

REPORT OF THE DIRECTORS

董事會報告書

The Directors submit their annual report together with the audited financial statements for the year ended 31st December 2005.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are construction, property development and investment, infrastructure and alternative energy investment. The activities of the principal subsidiaries are set out in pages 148 to 151 of the financial statements.

An analysis of the Group's performance for the year by geographical and business is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 69.

The Directors recommend the payment of a final dividend of HK5.0 cents per ordinary share, totally HK\$116.4 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company are set out in note 20 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 33 to the financial statements.

董事會全人謹此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之財務報表。

主要業務及營業地區分析

本公司之主要業務是承建工程、物業發展及投資、基建及替代能源發展。主要附屬公司之業務載於財務報表第148頁至第151頁。

年內，本集團按地域及業務劃分之業績分析列於財務報表附註5。

業績及分派

本集團於本年度之業績載於第69頁綜合損益表。

董事會建議派付末期股息每股普通股5.0港仙，合共116,400,000港元。

物業、機器及設備

本集團及本公司之物業、機器及設備變動詳情載於財務報表附註20。

股本

年內，本公司之股本變動詳情載於財務報表附註33。

DIRECTORS

The Directors during the year and at the date of this report were:

- * OEI Tjie Goan (Chairman)
- * LI Xueming (Deputy Chairman)
- * XU Zheng (Deputy Chairman)
- # OEI Kang, Eric (Managing Director and Chief Executive Officer)
- # CHEN Libo
- # TSANG Sai Chung, Kirk
- # SO Hang, Selina
- # TANG Sau Wai, Tom
- # CHENG Sum Hing, Sam (appointed on 1st August 2005)
- * LIU Guolin
- * FAN Yan Hok, Philip
- ** CHUNG Cho Yee, Mico
- ** CHENG Yuk Wo
- ** Albert Thomas DA ROSA, Junior

Executive Director

* Non-executive Director

** Independent Non-executive Director

The Company has received the annual confirmation of independence from all the Independent Non-executive Directors pursuant to the Listing Rules and consider them to be independent.

At the forthcoming annual general meeting ("AGM"), Mr. XU Zheng, Mr. CHEN Libo, Mr. LIU Guolin and Mr. FAN Yan Hok, Philip will retire from office by rotation in accordance with Article 116 of the Articles of Association of the Company ("Articles") and will offer themselves for re-election to serve for another term. Further, Mr. CHENG Sum Hing, Sam who was newly appointed by the Board will also retire from office in accordance with Article 117 of the Articles and will offer himself for re-election for the forthcoming AGM.

董事

年內及於本報告日期之董事如下：

- * 黃志源 (主席)
- * 李學明 (副主席)
- * 徐征 (副主席)
- # 黃剛 (董事總經理兼行政總裁)
- # 陳立波
- # 曾細忠
- # 蘇荇
- # 鄧守偉
- # 鄭森興 (於二零零五年八月一日獲委任)
- * 劉國林
- * 范仁鶴
- ** 鍾楚義
- ** 鄭毓和
- ** 羅凱栢

執行董事

* 非執行董事

** 獨立非執行董事

本公司已根據上市規則收到全部獨立非執行董事之年度確認函，並視彼等為獨立人士。

於應屆股東週年大會上，徐征先生、陳立波先生、劉國林先生及范仁鶴先生將根據本公司組織章程細則（「細則」）第116條輪席告退，並同意膺選連任。此外，董事會新委任之成員鄭森興先生亦將根據細則第117條告退，並同意於應屆股東週年大會膺選連任。

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董事會報告書

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

董事服務合約

概無董事與本公司訂立本公司不可於一年內予以終止而毋須賠償之服務合約(法定賠償除外)。

SHARE OPTION SCHEMES

The share option scheme of the Company adopted on 22nd January 1998 (the "Old Option Scheme") was terminated on 3rd June 2004 and a new share option scheme was adopted on 3rd June 2004 (the "New Option Scheme") ("Old Option Scheme" and "New Option Scheme" are together defined as "Option Schemes"). A summary of the Option Schemes is set out below:

購股權計劃

本公司於一九九八年一月二十二日採納了一項購股權計劃(「舊購股權計劃」)，該計劃已於二零零四年六月三日終止，而一項新購股權計劃已於二零零四年六月三日獲採納(「新購股權計劃」)(「舊購股權計劃」及「新購股權計劃」均界定為「該等購股權計劃」)。該等購股權計劃現概述如下：

	New Option Scheme 新購股權計劃	Old Option Scheme 舊購股權計劃
Purpose 目的	To recruit and retain high caliber Eligible Persons (as defined below) and attract human resources that are valuable to the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity") 聘請及挽留優秀之合資格人士(定義見下文)及吸引對本集團或任何實體有價值之人力資源，而本集團旗下任何成員公司持有該等實體之股本權益(「投資實體」)	As incentive to employees 作為僱員之獎勵

SHARE OPTION SCHEMES (continued)

購股權計劃(續)

New Option Scheme 新購股權計劃	Old Option Scheme 舊購股權計劃
<p>To recognise the significant contributions of the Eligible Persons to the growth of the Group or Invested Entity by rewarding them with opportunities to obtain ownership interest in the Company</p> <p>透過提供機會讓合資格人士取得本公司之擁有權權益，確認彼等對本集團或投資實體之增長所作出之重大貢獻</p>	
<p>To further motivate and to give incentives to these Eligible Persons to continue to contribute to the long term success and prosperity of the Group or Invested Entity</p> <p>進一步鼓勵及獎勵該等合資格人士繼續為本集團或投資實體之長遠成功作出貢獻</p>	

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SHARE OPTION SCHEMES (continued)

購股權計劃(續)

	New Option Scheme 新購股權計劃	Old Option Scheme 舊購股權計劃
Eligible Persons 合資格人士	Any employee, senior executive or officer, manager, director or consultant of any member of the Group or any Invested Entity who have contributed or will contribute to the growth and development of the Group or any Invested Entity 任何曾經或將會對本集團或任何投資實體之增長及發展作出貢獻之本集團旗下任何成員公司或投資實體之僱員、高級行政人員或主要人員、經理、董事或顧問	Any employee of the Group, including directors of any company in the Group 本集團任何僱員，包括本集團任何成員公司之董事
Total number of shares available for issue under the Option Schemes and percentage of the issued share capital as at 31st December 2005 根據該等購股權計劃可供發行之股份總數，以及佔二零零五年十二月三十一日已發行股本之百分比	194,840,927 shares (8.37%) 194,840,927股(8.37%)	N/A 不適用
Maximum entitlement of each Eligible Person 各合資格人士之最高配額	In any 12-month period: 於任何十二個月期間： (a) 1% of the issued share capital (excluding substantial shareholders and independent non-executive directors) 佔已發行股本之1% (不包括主要股東及獨立非執行董事) (b) 0.1% of the issued share capital and not exceed HK\$5 million in aggregate value (for substantial shareholders and independent non-executive directors) 佔已發行股本之0.1%，但總值不超過5,000,000港元(就主要股東及獨立非執行董事而言)	25% of the aggregate number of shares for the time being issued and issuable under the Old Option Scheme 根據舊購股權計劃當時已發行及可發行之股份總數之25%。

SHARE OPTION SCHEMES (continued)

購股權計劃(續)

	New Option Scheme 新購股權計劃	Old Option Scheme 舊購股權計劃
The period within which the shares must be taken up 須認購股份之期間	Not earlier than the date on which the option is granted or deemed to be granted and not more than 10 years from the date of grant 不得早於購股權授予日期或視作授予日期，以及自授予日期起計不得超過十年	The options vest after 6 months and are exercisable for not exceeding 9½ years commencing 6 months after the date on which the grant of the option is accepted, or up to 21st January 2008, whichever is earlier 購股權於六個月後歸屬，並可於授予購股權獲接納日期後六個月起計不多於九年六個月之期間或至二零零八年一月二十一日止(以較早者為準)行使購股權
The minimum period for which an option must be held 持有購股權之最短期限	Nil 無規定	6 months 六個月
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid 申請或接納購股權之應付金額以及付款或通知付款之期限或償還申請購股權貸款之期限	Payment of HK\$1.00 within 10 business days from the date of offer 自提呈日期起計十個營業日內支付1.00港元	Payment of HK\$1.00 within 28 days from the date of offer 自提呈日期起計28日內支付1.00港元

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SHARE OPTION SCHEMES (continued)

購股權計劃(續)

	New Option Scheme 新購股權計劃	Old Option Scheme 舊購股權計劃
The basis of determining the exercise price 釐定行使價之基準	<p>The higher of: 以下較高者：</p> <p>(a) the closing price of the shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer 股份於提呈日期在香港聯合交易所有限公司(「聯交所」)之收市價</p> <p>(b) the average closing prices of the shares on the Stock Exchange for 5 business days immediately preceding the date of offer 股份緊接於提呈日期前五個營業日在聯交所之平均收市價</p> <p>(c) the nominal value of a share 股份之面值</p>	<p>The higher of: 以下較高者：</p> <p>(a) 80% of the average closing prices of the shares on the Stock Exchange for 5 business days immediately preceding the date of offer 股份緊接於提呈日期前五個營業日在聯交所平均收市價之80%</p> <p>(b) the nominal value of a share 股份之面值</p>
The remaining life 餘下年期	Until 2nd June 2014 直至二零一四年六月二日	Terminated on 3rd June 2004 於二零零四年六月三日終止

SHARE OPTION SCHEMES (continued)

購股權計劃(續)

At 31st December 2005, details of the share options granted under the Old Option Scheme are as follows:

於二零零五年十二月三十一日，根據舊購股權計劃授予之購股權詳情如下：

	Number of options outstanding at 1st January 2005	Number of options cancelled/lapsed during the year	Number of options outstanding at 31st December 2005	Date of grant	Exercise period	Exercise price per share	Closing price per share immediately before the date of grant
	於二零零五年一月一日未行使之購股權數目	於年內註銷/失效之購股權數目	於二零零五年十二月三十一日未行使之購股權數目	授出日期	行使期	每股行使價 HK\$ 港元	緊接於購股權授出日期前每股股份之收市價 HK\$ 港元
CHEN Libo 陳立波	4,000,000	(4,000,000)	Nil 無	20/5/1998 一九九八年五月二十日	20/11/1998-19/5/2005 一九九八年十一月二十日至二零零五年五月十九日	3.48	4.28
	2,000,000	(2,000,000)	Nil 無	18/6/1998 一九九八年六月十八日	18/12/1998-18/6/2005 一九九八年十二月十八日至二零零五年六月十八日	2.29	2.90
	3,000,000	(3,000,000)	Nil 無	28/9/1998 一九九八年九月二十八日	28/3/1999-28/9/2005 一九九九年三月二十八日至二零零五年九月二十八日	1.48	1.88
Employees 僱員	1,450,000	(1,450,000)	Nil 無	20/5/1998 一九九八年五月二十日	20/11/1998-19/5/2005 一九九八年十一月二十日至二零零五年五月十九日	3.48	4.28
	950,000	(950,000)	Nil 無	18/6/1998 一九九八年六月十八日	18/12/1998-18/6/2005 一九九八年十二月十八日至二零零五年六月十八日	2.29	2.90
Other participants 其他參與人士	3,000,000	(3,000,000)	Nil 無	20/5/1998 一九九八年五月二十日	20/11/1998-19/5/2005 一九九八年十一月二十日至二零零五年五月十九日	3.48	4.28

Note: No options were granted nor exercised under the Option Schemes during the year ended 31st December 2005.

附註：截至二零零五年十二月三十一日止年度內，並無根據該等購股權計劃授予或行使任何購股權。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS

At 31st December 2005, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

- (i) Interests of the Directors in shares and underlying shares of the Company:

Name of Director 董事姓名	Nature of interests 權益性質	Long position 好倉	Note 附註	Approximate % of the issued share capital 佔已發行股本概約百分比	Short position 淡倉	Approximate % of the issued share capital 佔已發行股本概約百分比
OEl Kang, Eric 黃剛	Personal 個人	87,737,000		3.768%		
	Corporate 公司	1,448,408,572	1	62.206%	32,624,000	1.40%
	Joint 共同	1,383,000	2	0.059%		
CHEN Libo 陳立波	Personal 個人	50,300,000	3	2.160%		
TSANG Sai Chung, Kirk 曾細忠	Personal 個人	950,000		0.041%		
TANG Sau Wai, Tom 鄧守偉	Personal 個人	100,000		0.004%		
	Family 家族	142,000		0.006%		

董事權益

於二零零五年十二月三十一日，各董事及本公司主要行政人員於本公司及其任何相聯法團（定義見證券及期貨條例）的股份、相關股份及債券中擁有(a)根據證券及期貨條例第xv部第7及第8分部須知會本公司及聯交所之權益或淡倉（包括根據證券及期貨條例上述規定視為或當作擁有之權益或淡倉）；或(b)登記於證券及期貨條例第352條規定存置之登記冊之權益或淡倉；或(c)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規定須知會本公司及聯交所之權益或淡倉如下：

- (i) 董事於本公司股份及相關股份之權益：

DIRECTORS' INTERESTS (continued)

(i) Interests of the Directors in shares and underlying shares of the Company (continued):

Notes:

1. The corporate interest of Mr. Oei represents the interest in 1,054,989,905 shares held by Creator Holdings Limited ("Creator"), a company wholly-owned by Mr. Oei, and 393,418,667 shares held by Genesis Capital Group Limited ("Genesis"), a company owned as to 50% by Mr. Oei and as to the remaining 50% by his wife, Mrs. Oei Valonia Lau ("Mrs. Oei"). Mr. Oei is also a director of Creator and Genesis.
2. The joint interest of Mr. Oei represents the shares jointly held with Mrs. Oei.
3. The personal interest of Mr. Chen Libo represents the interest in 34,800,000 shares, an interest in 15,500,000 underlying shares pursuant to the placing agreement dated 19th October 2004 made with Creator.

董事權益(續)

(i) 董事於本公司股份及相關股份之權益(續)：

附註：

1. 黃先生之公司權益指由黃先生全資擁有之創達集團有限公司(「創達」)持有之1,054,989,905股股份及由黃先生及彼之妻子劉慧女士(「黃太太」)各自擁有50%權益之華創集團有限公司(「華創」)持有之393,418,667股股份。黃先生亦為創達及華創之董事。
2. 黃先生之共同權益指彼與黃太太共同持有之股份。
3. 陳立波先生之個人權益指於34,800,000股股份之權益、與創達於二零零四年十月十九日訂立之配售協議項下15,500,000相關股份之權益。

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DIRECTORS' INTERESTS (continued)

(ii) Options to subscribe for shares of the Company granted under the Old Option Scheme:

Name of Director	Number of options outstanding at 1st January 2005 於二零零五年一月一日未行使之購股權數目	Number of options outstanding at 31st December 2005 於二零零五年十二月三十一日未行使之購股權數目	Date of grant 授出日期
CHEN Libo 陳立波	4,000,000	Nil 無	20/5/1998 一九九八年五月二十日
	2,000,000	Nil 無	18/6/1998 一九九八年六月十八日
	3,000,000	Nil 無	28/9/1998 一九九八年九月二十八日

Note: The options are held by the Director under personal interests.

Save as disclosed above, at no time during the year was the Company, its subsidiaries, its associated companies, its holding company or its fellow subsidiaries a party to any arrangement to enable the Directors to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

董事權益(續)

(ii) 根據本公司舊購股權計劃授出之購股權：

Name of Director	Number of options exercised during the year 年內已行使之購股權數目	Exercise price per share 每股行使價 HK\$ 港元	Closing price per share immediately before the date of grant 緊接授出日期前每股股份之收市價 HK\$ 港元	Consideration paid for the options granted 就授出購股權所付代價 HK\$ 港元
CHEN Libo 陳立波	-	3.48	4.28	1
	-	2.29	2.90	1
	-	1.48	1.88	1

附註：該等購股權乃董事以個人權益持有。

除上文所披露者外，於年內，本公司、其附屬公司、聯營公司、控股公司或其同系附屬公司概無參與訂立致使董事可藉獲取本公司或其聯繫公司之股份、相關股份或債券之權益或淡倉之任何安排。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

The register of substantial shareholders maintained under Section 336 of the SFO showed that as at 31st December 2005, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

These interests in shares and underlying shares of the Company are in addition to those disclosed above in respect of the Directors and Chief Executive.

主要股東權益

於二零零五年十二月三十一日，根據證券及期貨條例第336條存置之主要股東登記冊，顯示本公司已獲通知下列主要股東擁有本公司已發行股本5%或以上之權益及淡倉。

此等本公司股份及相關股份權益乃上文就董事及主要行政人員披露之權益以外之權益。

Name of shareholder	Nature of interest	Long position	Note	Approximate % of the issued share capital 佔已發行股本 概約百分比	Short position	Approximate % of the issued share capital 佔已發行股本 概約百分比
股東名稱	權益性質	好倉	附註		淡倉	
Mrs. Oei 黃太	Corporate 公司	393,418,667	1	16.90%		
	Joint 共同	1,383,000	2	0.06%		
	Family 家族	1,142,726,905	3	49.08%	32,624,000	1.40%
Creator 創達	Beneficial owner 實益擁有人	1,054,989,905		45.31%	32,624,000	1.40%
Genesis 華創	Beneficial owner 實益擁有人	393,418,667		16.90%		
Shanghai Construction (Group) General Corporation 上海建工(集團)總公司	Beneficial owner 實益擁有人	189,000,000		8.12%		

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SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Notes:

1. The corporate interest of Mrs. Oei represents the shares held by Genesis.
2. The joint interest of Mrs. Oei represents the shares jointly held with Mr. Oei.
3. The family interest of Mrs. Oei represents the interest in 1,054,989,905 shares held by Creator and 87,737,000 shares held by Mr. Oei.

Save as stated above, no other person had any interests or short position in the shares or underlying shares required to be disclosed to the Company under Part XV of the SFO.

CONNECTED TRANSACTIONS

On 25 August 2005, Sinoriver International Limited ("Sinoriver"), a wholly-owned subsidiary of the Company, entered into a consultancy agreement ("Consultancy Agreement") with Asia Wind Power Investment Limited ("Asia Wind Power"). Pursuant to the Consultancy Agreement, Asia Wind Power appointed Sinoriver as a consultant to provide consultancy services in connection with certain wind power projects under feasibility review by Asia Wind Power in Heilongjiang, the PRC for a period of one month from the date of the Consultancy Agreement. Sinoriver received from Asia Wind Power a consultancy fee in the sum of RMB7.5 million (approximately HK\$7.2 million) in cash after the services had been rendered, in consideration of the consultancy services rendered under the Consultancy Agreement. Asia Wind Power, by virtue of its 25% shareholding in Hong Kong Wind Power (Muling) Company Limited whose remaining 75% shareholding is indirectly held by Sinoriver, is a connected person of the Company.

主要股東權益(續)

附註：

1. 黃太之公司權益指華創持有之股份。
2. 黃太之共同權益指與黃先生共同持有之股份。
3. 黃太之家族權益指創達持有之1,054,989,905股份權益及黃先生持有之87,737,000股股份權益。

除上述者外，概無其他人士擁有股份或相關股份中之權益或淡倉而須根據證券及期貨條例第XV部向本公司披露。

關連交易

於二零零五年八月二十五日，本公司全資附屬公司中川國際有限公司(「中川」)與亞洲風力發電投資股份有限公司(「亞洲風力發電」)訂立顧問協議(「顧問協議」)。根據顧問協議，亞洲風力發電委任中川為顧問，就亞洲風力發電於中國黑龍江現正進行可行性研究之若干風力發電項目提供顧問服務，自顧問協議日期起為期一個月。中川在提供服務後向亞洲風力發電收取現金合共人民幣7,500,000元(約7,200,000港元)之顧問費，作為根據顧問協議所提供顧問服務之代價。亞洲風力發電持有香港風力發電(穆稜)有限公司25%股權，而餘下75%股權則由本公司透過中川間接持有，故亞洲風力發電屬本公司之關連人士。

CONNECTED TRANSACTIONS (continued)

On 13th October 2005 and supplemented on 26th October 2005, the Company entered into an equity transfer agreement ("Equity Transfer Agreement") with Jinhai Paper Pulping Industrial Company Limited ("Jinhai"). Pursuant to the Equity Transfer Agreement, 65% of the registered capital (the "Sale Capital") of Yangpu Water Supply Company Limited ("Water Supply Company") would be transferred to the Company (or its nominees). The principal business of the Water Supply Company is construction, management, maintenance of the water supply facilities and provision of water supply service in the Yangpu Economic Development Zone, Hainan Province, the PRC. Under the Equity Transfer Agreement, the Company would acquire or procure the nominees to acquire the Sale Capital at RMB117,835,714 (approximately HK\$113,303,571) in a manner to be mutually agreed between the parties. Jinhai acquired the Sale Capital from Hainan Yangpu Land Development Company Limited, the registered owner of the Sale Capital, being a connected person of the Company which is owned as to approximately 84.62% by Creator.

DIRECTORS' INTERESTS IN CONTRACTS

Other than the service contracts, there is no contracts of significance in relation to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Mr. Li Xueming is a director of China Everbright Holdings Limited and Mr. FAN Yan Hok, Philip is a director of China Everbright International Limited, both companies are members of the China Everbright Group, which was a former substantial shareholder of the Company prior to the debt restructuring exercise of the Group in 2004 and carries on a variety of businesses. One of the business activities of the China Everbright Group is property development and infrastructure project investments.

關連交易(續)

本公司與海南金海漿紙業有限公司(「金海」)於二零零五年十月十三日訂立並於二零零五年十月二十六日訂立補充股權轉讓協議(「股權轉讓協議」)。根據股權轉讓協議，洋浦供水有限責任公司(「供水公司」)65%註冊資本(「銷售股本」)將轉讓予本公司(或其代理)。供水公司的主要業務為於中國海南省洋浦經濟開發區建設、管理及保養供水設施，並為該區提供供水服務。根據股權轉讓協議，本公司按人民幣117,835,714元(約113,303,571港元)之價格，以各訂約方協定的方式自行或促使代理人向銷售股本之註冊擁有人，海南洋浦土地開發有限公司(創達擁有約84.62%權益之本公司關連人士)購入銷售股本。

董事之合約權益

除服務合約外，於年結日或年內任何時間，本公司或其任何附屬公司概無訂立任何董事在其中擁有重大權益之重要合約。

董事在競爭業務之權益

李學明先生為中國光大集團有限公司董事，而范仁鶴先生則為中國光大國際有限公司董事。上述公司均為中國光大集團成員公司。在本集團於二零零四年進行債務重組前，中國光大集團為本公司前主要股東，從事多種類型業務。中國光大集團其中一類業務為物業發展及基建項目投資。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (continued)

Mr. LIU Guolin and Mr. XU Zheng are directors and senior management in Shanghai Construction Group which is a substantial Shareholder as well as a sub-contractor and a joint venture partner for certain construction projects of the Group. One of its business activities is construction business in the PRC.

No non-competition undertakings have been obtained from the abovementioned Directors as they are, by law, fiduciaries of the Company and are prohibited by law from placing themselves in a position where their duties may conflict with their interests.

Having considered that the Company itself has its own management supervising the daily operation and making financial and business decisions and that the abovementioned Directors merely assume a non-executive role in the Company, the Company can operate its business independently from the China Everbright Group and Shanghai Construction Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

董事在競爭業務之權益(續)

劉國林先生及徐征先生均為上海建工集團之董事及高級管理層。上海建工集團為本公司主要股東兼本集團若干建築項目之分判商及合營夥伴。上海建工集團其中一項業務為於中國從事建築業務。

上述董事已作出不競爭承諾，本身基於根據法律為本公司的受託人，不得使其處於與相關職務有利益衝突的位置。

鑑於本公司擁有本身之管理層管理日敘業務運作以及作出財務及商業決策，而且上述董事僅於本公司擔任非執行職務，故本公司之業務運作能夠獨立於中國光大集團及上海建工集團。

管理合約

本公司於年內並無訂立或擁有任何有關本公司全部或其中任何重大部分業務之管理及行政合約。

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and sales for the year attributable to major suppliers and customers were as follows:

Purchases	
The largest supplier	41.34%
Five largest suppliers	87.47%
Sales	
The largest customer	16.64%
Five largest customers	33.87%

None of the Directors, their associated companies or shareholders, to the knowledge of the Directors, held any interests in the share capital of the suppliers or customers noted above.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the financial year.

BORROWINGS

Particulars of borrowings of the Group and the Company at 31st December 2005 are set out in note 36 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on pages 154 and 155.

主要客戶及供應商

主要供應商及客戶於年內佔本集團購貨額及銷售量之百分比如下：

購貨額	
最大供應商	41.34%
五大供應商	87.47%
銷售量	
最大客戶	16.64%
五大客戶	33.87%

據董事會所知，概無董事、其聯營公司或股東於上述供應商或客戶之股本中擁有任何權益。

購買、出售或贖回上市證券

本公司及各附屬公司於本財政年度內並無購買、出售或贖回其任何上市證券。

借款

本集團及本公司於二零零五年十二月三十一日之借款詳情，列於財務報表附註36。

五年財務資料概要

本集團業績、資產及負債之五年財務資料概要刊載於第154頁及第155頁。

REPORT OF THE DIRECTORS 董事會報告書

LIQUIDITY

As of the balance sheet date, the Group's unpledged cash and bank deposits were HK\$597.7 million (2004: HK\$378.4 million). The directors anticipate that the Group will utilise the available cash balances, the proceeds from its construction contracts and future sales of properties, and rental income together with any new loans which is expected to be available from the banks to meet its funding requirements of its major construction contracts and working capital requirements in both Hong Kong and China.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group are set out on page 156.

DONATIONS

During the year, the Group made charitable and other donations of approximately HK\$694,000 (2004: HK\$430,000).

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 34 to the financial statements.

RETIREMENT SCHEMES

The Group operates a Mandatory Provident Fund Scheme. Particulars of the retirement schemes are set out in note 13(c) to the financial statements.

CORPORATE GOVERNANCE

The Company has complied throughout the year with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, which became effective on 1st January 2005, except that the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association.

現金流動

於結算日，本集團未抵押之現金及銀行存款合共為597,700,000港元(二零零四年：378,400,000港元)。董事會預料本集團將從可用現金結餘，建築合約和將來物業出售之所得款項、租金收入和預期可以從銀行獲得之新貸款，以應付香港和中國之主要建築工程合約和日常營運資金之資金需要。

主要物業

本集團之主要物業詳情載於第156頁。

捐款

年內，本集團捐出約694,000港元(2004: 430,000港元)作慈善及其他捐贈用途。

儲備

本集團及本公司於年內之儲備變動載於財務報表附註34。

退休金計劃

本集團設有一項強制性公積金計劃。退休計劃詳情列於財務報表附註13(c)內。

企業管治

本公司回顧整個年度一直遵守上市規則附錄14所載於二零零五年一月一日前已生效之公司管治常規守則，惟獨立非執行董事並無特定任期，但須按照本公司組織章程細則之規定在股東週年大會上輪流退任及重選連任。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specified employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. A Code for Securities Dealings by Employees has also been adopted in this regard.

ADVANCES AND GUARANTEES TO AFFILIATED COMPANIES – DISCLOSURE PURSUANT TO RULES 13.13 TO 13.22 OF THE LISTING RULES

The Company itself and through its subsidiaries have entered into contractual joint venture agreements with several joint venture members and have undertaken substantial investments for development of certain properties and infrastructure projects, and construction works. Pursuant to these agreements, investments were made to joint venture companies in the form of capital and advances in proportion to the respective joint venture members' capital contribution ratios or in accordance with the terms of the joint venture agreements. These investments were classified under the headings "jointly controlled entities" and "associated companies" in the consolidated balance sheet of the Group. Details of such investments as at 31st December 2005 are disclosed below:

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載董事進行證券交易之標準守則作為其本身董事進行證券交易之守則。特定僱員若可能擁有本集團尚未公開之股價敏感資料，亦須遵守一套標準不遜於標準守則之指引。本公司亦已就此採納僱員買賣證券之守則。

對聯屬公司之墊款及擔保 — 根據上市規則第13.13條至第13.22條作出披露

本公司已自行及透過其附屬公司與數名合營業務夥伴簽訂合約合營協議，並承諾作出相當數額之投資以發展若干物業、基建項目及建築工程。根據該等協議，各合營業務夥伴須按各自之出資比例或按合營協議之條款，以資本及墊款方式注資合營業務公司。有關投資在本集團之綜合資產負債表中列入「合營公司」及「聯營公司」兩項內。有關投資截至二零零五年十二月三十一日之詳情現披露如下：

REPORT OF THE DIRECTORS

董事會報告書

ADVANCES AND GUARANTEES TO AFFILIATED COMPANIES – DISCLOSURE PURSUANT TO RULES 13.13 TO 13.22 OF THE LISTING RULES (continued)

對聯屬公司之墊款及擔保 — 根據上市規則第13.13條至第13.22條作出披露(續)

Affiliated companies 聯屬公司	% interest attributable to the Group 本集團應佔權益百分比	Amounts due from affiliated companies 應收聯屬公司款項 HK\$ Million 百萬港元	Annual interest rate on advances 墊款年息率
Hong Kong Construction Kam Lung Limited (note d) (附註d)	45%	477.7	Interest free 免息
Dorboy Investment Limited (note d) 禧發投資有限公司(附註d)	50%	519.9	Partial interest free/ partial bearing interest at HK\$ prime rate +1% 部分免息/部分帶息， 按港元最優惠利率 加一厘計息
Quick Wealth Investments Limited (note d) 快富投資有限公司(附註d)	50%	460.1	Partial interest free/ partial bearing interest at HK\$ prime rate 部分免息/部分帶息， 按港元最優惠利率計息
	Total 合計	<u>1,457.7</u>	

ADVANCES AND GUARANTEES TO AFFILIATED COMPANIES – DISCLOSURE PURSUANT TO RULES 13.13 TO 13.22 OF THE LISTING RULES (continued)

Notes:

- (a) The advances are unsecured, without fixed repayment terms and are repayable in cash out of the net cash surplus from operation of the affiliated companies.
- (b) The advances made were funded by internal resources and by bank borrowings for general working capital purposes.
- (c) Save for those mentioned above, no guarantee has been given by the Group for facilities granted to the above mentioned affiliated companies.
- (d) The amounts due from these affiliated companies, which individually exceed 8% of the Company's market capitalisation as at 31st December 2005, are related to these companies' property development/investment projects and/or working capital funds.

As at 31st December 2005, total advances made to affiliated companies given by the Group for facilities utilised by affiliated companies, in aggregate, amounted to approximately HK\$1,457.7 million which represented approximately 32.7% of the total assets of the Group as at 31st December 2005.

As the circumstances giving rise to this disclosure will probably continue to exist, the Board will ensure that the required details will be disclosed in the subsequent interim reports and annual reports providing adequate and sufficient information to allow investors to make an informed assessment of the financial position of the Group.

對聯屬公司之墊款及擔保 — 根據上市規則第13.13條至第13.22條作出披露(續)

附註：

- (a) 墊款均無抵押及無固定還款期，還款方式是從聯屬公司業務之現金盈餘淨額中以現金償還。
- (b) 墊款乃從內部資源及銀行借款撥付作一般營運資金用途。
- (c) 除上文所述者外，本集團並無就授予上述聯屬公司之融資作出任何擔保。
- (d) 應收上述聯屬公司款項(個別總額超過本公司於二零零五年十二月三十一日之市值總額8%)涉及該等公司之物業發展/投資項目及/或營運資金。

於二零零五年十二月三十一日，本集團支付予聯屬公司作為聯屬公司融資之墊款總額合共約1,457,700,000港元，佔本集團截至二零零五年十二月三十一日之資產總值約32.7%。

由於導致上述披露之情況應會繼續存在，董事會將確保在其後之中期報告及年報內披露所需詳情，以提供適當及充足之資料供投資者對本集團之財務狀況作出知情之評估。

REPORT OF THE DIRECTORS

董事會報告書

PRO FORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

A pro forma combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies as at 31st December 2005 is presented below:

聯屬公司之備考合併資產負債表

若干聯屬公司獲得本集團重大財務資助，該等公司於二零零五年十二月三十一日之備考合併資產負債表及本集團應佔有關聯屬公司之權益載述如下：

		Combined total 合併總數	
		HK\$ Million 百萬港元	HK\$ Million 百萬港元
Property, plant and equipment	物業、機器及設備		
Investment properties	投資物業	442.7	
Hotel properties	酒店物業	1,170.1	
Land and buildings	土地及樓宇	8.5	
Others	其他	7.9	1,629.2
		<hr/>	
Other non-current assets	其他非流動資產		51.3
Current assets	流動資產		
Other current assets	其他流動資產		179.3
			<hr/>
Total assets	總資產		<u>1,859.8</u>

PRO FORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES (continued)**聯屬公司之備考合併資產負債表(續)**

		Combined total 合併總數	
		HK\$ Million 百萬港元	HK\$ Million 百萬港元
Capital and reserves	資本及儲備		
Share capital	股本	0.1	
Reserves	儲備	(2,051.9)	(2,051.8)
Non-current liabilities	非流動負債		
Advances from shareholders	股東墊款	2,353.8	
Borrowings	借款	134.5	
Other non-current liabilities	其他非流動負債	885.5	3,373.8
Current liabilities	流動負債		
Amounts due to shareholders	應付股東款項	68.4	
Borrowings	借款	245.8	
Other current liabilities	其他流動負債	223.6	537.8
Equity and liabilities	股東權益及負債總額		<u>1,859.8</u>

Attributable interest of the affiliated companies to the Group as at 31st December 2005 amounted to a deficit of HK\$729.2 million.

於二零零五年十二月三十一日，本集團佔有聯屬公司之有關權益為虧絀共729,200,000港元。

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and one non-executive director with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the board of directors. The audit committee has reviewed the Group's annual results for the year of 2005.

審核委員會

審核委員會包括三名獨立非執行董事及一名非執行董事，已根據上市規則制訂書面職權範圍，並須向董事會匯報。審核委員會已審閱本集團二零零五年之年度業績。

REPORT OF THE DIRECTORS 董事會報告書

REMUNERATION COMMITTEE

The Company established a Remuneration Committee in 2005 with written terms of reference in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises three independent non-executive directors and one non-executive director.

NOMINATION COMMITTEE

The Company established a Nomination Committee in 2005 with written terms of reference in accordance with the requirements of the Listing Rules. The Nomination Committee comprises three independent non-executive directors and one non-executive director.

PUBLIC FLOAT

Based on the information that is publicly available to the and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the latest practicable date prior to the issue of the annual report.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of PricewaterhouseCoopers as auditors of the Company is to be proposed at the forthcoming annual general meeting.

KPMG acted as auditors of the Company up to and including the year ended 31st December 2003. KPMG resigned on 3rd June 2004 and the Directors appointed PricewaterhouseCoopers to fill the causal vacancy effective from 20th July 2004.

On behalf of the board

OEI Kang, Eric

Managing Director and Chief Executive Officer

Hong Kong, 20th April 2006

薪酬委員會

本公司於二零零五年成立薪酬委員會，並根據上市規則之規定制訂書面職權範圍。薪酬委員會由三名獨立非執行董事及一名非執行董事組成。

提名委員會

本公司於二零零五年成立提名委員會，並根據上市規則之規定制訂書面職權範圍。提名委員會由三名獨立非執行董事及一名非執行董事組成。

公眾持股量

根據本公司所獲公開資料及就董事所知，截至本年報刊發當日，本公司維持足夠的公眾持股量，即公眾持有本公司於最後可行日期之已發行股份25%以上。

核數師

財務報表由羅兵咸永道會計師事務所審核。該會計師事務所任滿告退，但表示願意應聘連任。應屆股東週年大會將提呈決議案續聘羅兵咸永道會計師事務所為本公司核數師。

畢馬威會計師事務所於截至及包括二零零三年十二月三十一日止年度擔任本公司核數師。畢馬威會計師事務所於二零零四年六月三日辭任，而董事委任羅兵咸永道會計師事務所由二零零四年七月二十日起填補該臨時空缺。

董事會代表

黃剛

董事總經理兼行政總裁

香港，二零零六年四月二十日