1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its parent and the ultimate holding company is Giant Glory Assets Limited, a company incorporated in the British Virgin Islands. Its registered office and principal place of business is situated at Unit 6108, 61/F, The Centre, 99 Queen's Road Central, Hong Kong.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 50.

The consolidated financial statements are presented in Hong Kong dollars ("HKD") and the functional currency of the Group is Renminbi ("RMB"). The board of directors considered that it is more appropriate to present the financial statements in HKD as the shares of the Company are listed in the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current year, the Group has applied, for the first time, a number of new HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and the consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively.

Notes to the Financial Statements

31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

The applicable HKFRSs are set out below:

HKAS 1 Presentation of Financial Statements
HKAS 2 Inventories
HKAS 7 Cash Flow Statements
HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10 Events after the Balance Sheet Date
HKAS 12 Income Taxes
HKAS 14 Segment Reporting
HKAS 16 Property, Plant and Equipment
HKAS 17 Leases
HKAS 18 Revenue
HKAS 19 Employee Benefits
HKAS 21 The Effects of Changes in Foreign Exchange Rates
HKAS 23 Borrowing Costs
HKAS 24 Related Party Disclosures
HKAS 27 Consolidated and Separate Financial Statements
HKAS 28 Investments in Associates
HKAS 32 Financial Instruments: Disclosure and Presentation
HKAS 33 Earnings Per Share
HKAS 36 Impairment of Assets
HKAS 37 Provisions, Contingent Liabilities and Contingent Assets
HKAS 39 Financial Instruments: Recognition and Measurement
HKFRS 2 Share-based Payment
HKFRS 3 Business Combinations
HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations
HKAS-INT 3 Revenue – Pre-completion Contracts for the Sale of Development Properties
HKAS-INT 15 Operating Leases – Incentives

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

The adoption of HKAS 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 28, 33, 37, HKFRS 2, HKFRS 5, HKAS-INT 3 and HKAS-INT 15 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 affects certain presentation in the income statement, balance sheet, and statement of changes in equity.
- HKAS 2, 8, 16, 21, 28 and HKFRS 5 affect certain disclosures of the financial statements.
- HKAS 7, 10, 12, 14, 17, 18, 19, 23, 27, 33, 37, HKAS-INT 3 and HKAS-INT 15 do not have any impact as the Group's accounting policies already comply with the standards.
- HKAS 24 affects the identification of related parties and the disclosure of related party transactions.

HKFRS 3 "Business Combinations"

Goodwill

In previous years, goodwill was amortised on a straight-line basis over its useful life and was subject to impairment testing when there were indications of impairment.

In accordance with the relevant transitional provisions under HKFRS 3 and HKAS 36 "Impairment of assets", the Group has applied the new policy in respect of goodwill prospectively from 1 January 2005. Comparative figures for 2004 have not been restated. The cumulative amount of amortisation as at 1 January 2005 has been offset against the cost of goodwill. Goodwill is no longer amortised but is tested for impairment annually including the year of initial recognition, as well as when there are indications of impairment, at the cash generating unit level by applying a fair-value-based test in accordance with HKAS 36.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement in the period in which the acquisition takes place. In previous years, negative goodwill was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group has derecognised all negative goodwill at 1 January 2005 of HK$63,242,000, which was previously presented as a deduction from assets, with the increase to retained profits and minority interests of HK$63,164,000 and HK$78,000 respectively.

Notes to the Financial Statements

31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

HKAS 32 "Financial Instruments: Disclosure and Presentation"
HKAS 39 "Financial Instruments: Recognition and Measurement"

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

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

Debt and equity securities previously accounted for under the benchmark treatment of Statement of Standard Accounting Practice ("SSAP") 24 "Accounting for investments in securities"

Prior to 1 January 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of SSAP 24. Under SSAP 24, debt securities that the Group intends and has the ability to hold to maturity ("held-to-maturity securities") are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of a discount or premium arising from the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment. Investments other than held-to-maturity securities are classified as investment securities or other investments. Securities which are held for an identified long-term purpose, are classified as investment securities. They are measured at subsequent reporting dates at cost, less any impairment loss that is other than temporary. Securities not classified as investment securities are classified as other investments. Other investments are measured at fair value at subsequent reporting dates, with unrealised gains and losses included in net profit or loss for the period.

From 1 January 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" that are not part of a hedging relationship and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

HKAS 32 "Financial Instruments: Disclosure and Presentation"
HKAS 39 "Financial Instruments: Recognition and Measurement" (Continued)

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for- sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

Derecognition

Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests.

Notes to the Financial Statements

31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Summary of effects of changes in accounting policies

The effects of changes in the accounting policies described above on the results for the current and prior year are as follows:

	2005 **HK$'000**	2004 HK$'000
Decrease in amortisation of goodwill (included in administrative expenses)	**927**	–
Decrease in release of negative goodwill to income	**(18,633)**	–
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**50,129**	–
Increase in profit for the year	**32,423**	–

The cumulative effect of the application of the new HKFRSs on the consolidated balance sheet as at 1 January 2005 are as follows:

	At 31 December 2004 (As previously stated) HK$'000	**Effect of HKFRS 3** HK$'000	**At 1 January 2005 (Restated)** HK$'000
Impact of HKFRS 3			
Negative goodwill	(63,242)	63,242	–
Effect on assets and liabilities	(63,242)	63,242	–
(Accumulated losses)/retained profits	(40,500)	63,164	22,664
Minority interests	102,527	78	102,605
Effect on equity	62,027	63,242	125,269

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, that entity is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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

The Company's interests in subsidiaries are stated at cost less impairment loss, if any. All significant inter-company transactions and balances among group companies are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the income statement.

Notes to the Financial Statements

31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Impairment of non-financial assets

Impairment test on goodwill is undertaken annually on 31 December. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the income statement, except to the extent they reverse gains previously recognised in equity.

(g) Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated balance sheet at cost.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". 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 net assets of the associates, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Associates *(Continued)*

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and subject to impairment in the same way as goodwill arising on a business combination described above.

In the Company's balance sheet, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

(h) 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 through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

(i) Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

Notes to the Financial Statements

31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Foreign currency *(Continued)*

On consolidation, the results of overseas operations are translated into HKD at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve"). Exchange differences recognised in the income statement of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Group or the overseas operation concerned.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

(j) Financial Instruments

(i) Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises the financial assets that have been acquired for the purpose of selling or repurchasing it in the short-term or if so designated by management. This category includes derivatives which are not qualified for hedge accounting. Debt securities and bank deposits with embedded derivatives for yield enhancement whose economic characteristics and risks are not closely related to the host securities and deposits are designated as financial assets at fair value through profit or loss. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Financial Instruments *(Continued)*

(i) Financial assets (Continued)

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. At each balance sheet date subsequent to initial recognition, they are carried at amortised cost using the effective interest rate method, less any identified impairment losses.

Held-to-maturity investments: These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investment are measured at amortised cost using effective interest rate method, less any identified impairment losses.

Available-for-sale: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement. 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 and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

(ii) Financial liabilities

The Group classifies its financial liability into one of two categories, depending on the purpose for which the liabilities was incurred. Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Notes to the Financial Statements

31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Financial Instruments *(Continued)*

(ii) Financial liabilities (Continued)

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 profit or loss in the period in which they arise.

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank loans, the debt element of convertible notes issued by the Group are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

(iii) Convertible notes

The proceeds received on issue of the Group's convertible notes are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost.

The difference between the net proceeds of the convertible notes and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

(iv) Derecognition

The Group derecognise a financial asset where the contractual rights to the future cash flows in relation to the investment expire or where the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Employee benefits

(i) Defined contribution pension plan

Obligations for contributions to defined contribution retirement plan are recognised as an expense in the income statement as incurred.

(ii) Employee entitlements

Employee entitlements to annual leave and long service payment are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(l) Property, plant and equipment

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

Property, plant and equipment are depreciated at rates sufficient to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives and residual value are reviewed, and adjusted if appropriate, at each balance sheet date. The principal annual rates are as follows:

Motor vehicles	20%
Leasehold improvements	20%
Furniture and equipment	20%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the year in which they are incurred.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Notes to the Financial Statements

31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Property, plant and equipment *(Continued)*

All non-qualifying expenditures and expenses incurred on other non-qualifying development activities are charged as expenses to the income statement in the period in which such expenses are incurred.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(m) Properties for sale

Completed properties and properties under development held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Net realisable value is determinated by management based on prevailing market conditions.

(n) Revenue recognition

Sales of properties

Income from sales of properties is recognised upon the execution of a binding sales agreement or upon the issuance of an occupation permit/completion certificate by the relevant authority, whichever is the later. Deposits received from forward sales of properties are carried in the balance sheet under current liabilities.

Income from travel and related services

Income from travel and related services is recognised when the services are rendered.

Rental income

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Revenue recognition *(Continued)*

Dividend income

Dividend income is recognised when the rights to receive the dividend is established.

Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(o) Leases

The Group as lessor

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

The Group as lessee

Rental payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease.

(p) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes and is accounted for using the balance sheet liability method. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. 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. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Notes to the Financial Statements

31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(p) Income taxes *(Continued)*

Deferred taxes are recognised in the income statement except when they relate to items directly recognised to equity in which case the taxes are also directly recognised in equity.

(q) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. POTENTIAL IMPACT ARISING ON THE NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

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

4. TURNOVER

Turnover represents the aggregate of proceeds from sales of property, amounts received and receivable for the provision of travel and related services, less allowances, to outside customers and rental income from investment properties, and is summarised as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Sales of properties	**1,396,759**	4,220
Travel and related services	**30,143**	43,622
Rental income (note)	**3,932**	–
	1,430,834	47,842

Note:

During the year, the Group entered into an agreement with a related company to acquire certain investment properties for an aggregate consideration of RMB680,000,000 (approximately HK$653,846,000). Pursuant to the terms of the agreement, the Group is entitled to receive part of the rental income generated by the investment properties that would be acquired under the agreement commencing from 1 July 2005. The rental income received by the Group is determined with reference to the percentage equivalent to the amount of deposits paid over the consideration of the investment properties.

Notes to the Financial Statements

31 December 2005

5. SEGMENT INFORMATION

(a) Business segment

For management purpose, the Group is currently organised into three operating divisions, sales of properties, properties investment and provision of travel and related services. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these business is presented below:

	Sales of properties		Travel and related services		Properties investment		Unallocated		Group	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Revenue	**1,396,759**	4,220	**30,143**	43,622	**3,932**	–	**–**	–	**1,430,834**	47,842
Results										
Segment results	**274,485**	(14,746)	**(2,474)**	(1,365)	**3,932**	–	**–**	–	**275,943**	(16,111)
Unallocated corporate income									**3,078**	10,846
Unallocated corporate expenses									**(7,707)**	(13,739)
Profit/(loss) from operations									**271,314**	(19,004)
Share of results of associates	**23,218**	124,333	**–**	–	**–**	–	**–**	–	**23,218**	124,333
Finance costs									**(3,941)**	(18)
Release of negative goodwill to income	**–**	16,994	**–**	56	**–**	–	**–**	–	**–**	17,050
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**50,129**	–	**–**	–	**–**	–	**–**	–	**50,129**	–
Profit before tax									**340,720**	122,361
Taxation									**(77,239)**	(683)
Profit for the year									**263,481**	121,678

5. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000
Assets										
Segment assets	1,512,742	1,641,918	3,881	5,486	292,394	–	–	–	1,809,017	1,647,404
Interests in associates	236,851	177,922	–	–	–	–	–	–	236,851	177,922
Unallocated assets									362,642	295,114
Total assets									2,408,510	2,120,440
Liabilities										
Segment liabilities	1,155,185	1,254,028	4,073	3,078	–	–	–	–	1,159,258	1,257,106
Unallocated liabilities									454,162	434,153
Total liabilities									1,613,420	1,691,259
Other information										
Capital expenditure	1,396	2,228	3	68	–	–	16	18	1,415	2,314
Depreciation and amortisation	1,421	1,099	171	336	–	–	57	52	1,649	1,487
Impairment loss on goodwill	8,605	–	523	–	–	–	–	–	9,128	–
Release of negative goodwill to income	–	16,994	–	56	–	–	–	–	–	17,050
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	50,129	–	–	–	–	–	–	–	50,129	–
Loss on disposal of property, plant and equipment	646	–	280	34	–	–	–	–	926	34

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5. SEGMENT INFORMATION *(Continued)*

(b) Geographical segment

The Group's operations are principally located in Hong Kong, Macau and the People's Republic of China, other than Hong Kong and Macau ("PRC"). Group administration is carried out in Hong Kong and the PRC.

The following table provides an analysis of the Group's sales by geographical market and analysis of total assets and capital expenditure by the geographical area in which the assets are located.

Group	Turnover		Carrying amount of assets		Capital expenditure	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Hong Kong	**25,883**	38,111	**364,902**	299,513	**16**	18
PRC	**1,400,691**	4,220	**2,041,987**	1,819,840	**1,396**	2,228
Macau	**4,260**	5,511	**1,621**	1,087	**3**	68
	1,430,834	47,842	**2,408,510**	2,120,440	**1,415**	2,314

6. PROFIT/(LOSS) FROM OPERATIONS

	Group	
	2005	2004
	HK$'000	HK$'000
Profit/(loss) from operations is stated after charging:		
Staff costs (including directors' emoluments) comprises:		
Wages and salaries	**23,769**	16,193
Contribution to retirement benefit scheme	**301**	349
	24,070	16,542
Depreciation of property, plant and equipment	**1,649**	1,338
Amortisation of goodwill on acquisition of subsidiaries (included in administrative expenses)	**–**	149
Amortisation of goodwill on acquisition of associates (included in share of results of associates)	**–**	1,194
Auditors' remuneration	**520**	260
Loss on disposal of property, plant and equipment	**926**	34
Loss on disposal of investment in securities	**–**	5,123
Unrealised holding loss on investment in securities	**–**	1,250
Impairment loss on goodwill (included in administrative expenses)	**9,128**	–
Impairment loss on deposits for property development	**13,333**	–
Share of tax of associates (included in share of results of associates)	**4,446**	21,564
and after crediting:		
Rental income	**3,932**	–
Less: direct expense	**–**	–
	3,932	–
Gain on disposal of subsidiaries	**–**	555
Interest income	**3,078**	2,261
Dividend income from listed equity securities	**154**	927
Change in fair value of investments at fair value through profit or loss	**34**	–
Gain on disposal of investments at fair value through profit or loss	**395**	–

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7. FINANCE COSTS

	Group	
	2005	2004
	HK$'000	HK$'000
Interest on bank loans	**18,087**	22,868
Less: amount capitalised in properties for sales	**(17,711)**	(22,850)
	376	18
Interest on convertible notes (note 35)	**3,565**	–
	3,941	18

8. EXCESS OF THE GROUP'S INTEREST IN THE NET FAIR VALUE OF ACQUIREE'S IDENTIFIABLE ASSETS, LIABILITIES AND CONTINGENT LIABILITIES OVER COST

	Group	
	2005	2004
	HK$'000	HK$'000
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost on acquisition of subsidiaries (note 41)	**38,072**	–
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost on acquisition of additional interest in a subsidiary	**12,057**	–
	50,129	–

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	Group	
	2005	2004
	HK$'000	HK$'000
Details of directors' emoluments are as follows:		
Fees:		
– Executive directors	**–**	–
– Independent non-executive directors	**330**	291
	330	291
Other emoluments		
– basic salaries and allowances for executive directors	**2,620**	1,456
– retirement benefits scheme contributions	**47**	24
	2,997	1,771

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

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9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

Details of directors' emoluments for the year ended 31 December 2005 are as follows:

	Fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits schemes contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Dai Zhikang	–	1,040	12	1,052
Mr. Ye Wenbin	–	510	13	523
Mr. Tang Jian	–	416	12	428
Mr. Zhang Wei	–	391	5	396
Mr. Zhao Hangsheng	–	263	5	268
Independent non-executive directors:				
Mr. Lai Chik Fan	120	–	–	120
Mr. Lo Mun Lam, Raymond	120	–	–	120
Mr. Ma Chi Kui, Sandroff	65	–	–	65
Dr. Tse Hi Tang, Sheldon	25	–	–	25
Total	330	2,620	47	2,997

Details of directors' emoluments for the year ended 31 December 2004 are as follows:

	Fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits schemes contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Dai Zhikang	–	1,040	12	1,052
Mr. Tang Jian	–	416	12	428
Mr. Zhao Hangsheng	–	–	–	–
Mr. Zhang Wei	–	–	–	–
Independent non-executive directors:				
Mr. Hui King Wai	57	–	–	57
Mr. Lo Mun Lam, Raymond	137	–	–	137
Mr. Lai Chik Fan	71	–	–	71
Mr. Ma Chi Kui, Sandroff	26	–	–	26
Total	291	1,456	24	1,771

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) The highest paid individuals

The five highest paid individuals included four (2004: three) directors. The emoluments of the remaining one (2004: two) highest paid individuals were as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Employees		
– basic salaries and allowances	**416**	657
– retirement benefits scheme contributions	**12**	22
	428	679

The remuneration of the remaining individuals are within remuneration band of less than HK$1,000,000.

10. TAXATION

	Group	
	2005	2004
	HK$'000	HK$'000
Current tax – provision for Hong Kong Profits Tax		
– tax for the year	**–**	–
Current tax – other jurisdictions		
– tax for the year	**85,578**	3,589
– underprovision in respect of prior years	**865**	–
	86,443	3,589
Deferred tax (note 36)	**(9,204)**	(2,906)
	77,239	683

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit in Hong Kong for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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10. TAXATION *(Continued)*

The taxation charge for the year reconciled to the profit per the income statement is as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Profit before taxation	**340,720**	122,361
Tax at the applicable Hong Kong Profits tax rate of 17.5% (2004: 17.5%)	**59,626**	21,413
Tax effect of expenses that are not deductible in determining taxable profit	**14,935**	2,589
Tax effect of income that is not taxable in determining taxation profit	**(12,996)**	(23,259)
Tax effect of tax losses not recognised	**1,593**	995
Tax effect of utilisation of tax losses not previously recognised	**(1,632)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**14,848**	(1,055)
Underprovision in respect of prior years	**865**	–
Taxation for the year	**77,239**	683

11. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2004: Nil).

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2005 HK$'000	2004 HK$'000
Profit attributable to shareholders	**201,884**	115,826
Weighted average number of ordinary shares in issue (thousands)	**4,772,988**	4,572,696
Basic earnings per share (HK cents per share)	**4.2**	2.5

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to shareholders and the weighted average number of shares in issue during the year after adjusting for the number of dilutive potential ordinary shares on convertible notes issued during the year.

	2005 HK$'000	2004 HK$'000
Profit attributable to shareholders	**201,884**	115,826
Adjustments for interest on convertible notes	**3,565**	–
Profit attributable to shareholders for diluted earnings per share	**205,449**	115,826
Weighted average number of ordinary shares in issue (thousands)	**4,772,988**	4,572,696
Effect of dilutive potential ordinary shares on convertible notes (thousands)	**284,018**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**5,057,006**	4,572,696
Diluted earnings per share (HK cents per share)	**4.1**	2.5

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13. PROPERTY, PLANT AND EQUIPMENT

Group

	Motor Vehicles HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2005				
Cost				
At 1 January 2005	6,807	996	3,154	10,957
Arising from acquisition of subsidiaries	–	–	248	248
Additions	879	–	536	1,415
Disposals	(2,577)	(667)	(687)	(3,931)
Exchange adjustment	128	12	49	189
At 31 December 2005	5,237	341	3,300	8,878
Accumulated depreciation				
At 1 January 2005	1,618	117	1,340	3,075
Provided for the year	1,031	68	550	1,649
Eliminated on disposals	(507)	(126)	(242)	(875)
Exchange adjustment	38	–	29	67
At 31 December 2005	2,180	59	1,677	3,916
2004				
Cost				
At 1 January 2004	3,057	358	1,989	5,404
Arising from acquisition of subsidiaries	3,020	–	384	3,404
Additions	797	638	879	2,314
Disposals	(67)	–	(9)	(76)
Exchange adjustment	–	–	(89)	(89)
At 31 December 2004	6,807	996	3,154	10,957
Accumulated depreciation				
At 1 January 2004	770	42	638	1,450
Arising from acquisition of subsidiaries	27	–	277	304
Provided for the year	830	75	433	1,338
Eliminated on disposals	(9)	–	(8)	(17)
At 31 December 2004	1,618	117	1,340	3,075
Net book value				
At 31 December 2005	3,057	282	1,623	4,962
At 31 December 2004	5,189	879	1,814	7,882

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2005			
Cost			
At 1 January 2005	37	228	265
Additions	–	16	16
At 31 December 2005	37	244	281
Accumulated depreciation			
At 1 January 2005	18	92	110
Provided for the year	7	48	55
At 31 December 2005	25	140	165
2004			
Cost			
At 1 January 2004	37	210	247
Additions	–	18	18
At 31 December 2004	37	228	265
Accumulated depreciation			
At 1 January 2004	11	47	58
Provided for the year	7	45	52
At 31 December 2004	18	92	110
Net book values			
At 31 December 2005	12	104	116
At 31 December 2004	19	136	155

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14. GOODWILL

	Group HK$'000
2005	
Cost	
At 1 January 2005 (as previously stated)	9,272
Transferred from accumulated amortisation upon application of HKFRS 3	(224)
At 1 January 2005 (restated)	9,048
Exchange adjustment	80
At 31 December 2005	9,128
Accumulated amortisation and impairment	
At 1 January 2005 (as previously stated)	224
Eliminated against cost upon application of HKFRS 3	(224)
At 1 January 2005 (restated)	–
Impairment loss	9,128
At 31 December 2005	9,128
2004	
Cost	
At 1 January 2004	748
Arising on acquisition of subsidiaries during the year	8,524
At 31 December 2004	9,272
Accumulated amortisation and impairment	
At 1 January 2004	75
Provided for the year	149
At 31 December 2004	224
Net book value	
At 31 December 2005	–
At 31 December 2004	9,048

15. NEGATIVE GOODWILL

	Group HK$'000
2005	
Gross amount	
At 1 January 2005 (as previously stated)	(93,163)
Transferred to retained earnings and minority interests upon the application of HKFRS 3	93,163
At 1 January 2005 (restated) and at 31 December 2005	–
Released to income	
At 1 January 2005 (as previously stated)	(29,921)
Transferred to retained earnings and minority interests upon the application of HKFRS 3	29,921
At 1 January 2005 (restated) and at 31 December 2005	–
2004	
Gross amount	
At 1 January 2004	(77,340)
Arising on acquisition of additional interest in a subsidiary	(15,823)
At 31 December 2004	(93,163)
Released to income	
At 1 January 2004	(12,871)
Released in the year	(17,050)
At 31 December 2004	(29,921)
Net book value	
At 31 December 2005	–
At 31 December 2004	(63,242)

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16. INTERESTS IN SUBSIDIARIES

	Company	
	2005	2004
	HK$'000	HK$'000
Unlisted shares, at cost	**100,001**	1
Amounts due from subsidiaries	**274,748**	143,078
Amounts due to subsidiaries	**(134,616)**	–

Particulars of the Company's subsidiaries at 31 December 2005 are set out in note 50.

As at 31 December 2005, the amounts due from/to subsidiaries are unsecured, interest free and repayable on demand and included in the Company's current assets and current liabilities respectively.

17. INTERESTS IN ASSOCIATES

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Share of net assets	**196,632**	149,469	**–**	–
Goodwill	**40,219**	28,453	**–**	–
	236,851	177,922	**–**	–
Amounts due from associates	**48,077**	271,653	**–**	1,522
Amounts due to associates	**(670)**	(2,481)	**–**	–

Particulars of the Group's principal associates at 31 December 2005 are set out in note 51.

As at 31 December 2005, the amounts due from/to associates are unsecured, interest free and repayable on demand and included in the current assets and current liabilities of the Group and the Company respectively.

17. INTERESTS IN ASSOCIATES *(Continued)*

Included in the cost of interests in associates is goodwill of HK$40,219,000 (2004: HK$28,453,000) arising on acquisition of associates. The movement of goodwill is set out below:

	HK$'000
2005	
Cost	
At 1 January 2005 (as previously stated)	30,209
Transferred from accumulated amortisation upon application of HKFRS 3	(1,756)
At 1 January 2005 (as restated)	28,453
Arising on acquisition of an associate	11,219
Exchange adjustment	547
At 31 December 2005	40,219
Accumulated amortisation and impairment	
At 1 January 2005 (as previously stated)	1,756
Eliminated against cost upon application of HKFRS 3	(1,756)
At 1 January 2005 (as restated) and 31 December 2005	–
2004	
Cost	
At 1 January 2004	2,810
Arising on acquisition of associates	27,399
At 31 December 2004	30,209
Accumulated amortisation and impairment	
At 1 January 2004	562
Provided for the year	1,194
At 31 December 2004	1,756
Net book value	
At 31 December 2005	40,219
At 31 December 2004	28,453

Until 31 December 2004, goodwill had been amortised in a straight-line basis over 10 years.

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18. IMPAIRMENT TESTING ON GOODWILL

As explained in note 5, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill set out in note 17 has been allocated to two individual cash generating units (CGUs), including two associates in the Sales of properties segment. The carrying amount of goodwill (net of accumulated amortisation) as at 31 December 2005 allocated to these units are as follows:

	Goodwill HK$'000
Sales of properties	
– 上海証大三角洲置業有限公司	29,000
– 上海天海有限責任公司	11,219
	40,219

During the year ended 31 December 2005, the management of the Group determines that there are no impairments of any of its CGU containing goodwill.

The recoverable amounts of the above CGUs have been determined on the basis of value in use calculations. Their recoverable amounts are based on certain similar key assumptions. All value in use calculations use cash flow projections based on financial budgets approved by the management covering a 5-year period, and a discount rate of 12%. Cash flow projections during the budget period for the CGUs are based on the expected gross margin during the budget period. Budgeted gross margin have been determined based on past performance and management's expectations for the market development.

19. DEPOSITS FOR ACQUISITION OF INVESTMENT PROPERTIES

The amount represents deposits paid for the acquisition of investment properties as detailed in note 46(b).

20. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2005	2004
	HK$'000	HK$'000
Available-for-sale investment		
– unlisted equity investment, at cost	**96**	–

The above unlisted investment represents investment in unlisted equity securities issued by a private entity established in the PRC. It is measured at cost less impairment at each balance sheet date because the directors of the Company are of the opinion that its fair value cannot be measured reliably.

21. RESTRICTED CASH

The amount represents deposits pledged with the Government of Macau Special Administrative Region for provision of travel related service.

22. PROPERTIES FOR SALE

	Group	
	2005	2004
	HK$'000	HK$'000
Properties for sale		
– Completed	**49,111**	3,034
– Under development	**827,784**	983,835
	876,895	986,869

Properties for sale with carrying amount of HK$403,278,000 (2004: HK$827,000,000) are pledged to banks to secure bank loans granted to the Group.

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23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**160,326**	4,651	**3,932**	–
Other receivables	**106,456**	214,488	**203**	477
	266,782	219,139	**4,135**	477

The Group grants a credit period ranging from 30 to 60 days on average to its customers.

Included in trade and other receivables of the Group and the Company are trade receivables of HK$160,326,000 (2004: HK$4,651,000) and HK$3,932,000 (2004: Nil) respectively. The ageing analysis at the balance sheet date is as follows:

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
0-30 days	**2,051**	1,556	**1,050**	–
31-60 days	**1,198**	491	**571**	–
61-90 days	**760**	598	**571**	–
91-180 days	**155,116**	510	**571**	–
181-360 days	**600**	1,132	**571**	–
Over 360 days	**601**	364	**598**	–
	160,326	4,651	**3,932**	–

The Group's trade and other receivables that are denominated in currencies other than the functional currency of the Group are set out below:

	2005	2004
	'000	'000
HKD	**2,273**	3,935
Macau Pataca	**623**	673

24. DEPOSITS FOR PROPERTY DEVELOPMENT

	2005 HK$'000	2004 HK$'000
Deposits for property development	**174,593**	204,870
Less: impairment and related exchange adjustment	**(13,461)**	–
	161,132	204,870

25. ADVANCE FOR INVESTMENT

As at 31 December 2004, advance for investment represented the payment made to an independent third party for certain proposed investments. The amount has been fully repaid during the current financial year.

26. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2005 HK$'000	2004 HK$'000
Open-ended mutual funds listed in the PRC, at fair value	**1,923**	–
Equity securities listed in HK, at fair value	**908**	–
	2,831	–

27. INVESTMENT IN SECURITIES

	Group	
	2005 HK$'000	2004 HK$'000
Equity securities listed in Hong Kong	**–**	630
Market value of the listed securities	**–**	630

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28. AMOUNTS DUE FROM RELATED COMPANIES

Related companies	Directors having beneficial interests	Group 2005 HK$'000	Group 2004 HK$'000	Maximum amount outstanding during the year HK$'000
上海証大物業管理有限公司	Zhao Hangsheng	**1,031**	–	1,031
証大商業旅遊投資發展有限公司	Dai Zhikang	**6,154**	–	6,154
		7,185	–	

The amounts are unsecured, interest-free and repayable on demand.

29. AMOUNT DUE FROM A MINORITY OWNER

The amount is unsecured, interest-free and repayable on demand.

30. ASSET CLASSIFIED AS HELD FOR SALE

The amount represents investment in 25% of unlisted equity securities issued by a private entity established in the PRC.

The investment is acquired exclusively with a view to be disposed to an independent third party in the near future. Accordingly, the investment has been accounted for as asset held for sale.

Subsequent to the balance sheet date, the Group entered into an agreement with an independent third party to dispose of this investment and the transaction is expected to be completed within twelve months from the balance sheet date.

31. TRADE AND OTHER PAYABLES

	Group 2005 HK$'000	Group 2004 HK$'000
Trade payables	**159,738**	8,108
Other payables and accruals	**63,475**	58,063
	223,213	66,171

The ageing analysis of trade payables at the balance sheet date is as follows:

	Group 2005 HK$'000	Group 2004 HK$'000
0-30 days	**8,106**	839
31-60 days	**720**	383
61-90 days	**38,014**	228
91-180 days	**1,383**	493
181-360 days	**110,706**	366
Over 360 days	**809**	5,799
	159,738	8,108

The Group's trade and other payables that are denominated in currencies other than the functional currency of the Group are set out below:

	2005 '000	2004 '000
HKD	**3,296**	2,640
Macau Pataca	**1,158**	885

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32. AMOUNTS DUE TO RELATED COMPANIES

The amounts were unsecured, interest-free and repayable on demand. The amounts had been fully repaid during the year. The Company's director, Mr. Dai Zhikang, has beneficial interests in the related companies.

33. AMOUNT DUE TO A DIRECTOR

The amount was unsecured, interest-free and repayable on demand. The amount had been fully repaid during the year.

34. BANK LOANS – SECURED

	Group	
	2005	2004
	HK$'000	HK$'000
Secured bank loans repayable:		
Within one year	**162,530**	141,509
In the second year	**59,203**	283,019
In the third year	**22,113**	–
In the forth year	**23,578**	–
In the fifth year	**25,138**	–
More than five years	**80,623**	–
	373,185	424,528
Less: Amount due within one year shown under current liabilities	**(162,530)**	(141,509)
Amount due after one year	**210,655**	283,019

Bank loans include approximately HK$334,722,000 (2004: HK$141,509,000) fixed-rate borrowings which carry interest arranging from 5.02% to 6.43% (2004: 4.43% to 6.04%) per annum. The remaining bank loans are variable-rate borrowings which carry interest ranging from 6.05% to 6.34% (2004: 5.49% to 6.05%) per annum.

35. CONVERTIBLE NOTES

Pursuant to a subscription agreement dated 1 February 2005 made between Value Partners Limited and the Company, the convertible notes in the principal amount of HK$80,000,000 with interest bearing were issued by the Company.

The interest is payable semi-annually in arrears at specified interest rates on the principal amount outstanding from time to time accruing from the date of issue of the convertible notes on a daily basis. The specified interest rates are 4.75% per annum in the first year, 5% per annum in the second year and 5.25% per annum in the third year from 24 February 2005, the date of issue of the convertible notes.

The convertible notes are, at the option of the holder, convertible in the period from the date after three months from 24 February 2005 to 23 February 2008 inclusive, into fully paid ordinary shares of the Company with a par value of HK$0.02 per share, at an initial conversion price of HK$0.24 per share, subject to adjustment under certain events.

The fair values of the liability component and the equity conversion component were determined at the issuance of the convertible notes. The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for equivalent non-convertible notes. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.

The convertible notes reconginsed in the balance sheet is calculated as follows:

	Group and Company 2005 HK$'000
Face value of convertible notes issued	80,000
Equity component	(1,034)
Liability component on initial recognition	78,966
Interest expense (note 7)	3,565
Interest paid	(1,900)
Liability component at 31 December 2005	80,631

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35. CONVERTIBLE NOTES *(Continued)*

The fair value of the liability component of the convertible notes at 31 December 2005 amounted to HK$80,631,000. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 5.5%.

Interest expense on the convertible notes is calculated using the effective interest method by applying the effective interest rate of 5.5% to the liability component.

36. DEFERRED TAX

The following are the deferred tax liabilities arising on revaluation of properties for sales on acquisition of subsidiaries recognised by the Group and movements thereon during the year:

	Group	
	2005	2004
	HK$'000	HK$'000
At 1 January	**9,204**	12,110
Credit to income for the year (note 10)	**(9,204)**	(2,906)
Arising on acquisition of subsidiaries	**21,041**	–
At 31 December	**21,041**	9,204

At the balance sheet date, the Group and the Company has unprovided deferred tax liabilities of approximately HK$181,000 (2004: Nil) in respect of the convertible notes. Besides, the Group has unused tax losses of HK$18,815,000 (2004: HK$15,728,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profits streams. Included in unrecognised tax losses are losses of HK$10,625,000 (2004: HK$9,706,000) that will expire in five year's time. Other loss can be carried forward indefinitely.

37. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances and cash	**361,598**	271,476	**28,168**	855

37. CASH AND CASH EQUIVALENTS *(Continued)*

The cash and cash equivalents of the Group and the Company that are denominated in currencies other than the functional currency of the Group are set out below:

	Group		Company	
	2005	2004	**2005**	2004
	'000	'000	**'000**	'000
HKD	**38,993**	15,072	**28,168**	855
Macau Pataca	**78**	16	**–**	–

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed through its operations to one or more of the following financial risks:

- Fair value and cash flow interest rate risk
- Foreign exchange risk
- Liquidity risk
- Credit risk

The Group does not hold or issue any financial derivatives for trading purpose nor uses any derivatives or other instrument for hedging purpose.

Fair value and cash flow interest rate risk

The Group is exposed to cash flow interest rate risk on variable-rate bank loans and fair value interest rate risk on fixed-rate bank loans and convertible notes. The management monitors the related cash flow interest rate risk exposure closely and will consider hedging significant cash flow interest rate risk exposure should the need arise.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign exchange risk

Foreign exchange risk is the risk of loss due to adverse movement in exchange rate relating to investment and transaction denominated in foreign currencies. The Group's monetary assets, liabilities and transactions are mainly denominated in RMB and HKD. Though the exchange rate between RMB and HKD is not pegged, there is little fluctuation of exchange rate between RMB and HKD. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Liquidity risk

Internally generated cash flow, bank loans and convertible notes are the general sources of funds to finance the operations of the Group. The Group liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. The Group has policies in place to determine credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

Fair value

The fair values of financial assets and financial liabilities reported in the balance sheet of the Group and the Company approximate their carrying amounts.

39. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.02 each		
Authorised:		
At 31 December 2004 and 2005	10,000,000,000	200,000
Issued and fully paid:		
At 1 January 2004	4,330,782,558	86,616
Shares issued pursuant to subscription (note a)	300,000,000	6,000
Shares repurchased and cancelled	(7,895,000)	(158)
At 31 December 2004	4,622,887,558	92,458
Share issued in consideration for the acquisition of subsidiaries (note b)	288,350,634	5,767
At 31 December 2005	4,911,238,192	98,225

Notes:

(a) Pursuant to a subscription agreement dated 30 January 2004 entered into between the Company and an independent third party, 300 million new shares of the Company were issued on 9 March 2004 at a subscription price of HK$0.1333 per share in cash.

(b) On 25 June 2005, the Company issued 288,350,634 ordinary shares at HK$0.1734 per share as partial consideration for the acquisition of Myway Developments Limited.

Share option scheme

The Company has adopted a share option scheme on 18 July 2002 (the "Share Option Scheme"), for primary purpose of providing incentives to eligible participants. Details of the Share Option Scheme are as follows:

On 18 July 2002, the Company adopted the Share Option Scheme which will expire on 17 July 2012. Pursuant to the terms of the Share Option Scheme, the Company may grant options to eligible participants (including directors, shareholders, eligible employees, suppliers and customers of the Company or its subsidiaries) to subscribe for shares in the Company at a consideration of HK$1. The exercise price is determined by the directors and shall not be less than the highest of (i) the closing price of the Company's share as quoted on the Stock Exchange on the date of grant, (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares. Options granted are exercisable at any time during a period to be notified by the board of directors of the company but limited to a maximum period of ten years after the date on which the options are granted. Options granted should be accepted within 28 days from the date of offer.

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39. SHARE CAPITAL *(Continued)*

Share option scheme *(Continued)*

The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other option scheme of the Company shall not exceed 10% of the Company's shares in issue as at the date on which the Share Option Scheme has been adopted (the "Scheme Limit").

The Scheme Limit may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

The Company may, by the approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to participants specifically identified by the Company before shareholders' approval is sought.

Unless approved by the shareholders as set out herein, the total number of the Company's shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Company's shares in issue. Where any further grant of options to a participant would result in the Company's shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant in aggregate exceeding 1% of the Company's shares in issue, such further grant must be separately approved by the shareholders in general meeting with such participant and his associates abstaining from voting.

However, the overall limit on the number of the Company's shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

At the date of this report, no share option has been granted to any participant under the Share Option Scheme.

40. RESERVES

	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000 (Note)	Convertible notes reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Company						
At 1 January 2004	172,029	1,074	68,541	–	(214,661)	26,983
Premium on issue of shares	34,000	–	–	–	–	34,000
Share issue expense	(286)	–	–	–	–	(286)
Shares repurchased and cancelled	(662)	–	–	–	–	(662)
Net loss for the year	–	–	–	–	(6,826)	(6,826)
At 31 December 2004	205,081	1,074	68,541	–	(221,487)	53,209
Premium on issue of shares	44,233	–	–	–	–	44,233
Recognition of equity component of convertible notes	–	–	–	1,034	–	1,034
Net profit for the year	–	–	–	–	129,488	129,488
At 31 December 2005	249,314	1,074	68,541	1,034	(91,999)	227,964

Note:

The special capital reserve of the Company represents the credit arising from the effect of reduction in share capital in previous years.

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41. ACQUISITION OF SUBSIDIARIES

On 25 June 2005, the Group acquired 100% of the issued share capital of Myway Developments Limited for a consideration of HK$100,000,000. This transaction has been accounted for using the purchase method of accounting.

Details of the net assets acquired by the Group were as follows:

	Aquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired:			
Property, plant and equipment	248	–	248
Properties for sale	134,350	63,763	198,113
Trade and other receivables	13,056	–	13,056
Deposits for property development	3,882	–	3,882
Tax recoverable	159	–	159
Bank balances and cash	7,649	–	7,649
Trade and other payables	(36,440)	–	(36,440)
Receipts in advances	(13,580)	–	(13,580)
Amount due to an associate	(169)	–	(169)
Deferred tax liabilities	–	(21,041)	(21,041)
Minority interests	(9,922)	(3,883)	(13,805)
	99,233	38,839	138,072
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (note 8)			(38,072)
Total consideration			100,000
Satisfied by:			
Cash			50,000
Issue of shares (note)			50,000
			100,000
Net cash outflow arising on acquisition			
Cash consideration paid			50,000
Cash and cash equivalents acquired			(7,649)
			42,351

41. ACQUISITION OF SUBSIDIARIES *(Continued)*

Note:

As part of the consideration for the acquisition of Myway Developments Limited, 288,350,634 ordinary shares of the Company with par value of HK$0.02 each were issued at HK$0.1734 each, which is equivalent to the average closing share price of the Company's share as quoted on the Stock Exchange for the five consecutive trading days up to and including 28 April 2005, being the last trading date immediate prior to the publication of the announcement for the acquisition of subsidiaries dated 4 May 2005.

Myway Developments Limited had no contribution to the Group's turnover and contributed loss of approximately HK$2,000,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2005, the Group's turnover for the year would have been HK$1,430,834,000 and profit for the year would have been HK$259,481,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2005, nor is it intended to be a projection of future results.

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42. DISPOSAL OF SUBSIDIARIES

The net assets of the subsidiaries at the date of disposal were as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Net assets disposed of:		
Property, plant and equipment	–	89
Properties for sale	–	25,478
Trade and other receivables	–	16,994
Bank balances and cash	–	6,617
Trade and other payables	–	(25,665)
Shareholders' loan	–	(4,000)
Minority interest	–	(3,087)
	–	16,426
Gain on disposal of subsidiaries	–	555
Total consideration	–	16,981
Satisfied by:		
Partial consideration for acquisition of additional interest in a subsidiary	–	16,981
Net cash inflow arising on disposal:		
Cash consideration	–	–
Bank balances and cash disposed of	–	(6,617)
	–	(6,617)

The subsidiaries disposed of during the year ended 31 December 2004 had no contribution to the Group's turnover and contributed a loss of HK$1,081,000 to the Group's loss from operations for the year ended 31 December 2004.

43. RETIREMENT BENEFITS SCHEMES

The Group operates a mandatory provident fund (the "MPF") scheme for all eligible employees in Hong Kong. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost charged to the consolidated income statement represents contributions payable to the MPF scheme by the Group at rates specified in rules of the MPF scheme.

The Group contributed to a local Municipal Government retirement scheme for all qualified employees in the PRC. The employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to retirement scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years. The retirement benefit scheme contributions arising from the PRC Municipal Government retirement scheme charged to the income statement represent contributions paid or payable by the Group at rates specified in the rules of the scheme.

44. OPERATING LEASE COMMITMENTS

Group and Company as lessee

Minimum lease payments under operating leases of the Group recognised in the income statement during the year in respect of:

	2005	2004
	HK$'000	HK$'000
Premises	**1,907**	1,933

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44. OPERATING LEASE COMMITMENTS *(Continued)*

Group and Company as lessee *(Continued)*

At the balance sheet date, the Group and the Company had commitments for future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	Group		**Company**	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Operating leases which expire:				
Within one year	**928**	1,231	**539**	216
In the second to fifth year inclusive	**979**	285	**634**	47
	1,907	1,516	**1,173**	263

Operating lease payments in respect of rented premises payable by the Group relate to certain of its offices. Leases are negotiated for an average term of two years.

45. OTHER COMMITMENTS

Group

At 31 December 2005, the Group had contracted commitments not provided for in the financial statements in respect of property development expenditure and acquisition of investment properties amounted to HK$334,663,000 (2004: HK$437,499,000) and HK$365,385,000 (2004: Nil) respectively.

Company

As 31 December 2005, the Company had contracted commitments not provided for in the financial statements in respect of the acquisition of investment properties amounted to HK$134,615,000 (2004: Nil).

46. RELATED PARTY TRANSACTION

(a) On 29 April 2005, the Group entered into an agreement with 証大投資發展有限公司, a company which is wholly owned by Mr. Dai Zhikang, a director of the Company, to acquire the entire issued share capital of Myway Developments Limited for an aggregate consideration of HK$100,000,000, which was satisfied by (i) HK$50,000,000 in cash; and (ii) HK$50,000,000 by the allotment and issue of 288,350,634 the Company's shares at HK$0.1734 each.

(b) On 30 June 2005, the Group entered into an agreement with 上海証大商業旅遊投資有限公司 ("証大商旅"), a company in which Mr. Dai ZhiKang has beneficial interest, to acquire investment properties for an aggregate consideration of RMB680,000,000 (approximately HK$653,846,000). Deposits of HK$288,461,000 has been paid at 31 December 2005. Pursuant to the terms of the agreement, the Group is entitled to receive part of the rental income generated by the investment properties that would be acquired under the agreement commencing from 1 July 2005. The rental income received by the Group is determined with reference to the percentage equivalent to the amount of deposits paid over the consideration of the investment properties. Rental income arising from the investment properties and received from 証大商旅 during the year amounted to HK$3,932,000. Corporate guarantee has been given by 証大商旅 and certain of the investment properties to be acquired under the agreement have been pledged to a bank to secure certain bank loans amounted to RMB199,311,000 (approximately HK$191,645,000) granted to the Group.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2005 HK$'000	2004 HK$'000
Short-term benefits	**3,140**	2,163
Post-employment benefits	**58**	36
	3,198	2,199

The remuneration of directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.

(d) Balance with related parties as at 31 December 2005 are set out in note 16, 17, 28, 29, 32 and 33 to the financial statements.

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47. CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 31 December 2005.

48. EVENTS AFTER THE BALANCE SHEET DATE

(a) Subsequent to the balance sheet date, the Company entered into an agreement with Penta Investment Advisers Limited in relation to the issuance of the convertible notes amounted to HK$150,000,000. The convertible notes are, at the option of the holder, convertible on or after 15 March 2006 up to and including the 30th day prior to 15 March 2009, into the Company's shares at the conversion price of HK$0.24 per share. The maximum number of shares which may be issued upon full conversion of the convertible notes will be 625,000,000 shares, representing approximately 12.73% of the issued share capital of the Company.

(b) Subsequent to the balance sheet date, the Group entered into an agreement with an independent third party to dispose of the asset classified as held for sale with carrying amount of HK$120,192,000 at a consideration of HK$141,827,000.

49. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgements that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are also discussed below.

Impairment loss on loans and receivables

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

50. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2005 are as follows:

Name of subsidiary	Place of incorporations/ establishment and operations	Issued share capital/paid-up registered capital	Proportion of nominal value of issued capital held by the Group Directly	Indirectly	Principal activities
Best East Developments Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Ample Century Limited	The British Virgin Islands	US$1	100%	–	Investment Holding
Victory Gateway Limited	The British Virgin Islands	US$1	100%	–	Investment Holding
Myway Development Limited	The British Virgin Islands	US$1	100%		Investment Holding
上海証大置業有限公司 (note 2) (Shanghai Zendai Real Estate Company Limited)	The PRC	RMB100,000,000	–	80%	Property development
Wah Kong Travel Limited	Hong Kong	HK$1,250,000	–	60%	Sales of air tickets and provision of travel related Services
Wa Kong-Tourism and Travel Agency Limited	Macau	MOP1,000,000	–	60%	Sales of air tickets and provision of travel related Services
上海証大藝中房地產開發有限公司 (note 1, 3)	The PRC	RMB10,000,000	–	48%	Property development

Notes to the Financial Statements

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50. SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporations/ establishment and operations	Issued share capital/paid-up registered capital	Proportion of nominal value of issued capital held by the Group Directly	Indirectly	Principal activities
揚州証大商旅發展有限公司 (note 3)	The PRC	RMB30,000,000	–	64%	Inactive
四川博覽置業有限公司 (note 3)	The PRC	RMB72,000,000	–	56%	Property development
吉林市証大華城房地產開發有限公司 (note 3)	The PRC	RMB20,000,000	–	54%	Property development
海門証大濱江置業有限公司 (note 22)	The PRC	US$2,420,000	–	98%	Property development

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

Notes:

1. 上海証大藝中房地產開發有限公司 is a 60% subsidiary of Shanghai Zendai Real Estate Company Limited.

2. The subsidiary is registered as equity joint venture under PRC law.

3. The subsidiary is a limited liability company.

51. PRINCIPAL ASSOCIATES

Particulars of the Group's principal associates as at 31 December 2005 are as follows:

Name of associate	Place of establishment and operations	Paid-up registered capital	Proportion of nominal value of issued capital indirectly held by the Company	Principal activities
上海証大三角洲置業有限公司 ("証大三角洲")	The PRC	RMB80,000,000	44%	Property development
上海証大五道口房地產開發有限公司	The PRC	RMB30,000,000	40%	Property development
上海加來房地產開發有限公司	The PRC	RMB20,000,000	22%	Property development
上海天海有限責任公司 ("上海天海") (note)	The PRC	RMB80,000,000	51%	Property development

None of the associates had any debt securities subsisting at the end of the year or at any time during the year.

Note:

Although the Group has 51% indirect effective interest in 上海天海, the Group has no control in this company. Accordingly, it is classified as an associate of the Group.

52. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 18 April 2006.