列方式支付：	
現金	<u>1,000</u>
收購所產生之現金流出淨額：	
已付現金代價	(1,000)
所收購之銀行結餘及現金	78
	<u>(922)</u>

收購之詳情披露於本公司於二零零五年十二月三十日發出之布及二零零六年一月二十日發出之通函內。

Moon Ocean Ltd. 由收購日至結算日期間錄得虧損約1,198,000港元。

倘收購於二零零六年一月一日已完成，則年內集團總收益將為4,764,000,000港元，而年度溢利則為7,556,000,000港元。備考資料僅供說明用途，且不可視為倘收購於二零零六年一月一日已完成，本集團實際可達到之收益及業績指標，亦不可作為日後之業績預測。

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47. MAJOR NON-CASH TRANSACTIONS

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

- (a) During the current year, the Company issued and allotted a total of 17,529,207 ordinary shares and 22,466,222 ordinary shares of HK\$0.10 each at HK\$9.05 and HK\$8.72 each respectively in lieu of cash for the 2005 final and 2006 interim dividends totaling HK\$354,544,000 (as referred to note 45).
- (b) During the current year, the Bonds with an aggregate principal amount of HK\$1,044,290,000 were converted into 145,955,274 ordinary shares of HK\$0.10 each of the Company.

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

For the year ended 31st December, 2005, the Group disposed of a 33.466% shareholding in Primasia Securities Company Limited, a brokerage company in Taiwan, at a consideration of approximately HK\$135.6 million, which was satisfied by: (i) 100% interest in a property in Shanghai for US\$2 million with a call and a put option. On 30th June, 2005, the property was sold back to the vendor upon receiving the call option notice of 27th June, 2005 from the vendor; (ii) a 5-year term loan of HK\$85,415,000; and (iii) the cash consideration of approximately HK\$34.48 million.

47. 主要非現金交易

截至二零零六年十二月三十一日止年度，本集團之主要非現金交易如下：

- (a) 於本年度，本公司分別按每股9.05港元及8.72港元發行及分配合共17,529,207股每股面值0.10港元之普通股及22,466,222股每股面值0.10港元之普通股，以代替二零零五年末期及二零零六年中期股息合共354,544,000港元（如附註45所述）之現金股息。
- (b) 於本年度，本金總額為1,044,290,000港元之債券兌換為本公司145,955,274股每股面值0.10港元之普通股。

於截至二零零五年十二月三十一日止年度，本集團之主要非現金交易如下：

於截至二零零五年十二月三十一日止年度，本集團以135,600,000港元代價出售台灣經紀公司犇亞證券股份有限公司33.466%股權，而代價由以下各項償付：(i)價值2,000,000美元之上海一幢物業100%權益，並附帶認購及認沽期權，於二零零五年六月二十七日接獲賣方之認購期權通知後，該物業已於二零零五年六月三十日售回賣方；(ii)5年期貸款85,415,000港元；及(iii)約34,480,000港元之現金代價。

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48. PLEDGE OF ASSETS

At the balance sheet date, the carrying amount of the assets pledged by the Group to secure general banking and other loan facilities granted to the Group are analysed as follows:

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Investment properties	投資物業	30,062,603	23,263,248
Land and building	土地及樓宇	49,119	50,602
Prepaid lease payments	預付租賃款項	239,804	240,380
Available-for-sale investments	待售投資	7,034,970	2,857,245
Stock of properties	物業存貨	2,829,483	2,137,977
Equity-linked notes	股票掛鈎票據	223,552	3,428,490
Investments held-for-trading	持作買賣之投資	-	1,080,266
United States currency treasury bills	美國貨幣國庫債券	-	493,870
Non-current pledged deposits	非流動抵押存款	71,606	121,069
Current pledged deposits	流動抵押存款	1,014,351	3,463
		41,525,488	33,676,610

In addition, the Group has subordinated and assigned its advance to associates of approximately HK\$802.1 million (31st December, 2005: HK\$858.8 million) to financial institutions to secure banking general credit facilities granted to associates and interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.

48. 資產抵押

於結算日，本集團為取得可供本集團動用之一般銀行信貸及其他貸款而抵押之資產賬面值分析如下：

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
Investment properties	30,062,603	23,263,248
Land and building	49,119	50,602
Prepaid lease payments	239,804	240,380
Available-for-sale investments	7,034,970	2,857,245
Stock of properties	2,829,483	2,137,977
Equity-linked notes	223,552	3,428,490
Investments held-for-trading	-	1,080,266
United States currency treasury bills	-	493,870
Non-current pledged deposits	71,606	121,069
Current pledged deposits	1,014,351	3,463
	41,525,488	33,676,610

此外，本集團以其墊支予聯營公司之墊款約802,100,000港元（二零零五年十二月三十一日：858,800,000港元）以後償及轉讓方式抵押予財務機構，以作為聯營公司獲授銀行一般信貸融資之抵押，而於本公司若干附屬公司之權益則已質押作為本集團獲授若干銀行借貸之部分抵押。

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49. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

49. 資本承擔及或然負債

(a) Capital commitments:

(a) 資本承擔

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Authorised and contracted for:	已批准及已簽約:		
In connection with the acquisition of a company (note i)	關於收購一間公司(附註i)	-	1,596,349
Development expenditure of properties in Hong Kong	香港物業發展開支	513,922	431,176
Development expenditure of properties in Macau	澳門物業發展開支	36,802	-
Acquisition of land (note ii)	收購土地(附註ii)	510,270	296,800
Acquisition of an investment property (note iii)	收購投資物業(附註iii)	-	388,591
Renovation of properties	翻新物業	282,467	67,622
Acquisition of other fixed assets	收購其他固定資產	-	13,544
		1,343,461	2,794,082
Authorised but not contracted for:	已批准但未簽約:		
Development expenditure of properties in Hong Kong	香港物業發展開支	164,814	234,690
Renovation of properties	翻新物業	1,200	526
		166,014	235,216

Notes:

- (i) As at 31st December, 2005, the Group committed to pay approximately HK\$664,000,000 for the balance of a land cost, HK\$732,000,000 for settling the debt and HK\$199,000,000 for the success fee in relation to the acquisition of a company. Details of the acquisition are set out in the Company's circular dated 20th January, 2006.
- (ii) As at 31st December, 2006, the Group committed to pay approximately HK\$510,270,000 for balance of land costs in respect of an acquisition of two pieces of land in Chengdu of the Mainland China.
- (iii) As at 31st December, 2005, the Group committed to acquire a remaining of 50% interest in an investment property. Details of the acquisition are set out in the Company's announcement dated 25th November, 2005.

附註:

- (i) 於二零零五年十二月三十一日，本集團承諾就收購一間公司支付土地成本之餘額約664,000,000港元，清償債項732,000,000港元及支付成交費用199,000,000港元。有關收購詳情已載於本公司於二零零六年一月二十日發出之通函內。
- (ii) 於二零零六年十二月三十一日，本集團承諾就購入兩幅於中國大陸成都之土地支付土地成本餘額約510,270,000港元。
- (iii) 於二零零五年十二月三十一日，本集團承諾購入一項投資物業餘下之50%權益。有關收購詳情已載於本公司於二零零五年十一月二十五日發出之公布內。

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截至二零零六年十二月三十一日止年度

49. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (cont'd)

(b) Contingent liabilities:

Guarantees given to bank, in respect of banking facilities utilised by associates	為聯營公司獲授之銀行信貸額向銀行提供之擔保
Guarantee given to third parties in respect of those rent of disposed properties previously held by a subsidiary	為一間附屬公司過往持有之已出售物業向第三者提供之租金擔保
Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries	為多間附屬公司獲授銀行共用之信貸額以取替現金公用事務存款而向銀行提供之擔保

(c) Risk management

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control the various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audits in the best interests of the Group.

49. 資本承擔及或然負債 (續)

(b) 或然負債:

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
	740,500	1,365,175
	7,204	19,467
	10,000	10,000
	757,704	1,394,642

(c) 風險管理

本集團已制訂一套完善的風險管理程序，以識別、衡量、監察及控制其面對的各類風險，並輔以積極的管理層參與、有效的內部監控及足夠的內部審核，以保障本集團的最佳利益。

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50. OPERATING LEASES

The Group as lessee

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

本年度就營業租約就物業支付之租金最低款額

2006

HK\$'000

千港元

2005

HK\$'000

千港元

222

230

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

於結算日，本集團就不可撤銷營業租約之日後租金最低款額承擔於下列期間到期：

Within one year
In the second to fifth year inclusive

於一年內
第二至第五年（包括首尾兩年）

2006

HK\$'000

千港元

2005

HK\$'000

千港元

241

283

-

101

241

384

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 1 to 2 years.

營業租約租金指本集團就其若干寫字樓物業應付之租金。租約平均每一至兩年商議一次。

The Group as lessor

Property rental income earned during the year was approximately HK\$667,913,000 (2005: HK\$715,606,000) less outgoings of approximately HK\$60,516,000 (2005: HK\$27,980,000).

本集團為出租人

於年內賺取之物業租金收入約為667,913,000港元（二零零五年：715,606,000港元），扣除開支約60,516,000港元（二零零五年：27,980,000港元）。

The investment properties of the Group are expected to generate annual rental yields of 3.3% to 10.7% (2005: 2.7% to 10.3%) on an ongoing basis. All of the properties held have committed tenants not exceeding five years.

本集團之投資物業預期可持續取得每年3.3%至10.7%（二零零五年：2.7%至10.3%）之租金收益率。所持物業之承擔租用年期均不超過約五年。

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截至二零零六年十二月三十一日止年度

50. OPERATING LEASES (cont'd)

The Group as lessor (cont'd)

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

Within one year	於一年內
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)

50. 營業租約(續)

本集團為出租人(續)

於結算日，本集團已就下列日後租金最低款額與租戶訂約：

2006	2005
HK\$'000	HK\$'000
千港元	千港元
591,204	493,057
344,896	368,157
936,100	861,214

51. RETIREMENT BENEFIT SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying with in the ORSO Scheme or switching to MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme. For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employees and the Group. The Group contributes 5% to 10% of relevant payroll costs to the ORSO Scheme and the contribution by employees is at 5%.

The total costs charged to the income statement of approximately HK\$3,990,000 (2005: HK\$4,255,000) represent contributions payable to these schemes by the Group for the year.

51. 退休福利計劃

本集團推行一項根據職業退休計劃條例註冊之定額供款計劃(「職業退休計劃」)及於二零零零年十二月推行一項根據強制性公積金計劃條例成立之強制性公積金計劃(「強積金計劃」)。該等計劃之資產與本集團之資產分開持有，並由受託人管理。於強積金計劃成立前，屬職業退休計劃成員之僱員可選擇繼續參加職業退休計劃或轉為參加強積金計劃，而於二零零零年十二月一日或之後加入本集團之新僱員均須參加強積金計劃。本集團就強積金計劃之成員向強積金計劃作出有關薪酬之5%供款，與僱員之供款相同。僱員及本集團均每月向職業退休計劃作出供款。本集團向職業退休計劃作出有關薪酬之5%至10%供款，而僱員則作出5%供款。

於收益表扣除之總費用約為3,990,000港元(二零零五年：4,255,000港元)，即本集團於本年度向該等計劃應付之供款。

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截至二零零六年十二月三十一日止年度

52. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

52. 關連人士交易

於年內，本集團與關連人士進行下列交易：

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Income received from associates:	已收聯營公司之收入：		
Secretarial fee	秘書費用	7	7
Office and retail rental	寫字樓及零售物業租金	1,150	556
Building management fee	大廈管理費	113	169
Management fee	管理費	1,207	3,194
Interest income	利息收入	8,389	9,628
Administration fee	行政費	-	100
Accountancy fee	會計費	120	120
Income received from a private company partially owned by two Directors:	已收兩名董事持有部分股份之私人公司之收入：		
Retail rental	零售物業租金	-	33,363
Building management fee	大廈管理費	-	2,979
Rent and rates paid to associates	已付聯營公司之租金及差餉	425	466
Share of profit arising from the sale by a related party of certain properties acquired from the Group	關連人士出售從本集團收購之若干物業之應佔溢利	-	50,160
Proceed from disposals of properties and assets to private companies owned by a discretionary trust set up by a Director and a substantial shareholder	向由一位董事兼主要股東設立之酌情信託擁有之私人公司出售物業及資產之所得款項	-	261,026
Consideration paid to an associate for acquisition of a subsidiary	就收購附屬公司支付聯營公司之代價	388,591	-

Details of the balances with related parties as at the balance sheet date are set out in Notes 28 and 43 above.

於結算日，與關連人士之交易結餘詳情載於上文附註28及43。

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截至二零零六年十二月三十一日止年度

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The Directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the following list contains only the subsidiaries as at 31st December, 2006 which principally affected the results or assets of the Group.

53. 主要附屬公司詳情

董事會認為列出全部附屬公司資料會令篇幅過於冗長。故此，下表只披露於二零零六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 subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Alpha Team Limited	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
Baharica Limited	Hong Kong 香港	Ordinary 普通股	HK\$20 20港元	–	100%	Property investment 物業投資
Billion Up Limited	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
Boria Enterprises Limited 博永企業有限公司	Hong Kong 香港	Ordinary 普通股	HK\$20 20港元	–	50.1%	Property investment 物業投資
Cardin Factory Limited 嘉丹廠有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Property development and trading 物業發展及買賣
Chi Cheung Investment Company, Limited * 至祥置業有限公司 *	Hong Kong 香港	Ordinary 普通股	HK\$3,387,659.87 3,387,659.87港元	–	61.96%	Investment holding 投資控股

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財務報表附註

截至二零零六年十二月三十一日止年度

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Chinese Estates (Harcourt House) Limited	Hong Kong 香港	Ordinary 普通股	HK\$200 200港元	–	100%	Property investment 物業投資
Chinese Estates, Limited 華人置業有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000 1,000港元	100%	–	Investment holding and provision of management services 投資控股及 提供管理服務
Chinese Estates (Tung Ying Building) Limited	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Property investment 物業投資
Chinese Estates (Windsor House) Limited	Hong Kong 香港	Ordinary 普通股 Non-voting deferred 無投票權遞延	HK\$100 100港元 HK\$2 2港元	–	100%	Property investment 物業投資
Conduit Road Development Limited 干德道發展有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	–	70%	Property development 物業發展
Dollar Union Limited 金怡彩有限公司	Hong Kong 香港	Ordinary 普通股	HK\$100 100港元	–	87.5% **	Property development and trading 物業發展及買賣

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截至二零零六年十二月三十一日止年度

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Everbright Pacific Ltd.	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Evergo China Holdings Limited	Bermuda/ Hong Kong 百慕達/香港	Ordinary 普通股	HK\$100,775,869.10 100,775,869.10港元	–	100%	Investment holding 投資控股
Evergo Holdings Company Limited 愛美高集團有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000 1,000港元	–	100%	Investment holding 投資控股
Evergo Real Estate (chengdu) Company Limited 愛美高房地產(成都) 有限公司	PRC 中國	Registered 註冊股本	US\$69,172,390.33 69,172,390.33美元	–	100%	Property development 物業發展
Fair City Limited 振城有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Property investment 物業投資
Fair Eagle Finance Credit Limited 天發金融有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000,000 10,000,000港元	–	100%	Securities margin financier 證券保證金融資
Fair Eagle Futures Company Limited 天發期貨有限公司	Hong Kong 香港	Ordinary 普通股	HK\$5,000,000 5,000,000港元	–	100%	Broking and dealing in trade futures contracts 買賣期貨合約 經紀及交易

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截至二零零六年十二月三十一日止年度

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly	Indirectly	
				直接	間接	
Fair Eagle Securities Company Limited 天發證券有限公司	Hong Kong 香港	Ordinary 普通股	HK\$8,000,000 8,000,000港元	–	100%	Broking and dealing in listed Securities 上市證券經紀 及交易
G-Prop (Holdings) Limited * 金匡企業有限公司 *	Bermuda/ Hong Kong 百慕達/香港	Ordinary 普通股	HK\$7,940,578 7,940,578港元	–	50.1%	Investment holding 投資控股
Geneva Developments Limited 捷中發展有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Property investment 物業投資
Good Eagle Investments Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Good Silver 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%	Securities investment 證券投資
Global Young Holdings Ltd.	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Property investment 物業投資

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53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Grand Silver Capital Limited (Corporate name: Grand Silver Limited) (公司名稱: Grand Silver Limited)	British Virgin Islands/ Hong Kong 英屬維爾京群島/ 香港	Ordinary 普通股	US\$1 1美元	–	70.01%	Property development 物業發展
Grandhall Secretarial Services Limited 均豪秘書服務有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	–	100%	Secretarial services 秘書服務
Great Empire International Ltd.	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Investment holding and securities investment 投資控股及證券投資
Great King Limited 東帝有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	50.1%	Property investment 物業投資
Great Will Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Property investment 物業投資
Groupluck Company Limited	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Money lending 放債
Grow Wealth Property Investment Limited (Corporate name: Grow Wealth Company Ltd) (公司名稱: Grow Wealth Company Ltd)	Republic of Liberia/ Hong Kong 利比里亞共和國/ 香港	Registered and/or bearer 記名及/ 不記名股份	US\$1 1美元	–	100%	Property investment 物業投資

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53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Hillsborough Holdings 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
Honest Good Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Luckpoint Investment Limited 樂邦投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Investment holding 投資控股
Lucky Well Investments Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Million Point Limited	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
Modern City Investment Limited 新城鎮投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$4 4港元	–	75%	Property investment 物業投資

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截至二零零六年十二月三十一日止年度

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Moon Ocean Ltd.	British Virgin Islands 英屬維爾京群島	Ordinary and non-voting deferred 普通及無投票權 遞延股	US\$10,000 10,000美元	–	70.01%	Property development 物業發展
Oriental Ford Finance Limited 律豐財務有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Money lending 放債
Paul Y. Holdings Company Limited	Cayman Islands/ Hong Kong 開曼群島/香港	Ordinary 普通股	HK\$70,715,005.70 70,715,005.70港元	100%	–	Investment holding 投資控股
Paul Y. (New Tunnel) Limited 保華(新隧道)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Investment holding 投資控股
Perfect World Company Limited 忠信物業管理有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000港元	–	100%	Estate management 物業管理
Pinecrest International Limited	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
Pioneer Time Investment 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

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Real Castle Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Real Power Pacific Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Rich Zone Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Shanghai Golden Sea Building Ltd. 上海金海大廈 有限公司	PRC 中國	Registered 註冊股本	US\$10,500,000 10,500,000美元	–	100%	Property investment 物業投資
Silver Step Limited 銀途有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Property development and trading 物業發展及買賣
Silvercord Limited 銀高有限公司	Hong Kong 香港	Ordinary 普通股	HK\$14,600 14,600港元	–	100%	Property investment 物業投資
Sino Silver Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資

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財務報表附註

截至二零零六年十二月三十一日止年度

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Sky Rainbow Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Sky Silver Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Smart Ocean Limited	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
Speed Win Limited 迅運有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	–	100%	Property development and trading 物業發展及買賣
Stable Castle Limited 安太有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1 1港元	–	100%	Property investment 物業投資
Sun Power Investments Ltd.	British Virgin Islands/ Hong Kong 英屬維爾京群島/ 香港	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Sunny Ocean Investments Limited (Corporate name: Sunny Ocean Limited) (公司名稱: Sunny Ocean Limited)	British Virgin Islands/ Hong Kong 英屬維爾京群島/ 香港	Ordinary 普通股	US\$1 1美元	–	100%	Property investment 物業投資

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財務報表附註

截至二零零六年十二月三十一日止年度

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

53. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or operation 註冊成立/ 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 activity 主要業務
				Directly 直接	Indirectly 間接	
Sunny Smart Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
Super Full Investments Limited 超滿投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1 1港元	–	100%	Securities investment 證券投資
Topwood Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資
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	–	61.96%	Property investment and trading 物業投資及買賣
Viewide Properties 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
Worldwide Kingdom Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1美元	–	100%	Securities investment 證券投資

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

於年結時及於年內任何時間，並無附屬公司擁有任何債務證券。

* Listed company in Hong Kong

* 香港上市公司

** 75% owned by the Group and 25% owned by Kwong Sang Hong

** 本集團持有75%及廣生行持有25%

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

54. PARTICULARS OF PRINCIPAL ASSOCIATES

The Directors are of the opinion that a complete list of the particulars of all associates would be of excessive length and therefore the following list contains only the associates as at 31st December, 2006 which principally affected the results or assets of the Group.

54. 主要聯營公司詳情

董事會認為列出全部聯營公司資料會令篇幅過於冗長。故此，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聯營公司之詳情。

Name of associate 聯營公司名稱	Place of incorporation or operation 註冊成立／ 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 股本百分比	Principal activity 主要業務
Best Profit Limited 丰佳有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1 1港元	25%	Property development 物業發展
Direct Win Development Limited 勝榮發展有限公司	Hong Kong 香港	Ordinary 普通股	HK\$900 900港元	33.33%	Property development and trading 物業發展及買賣
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	30.98%	Property investment 物業投資
Ever Sure Investments Limited 永瑞投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	50%	Property development and trading 物業發展及買賣
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	20.65%	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	30.98%	Property investment 物業投資

Notes to the Financial Statements

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財務報表附註

截至二零零六年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL ASSOCIATES (cont'd)

54. 主要聯營公司詳情 (續)

Name of associate 聯營公司名稱	Place of incorporation or operation 註冊成立/ 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 股本百分比	Principal activity 主要業務
Oriental Arts Building Co. Ltd. 東方藝術大廈有限公司	PRC 中國	Registered 註冊股本	US\$24,920,000 24,920,000美元	50%	Property investment and hotel operation 物業投資及酒店經營
Power Jade Captial Limited (Corporate name: Power Jade Limited) (公司名稱: Power Jade Limited)	British Virgin Islands/ Hong Kong 英屬維爾京群島/ 香港	Ordinary 普通股	US\$20 20美元	50%	Investment holding 投資控股
Strongplus Limited	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$2 2美元	50%	Investment holding 投資控股
The Kwong Sang Hong International Limited	Bermuda 百慕達	Ordinary 普通股	HK\$100,000 100,000港元	50%	Investment holding 投資控股
Union Empire Limited 協國有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1 1港元	25%	Property development 物業發展

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

55. PARTICULARS OF PRINCIPAL JOINTLY CONTROLLED ENTITY

The Directors are of the opinion that a complete list of the particulars of all jointly controlled entities would be of excessive length and therefore the following list contains only the jointly controlled entities as at 31st December, 2006 which principally affected the results or assets of the Group.

Name of jointly controlled entity 共同控制機構名稱	Form of business structure 業務組建形成	Place of incorporation 註冊成立地點	Proportion of nominal value of issued share capital held 所持已發行股本面值比率	Principal activities 主要業務
Top Grade Assets Limited	Incorporated 註冊成立	British Virgin Islands 英屬維爾京群島	25.05%	Property investment 物業投資

The above jointly controlled entity operates in the PRC.

55. 主要共同控制機構詳情

董事會認為列出全部共同控制機構會令篇幅過於冗長。故此，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共同控制機構之詳情。

Proportion of nominal value of issued share capital held 所持已發行股本面值比率	Principal activities 主要業務
25.05%	Property investment 物業投資

上述共同控制機構在中國營運。

56. BALANCE SHEET INFORMATION OF THE COMPANY

		2006 HK\$'000	2005 HK\$'000 (Restated)
		千港元	千港元 (重列)
Investments in subsidiaries	附屬公司投資	5,140,304	5,136,870
Amounts due from subsidiaries	應收附屬公司款項	1,717,950	1,625,840
Other current assets	其他流動資產	4,695,758	28,010
Amounts due to subsidiaries	應付附屬公司款項	(3,437,090)	(921,396)
Convertible bonds	可換股債券	(279,689)	(1,135,302)
Other current liabilities	其他流動負債	(547)	(322)
Financial guarantee liabilities	財務擔保負債	(6,145)	(4,756)
Net assets	淨資產	7,830,541	4,728,944
Share capital (Note 45)	股本(附註45)	225,981	209,151
Reserves	儲備	7,604,560	4,519,793
Total equity	股本權益總額	7,830,541	4,728,944

Notes to the Financial Statements

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財務報表附註

截至二零零六年十二月三十一日止年度

56. BALANCE SHEET INFORMATION OF THE COMPANY (cont'd)

- (a) In the current year, the Company has applied, for the first time, a number of the new HKFRSs, issued by the HKICPA, which are effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new HKFRSs has no material change to the Company except for the adoption of HKAS 39 and HKFRS 4 (Amendments): *Financial Guarantee Contracts*.

In relation to financial guarantees granted by the Company to its subsidiaries over bank loans and overdraft facilities, the fair value of the financial guarantee contract at 31st December, 2006 of HK\$6,145,000 has been adjusted to financial guarantee liabilities (2005: HK\$4,756,000).

The Company has undertaken to provide necessary financial resources to support the future operations of the subsidiaries. The Directors are of the opinion that the subsidiaries are financially resourceful in settling obligations.

- (b) The carrying amount of the investments in subsidiaries is reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.
- (c) The amounts due from (to) subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the Directors, the fair values of the amounts due from subsidiaries at 31st December, 2006 approximate their corresponding carrying amounts.
- (d) Profit of the Company for 2006 amounted to approximately HK\$2,570 million (2005 restated: Loss of HK\$2,045 million).

56. 本公司於結算日之資料 (續)

- (a) 於本年度，本公司首次應用由香港會計師公會頒布之若干新香港財務報告準則，該等準則均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。採用新香港財務報告準則對本公司並無產生任何重大轉變，惟採用香港會計準則第39號及香港財務報告準則第4號（修訂本）*財務擔保合約*除外。

就本公司向其附屬公司之銀行貸款及透支額度作出之財務擔保而言，其於二零零六年十二月三十一日之財務擔保合約之公平值為6,145,000港元，已調整為財務擔保負債（二零零五年：4,756,000港元）。

本公司已承諾提供所需財務資源，以支持該等附屬公司之未來經營。董事會認為，該等附屬公司具有足夠財務資源履行責任。

- (b) 於附屬公司之投資之賬面值減少至其可收回金額，有關可收回金額參考預期來自各附屬公司之估計日後現金流量釐定。
- (c) 應收（付）附屬公司款項為無抵押、免息及並無固定還款期。董事會認為，應收附屬公司款項於二零零六年十二月三十一日之公平值與其相應賬面值相若。
- (d) 本公司於二零零六年之溢利約為2,570,000,000港元（二零零五年（重列）：虧損2,045,000,000港元）。

57. POST BALANCE SHEET EVENTS

- (a) On 27th December, 2006 and 8th December, 2006, Superkey Development Limited and Boria Enterprises Limited ("Boria"), two indirect wholly owned subsidiaries of G-Prop (Holdings) Limited ("G-Prop"), which is a 50.1% interest subsidiary of the Group, entered into two sale and purchase agreements with separately Purchasers in relation to the disposals of the Car Park and the Property at considerations of HK\$538,000 and HK\$8,800,000 respectively. The Car Park was satisfied by the Purchaser in cash and completed on 19th January, 2007 and the Property shall be satisfied by the Purchaser in cash and completed on or before 31st May, 2007. Details of the disposal of the Property was disclosed in the G-Prop's announcement dated 12th December, 2006.
- (b) On 4th January, 2007 and 16th January, 2007, Boria further entered into two preliminary sale and purchase agreements with another two separately independent third parties in relation to the disposals of 11th Floor and 7th Floor to 10th Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at consideration of approximately HK\$5.18 million and HK\$20.66 million respectively, which shall be satisfied by the two purchasers in cash and completed on or before 25th July, 2007 and on 6th August, 2007 respectively. Details of the two disposals were disclosed in the G-Prop's announcement dated 8th January, 2007 and 13th February, 2007.
- (c) In January 2007, the Group acquired a commercial and residential land in Chengdu of the PRC at consideration of approximately HK\$1,061.9 million to be settled by instalments. The last instalment will be settled in May 2007.

58. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 14th March, 2007.

57. 結算日後事項

- (a) 於二零零六年十二月二十七日及二零零六年十二月八日，金匡企業有限公司（「金匡」）（本集團佔50.1%權益之附屬公司）兩間間接全資附屬公司偉祺發展有限公司及博永企業有限公司（「博永」）分別與該買方訂立兩項買賣協議，分別以代價538,000港元及8,800,000港元出售該停車位及該物業。該停車位已由買方於二零零七年一月十九日以現金支付及完成出售，該物業須由買方於二零零七年五月三十一日或之前以現金支付及完成出售。出售物業之詳情披露於金匡於二零零六年十二月十二日之公布內。
- (b) 於二零零七年一月四日及二零零七年一月十六日，博永與另外兩名獨立第三方進一步訂立兩項初步買賣協議，分別以代價5,180,000港元及20,660,000港元出售位於香港新界葵涌梨木道63-71號中僑貨倉大廈11樓及7樓至10樓，買方須以現金分別於二零零七年七月二十五日或之前及於二零零七年八月六日支付代價及完成出售。兩項出售之詳情披露於金匡於二零零七年一月八日及二零零七年二月十三日之公布內。
- (c) 於二零零七年一月，本集團以代價約1,061,900,000港元收購中國成都一幅商業及住宅用地，代價將分期償付，最後一期款項將於二零零七年五月償付。

58. 授權刊發財務報表

董事會已於二零零七年三月十四日批准及授權刊發財務報表。

Five-Year Financial Summary

五年財務概要

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

本集團過去五年之業績、資產與負債概要如下：

		For the year ended 31st December				
		截至十二月三十一日止年度				
		2006	2005	2004	2003	2002
		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
		(Restated) (重列)				
Results	業績					
Turnover	營業額	4,763,789	2,274,988	5,257,357	2,531,532	729,280
Profit (loss) for the year	本年度溢利(虧損)	7,557,087	6,454,667	1,658,412	1,153,070	(1,738,510)
Attributable to:	應佔:					
Equity holders of the parent	母公司股本權益持有人	7,477,345	6,154,572	1,619,085	1,153,845	(1,478,415)
Minority interests	少數股東權益	79,742	300,095	39,327	(775)	(260,095)
		7,557,087	6,454,667	1,658,412	1,153,070	(1,738,510)
Basic earnings (loss) per share (HK cents) (Note b)	每股基本盈利(虧損) (港仙)(附註b)	339.2	300.0	78.1	52.1	(62.4)
Dividends per share (HK cents)	每股股息(港仙)	30	21	19.5	17	-

Five-Year Financial Summary

五年財務概要

		At 31st December				
		於十二月三十一日				
		2006	2005	2004	2003	2002
		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
			(Restated)	(Restated)*		
			(重列)	(重列)		
			(Note a)			
			(附註a)			
Assets and liabilities	資產及負債					
Total assets	資產總值	57,634,327	40,441,292	26,004,971	22,398,975	16,263,511
Total liabilities	負債總額	(21,671,693)	(16,738,595)	(9,882,692)	(8,184,428)	(5,457,356)
		35,962,634	23,702,697	16,122,279	14,214,547	10,806,155
Equity attributable to equity holders of the parent	母公司股本權益持有人應佔股本權益	35,532,698	23,301,520	16,211,794	14,367,616	11,102,562
Minority interests	少數股東權益	429,936	401,177	(89,515)	(153,069)	(296,407)
		35,962,634	23,702,697	16,122,279	14,214,547	10,806,155
Net asset value per share to equity holders of the parent (HK\$)	母公司股本權益持有人每股資產淨值(港元)	15.72	11.14	7.99	6.64	4.84
Number of shares issued	已發行股份數目	2,259,809,483	2,091,506,780	2,030,214,000	2,163,900,000	2,294,146,212

Notes:

附註:

(a) Figures for the year 2005 have been adjusted to reflect the changes in accounting policies as described in Note 2 to the financial statements.

(a) 二零零五年之數字已經調整，以反映財務報表附註2所述之會計政策改變。

(b) The calculation of basic earnings (loss) per share is based on the profit (loss) attributable to equity holders of the parent and on the weighted average number of shares in issue during the relevant years.

(b) 每股基本盈利(虧損)按母公司股本權益持有人應佔溢利(虧損)及於相關年度發行股份之加權平均數計算。

Schedule of Principal Properties

主要物業附表

The following table sets forth the Group's major properties as at 31st December, 2006:

下表載列本集團於二零零六年十二月三十一日之主要物業：

PROPERTIES IN HONG KONG 香港物業

Properties held for investment

持作投資物業

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. Windsor House 311 Gloucester Road Causeway Bay Hong Kong (including 158 car parking spaces) 皇室大廈 香港銅鑼灣告士打道311號 (包括158個車位)	The remaining portions of Inland Lot Nos. 7717 and 7718 Section A of Inland Lot No. 781 and Sections A and C of Inland Lot No. 782 內地段7717及7718號 餘下部份·內地段781號 A段及內地段782號A及C段	817,962	Commercial 商業	Long 長期	100%
2. Harcourt House (excluding 7th, 8th, 9th, 22nd 23rd, 25th, 26th, 27th floors rooms 1004 and 1805) 39 Gloucester Road Wanchai, Hong Kong 夏慤大廈 香港灣仔告士打道39號 (7·8·9·22·23·25 26及27樓·1004及1805室除外)	Certain parts or shares of and in Inland Lot No. 8573 內地段8573號 之若干部份或份額	272,886*	Commercial 商業	Long 長期	100%

* excluding gross floor area of all car parking spaces
不包括全部車位的總樓面面積

Schedule of Principal Properties

主要物業附表

Properties held for investment (cont'd)

持作投資物業(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>3. MassMutual Tower 38 Gloucester Road Wanchai, Hong Kong (including 55 car parking spaces on lower basement) 美國萬通大廈 香港灣仔告士打道38號 (包括地庫下層之 55個車位)</p>	Inland Lot Nos. 3287 and 6936 內地段3287及6936號	337,834	Commercial 商業	Long 長期	100%
<p>4. Tung Ying Building[#] No. 100 Nathan Road and nos.1-19A Granville Road Tsimshatsui, Kowloon Hong Kong 東英大廈[#] 香港九龍尖沙咀 彌敦道100號及 加連威老道1-19A號</p>	The remaining portion of Kowloon Inland Lot No. 6022 九龍內地段6022號餘下部份	403,715 (upon completion of redevelopment 當完成重建)	Commercial 商業	Medium 中期	100%

[#] under redevelopment
重建中

Schedule of Principal Properties

主要物業附表

Properties held for investment (cont'd)

持作投資物業(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>5. Silvercord</p> <p>Shops, restaurants and food court on basement shops on lower ground floor ground floor (excluding shop no. 38)</p> <p>1st floor (excluding shop no. 39)</p> <p>2nd floor (excluding shop no. 41)</p> <p>the whole 3rd floor and car parking space nos. 1, 2, 6, 7, 8, 9, 21, 24, 25, 26, 29, 30, 34 and 35 on basement, Silvercord</p> <p>No. 30 Canton Road, Tsimshatsui</p> <p>Kowloon, Hong Kong</p> <p>新港中心</p> <p>香港九龍尖沙咀廣東道30號新港中心</p> <p>地庫之商舖、餐廳及美食廣場</p> <p>地下低層、地下(38號商舖除外)</p> <p>1樓(39號商舖除外)</p> <p>2樓(41號商舖除外)</p> <p>3樓全層之商舖及地庫1、2、6</p> <p>7、8、9、21、24、25、26、29</p> <p>30、34及35號車位</p>	<p>Certain parts or shares of and in Kowloon Inland Lot No. 10656</p> <p>九龍內地段10656號</p> <p>之若干部份或份額</p>	256,137	Commercial 商業	Long 長期	100%

Schedule of Principal Properties

主要物業附表

Properties held for investment (cont'd)

持作投資物業(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>6. Causeway Place Shops nos. M1, M2, M3, N1, N2 O and P on ground floor shops nos. N2, O and P on mezzanine floor the whole of 1st and 2nd floors and their respective portions of exterior walls, together with flats C, I, J, K, L, N, O, P, Q (each including a flat roof) and H on 3rd floor Hong Kong Mansion nos. 1-7 Paterson Street and nos. 2-10 Great George Street Causeway Bay, Hong Kong 銅鑼灣地帶 香港銅鑼灣 百德新街1-7號及記利佐治街2-10號 香港大廈地下M1、M2、M3 N1、N2、O及P號商舖 閣樓N2、O及P號商舖 1樓及2樓全層 及其各部份之外牆連同 C、I、J、K、L、N、O、P、 Q單位(包括各單位之平台) 及3樓H單位</p>	<p>Certain parts or shares of and in Inland Lot No.7742 內地段7742號 之若干部份或份額</p>	48,897	Commercial/ Residential 商業/住宅	Long 長期	100%

Schedule of Principal Properties

主要物業附表

Properties held for investment (cont'd)
持作投資物業 (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
7. Excelsior Plaza Shop nos. 1 to 3 and 6 to 12 on ground floor and Unit nos. 6 to 11 on 1st floor of Yee On Building and Shop nos. 21, 23 and 24 on ground floor of Chee On Building together with the External Walls on ground floor, 1st floor and 2nd floor and the Main Roof of Yee On Building Unit G on 2nd floor Shop no. 32 (part) on 2nd floor and naming right on ground floor 1st floor and 2nd floor of Yee On Building, Shop no. 31 on 1st floor Shop no. 32 (part) on ground floor 1st floor and 2nd floor external walls and naming right on ground floor 1st floor and 2nd floor and Main Roof of Chee On Building Shop no. 32 (part) on 2nd floor external walls and naming right on ground floor 1st floor and 2nd floor of Annex Land Building 24-26 East Point Road Causeway Bay Hong Kong 怡東商場 香港銅鑼灣東角道24-26號 怡安大廈地下1至3號舖及6至12號 舖及1樓6至11號舖、置安大廈地下 21、23及24號舖、連同怡安大廈 地下、1樓及2樓外牆及主要天台 及怡安大廈2樓G單位 及2樓32號舖(部份) 以及地下至2樓之命名權 及置安大廈1樓31號舖 地下32號舖(部份) 地下至2樓之外牆及 命名權以及主要天台 及Annex Land Building 2樓 32舖(部份)、 地下至2樓之外牆及命名權	Certain parts or shares of and in Sub-section 1 of Section G of Marine Lot No. 52 and the Extension thereto and Section A of Sub-section 1 of Section A of Marine Lot No. 52 and the Extension thereto 海旁地段52號G段1分段及其 延展部份以及海旁地段 52號A段1分段A段及其 延展部份之若干部份或份額 Certain parts or shares of and in Section B of Sub-section 1 of Section A of Marine Lot No. 52 and the Extension thereto and Sub-section 3 of Section G of Marine Lot No. 52 and the Extension thereto, the Remaining Portion of Inland Lot No. 469 and the Remaining Portion of Section A of Inland Lot No. 470 海旁地段52號A段1分段B段 及其延展部份、海旁地段52號 G段3分段及其延展部份、 內地段469號餘下部份及 內地段470號A段餘下部份 之若干部份或份額 Certain parts or shares of and in Sub-section 2 of Section G of Marine Lot No. 52 and the Extension thereto 海旁地段52號G段2分段及 其延展部份之若干部份或份額	52,413	Commercial 商業	Long 長期	100%

Schedule of Principal Properties

主要物業附表

Properties held for investment (cont'd)

持作投資物業(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>8. Wanchai Computer Centre Shops nos. 2 and 3 on ground floor 150 Hennessy Road and the Commercial Accommodation on 1st and 2nd floors, 130 Hennessy Road Wanchai, Hong Kong 灣仔電腦城 香港灣仔軒尼詩道150號 地下2號及3號商舖 及軒尼詩道130號 1樓及2樓全層商舖</p>	<p>Certain parts or shares of and in Inland Lot No. 8562, 內地段8562號 之若干部份或份額</p>	36,716	Commercial 商業	Long 長期	100%
<p>9. Tung Sang Building* No. 20 Johnston Road Wanchai, Hong Kong 東生大廈* 香港灣仔 莊士敦道20號</p>	<p>Marine Lot No. 296 海旁地段296號</p>	75,124 (upon completion of redevelopment 當完成重建)	Commercial/ Residential 商業/住宅	Long 長期	100%

* under redevelopment
重建中

Schedule of Principal Properties

主要物業附表

Properties held for investment (cont'd)

持作投資物業(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>10. Chic Castle Various shops on 1st, 2nd and 3rd floors President Commercial Centre 602-608 Nathan Road Kowloon, Hong Kong Chicの堡 香港九龍彌敦道602-608號 總統商業大廈 1樓·2樓及3樓若干舖位</p>	<p>Certain parts or shares of and in Remaining Portions of Kowloon Inland Lot Nos. 7061, 7062 and 7063 九龍內地段7061號·7062號 及7063號餘下部份之若干部 份或份額</p>	4,998	Commercial 商業	Long 長期	75%
<p>11. Dang Fat Mansion Shop no. 4A on ground floor the whole of 1st to 3rd floors portions on roof portion on the upper roof and the exterior walls of 1st to 3rd floors Dang Fat Mansion Nos. 10-20 Tai Ho Road Nos. 8-12 Dang Fat Street Nos. 7-11 On Wing Street Tsuen Wan New Territories, Hong Kong 登發大廈 香港新界荃灣 大河道10-20號 登發街8-12號 安榮街7-11號 地下4A號商舖 1至3樓全層、部份天台 部份上層天台及 1至3樓外牆</p>	<p>Certain parts or shares of and in Tsuen Wan Town Lot No. 206 荃灣市地段206號 之若干部份或份額</p>	18,996	Commercial 商業	Medium 中期	100%

Schedule of Principal Properties

主要物業附表

Properties held for investment (cont'd)

持作投資物業(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>12. Various Portions of No. 1 Hung To Road Kwun Tong Kowloon, Hong Kong (Comprising 403 workshop units and 77 car parking spaces) 香港九龍觀塘 鴻圖道1號若干單位 (包括403個工場單位及77個停車位)</p>	<p>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</p>	545,581*	Industrial 工業	Medium 中期	20.65%
<p>* excluding gross floor area of all car parking spaces 總樓面面積不包括所有車位</p>					
<p>13. 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</p>	<p>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</p>	25,922	Commercial 商業	Medium 中期	30.98%

Schedule of Principal Properties

主要物業附表

Properties held for investment (cont'd)

持作投資物業(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>14. Gemstar Tower Unit H on 6th floor* 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 駿昇中心 香港九龍紅磡民樂街23號 6樓H室* 13樓C室及 天台與及1樓至3樓 50個車位</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	61.96%
<p>* 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># excluding gross floor area of all car parking spaces 總樓面面積不包括所有車位</p>					
<p>15. Sun Fair Mansions 12 Shiu Fai Terrace Mid-Levels East Hong Kong 新輝大廈 香港東半山 肇輝臺12號</p>	<p>Sections M of Inland Lot No. 2302 and the Extension Thereto and Section X of Inland Lot No. 2302 and The Extension Thereto 內地段2302號M段及 其延展部分及 內地段2302號X段及 其延展部分</p>	40,000	Residential 住宅	Long 長期	100%

Schedule of Principal Properties

主要物業附表

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
<p>1. Gemstar Tower Units C and D on 7th floor* the whole of 16th to 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單位*及 16至18樓全層</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>	110,784	Godown 貨倉	61.96%
<p>* 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</p>				
<p>2. Parc Palais, King's Park Junction of Princess Margaret Road and Wylie Road Kowloon Hong Kong 京士柏君頤峰 香港九龍 公主道及衛理道交界</p>	<p>Kowloon Inland Lot No. 11118 九龍內地段11118號</p>	60,025	Residential 住宅	10%
<p>3. Miami Crescent No. 328 Fan Kam Road, Ying Pun Sheung Shui New Territories Hong Kong 邁爾豪園 香港新界上水 營盤粉錦公路328號</p>	<p>Lot No. 1861 in D.D.100 Fan Kam Road 粉錦路丈量約份100號 1861號地段</p>	71,939*	Residential 住宅	50%

* Certain houses have been sold after 31st December, 2006
若干洋房已於二零零六年十二月三十一日後售出

Schedule of Principal Properties

主要物業附表

Properties held for sale (cont'd)

持作出售物業(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	Group's interest 集團 所佔權益
4. Mount Beacon No. 20 Cornwall Street Kowloon Tong Kowloon Hong Kong 畢架山峰 香港九龍九龍塘 歌和老街20號	New Kowloon Inland Lot No. 6196 新九龍內地段6196號	110,877	Residential 住宅	33.33%
5. Indihome No. 138 Yeung Uk Road Tsuen Wan New Territories Hong Kong 樂悠居 香港新界荃灣 楊屋道138號	Tsuen Wan Town Lot No. 406 荃灣市地段406號	100,886*	Serviced apartments/ Commercial 服務式 住宅／商業	50%

* Certain units have been sold after 31st December, 2006
若干單位已於二零零六年十二月三十一日後售出

Schedule of Principal Properties

主要物業附表

Properties under development held for sale

持作出售之發展中物業

Location 地點	Lot number 地段編號	Stage of completion 完成階段	Estimated completion date 估計完成日期	Approx. site area (square feet) 地盤面積 約數 (平方呎)	Estimated gross floor area (square feet) 估計 總樓面面積 (平方呎)	Usage 用途	Group's interest 集團 所佔權益
1. 55 Conduit Road Hong Kong 香港 干德道55號	Remaining Portion of Section A of Inland Lot No. 2138 Sub-section 1 of Section A of Inland Lot No. 2138 and Inland Lot No. 2612 內地段2138號A段餘下部份 內地段2138號A段1分段 及內地段2612號	Site formation and foundation works in progress 地盤平整及 地基工程進行中	2010 二零一零年	36,000	87,770	Residential 住宅	70%
2. Hoi Ting Road and Hoi Wang Road West Kowloon Hong Kong 香港 西九龍 海庭道及 海泓道	Kowloon Inland Lot Nos. 11167 and 11168 九龍內地段 11167及11168號	Foundation works in progress 地基工程進行中	Early of 2010 二零一零年 年初	146,132	1,095,980	Residential/ Commercial 住宅/商業	25%

PROPERTIES IN MAINLAND CHINA 中國大陸物業

Properties held for investment
持作投資物業

Location 地點	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. Main Tower and Executive Tower of Hilton Beijing 1 Dongfang Road North Dongsanhuan Road Chaoyang District, Beijing 北京希爾頓酒店主樓及行政附樓 北京市朝陽區 東三環北路東方路1號	647,747*	Hotel/ Commercial 酒店/商業	Medium 中期	50%
2. Oriental Place 9 East Dongfang Road North Dongsanhuan Road Chaoyang District, Beijing 東方國際大廈 北京市朝陽區 東三環北路東方東路9號	103,685	Commercial 商業	Medium 中期	50%
3. Lowu Commercial Plaza 79 retail shops on 1st Floor Jianshe Road, Luohu District Shenzhen, Guangdong Province 羅湖商業城 廣東省深圳市羅湖區建設路 1樓79間零售舖	29,416	Commercial 商業	Medium 中期	100%
4. Evergo Tower (formerly known as Peregrine Plaza)** (excluding unit no. 3 on 9th floor and unit no. 7 on 10th floor) 1325 Central Huaihai Road and 1 Baoqing Road Xuhui District, Shanghai 愛美高大廈(前稱百富勤廣場)** 上海市徐匯區淮海中路1325號及 寶慶路1號 (不包括9樓3室及10樓7室)	263,708	Commercial 商業	Medium 中期	100%#

* The gross floor area of Main Tower is approximately 417,589 square feet. The gross floor area of Executive Tower with redevelopment work commencing in April 2006 and being completed by mid of 2008 will be 230,158 square feet.
主樓的總樓面面積約417,589平方呎。行政附樓的重建於二零零六年四月展開，並於二零零八年年中前完成，總樓面面積將為230,158平方呎。

** Peregrine Plaza has been renamed as Evergo Tower with effect from 10th March, 2006.
百富勤廣場於二零零六年三月十日易名為愛美高大廈。

The Group's interest in the property increased to 100% in March, 2006.
二零零六年三月，本集團持有該物業的權益增至100%。

Schedule of Principal Properties

主要物業附表

PROPERTY IN THE UNITED KINGDOM 英國物業

Property held for investment

持作投資物業

Location 地點	Approx. gross floor area (square feet) 總樓面面積約數 (平方呎)	Usage 用途	Category the of lease term 租期類別	Group's interest 集團 所佔權益
1. 82 Eaton Square Belgravia, London SW1W, 9AP United Kingdom	17,750	Residential 住宅	Long 長期	100%

PROPERTY IN MACAU 澳門物業

Property under development held for sale

持作出售之發展中物業

Location 地點	Lot number 地段編號	Stage of completion 完成階段	Estimated completion date 估計完成日期	Approx. site area (square feet) 地盤面積 約數 (平方呎)	Estimated gross floor area (square feet) 估計 總樓面面積 (平方呎)	Usage 用途	Group's interest 集團 所佔權益
1. Avenida Wai Long Taipa, Macau 澳門氹仔 偉龍馬路	Lot 1c, Lot 2, Lot 3 Lot 4 and Lot 5 (Parcels 5a, 5b & c) 1c, 2, 3, 4及 5 (編號5a、5b及c) 地段	Soil investigation works of Phase 1 completed 第一期之土地 勘探工程已完成	Phase 1: End of 2009 第一期: 二零零九年年底	848,000	4,230,306	Residential 住宅	70.01%

Schedule of Property Development Rights

物業發展權益附表

Location 地點	Lot number 地段編號	Stage of completion 完成階段	Estimated completion date 估計完成日期	Approx. site area (square feet) 地盤面積約數 (平方呎)	Estimated gross floor area (square feet) 估計總樓面面積 (平方呎)	Usage 用途	Group's interest 集團所佔權益
1. The Zenith 3 Wanchai Road & 258 Queen's Road East 尚翹峰 香港 灣仔道3號及 皇后大道東 258號	Inland Lot No. 8953 內地段 8953號	Phase I: Fitting out works in progress 第一期: 裝修工程進行中	Phase I in mid of 2007 and Phase II in mid of 2011 第一期於 二零零七年年中 而第二期於 二零一一年年中	72,988	Phase I: 第一期: 510,978 Phase 2: 第二期: 159,727	Residential/ Commercial 住宅/商業	87.5% (note 1 & 2) (附註1及2)

Notes:

附註:

- It refers to the percentage of interest of property development rights in a consortium which engaged Urban Renewal Authority ("URA") (the successor to Land Development Corporation) in the project.
指佔與市區重建局(「市建局」)(為土地發展公司之繼任人)共同參與該項目之財團物業發展權利之權益百分比。
- The 87.5% attributable interest of property development rights includes the indirect interest of 12.5% held through the Group's interest in Kwong Sang Hong which has a 25% direct interest in the consortium.
應佔物業發展權利之87.5%權益包括透過本集團於廣生行(其持有該財團25%直接權益)所持12.5%之間接權益。
- In this joint venture with URA, the consortium finances both the land costs and construction costs, and is entitled to claim for reimbursements for land costs and construction costs so incurred together with the share of any development profits with URA in accordance with the terms and conditions of the joint development agreement.
在與市建局合作之合營項目中,該財團為土地成本及建築成本提供資金,並有權依據共同發展協議之條款及條件要求付還所涉及之土地成本及建築成本,以及與市建局攤分任何發展溢利。

Schedule of Property Development Rights

物業發展權益附表

Location 地點	Lot number 地段編號	Stage of completion 完成階段	Estimated completion date 估計完成日期	Approx. site area (square feet) 地盤面積 約數 (平方呎)	Estimated gross floor area (square feet) 估計 總樓面面積 (平方呎)	Usage 用途	Group's interest 集團 所佔權益
2. Reclamation Street Mongkok Kowloon Hong Kong 香港九龍旺角 新填地街	Kowloon Inland Lot No.11173 九龍內地段 11173號	Superstructure works in progress 上蓋工程進行中	Mid of 2007 二零零七年年中	5,760	52,948	Residential/ Commercial 住宅／商業	100%

Note: The property development rights were granted pursuant to development agreement with Urban Renewal Authority.

附註：物業發展權乃根據與市區重建局訂立之發展協議授出。

3. Larch Street and Bedford Road Tai Kok Tsui Kowloon Hong Kong (including 4 motorcycle spaces 26 parking spaces for residential, commercial visitors) 香港九龍大角咀 洋松街及必發道 (包括4個電單車位, 26個車位作 住宅、商業訪客用)	Kowloon Inland Lot No.11182 九龍內地段 11182號	Superstructure works in progress 上蓋工程進行中	End of 2008 二零零八年年底	13,228	111,073	Residential/ Commercial 住宅／商業	100%
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Note: The property development rights were granted pursuant to development agreement with Urban Renewal Authority.

附註：物業發展權乃根據與市區重建局訂立之發展協議授出。

PROPERTIES IN MAINLAND CHINA
中國大陸物業

Name of project 項目名稱	Location 地點	Stage of completion 完成階段	Estimated completion date 估計完成日期	Approx. site area (square feet) 地盤面積 約數 (平方呎)	Estimated gross floor area (square feet) 估計 總樓面面積 (平方呎)	Usage 用途	Group's interest 集團 所佔權益
1. Dongda Street Development, Chengdu 成都市東大街 發展項目	East of Yixue Lane south of Hongbu Street and north of Tangba Street Jinjiang District Chengdu Sichuan Province 四川省成都市錦江區 義學巷以東 紅布街以南 鐘鉞街以北	Design stage 設計階段	2009 二零零九年	194,410	1,477,000	Residential and commercial 住宅及商業	100%
2. Yingbin Road Development, Chengdu 成都市迎賓大道 發展項目	Group 1, 2, 6 Lang Jia Village Group 1, 2, 3, 4, 7 Yue Jin Village Jinniu District Chengdu Sichuan Province 四川省成都市金牛區 躍進村1、2、3、4、7組 郎家村1、2、6組	Design stage 設計階段	2010 二零一零年	795,625	3,760,000	Residential and commercial 住宅及商業	100%
3. South Taisheng Road Development, Chengdu 成都市太升南路 發展項目	East of Sanguiqian Street south of East Daqiang Street west of South Taisheng Road and north of Tidu Street Qinyang District Chengdu Sichuan Province 四川省成都市青羊區 三桂前街以東 大牆東街以南 太升南路以西及 提督街以北	Preliminary planning stage 前期策劃階段	2011 二零一一年	404,264	3,234,112	Residential and commercial 住宅及商業	100%



CHINESE ESTATES HOLDINGS LIMITED
華人置業集團