

Directors' Report

董事會報告

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in property investment, other investment and distressed assets business. Details of the principal activities of the Company's subsidiaries and the Group's associates are set out in note 53 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31 December 2005 are set out in the consolidated income statement on page 37.

The directors recommend the payment of a final dividend of HK\$0.06 per share to the shareholders on the register of members on 25 May 2006, amounting to approximately HK\$101,323,000.

FIXED ASSETS

The Group's leasehold properties were revalued at 31 December 2005. The net surplus on revaluation amounting to HK\$14.6 million, of which a surplus of HK\$8.9 million was credited to the income statement to reverse the deficit previously charged to the income statement and the remaining surplus of HK\$5.7 million was credited to the asset revaluation reserve. During the year, the Group revalued all of its investment properties at 31 December 2005. The net increase in fair value of investment properties, which has been credited directly to profit or loss, amounted to HK\$148.7 million.

Details of the valuation of properties and other movements of the investment properties and property, plant and equipment of the Group during the year are set out in notes 19 and 20 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 39 to the financial statements.

During the year, the Company repurchased certain of its own shares through The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), details of which are set out in note 39 to the financial statements.

董事會謹提呈截至二零零五年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本公司及其附屬公司之主要業務為從事物業投資、其他投資及不良資產業務。本公司各附屬公司及本集團各聯營公司之主要業務詳情載於綜合財務報表附註53。

業績及分配

截至二零零五年十二月三十一日止年度，本集團業績及本公司之分配載於第37頁之綜合收入報表。

董事會建議派發末期股息每股6港仙予二零零六年五月二十五日名列股東名冊之股東，合共約101,323,000港元。

固定資產

本集團租賃物業於二零零五年十二月三十一日之價值已作出重估，重估盈餘淨額達14,600,000港元，其中一筆8,900,000港元之盈餘已列作收入報表收益以回撥早前於收入報表列作支出的虧絀而餘下5,700,000港元之盈餘已賬記資產重估儲備。年內，本集團已重估其所有投資物業於二零零五年十二月三十一日之價值。投資物業公平值之增加淨額148,700,000港元已直接記入損益。

有關物業估值之詳情與本集團之投資物業及物業、廠房及設備於年內之其他變動詳情分別載於綜合財務報表附註19及20。

股本

本公司之股本於年內之變動詳情載於財務報表附註39。

年內，本公司透過香港聯合交易所有限公司（「聯交所」）回購其本身之若干股份，其詳情載於財務報表附註39。

Directors' Report

董事會報告

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2005 comprised the retained profits of approximately HK\$268,759,000.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Hui Xiao Bing
Gao Jian Min
Liu Tianni
Gu Jianguo
Chen Yongcun
Cheung Chung Kiu
Yuen Wing Shing
Chow Kwok Wai
Chen Xiaozhou (appointed on 13 February 2006)
Zhu Dengshan (resigned on 13 February 2006)

Independent non-executive directors

Kang Dian
Zhang Lu
Hung Muk Ming

The term of office of each director, including the independent non-executive directors, is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

In accordance with the provisions of the Company's Articles of Association, Messrs. Liu Tianni, Gu Jianguo, Cheung Chung Kiu and Zhang Lu retire by rotation and Mr. Chen Xiaozhou retire at the forthcoming annual general meeting, Messrs. Liu Tianni, Gu Jianguo, Cheung Chung Kiu, Zhang Lu and Chen Xiaozhou being eligible, offer themselves for re-election. The remaining directors shall remain in office.

DIRECTORS' SERVICE CONTRACTS

Other than as disclosed in the section headed "Connected Transaction" below, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

本公司之可供分派儲備

於二零零五年十二月三十一日，本公司可供分派予股東之儲備包括保留溢利約268,759,000港元。

董事

年內及截至本報告刊發日期當日之本公司董事如下：

執行董事

惠小兵
高建民
劉天倪
顧建國
陳永存
張松橋
袁永誠
周國偉
陳孝周 (於二零零六年二月十三日委任)
朱登山 (於二零零六年二月十三日辭職)

獨立非執行董事

康典
張璐
洪木明

董事(包括獨立非執行董事)之任期為直至其根據本公司之組織章程細則輪值告退為止之期間。

按照本公司的組織章程細則的條文，於即將舉行的股東週年大會上劉天倪先生、顧建國先生、張松橋先生及張璐先生須輪值告退而陳孝周先生須於即將舉行之股東週年大會上告退。劉天倪先生、顧建國先生、張松橋先生、張璐先生及陳孝周先生均符合資格並願意膺選連任。其餘董事繼續留任。

董事之服務合約

除下文「關連交易」部分所披露者外，各於即將舉行之股東週年大會上膺選連任之董事概無與本集團訂立於一年內不作出賠償(法定賠償除外)則不可終止之服務合約。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES

At 31 December 2005, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept under 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 Companies set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange were as follows:

Long position in underlying shares of HK\$0.20 each of the Company:

Name of director 董事姓名	Capacity 身份	Number of options held 所持購股權數目	Percentage of Number of underlying shares 相關股份數目	total issued share capital 佔全部已發行 股本百分比
CHEN Yongcun 陳永存	Beneficial owner (Note) 實益擁有人 (附註)	7,000,000	7,000,000	0.41%
GAO Jian Min 高建民	Beneficial owner (Note) 實益擁有人 (附註)	20,000,000	20,000,000	1.18%
GU Jianguo 顧建國	Beneficial owner (Note) 實益擁有人 (附註)	2,000,000	2,000,000	0.12%
		29,000,000	29,000,000	

Note: These represent interests of options granted to the directors under the Old Scheme and New Scheme to acquire for shares of the Company, further details of which are set out in the section headed "Share Options".

Other than as disclosed above and in the sections headed "Share options" and "Major shareholders", as at 31 December 2005, none of the directors and chief executive of the Company or any of its associates had any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company any the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Company. None of the directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the year.

董事之股份權益

於二零零五年十二月三十一日，本公司董事及最高行政人員於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中，擁有根據證券及期貨條例第352條須予備存之登記冊所記錄或根據聯交所證券上市規則附錄10所載之《上市公司董事進行證券交易的標準守則》所載規定標準須知會本公司及聯交所之權益及淡倉如下：

本公司每股面值0.20港元之相關股份的好倉情況：

附註：此等為根據舊計劃及新計劃授予董事之購股權權益以認購本公司股份，有關詳情載於「購股權」部分。

除上文及「購股權」及「主要股東」兩節所披露者外，於二零零五年十二月三十一日，本公司董事及最高行政人員或其任何聯繫人士概無於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、相關股份及債權證中，擁有根據證券及期貨條例第352條須予備存之登記冊所記錄或根據《上市公司董事進行證券交易的標準守則》須知會本公司及聯交所之任何權益或淡倉。於本年度，概無董事或彼等之配偶或十八歲以下之子女獲授予任何權利可認購本公司或其任何相聯法團之股本或債務證券或曾行使任何該等權利。

Directors' Report

董事會報告

SHARE OPTIONS

Details of the share option scheme adopted by the Company on 26 June 1995 (the "Old Scheme") and the new share option scheme adopted by the Company on 27 May 2002 (the "New Scheme") are set out in note 40 to the financial statements.

Details of outstanding share options granted to the directors and other employees of the Company under the Old Scheme and the New Scheme are set out below:

購股權

本公司於一九九五年六月二十六日採納之購股權計劃(「舊計劃」)及本公司於二零零二年五月二十七日採納之新購股權計劃(「新計劃」)之詳情載於財務報表附註40。

根據舊計劃及新計劃授予董事及本公司其他僱員之尚未行使購股權詳情呈列如下：

Directors 董事	Exercisable period 可予行使期間	Subscription price per share 每股認購價 HK\$ 港元	Outstanding as at 1.1.2005 and 31.12.2005 於二零零五年一月一日及二零零五年十二月三十一日之尚餘數目
Chen Yongcun 陳永存	25.7.2001 — 24.7.2011	0.535	2,000,000
	7.6.2002 — 6.6.2012	0.700	5,000,000
Gao Jian Min 高建民	9.1.1997 — 8.1.2007	0.967	15,000,000
	7.6.2002 — 6.6.2012	0.700	5,000,000
Gu Jianguo 顧建國	27.7.1999 — 26.7.2009	0.900	2,000,000
			29,000,000
Other employees 其他僱員	25.7.2001 — 24.7.2011	0.535	3,000,000
Total 合計			32,000,000

During the year, no share options were granted to the directors and other employees under both of the Old Scheme and New Scheme.

於年內並無向董事及其他僱員授出任何舊計劃及新計劃項下之購股權。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement 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, and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

購買股份或債權證之安排

除上文披露所持有之購股權外，本公司、其控股公司或其任何附屬公司或同系附屬公司概無於年內任何時間訂立任何安排，致使本公司之董事可藉購入本公司或任何其他法人團體之股份或債權證而得益，而概無董事或最高行政人員或彼等之配偶或十八歲以下之子女擁有任何權利可認購本公司之證券或曾行使任何該等權利。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in the section headed "Connected Transaction" below, no contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR SHAREHOLDERS

As at 31 December 2005, persons other than a director or chief executive of the Company, having interest in 5% or more of the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company as at 31 December 2005:

董事之重大合約權益

除下文「關連交易」一節所披露者外，本公司或其附屬公司於本年終或年內任何時間，概無訂立於其中本公司之董事擁有（無論直接或間接）重大權益之重大合約。

主要股東

於二零零五年十二月三十一日，於本公司根據證券及期貨條例第336條規定須予備存之登記冊所記錄顯示，本公司董事或最高行政人員以外擁有佔本公司已發行股本5%或以上權益的人士如下：

本公司股份及相關股份之好倉於二零零五年十二月三十一日之情況：

Name of major shareholder 主要股東名稱	Capacity 身份	Number of ordinary shares 股份數目	Underlying shares 相關股份	Total interests 權益總額	Percentage of the issued share capital 佔全部已發行股本百分比
Silver Grant International Holdings Limited	Beneficial owner 實益擁有人	127,170,022	—	127,170,022 (Note 1) (附註一)	7.53%
China Cinda Asset Management Corporation 中國信達資產管理公司	Interest of controlled corporation 受控制法團的權益	341,448,000	200,000,000 (Note 2) (附註二)	541,448,000 (Note 3) (附註三)	32.06%
Citigroup Inc.	170,450,000 shares as beneficial owner, 3,335,000 shares as approved lending agent and 138,813,559 underlying shares as beneficial owner 170,450,000股屬實益擁有人，3,335,000股屬核准借出代理人及138,813,559相關股份屬實益擁有人	173,785,000	138,813,559 (Note 4) (附註四)	312,598,559	18.51%

Notes:

- Messrs. Gao Jian Min and Liu Tianni, both of whom are directors of the Company, each has a 30% interest in Silver Grant International Holdings Limited as at 31 December 2005.

附註：

- 高建民先生及劉天倪先生彼等均為本公司董事，於二零零五年十二月三十一日各自擁有Silver Grant International Holdings Limited 30%權益。

Directors' Report

董事會報告

MAJOR SHAREHOLDERS (Continued)

Notes: (Continued)

- This represents the interest in convertible note in the principal amount of HK\$440,000,000 pursuant to which a total number of 200,000,000 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK\$2.20 per share.
- The following is a breakdown of the interests in shares of the Company held by China Cinda Asset Management Corporation:

Name of controlled corporation 受控法團名稱	Name of controlling shareholder 控權股東名稱	Percentage of control 控制百分比	Total interest in shares 股份權益總數	
			Direct interest 直接權益	Indirect interest 間接權益
Well Kent International Investment Company Limited 華建國際投資有限公司	China Cinda Asset Management Corporation 中國信達資產管理公司	100%	—	541,448,000
Catic Limited	Well Kent International Investment Company Limited 華建國際投資有限公司	100%	541,448,000	—

- This represents the interest in convertible note in the principal amount of US\$52,500,000 pursuant to which a total of 138,813,559 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK\$2.95 per share.

Other than as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2005.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange. The Company considers all of the independent non-executive directors are independent.

主要股東 (續)

附註：(續)

- 此等為本金總額440,000,000港元之可換股票據項下之權益，據此按每股2.20港元之初步換股價全面行使可換股票據所附帶之換股權後，將會發行合共200,000,000股新股份。
- 以下為中國信達資產管理公司所持有本公司之股份權益細節：

	Percentage of control 控制百分比	Total interest in shares 股份權益總數	
		Direct interest 直接權益	Indirect interest 間接權益
Well Kent International Investment Company Limited 華建國際投資有限公司	100%	—	541,448,000
Catic Limited	100%	541,448,000	—

- 此等為本金總額為52,500,000美元之可換股票據項下之權益，據此按每股2.95港元之初步換股價全面行使可換股票據所附帶之換股權後，將會發行合共138,813,559股新股份。

除上文所披露者外，根據證券及期貨條例第336條規定須予備存的登記冊所示，本公司並無接獲任何有關於二零零五年十二月三十一日在本公司股份及相關股份中擁有權益或淡倉的申報。

委任獨立非執行董事

本公司已取得各獨立非執行董事根據聯交所證券上市規則第3.13條規定每年確認其獨立地位之確認函。本公司認為全體獨立非執行董事之地位是獨立的。

Directors' Report

董事會報告

CONNECTED TRANSACTION

A service agreement dated 28 December 2004 was entered into between Mr. Gao Jian Min ("Mr. Gao") and the Company. Pursuant to the terms and conditions set out therein, the Company agreed to employ Mr. Gao and Mr. Gao agreed to serve the Company as a Managing Director by providing the Company with the services as described in the service agreement for a term of three years from 28 December 2004 to 27 December 2007, which term shall continue thereafter until determined by either party giving to the other not less than 3-months prior written notice.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company has repurchased HK\$14.0 million ordinary shares at a consideration of approximately HK\$165.3 million. The above shares were cancelled upon repurchase. Details of such repurchases are set out in note 39 to the financial statements.

Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 40 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

關連交易

於二零零四年十二月二十八日高建民先生(「高先生」)與本公司簽訂一份服務協議。根據該協議所載之條款及條件，本公司同意聘請高先生而高先生同意受聘出任本公司董事總經理職務，任期由二零零四年十二月二十八日至二零零七年十二月二十七日止，為期三年，為本公司提供服務協議內所列之服務，其任期將有效直至任何一方決定在給予對方不少於三個月之事先書面通知為止。

購回、出售或贖回本公司之上市證券

年內，本公司以約165,300,000港元之代價回購14,000,000港元之普通股。上述股份於回購後註銷。有關回購詳情載於財務報表附註39。

除上文所披露者外，年內，本公司或其任何附屬公司概無購回、出售或贖回本公司任何上市證券。

酬金政策

本集團僱員之酬金政策由薪酬委員會按其功績、資歷及能力制定。

本公司董事之酬金由薪酬委員會經考慮本公司之經營業績、個人表現及可資比較市場統計數字後決定。

本公司採納一項購股權計劃，作為董事及合資格僱員之獎勵，計劃詳情載於財務報表附註40。

公眾持股量之足夠性

根據本公司取得的公開資料及就董事所知悉，於本報告日，本公司已發行股份有足夠並超上市規則規定25%之公眾持股量。

Directors' Report

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover comprises rental income from leasing of properties, dividend income from investments in securities, income from property management, the gross proceeds received and receivable from trading of securities, income from sales of properties, income from recoveries of interest in distressed assets, commission income and performance return of dealing in distressed assets.

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 May 2006 to Thursday, 25 May 2006, both days inclusive, during which period no transfers of shares will be effected.

In order to qualify for proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 19 May 2006.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 54 to the consolidated financial statements.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

By order of the Board
Chen Xiaozhou
Chairman

Hong Kong, 24 April 2006

主要顧客及供應商

本集團之營業額包含出租物業之租金收入、證券投資之股息收入、物業管理收入、買賣證券之已收及應收款項總額、物業銷售收入、回收不良資產權益的收入、處置不良資產佣金及超收分成收入。

年內，本集團於五大供應商及顧客之累積採購額及銷售額分別佔本集團之總採購額及總銷售額不足30%。

暫停辦理股份過戶登記

本公司將於二零零六年五月二十二日(星期一)起至二零零六年五月二十五日(星期四)止(包括首尾兩天)期間，暫停辦理股份過戶登記。

為符合獲派建議股息的資格，所有股份過戶文件連同有關股票須最遲於二零零六年五月十九日(星期五)下午四時三十分交回本公司之股份過戶登記處秘書商業服務有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

結算日後事項

有關結算日後發生之重大事項之詳情載於綜合財務報表附註54。

核數師

有關續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於本公司之股東週年大會上提呈。

承董事會命
主席
陳孝周

香港，二零零六年四月二十四日