

Interim Report 2006

二零零六年中期報告

 天安中國投資有限公司
TIAN AN CHINA INVESTMENTS COMPANY LIMITED
(Stock Code 股份代號：28)



目錄

CONTENTS

	頁次 PAGE
公司資料 Corporate Information	2
簡明綜合利潤表 Condensed Consolidated Income Statement	4
簡明綜合資產負債表 Condensed Consolidated Balance Sheet	5
簡明綜合權益變動表 Condensed Consolidated Statement of Changes in Equity	7
簡明綜合現金流動表 Condensed Consolidated Cash Flow Statement	9
簡明財務報表附註 Notes to the Condensed Financial Statements	10
中期股息 Interim Dividend	30
管理層討論及分析 Management Discussion and Analysis	30
董事權益 Directors' Interests	36
購股權 Share Options	37
主要股東及其他人士之權益 Interests of Substantial Shareholders and Other Persons	39
企業管治 Corporate Governance	41
審核委員會之審閱 Audit Committee Review	43
購回、出售或贖回證券 Purchase, Sale or Redemption of Securities	44



公司資料

董事會

執行董事

李成偉，主席兼代理董事總經理

黃清海，副董事總經理

馬申

勞景祐

李志剛

Yasushi Ichikawa

非執行董事

鄭慕智

楊麗琛

Yuki Oshima

獨立非執行董事

鄭鑄輝

吳繼偉

魏華生

徐溯經

執行委員會

李成偉，主席

黃清海

馬申

勞景祐

李志剛

Yasushi Ichikawa

薪酬委員會

鄭鑄輝，主席

魏華生

徐溯經

審核委員會

魏華生，主席

鄭鑄輝

鄭慕智

Yuki Oshima

徐溯經

楊麗琛

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Patrick Lee Seng Wei, *Chairman and Acting Managing Director*

Ng Qing Hai, *Deputy Managing Director*

Ma Sun

Edwin Lo King Yau

Li Chi Kong

Yasushi Ichikawa

Non-Executive Directors

Moses Cheng Mo Chi

Lisa Yang Lai Sum

Yuki Oshima

Independent Non-Executive Directors

Francis J. Chang Chu Fai

Goodwin Gaw

Ngai Wah Sang

Xu Su Jing

EXECUTIVE COMMITTEE

Patrick Lee Seng Wei, *Chairman*

Ng Qing Hai

Ma Sun

Edwin Lo King Yau

Li Chi Kong

Yasushi Ichikawa

REMUNERATION COMMITTEE

Francis J. Chang Chu Fai, *Chairman*

Ngai Wah Sang

Xu Su Jing

AUDIT COMMITTEE

Ngai Wah Sang, *Chairman*

Francis J. Chang Chu Fai

Moses Cheng Mo Chi

Yuki Oshima

Xu Su Jing

Lisa Yang Lai Sum



公司資料 (續)

註冊辦事處

香港灣仔告士打道138號

聯合鹿島大廈22樓

電話：2533 3233

傳真：2845 3034

電郵：info@tiananchina.com

網址：http://www.tiananchina.com

銀行

香港

中國銀行(香港)有限公司

東亞銀行有限公司

中信嘉華銀行有限公司

香港上海滙豐銀行有限公司

渣打銀行(香港)有限公司

永亨銀行有限公司

中國

中國農業銀行

中國銀行

交通銀行

中國建設銀行

招商銀行

大連市商業銀行

中國工商銀行

興業銀行

上海浦東發展銀行

律師

萬盛國際律師事務所

胡百全律師事務所

核數師

德勤•關黃陳方會計師行

公司秘書

容綺媚

過戶登記處

秘書商業服務有限公司

香港皇后大道東28號

金鐘匯中心26樓

CORPORATE INFORMATION (continued)

REGISTERED OFFICE

22nd Floor, Allied Kajima Building

138 Gloucester Road, Wanchai, Hong Kong

Tel : 2533 3233

Fax : 2845 3034

E-mail : info@tiananchina.com

Website : http://www.tiananchina.com

BANKERS

In Hong Kong

Bank of China (Hong Kong) Limited

The Bank of East Asia, Limited

CITIC Ka Wah Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Wing Hang Bank, Limited

In the PRC

Agricultural Bank of China

Bank of China

Bank of Communications

China Construction Bank Corporation

China Merchants Bank

Dalian City Commercial Bank

Industrial and Commercial Bank of China

Industrial Bank Co., Ltd.

Shanghai Pudong Development Bank Co., Ltd.

SOLICITORS

Mallesons Stephen Jaques

P. C. Woo & Co.

AUDITORS

Deloitte Touche Tohmatsu

COMPANY SECRETARY

Cindy Yung Yee Mei

REGISTRAR

Secretaries Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Hong Kong



天安中國投資有限公司(「本公司」)之董事會(「董事會」)公佈本公司及其附屬公司(統稱「本集團」)截至二零零六年六月三十日止六個月之未經審核綜合業績如下：

The board of directors (the "Board") of Tian An China Investments Company Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2006 were as follows:

簡明綜合利潤表

(截至二零零六年六月三十日止六個月)

CONDENSED CONSOLIDATED INCOME STATEMENT

(FOR THE SIX MONTHS ENDED 30TH JUNE, 2006)

		(未經審核) (Unaudited)		
		截至六月三十日止六個月 Six months ended 30th June,		
		二零零六年 2006	二零零五年 2005	
		千港元 HK\$'000	千港元 HK\$'000	
		(重列) (Restated)		
		附註 NOTES		
營業額	Turnover	3	363,212	418,296
銷售成本	Cost of sales		(266,951)	(308,457)
毛利	Gross profit		96,261	109,839
其他收入	Other income	4	44,883	44,368
市場及分銷費用	Marketing and distribution costs		(11,856)	(17,066)
行政費用	Administrative expenses		(77,652)	(64,118)
其他營運費用	Other operating expenses		(3,779)	(2,319)
待出售物業轉撥至投資物業之公允價值收益	Fair value gain on transfer of properties held for sale to investment properties		6,447	19,528
投資物業公允價值之增加	Increase in fair value of investment properties		25,566	9,372
已竣工物業存貨之減值撥備	Write-down of inventories of completed properties		(10,005)	-
呆壞賬準備	Allowance for doubtful debts		(1,176)	(8,097)
待發展物業攤銷	Amortisation of properties for development		(9,342)	(7,715)
出售一間共同控制公司之收益	Gain on disposal of a jointly controlled entity	5	150,390	-
收購一間附屬公司額外權益之折讓	Discount on acquisition of additional interest in a subsidiary		-	15,873
融資成本	Finance costs	6	(59,054)	(46,420)
應佔聯營公司業績	Share of results of associates		(5,542)	12,744
應佔共同控制公司業績	Share of results of jointly controlled entities		27,054	53,737
聯營公司權益之減值虧損	Impairment loss on interests in associates		-	(17,451)
除稅前溢利	Profit before taxation		172,195	102,275
稅項	Taxation	7	(35,262)	(34,483)
本期間溢利	Profit for the period	8	136,933	67,792
以下應佔：	Attributable to:			
本公司股東	Equity holders of the Company		141,312	72,824
少數股東權益	Minority interests		(4,379)	(5,032)
			136,933	67,792
			港仙 HK cents	港仙 HK cents
每股盈利	Earnings per share	9		
基本	Basic		14.8	8.3
攤薄	Diluted		14.5	8.3



簡明綜合資產負債表

(二零零六年六月三十日結算)

CONDENSED CONSOLIDATED BALANCE SHEET

(AT 30TH JUNE, 2006)

			(未經審核) (Unaudited) 二零零六年 六月三十日 30th June, 2006 千港元 HK\$'000	(已審核) (Audited) 二零零五年 十二月三十一日 31st December, 2005 千港元 HK\$'000
		附註 NOTES		
非流動資產	Non-Current Assets			
物業、廠房及設備	Property, plant and equipment	10	563,092	565,052
投資物業	Investment properties	11	2,367,000	2,305,922
無形資產	Intangible asset		7,008	7,013
待發展物業	Properties for development		1,253,972	1,161,723
收購待發展物業 之按金	Deposits for acquisition of properties for development		1,729,758	1,568,406
土地使用權預付租賃款項	Prepaid lease payments on land use rights		31,137	31,319
於聯營公司之權益	Interests in associates		538,087	540,312
於共同控制公司之權益	Interests in jointly controlled entities		686,256	716,854
可供出售投資	Available-for-sale investments		3,234	3,202
少數股東欠款	Amounts due from minority shareholders		8,816	8,574
商譽	Goodwill		39,386	39,386
應收分期付款	Instalments receivable		73,940	45,475
遞延稅項資產	Deferred tax assets		7,977	4,950
			7,309,663	6,998,188
流動資產	Current Assets			
於中國之物業存貨	Inventories of properties in the PRC			
— 發展中	— under development		489,947	400,037
— 已竣工	— completed		891,759	969,441
其他存貨	Other inventories		36,059	34,929
聯營公司欠款	Amounts due from associates		15,426	14,188
共同控制公司欠款	Amounts due from jointly controlled entities		64,897	1,279
少數股東欠款	Amounts due from minority shareholders		15,061	3,377
應收貸款	Loans receivable		57,112	61,715
應收分期付款	Instalments receivable		48,255	43,738
貿易及其他應收賬款、 按金及預付款	Trade and other receivables, deposits and prepayments	12	651,705	528,534
土地使用權預付租賃款項	Prepaid lease payments on land use rights		933	924
持作買賣之投資	Investments held for trading		9,287	9,787
預繳稅項	Prepaid tax		23,313	14,879
用作抵押之銀行存款	Pledged deposits	18	39,955	68,270
銀行結存及現金	Bank balances and cash		680,271	565,673
			3,023,980	2,716,771
分類為待售之資產	Assets classified as held for sale		—	186,005
			3,023,980	2,902,776



**簡明綜合資產負債表
(續)**

(二零零六年六月三十日結算)

**CONDENSED CONSOLIDATED BALANCE SHEET
(continued)**

(AT 30TH JUNE, 2006)

			(未經審核) (Unaudited)	(已審核) (Audited)
			二零零六年 六月三十日 30th June, 2006	二零零五年 十二月三十一日 31st December, 2005
		附註 NOTES	千港元 HK\$'000	千港元 HK\$'000
流動負債	Current Liabilities			
貿易及其他應付賬款	Trade and other payables	13	870,828	1,181,929
預售樓宇按金	Pre-sale deposits		142,712	84,896
稅項負債	Tax liabilities		37,725	92,792
應付少數股東 股息	Dividends payable to minority shareholders		9,076	12,335
付息借款	Interest-bearing borrowings	14	1,034,930	1,532,320
免息借款	Interest-free borrowings	14	94,057	143,060
			2,189,328	3,047,332
流動資產(負債)淨值	Net Current Assets (Liabilities)		834,652	(144,556)
			8,144,315	6,853,632
股本及儲備	Capital and Reserves			
股本	Share capital	15	225,854	175,094
儲備	Reserves		5,685,160	4,481,008
本公司股東應佔之 權益	Equity attributable to equity holders of the Company		5,911,014	4,656,102
少數股東權益	Minority interests		416,828	416,889
權益總額	Total Equity		6,327,842	5,072,991
非流動負債	Non-Current Liabilities			
貿易應付賬款	Trade payables		4,689	4,644
付息借款	Interest-bearing borrowings	14	758,339	747,344
免息借款	Interest-free borrowings	14	77,678	72,664
一名租戶之遞延租金收入	Deferred rental income from a tenant		108,231	110,648
租戶之租金按金	Rental deposits from tenants		15,088	15,306
會籍債券	Membership debentures		31,233	30,205
遞延稅項負債	Deferred tax liabilities		821,215	799,830
			1,816,473	1,780,641
			8,144,315	6,853,632



**簡明綜合權益
變動表**

(截至二零零六年六
月三十日止六個月)

**CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY**

(FOR THE SIX MONTHS ENDED 30TH JUNE, 2006)

		本公司股東應佔										少數	
		Attributable to equity holders of the Company										股東權益	
		股本溢價	特殊 資本儲備	認股權證 儲備	資本 贖回儲備	滙兌 浮動儲備	投資 重估儲備	其他儲備	累計溢利	總計	Minority interests	總計	
股本	Share	Special	Warrant	redemption	exchange	Investment	Other	Accumulated	Total	Total	Total		
capital	premium	capital	reserve	reserve	reserve	reserve	reserves	profits	interests	interests	interests		
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
於二零零五年一月一日	At 1st January, 2005	175,094	357,164	1,417,669	-	130,691	(28,530)	(23,244)	7,532	2,335,042	4,371,418	470,471	4,841,889
直接於權益確認之支出	Expense recognised directly in equity												
- 換算海外業務所產生之滙兌差異	- Exchange differences arising on translation of foreign operations	-	-	-	-	(1)	-	-	(1)	12	11		
本期間溢利	Profit for the period	-	-	-	-	-	-	72,824	72,824	(5,032)	67,792		
本期間確認之收支總額	Total recognised income and expense for the period	-	-	-	-	(1)	-	72,824	72,823	(5,020)	67,803		
發行認股權證	Issue of warrants	-	-	7,800	-	-	-	-	7,800	-	7,800		
少數股東之資本貢獻	Capital contribution from minority shareholders	-	-	-	-	-	-	-	-	142	142		
收購一間附屬公司額外權益導致少數股東權益減少	Decrease in minority interests as a result of acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(35,136)	(35,136)		
轉發至其他儲備	Transfer to other reserves	-	-	-	-	-	647	(647)	-	-	-		
股息分配	Dividend appropriation	-	-	-	-	-	-	-	-	(6,392)	(6,392)		
於二零零五年六月三十日	At 30th June, 2005	175,094	357,164	1,417,669	7,800	130,691	(28,531)	(23,244)	8,179	2,407,219	4,452,041	424,065	4,876,106
公允價值之增加	Increase in fair value	-	-	-	-	-	24,011	-	24,011	-	24,011		
因收購附屬公司額外權益而作出重估	Revaluation arising from acquisition of additional interests in subsidiaries	-	-	-	-	-	-	(3,733)	(3,733)	3,733	-		
換算海外業務所產生之滙兌差異	Exchange differences arising on translation of foreign operations	-	-	-	-	53,642	-	-	53,642	8,342	61,984		
直接於權益確認之收入(支出)	Income (expense) recognised directly in equity	-	-	-	-	53,642	24,011	(3,733)	73,920	12,075	85,995		
本期間溢利	Profit for the period	-	-	-	-	-	-	129,716	129,716	5,025	134,741		
出售物業之已實現金額	Realised on disposal of properties	-	-	-	-	-	-	425	425	-	425		
本期間確認之收支總額	Total recognised income and expense for the period	-	-	-	-	53,642	24,011	(3,308)	129,716	204,061	17,100	221,161	
收購附屬公司額外權益導致少數股東權益減少	Decrease in minority interests as a result of acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	(15,442)	(15,442)		
股息分配	Dividend appropriation	-	-	-	-	-	-	-	-	(8,834)	(8,834)		
於二零零五年十二月三十一日	At 31st December, 2005	175,094	357,164	1,417,669	7,800	130,691	25,111	767	4,871	2,536,935	4,656,102	416,889	5,072,991



簡明綜合權益變動表 (續) **CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**

(截至二零零六年六月三十日止六個月) (FOR THE SIX MONTHS ENDED 30TH JUNE, 2006)

		本公司股東應佔 Attributable to equity holders of the Company											
		股本溢價	特殊資本儲備	認股權證儲備	贖回儲備	滙兌浮動儲備	投資重估儲備	其他儲備	累計溢利	總計	少數股東權益	總計	
股本	Share premium	capital account	Special reserve	Warrant reserve	redemption reserve	Exchange reserve	Investment revaluation reserve	Other reserves	Accumulated profits	Total	Minority interests	Total	
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
於二零零六年一月一日	At 1st January, 2006	175,094	357,164	1,417,669	7,800	130,691	25,111	767	4,871	2,536,935	4,656,102	416,889	5,072,991
直接於權益確認之收入	Income recognised directly in equity												
- 換算海外業務所產生之滙兌差異	- Exchange differences arising on translation of foreign operations	-	-	-	-	36,319	-	-	-	36,319	4,318	40,637	
本期間溢利	Profit for the period	-	-	-	-	-	-	-	141,312	141,312	(4,379)	136,933	
出售投資之已實現金額	Realised on disposal of investments	-	-	-	-	-	(1,516)	-	-	(1,516)	-	(1,516)	
出售物業之已實現金額	Realised on disposal of properties	-	-	-	-	-	-	43	-	43	-	43	
本期間確認之收支總額	Total recognised income and expense for the period	-	-	-	-	36,319	(1,516)	43	141,312	176,158	(61)	176,097	
發行股份	Issue of shares	50,760	1,058,440	-	-	-	-	-	-	1,109,200	-	1,109,200	
發行股份費用	Share issue expenses	-	(30,446)	-	-	-	-	-	-	(30,446)	-	(30,446)	
行使認股權證而將認股權證儲備撥入至股本溢價	Transfer of warrant reserve to share premium upon the exercise of warrants	-	7,800	(7,800)	-	-	-	-	-	-	-	-	
於二零零六年六月三十日	At 30th June, 2006	225,854	1,392,958	1,417,669	-	130,691	61,430	(749)	4,914	2,678,247	5,911,014	416,828	6,327,842



簡明綜合現金流動表

(截至二零零六年六月三十日止
六個月)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(FOR THE SIX MONTHS ENDED 30TH JUNE, 2006)

		(未經審核) (Unaudited)	
		截至六月三十日止六個月 Six months ended 30th June,	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
用於經營業務之現金淨額	Net cash used in operating activities	(445,034)	(20,044)
來自(用於)投資業務之現金淨額	Net cash from (used in) investing activities		
借款予共同控制公司	Advances to jointly controlled entities	-	(11,575)
已收共同控制公司及一間聯營公司股息	Dividends received from jointly controlled entities and an associate	685	67,473
購買物業、廠房及設備	Purchases of property, plant and equipment	(8,688)	(37,369)
出售投資物業所得款項	Proceeds from disposal of investment properties	3,289	3,894
購買一間附屬公司之額外權益	Purchase of additional interest in a subsidiary	-	(19,263)
股本投入至一間聯營公司	Capital contribution to an associate	-	(32,456)
出售可供出售投資所得款項	Proceeds from disposal of available-for-sale investments	59,365	-
存入超過三個月到期之已抵押銀行存款減少(增加)	Decrease (increase) in pledged bank deposits with maturity of more than three months	28,315	(11,345)
其他投資現金流量	Other investing cash flows	6,646	(603)
		89,612	(41,244)
來自(用於)融資業務之現金淨額	Net cash from (used in) financing activities		
已付利息	Interest paid	(64,548)	(53,467)
發行股份所得款項	Proceeds from issue of shares	1,109,200	-
發行股份費用	Share issue expenses	(30,446)	-
新借銀行及其他貸款	New bank and other loans	541,632	723,547
償還銀行及其他貸款	Repayment of bank and other loans	(977,601)	(708,344)
償還少數股東借款(已包括在免息借款)	Repayment to minority shareholders (included in interest-free borrowings)	-	(56,089)
歸還前少數股東借款(已包括在免息借款)	Repayment to former minority shareholders (included in interest-free borrowings)	(49,855)	-
其他融資現金流量	Other financing cash flows	(699)	(12,069)
		527,683	(106,422)
現金及現金等值項目增加(減少)淨額	Net increase (decrease) in cash and cash equivalents	172,261	(167,710)
期初現金及現金等值項目	Cash and cash equivalents at the beginning of the period	499,339	437,859
外匯兌換率變動之影響	Effect of foreign exchange rate changes	6,339	11
期末現金及現金等值項目	Cash and cash equivalents at the end of the period	677,939	270,160
現金及現金等值項目結餘分析	Analysis of the balances of cash and cash equivalents		
銀行結存及現金	Bank balances and cash	680,271	350,934
銀行透支	Bank overdrafts	(2,332)	(80,774)
		677,939	270,160



簡明財務報表附註

(截至二零零六年六月三十日止六個月)

1. 編製基準

本簡明財務報表乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十六之適用披露規定及香港會計師公會頒佈之香港會計準則第34號「中期財務報告」而編製。

2. 主要會計政策

除若干物業及金融工具按公允價值計量外，本簡明財務報表乃按歷史成本基準編製。

除下文所述者外，本簡明財務報表所採用之會計政策與本集團編製截至二零零五年十二月三十一日止年度之財務報表所採用的一致。

於截至二零零四年十二月三十一日或以前之過往年度及截至二零零五年六月三十日止六個月期間，待發展物業以成本值扣除減值入賬。然而，如二零零五年度財務報表所述，該等待發展物業應按香港會計準則第17號「租賃」以成本值入賬，並以直線法按租賃期作攤銷。此項會計政策的變更已追溯應用。因此，截至二零零五年六月三十日止六個月之比較數字已據此調整以反映待發展物業之攤銷，該期間之溢利因而減少了10,028,000港元。

於本期間，本集團已首次採納香港會計師公會所頒佈多項新準則、修訂及詮釋(以下統稱「新香港財務報告準則」)，該等新準則於二零零五年十二月一日或二零零六年一月一日或其後開始之會計期間生效。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(FOR THE SIX MONTHS ENDED 30TH JUNE, 2006)

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2005, except as described below.

In the previous years ended on or before 31st December, 2004 and for the six months ended 30th June, 2005, properties for development were carried at cost less impairment. However, as stated in the 2005 annual financial statements, such properties for development should be carried at cost and amortised over the lease term on a straight-line basis in accordance with HKAS 17 "Leases". Such change in accounting policy has been applied retrospectively. Accordingly, comparative figures for the six months ended 30th June, 2005 have been restated in order to reflect the amortisation of properties for development and the profit for that period has been decreased by HK\$10,028,000.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning either on or after 1st December, 2005 or 1st January, 2006.



2. 主要會計政策 (續)

香港會計準則第19號(修訂)	精算收益及虧損、集團計劃及披露
香港會計準則第21號(修訂)	於海外業務之投資淨額
香港會計準則第39號(修訂)	預測集團內部交易之現金流量對沖會計處理
香港會計準則第39號(修訂)	選擇採用公允價值
香港會計準則第39號及香港財務報告準則第4號(修訂)	財務擔保合約
香港財務報告準則第6號	礦產資源之勘探及評估
香港(國際財務報告詮釋委員會)－詮釋第4號	釐定安排是否包含租賃
香港(國際財務報告詮釋委員會)－詮釋第5號	對已存在的拆卸、復原及環境修復基金所產生權益之權利
香港(國際財務報告詮釋委員會)－詮釋第6號	參與特定市場所產生之負債－電力與電子設備廢料

採納該等新香港財務報告準則對本期間或過往會計期間之業績編製及呈列並無重大影響。因此，無須作出任何前期調整。

財務擔保合約

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

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

本集團作為財務擔保合約之發行機構

於二零零六年一月一日以前，財務擔保合約並不是按香港會計準則第39號處理，該等合約乃披露為或有負債。當解決財務擔保責任有可能導致資源流出，而該金額能夠可靠地估計時，財務擔保撥備才會被確認。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Financial guarantee contracts

In the current period, the Group has applied HKAS 39 and HKFRS 4 (Amendments) "Financial guarantee contracts" which is effective for annual periods beginning on or after 1st January, 2006.

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

The Group acts as the issuer of the financial guarantee contracts

Prior to 1st January, 2006, financial guarantee contracts were not accounted for in accordance with HKAS 39 and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated reliably.



2. 主要會計政策 (續)

財務擔保合約 (續)

於應用有關修訂時，本集團已發行及並不是以透過損益按公允價值處理之財務擔保合約首次以公允價值減發行財務擔保合約之直接交易費用確認。於首次確認後，本集團以(i)按照香港會計準則第37號「撥備、或有負債及或有資產」釐定之金額及(ii)首次確認之金額減(當合適時)按照香港會計準則第18號「收入」確認之累計攤銷兩者中之較高者計量財務擔保合約。

本集團並未提早應用下列已頒佈但尚未生效之新準則或詮釋。本集團現仍未能適度地評估因應用該等新準則或詮釋而可能產生之影響。

香港會計準則
第1號(修訂) 資本披露¹

香港財務報告準則
第7號 金融工具：披露¹

香港(國際財務報告
詮釋委員會)
— 詮釋第7號 應用香港會計準則
第29號「嚴重通貨
膨脹經濟中之財務
報告」之重列方法²

香港(國際財務報告
詮釋委員會)
— 詮釋第8號 香港財務報告準則
第2號之範圍³

香港(國際財務報告
詮釋委員會)
— 詮釋第9號 內含衍生工具之
重新評估⁴

¹ 於二零零七年一月一日或其後開始之年度期間生效。

² 於二零零六年三月一日或其後開始之年度期間生效。

³ 於二零零六年五月一日或其後開始之年度期間生效。

⁴ 於二零零六年六月一日或其後開始之年度期間生效。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial guarantee contracts (continued)

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

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The Group is still not in the position to reasonably estimate the impact that may arise from the application of these standards or interpretations.

HKAS 1 (Amendment) Capital Disclosures¹

HKFRS 7 Financial Instruments: Disclosures¹

HK(IFRIC)-Int 7 Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies²

HK(IFRIC)-Int 8 Scope of HKFRS 2³

HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives⁴

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

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

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

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



3. 分類資料

本集團於本期間之營業額主要來自在中華人民共和國(「中國」)所經營之業務，當中並不包含香港地區。本集團之營業額及分類業績按主要業務分析如下：

3. SEGMENTAL INFORMATION

The Group's turnover for the period was derived mainly from activities carried out in the People's Republic of China (the "PRC") other than Hong Kong. An analysis of the Group's turnover and segment results by business segment is as follows:

截至二零零六年六月三十日止六個月之利潤表

Income statement for the six months ended 30th June, 2006

		物業發展 Property development 千港元 HK\$'000	物業投資 Property investment 千港元 HK\$'000	銷售 建築物料 Sale of construction materials 千港元 HK\$'000	其他營運 Other operations 千港元 HK\$'000	合併 Consolidated 千港元 HK\$'000
營業額	TURNOVER	109,569	43,642	180,453	29,548	363,212
業績	RESULTS					
分類業績	Segment results	2,559	30,632	3,920	(6,523)	30,588
未能分攤之總部費用	Unallocated corporate expenses					(27,614)
其他收入	Other income	15,608	-	6,972	22,303	44,883
待出售物業轉撥至 投資物業之 公允價值收益	Fair value gain on transfer of properties held for sale to investment properties	6,447	-	-	-	6,447
投資物業公允價值之 增加	Increase in fair value of investment properties	-	25,566	-	-	25,566
已竣工物業存貨 之減值撥備	Write-down of inventories of completed properties	(10,005)	-	-	-	(10,005)
呆壞賬準備	Allowance for doubtful debts	-	-	(1,176)	-	(1,176)
待發展物業 攤銷	Amortisation of properties for development	(9,342)	-	-	-	(9,342)
出售一間共同控制 公司之收益	Gain on disposal of a jointly controlled entity	150,390	-	-	-	150,390
融資成本	Finance costs					(59,054)
應佔聯營公司業績	Share of results of associates	(7,379)	1,628	-	209	(5,542)
應佔共同控制公司 業績	Share of results of jointly controlled entities	8,048	18,811	-	195	27,054
除稅前溢利	Profit before taxation					172,195
稅項	Taxation					(35,262)
本期間溢利	Profit for the period					136,933



3. 分類資料 (續)

3. SEGMENTAL INFORMATION (continued)

截至二零零五年六月三十日止六個月之利潤表(重列) Income statement for the six months ended 30th June, 2005 (Restated)

		物業發展 Property development 千港元 HK\$'000	物業投資 Property investment 千港元 HK\$'000	銷售 建築物料 Sale of construction materials 千港元 HK\$'000	其他營運 Other operations 千港元 HK\$'000	合併 Consolidated 千港元 HK\$'000
營業額	TURNOVER	229,069	24,965	141,454	22,808	418,296
業績	RESULTS					
分類業績	Segment results	41,454	18,736	(12,044)	(5,072)	43,074
未能分攤之總部費用	Unallocated corporate expenses					(16,738)
其他收入	Other income	-	-	7,627	36,741	44,368
待出售物業轉撥至 投資物業之 公允價值收益	Fair value gain on transfer of properties held for sale to investment properties	19,528	-	-	-	19,528
投資物業公允價值之 增加	Increase in fair value of investment properties	-	9,372	-	-	9,372
呆壞賬準備	Allowance for doubtful debts	-	(589)	(7,040)	(468)	(8,097)
待發展物業 攤銷	Amortisation of properties for development	(7,715)	-	-	-	(7,715)
收購一間附屬公司 額外權益之折讓	Discount on acquisition of additional interest in a subsidiary	15,873	-	-	-	15,873
融資成本	Finance costs					(46,420)
應佔聯營公司業績	Share of results of associates	1,361	11,173	-	210	12,744
應佔共同控制公司 業績	Share of results of jointly controlled entities	37,709	15,553	-	475	53,737
聯營公司權益之減值 虧損	Impairment loss on interests in associates	(17,451)	-	-	-	(17,451)
除稅前溢利	Profit before taxation					102,275
稅項	Taxation					(34,483)
本期間溢利	Profit for the period					67,792



4. 其他收入

4. OTHER INCOME

		(未經審核) (Unaudited)	
		截至六月三十日止六個月 Six months ended 30th June,	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000 (重列) (Restated)
銀行存款及應收賬款利息收入	Interest income on bank deposits and receivables	10,302	3,788
非流動免息應收賬款之 估算利息收入	Imputed interest income on non-current interest-free receivables	5,570	3,646
中國增值稅退回	Refund of PRC value-added tax	5,972	7,289
持作買賣投資之公允價值 增加	Increase in fair value of investments held for trading	268	–
從一物業發展項目所取得之 收入(附註)	Income from a property development project (note)	14,138	–
淨外匯匯兌收益	Net foreign exchange gains	2,254	–
免除過往年度已計提未付利息	Waiver of interest expenses accrued in prior years	–	19,420
其他收入	Other income	6,379	10,225
		44,883	44,368

附註：本集團於過往年度出售於一物業發展項目之若干權益，而應收款項乃按該物業之開發和銷售進度償還。除出售代價外，本集團亦應佔該項目之部份利潤。

Note: The Group sold certain interest in a property development project in prior years and the receivable is repayable based on the progress of development and sale of the property project. In addition to the consideration, the Group is entitled to share part of the profit from this project.

5. 出售一間共同控制公司之收益

5. GAIN ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY

於截至二零零六年六月三十日止六個月內，本集團以現金代價272,470,000港元，出售本集團於一間共同控制公司之全部50%權益及股東貸款，產生了出售收益150,390,000港元。該共同控制公司乃於中國成立，並從事物業發展業務。

During the six months ended 30th June, 2006, the Group disposed of its entire 50% interest in and shareholder's loan to a jointly controlled entity which is established in the PRC and engaged in property development for a cash consideration of HK\$272,470,000, resulting in a gain on disposal of HK\$150,390,000.



6. 融資成本

6. FINANCE COSTS

(未經審核)
(Unaudited)
截至六月三十日止六個月
Six months ended 30th June,
二零零六年 二零零五年
2006 2005
千港元 千港元
HK\$'000 HK\$'000

利息付予：	Interest on:		
銀行貸款及透支	Bank loans and overdrafts	56,276	46,540
貸款票據	Loan notes	972	972
融資租賃承擔	Obligations under finance lease	1	1
於五年內全部歸還之其他貸款	Other loans wholly repayable within five years	7,030	4,265
非流動免息借款之估算	Imputed interest expenses on non-current interest-free borrowings	4,334	3,602
利息費用			
		68,613	55,380
減：資本化於發展中物業金額	Less: amount capitalised on properties under development	(9,559)	(8,960)
		59,054	46,420

7. 稅項

7. TAXATION

(未經審核)
(Unaudited)
截至六月三十日止六個月
Six months ended 30th June,
二零零六年 二零零五年
2006 2005
千港元 千港元
HK\$'000 HK\$'000
(重列)
(Restated)

支出包括：	The charge comprises:		
中國企業所得稅及土地增值稅	PRC Enterprise Income Tax and Land Appreciation Tax		
— 本期撥備	— current period provision	19,593	3,265
— 過往年度撥備不足	— underprovision in prior years	670	204
		20,263	3,469
遞延稅項	Deferred tax	14,999	31,014
		35,262	34,483



7. 稅項 (續)

本集團於香港經營之公司於該兩段期間內並無任何應課稅溢利，故並無就香港利得稅作出撥備。本公司若干於中國經營之附屬公司享有稅務減免優惠。中國企業所得稅按其附屬公司適用稅率計算提撥。

7. TAXATION (continued)

No provision for Hong Kong Profits Tax is made as the group companies operating in Hong Kong do not have any assessable profit for both periods. Certain of the Company's subsidiaries operating in the PRC are eligible for tax exemptions and concessions. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries.

8. 本期間溢利

8. PROFIT FOR THE PERIOD

(未經審核)
(Unaudited)
截至六月三十日止六個月
Six months ended 30th June,
二零零六年 二零零五年
2006 2005
千港元 千港元
HK\$'000 HK\$'000
(重列)
(Restated)

本期間溢利已扣除 (計入)：	Profit for the period has been arrived at after charging (crediting):		
物業、廠房及設備折舊	Depreciation of property, plant and equipment		
自置資產	Owned assets	14,858	11,465
按融資租賃持有之資產	Assets held under finance leases	4	4
減：資本化於發展中 物業金額	Less: amount capitalised on properties under development	(307)	(556)
		<hr/>	<hr/>
		14,555	10,913
攤銷：	Amortisation of:		
無形資產	Intangible asset	74	12
待發展物業	Properties for development	9,342	7,715
土地使用權預付租賃款項	Prepaid lease payments on land use rights	486	289
		<hr/>	<hr/>
		24,457	18,929
出售可供出售投資之虧損	Loss on disposal of available-for-sale investments	1,786	–
持作買賣之投資公允 價值減少	Decrease in fair value of investments held for trading	–	230
應佔聯營公司稅項(已包括 在應佔聯營公司業績內)	Share of tax of associates (included in share of results of associates)	(440)	3,755
應佔共同控制公司稅項 (已包括在應佔共同 控制公司業績內)	Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)		
		<hr/>	<hr/>
		12,175	10,495



9. 每股盈利

本公司普通股股東應佔之每股基本及攤薄盈利乃按下列數據計算：

9. EARNINGS PER SHARE

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

		(未經審核) (Unaudited)	
		截至六月三十日止六個月 Six months ended 30th June,	
		二零零六年 2006	二零零五年 2005
		千港元 HK\$'000	千港元 HK\$'000
		(重列) (Restated)	
盈利	Earnings		
用以計算每股基本及攤薄盈利之盈利(期內本公司股東應佔之溢利)	Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the Company)	141,312	72,824

		(未經審核) (Unaudited)	
		截至六月三十日止六個月 Six months ended 30th June,	
		二零零六年 2006	二零零五年 2005
股數	Number of shares		
用以計算每股基本盈利之普通股加權平均數	Weighted average number of ordinary shares for the purpose of basic earnings per share	954,225,719	875,469,918
潛在攤薄普通股之影響： — 認股權證	Effect of dilutive potential ordinary shares: — Warrants	18,304,009	—
用以計算每股攤薄盈利之普通股加權平均數	Weighted average number of ordinary shares for the purpose of diluted earnings per share	972,529,728	875,469,918

計算兩個期間之每股攤薄盈利並未假設一間附屬公司之尚未行使購股權獲行使，因相關之行使價均高於每股之平均市場價格。

The computation of diluted earnings per share for both periods does not assume the exercise of the outstanding share options of a subsidiary as the exercise price was higher than the average market price per share.



9. 每股盈利 (續)

計算截至二零零五年六月三十日止六個月每股攤薄盈利並未假設本公司之尚未行使認股權證獲行使，因相關之行使價均高於每股之平均市場價格。

10. 物業、廠房及設備

於截至二零零六年六月三十日止六個月內，本集團購入之物業、廠房及設備之成本值為8,688,000港元。

11. 投資物業

於截至二零零六年六月三十日止六個月內，

(甲) 3,289,000港元之投資物業已出售，而13,540,000港元之待出售物業已轉撥至投資物業。

(乙) 本集團投資物業於二零零六年六月三十日之公允價值乃由與本集團無任何關係的獨立及專業評估師－普敦國際評估有限公司於當日進行估值。普敦國際評估有限公司擁有合適的資格及近期重估有關地區相近物業估值的經驗。該估值乃遵守香港測量師學會所頒佈的物業估值準則(第一版)，並根據租金資本化所得。

12. 貿易應收賬款

應收租戶之租金乃於發出發票時到期支付。本集團一般給予物業買家及其他客戶之信用期限為三十日至一百二十日。

9. EARNINGS PER SHARE (continued)

The computation of diluted earnings per share for the six months ended 30th June, 2005 does not assume the exercise of the Company's outstanding warrants as the exercise price was higher than the average market price per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2006, the Group acquired property, plant and equipment at a cost of HK\$8,688,000.

11. INVESTMENT PROPERTIES

During the six months ended 30th June, 2006,

(a) Investment properties of HK\$3,289,000 were disposed of and investment properties of HK\$13,540,000 were transferred from properties for sale.

(b) The fair value of the Group's investment properties at 30th June, 2006 have been arrived at on the basis of a valuation carried out on that date by Norton Appraisals Limited, a firm of independent and qualified professional valuers not connected with the Group. Norton Appraisals Limited have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to The Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors, was based on rental capitalisation.

12. TRADE RECEIVABLES

Rental receivables from tenants are payable on presentation of invoices. The Group generally allows a credit period of 30 to 120 days to property purchasers and other customers.



12. 貿易應收賬款 (續)

於報告日，貿易應收賬款(包括在貿易及其他應收賬款、按金及預付款內)之賬齡分析如下：

12. TRADE RECEIVABLES (continued)

The following is an aged analysis of trade receivables, which are included in trade and other receivables, deposits and prepayments, at the reporting date:

		(未經審核) (Unaudited) 二零零六年 六月三十日 30th June, 2006 千港元 HK\$'000	(已審核) (Audited) 二零零五年 十二月三十一日 31st December, 2005 千港元 HK\$'000
未到期	Not yet due	15,396	69,121
逾期三個月內	Overdue within 3 months	132,474	204,031
逾期四至六個月	Overdue between 4 and 6 months	58,171	37,239
逾期七至十二個月	Overdue between 7 and 12 months	17,550	16,333
逾期超過十二個月	Overdue over 12 months	26,486	31,127
		250,077	357,851

13. 貿易應付賬款

於報告日，貿易應付賬款(包括在貿易及其他應付賬款內)之賬齡分析如下：

13. TRADE PAYABLES

The following is an aged analysis of trade payables, which are included in trade and other payables, at the reporting date:

		(未經審核) (Unaudited) 二零零六年 六月三十日 30th June, 2006 千港元 HK\$'000	(已審核) (Audited) 二零零五年 十二月三十一日 31st December, 2005 千港元 HK\$'000
未到期	Not yet due	288,963	409,339
逾期三個月內	Overdue within 3 months	169,110	228,118
逾期四至六個月	Overdue between 4 and 6 months	47,367	14,755
逾期七至十二個月	Overdue between 7 and 12 months	7,192	6,948
逾期超過十二個月	Overdue over 12 months	126,826	139,014
		639,458	798,174



14. 借款

於截至二零零六年六月三十日止六個月內，本集團獲得新借銀行及其他貸款541,632,000港元及償還銀行及其他貸款977,601,000港元。該等貸款大部份按市場利率計息及需於五年內償還。新借款所得款項用於支付於中國之土地使用權、在建物業工程進度款及收購新物業項目。於二零零六年六月三十日借款中包括已貼現及有追索權之應收票據22,252,000港元。

14. BORROWINGS

During the six months ended 30th June, 2006, the Group obtained new bank and other loans of HK\$541,632,000 and repaid bank and other loans of HK\$977,601,000. The majority of the loans are repayable within 5 years and bear interest at market rates. Proceeds from new borrowings were used to finance the payment of land use rights, progress payments for properties under development and the acquisition of new property projects in the PRC. Included in borrowings as at 30th June, 2006, there were discounted bills receivable with recourse of HK\$22,252,000.

15. 股本

15. SHARE CAPITAL

		(未經審核) (Unaudited)	(已審核) (Audited)
		二零零六年 六月三十日 30th June, 2006 千港元 HK\$'000	二零零五年 十二月三十一日 31st December, 2005 千港元 HK\$'000
法定：	Authorised:		
2,000,000,000股每股面值 0.20港元之普通股股份	2,000,000,000 ordinary shares of HK\$0.20 each	400,000	400,000
		普通股股份數目 Number of ordinary shares	面值 Nominal value 千港元 HK\$'000
發行及已繳足：	Issued and fully paid:		
於二零零六年一月一日	At 1st January, 2006	875,469,918	175,094
進行配售事項及認購事項而 發行之股份	Shares issued under the placing and subscription	175,000,000	35,000
行使認股權證而發行之股份	Shares issued on exercise of warrants	78,800,000	15,760
於二零零六年六月三十日	At 30th June, 2006	1,129,269,918	225,854



15. 股本 (續)

根據於二零零六年四月六日新鴻基有限公司(「新鴻基」)(本公司之主要股東)與配售代理所訂立之配售協議，新鴻基按每股股份5.10港元之價格，向獨立投資者配售本公司175,000,000股每股面值0.20港元之現有股份，此價格較本公司股份於二零零六年四月四日之收市價折讓約6%。

根據於同日新鴻基與本公司所訂立之認購協議，新鴻基按每股股份5.10港元之價格，認購本公司175,000,000股每股面值0.20港元之新股份。認購事項所得款項用作為一物業發展項目提供資金、減低整體借款及用作本集團一般營運資金。該等新股份乃按本公司於二零零五年五月十二日之股東週年大會上向本公司董事(「董事」)授予一般授權而發行，並在各方面與其他已發行股份享有同等權益。

於截至二零零六年六月三十日止六個月內，認股權證持有人根據於二零零四年十二月二十四日所訂立之認股權證票據，以現金每股2.75港元行使認股權證，因此本公司發行78,800,000股每股面值0.20港元之股份。該等新股在各方面與其他已發行股份享有同等權益。

15. SHARE CAPITAL (*continued*)

Pursuant to a placing agreement dated 6th April, 2006 made between Sun Hung Kai & Co. Limited ("SHK"), a substantial shareholder of the Company, and the placing agent, SHK placed 175,000,000 existing shares of HK\$0.20 each in the Company to independent investors at a price of HK\$5.10 per share, representing a discount of approximately 6% to the closing market price of the Company's shares on 4th April, 2006.

Pursuant to a subscription agreement of the same date made between SHK and the Company, SHK subscribed for 175,000,000 new shares of HK\$0.20 each in the Company at a price of HK\$5.10 per share. The proceeds were used to fund a property development project, to reduce overall borrowings and to provide general working capital for the Group. These new shares were issued under the general mandate granted to the directors of the Company (the "Directors") at the annual general meeting of the Company held on 12th May, 2005 and rank pari passu with other shares in issue in all respects.

During the six months ended 30th June, 2006, 78,800,000 shares of HK\$0.20 each in the Company were issued at HK\$2.75 per share for cash as a result of the exercise of warrants by the warrant holder pursuant to the warrant instrument entered into on 24th December, 2004. The new shares rank pari passu with other shares in issue in all respects.



16. 資本承諾

16. CAPITAL COMMITMENTS

		(未經審核) (Unaudited)	(已審核) (Audited)
		二零零六年 六月三十日 30th June, 2006 千港元 HK\$'000	二零零五年 十二月三十一日 31st December, 2005 千港元 HK\$'000
已簽約承諾之資本	Capital expenditure in respect of contracted		
支出為：	commitments for:		
— 購買國內之土地使用權	— acquisition of land use rights in the PRC	1,317,847	1,449,530
— 購買物業、廠房及設備	— acquisition of property, plant and equipment	13,098	5,533
— 購買一間國內物業發展附屬公司	— acquisition of a property development subsidiary in the PRC	197,887	—
— 貸款予聯營公司	— loans to associates	4,650	4,650

17. 或有負債

17. CONTINGENT LIABILITIES

(甲) 本集團於二零零六年六月三十日之擔保如下：

(a) At 30th June, 2006, the Group had guarantees as follows:

		(未經審核) (Unaudited)	(已審核) (Audited)
		二零零六年 六月三十日 30th June, 2006 千港元 HK\$'000	二零零五年 十二月三十一日 31st December, 2005 千港元 HK\$'000
就給予一共同控制公司所動用之銀行信貸向一間銀行作出擔保	Guarantee given to a bank in respect of a banking facility utilised by a jointly controlled entity	29,126	—
就給予物業購買者之按揭貸款向銀行作出擔保	Guarantees given to banks in respect of mortgage loans granted to property purchasers	289,158	382,110
就給予一物業發展附屬公司土地使用權賣方之銀行信貸向一間銀行作出擔保	Guarantee given to a bank in respect of a banking facility granted to a vendor of land use rights to a property development subsidiary	13,395	13,267



17. 或有負債 (續)

(乙) 於截至二零零四年十二月三十一日止年度內，中國國家稅務總局於二零零四年八月二日，就加強向物業發展商徵收土地增值稅而發出國稅函【2004】第938號之公告。董事認為，在向稅務顧問和若干相關城市之稅務局諮詢後，土地增值稅乃按當地稅務局評定之若干設定稅率計算。因此，財務報表內並無全額預提土地增值稅。儘管本公司未能就該等城市之政策取得書面確定，然而董事認為按國家稅務條例全額徵收土地增值稅之可能性頗低。倘全面開徵此稅，則本集團額外應佔附屬公司之土地增值稅為145,925,000港元(二零零五年十二月三十一日：148,098,000港元)及應佔共同控制公司和一間聯營公司之土地增值稅為93,376,000港元(二零零五年十二月三十一日：88,056,000港元)。

(丙) 於本期間，中國政府加強執行有關中華人民共和國國土資源部於一九九九年四月二十六日所頒佈之閑置土地處置辦法。於二零零六年六月三十日，若干賬面總值為476,112,000港元之待發展物業可能被界定為閑置土地。本集團現正與當地部門緊密合作，包括商討發展方案之可行性，以防止有關土地被界定為閑置。根據法律意見，董事已對閑置土地問題作出評估，並認為有關土地被沒收之情況可能不會發生。

(丁) 一名先前購入深圳一項物業之買家，向本公司一間全資附屬公司提出法律訴訟，要求撤銷銷售合同及索回已付樓款約50,806,000港元及賠償。賬面值為36,407,000港元之已竣工物業存貨現由法院保管持有。本集團已提出上訴，而最高人民法院已下令重審此案件。此物業買家提出另一項法律訴訟，要求索回同一個商場另一層及地庫停車場之已付樓款以及賠償合共約60,872,000港元。此案件正於中國法院審理中。根據法律意見，本集團認為對於有關索償有強而有力之抗辯理據，無需要作出撥備。

17. CONTINGENT LIABILITIES (continued)

(b) During the year ended 31st December, 2004, the State Administration of Taxation of the PRC issued a circular as Guo Shui Han 【2004】 No. 938 on 2nd August, 2004 to strengthen levy of land appreciation tax on property developers. In the opinion of the Directors, after consulting the tax consultants and the tax bureaux of certain relevant cities, land appreciation tax is calculated according to certain deemed rates assessed by the local tax bureaux. Accordingly, full provisions for land appreciation tax have not been made in the financial statements. The Company, has not, however, been able to secure written confirmation of those individual city policies, and the Directors consider that there is a low possibility that land appreciation tax might be fully levied in accordance with the rule of State Administration of Taxation. Should such levies take place, then additional land appreciation tax of subsidiaries attributable to the Group amounts to HK\$145,925,000 (31st December, 2005: HK\$148,098,000) and share of land appreciation tax of jointly controlled entities and an associate attributable to the Group amounts to HK\$93,376,000 (31st December, 2005: HK\$88,056,000).

(c) During the period, the PRC government has reinforced the compliance of regulations on idle land confiscation which was issued by the Ministry of Land Resources of the PRC on 26th April, 1999. As at 30th June, 2006, certain properties for development with aggregate carrying values of HK\$476,112,000 may be potentially classified as idle land. The Group is currently working closely to prevent the possible classification, including negotiating the feasibility of development plans with the local authorities. Based on legal advice, the Directors have assessed the issue and considered that the idle land confiscation may not materialise.

(d) A property purchaser who previously purchased a property in Shenzhen initiated legal proceedings against a wholly owned subsidiary of the Company to rescind the sale contract and claim for sales proceeds paid of approximately HK\$50,806,000 together with compensation. Inventories of completed properties with carrying value of HK\$36,407,000 are held in the custody of the court. The Group had appealed and the Supreme Court had ordered rehearing to the case. This property purchaser initiated another legal proceeding claiming for sales proceeds of another storey of the same shopping arcade and the underground car parks with the compensation amounting to approximately HK\$60,872,000. This case is under trial by the court in the PRC. Based on legal opinion, the Group considers that it has a strong defence to the claims and no provision is required to be made.



17. 或有負債 (續)

- (戊) 一名前租客已向本集團一間共同控制公司提出法律行動，就地方政府收回物業之土地使用權，而申索重新安置之賠償約14,533,000港元。一家全資附屬公司約值7,650,000港元之應收賬款乃由法院保管持有。此案件正在中國法院審訊中。本集團已根據法律意見，對此項索償進行評估及認為此項索償之最終結果將對本財務報表並無重大影響。
- (己) 若干銀行向本公司一間全資附屬公司(作為授予若干物業買家按揭貸款之擔保人)提出訴訟，要求償還物業買家欠付之按揭貸款約8,796,000港元。根據法律意見，本集團已對此等索償進行評估及認為無需要作出撥備。
- (庚) 一名分包商同時控告總承建商、租戶及一間附屬公司，要求索取未付之建築費約27,184,000港元。該附屬公司已全額支付建築費予總承建商及租戶。此案件正於中國法院審理中。
- (辛) 若干承建商控告本公司一間附屬公司，要求索償有爭議的未付建築費及賠償共約32,475,000港元。此等案件正於中國法院審理中。本集團已對此等索償進行評估及在徵求法律意見後，認為此等索償之最終結果將對本集團之財務狀況並無重大影響。
- (壬) 一名物業買家已向本公司一間附屬公司提出法律訴訟，要求索回有關物業之已付樓款約1,670,000港元。本集團已對此項索償進行評估及在徵求法律意見後，認為無需要作出撥備。
- (癸) 一名於中國之合營夥伴向本公司之若干附屬公司提出法律行動，因合營項目暫時停工對其造成損失，要求索償約44,955,000港元及退出合營公司。此案件正於中國法院審理中。本集團已對此項索償進行評估及在徵求法律意見後，認為現時乃太早作評估可能產生之責任，亦無需要作出撥備。

17. CONTINGENT LIABILITIES (continued)

- (e) A former tenant has taken legal action against a jointly controlled entity of the Group claiming for resettlement compensation amounting to approximately HK\$14,533,000 due to the repossession of the property's land use rights by the local government. Trade receivable of a wholly owned subsidiary amounting to approximately HK\$7,650,000 is held in the custody of the court. The case is being tried by the court in the PRC. Based on legal opinion, the Group has assessed the claim and considers that the final outcome of the claim will not have material effect on the financial statements.
- (f) Certain banks have taken legal action against a wholly owned subsidiary of the Company, which has acted as a guarantor for mortgage loans granted to certain property purchasers, claiming for the defaulted repayment amounting to approximately HK\$8,796,000. Based on legal opinion, the Group has assessed the claims and considers that no provision is required to be made.
- (g) A sub-contractor has sued the main contractor, the tenant and a subsidiary jointly for outstanding construction cost of approximately HK\$27,184,000. The subsidiary has fully settled all construction costs with the main contractor and the tenant. The case is under trial by the court in the PRC.
- (h) Certain contractors have sued a subsidiary of the Company for outstanding construction costs and compensations of totally approximately HK\$32,475,000 which are in dispute. These cases are under trial by the courts in the PRC. The Group has assessed the claims and obtained legal advice, and considers that the final outcome of the claims will not have material effect on the financial position of the Group.
- (i) A property purchaser initiated legal proceeding against a subsidiary of the Company claiming for the proceeds of properties paid amounting to approximately HK\$1,670,000. The Group has assessed the claim and obtained legal advice, and considers that no provision is required to be made.
- (j) A joint venture partner in the PRC has taken legal action against certain subsidiaries of the Company claiming for compensation of approximately HK\$44,955,000 and withdrawal from the joint venture due to the suspension in development of the joint venture project. This case is under trial by the court in the PRC. The Group has assessed the claim and obtained legal advice, and considers that it is too early to assess the range of possible liability at this stage and no provision is required to be made.



18. 資產抵押

於二零零六年六月三十日，

(甲) 本集團將於上海聯合水泥股份有限公司(「上聯水泥」)綜合資產淨值148,679,000港元(二零零五年十二月三十一日：142,177,000港元)之54.7%(二零零五年十二月三十一日：54.7%)權益作為本集團獲授銀行透支信貸之抵押。上聯水泥亦將於山東聯合王晁水泥有限公司資產淨值71,274,000港元(二零零五年十二月三十一日：69,795,000港元)之95%(二零零五年十二月三十一日：95%)權益作為上聯水泥一間附屬公司獲授另一銀行信貸之抵押。

(乙) 本集團將於天安地產代理(中國)有限公司(「天安地產」)及天滿企業有限公司賬面值分別為407,530,000港元(二零零五年十二月三十一日：387,384,000港元)及123,310,000港元(二零零五年十二月三十一日：5,212,000港元)之100%(二零零五年十二月三十一日：100%)權益作為本集團獲授其他貸款之抵押。天安地產之一間附屬公司分別將賬面值549,580,000港元(二零零五年十二月三十一日：369,688,000港元)之投資物業及賬面值14,787,000港元(二零零五年十二月三十一日：無)之物業、廠房及設備作為該附屬公司獲授銀行信貸之抵押。於二零零五年十二月三十一日，該附屬公司將賬面值154,569,000港元之投資物業作為本集團獲授其他貸款之抵押。

18. PLEDGED ASSETS

At 30th June, 2006,

(a) The Group's 54.7% (31st December, 2005: 54.7%) interest in Shanghai Allied Cement Limited ("SAC") with consolidated net assets of HK\$148,679,000 (31st December, 2005: HK\$142,177,000) was pledged against a bank overdraft facility granted to the Group. SAC's 95% (31st December, 2005: 95%) interest in Shandong Allied Wangchao Cement Limited with net assets of HK\$71,274,000 (31st December, 2005: HK\$69,795,000) was also pledged against another banking facility granted to a subsidiary of SAC.

(b) The Group's 100% (31st December, 2005: 100%) interests in Tian An Real Estate Agency (China) Company Limited ("Tian An Real Estate") and Sky Full Enterprise Limited with carrying values of HK\$407,530,000 (31st December, 2005: HK\$387,384,000) and HK\$123,310,000 (31st December, 2005: HK\$5,212,000) respectively were pledged against another loan facility granted to the Group. Investment properties and property, plant and equipment held by a subsidiary of Tian An Real Estate with carrying values of HK\$549,580,000 (31st December, 2005: HK\$369,688,000) and HK\$14,787,000 (31st December, 2005: nil) respectively were pledged against banking facilities granted to that subsidiary. At 31st December, 2005, investment properties held by that subsidiary with carrying value of HK\$154,569,000 were pledged against another loan facility granted to the Group.



18. 資產抵押 (續)

(丙) 本集團將銀行存款36,942,000港元(二零零五年十二月三十一日: 64,749,000港元)及由若干附屬公司持有之物業、廠房及設備、待發展物業、發展中物業、待售物業及投資物業賬面值分別為12,515,000港元(二零零五年十二月三十一日: 960,000港元)、562,233,000港元(二零零五年十二月三十一日: 505,873,000港元)、254,903,000港元(二零零五年十二月三十一日: 490,800,000港元)、407,019,000港元(二零零五年十二月三十一日: 258,630,000港元)及1,156,197,000港元(二零零五年十二月三十一日: 789,227,000港元)給銀行作為本集團獲授銀行信貸之抵押。

(丁) 本集團將賬面值2,828,000港元(二零零五年十二月三十一日: 2,845,000港元)之待發展物業作為其他貸款之抵押。

(戊) 本集團將賬面值分別41,508,000港元(二零零五年十二月三十一日: 44,628,000港元)及53,180,000港元(二零零五年十二月三十一日: 53,583,000港元)之待發展物業及發展中物業作為貿易應付賬款之抵押, 該應付賬款已結清, 但抵押尚未解除。

(己) 本集團將銀行存款3,013,000港元(二零零五年十二月三十一日: 3,521,000港元)給銀行作為物業買家獲授按揭貸款之抵押。

(庚) 本集團之若干資產, 如附註17(丁)及17(戊)所述, 現由法院保管持有。

於二零零五年十二月三十一日, 本集團將於Tian An Land (Shanghai) Limited (「Tian An Land」) 賬面值421,148,000港元之100%權益作為本公司獲授銀行信貸之抵押。Tian An Land之一間附屬公司分別將賬面值335,611,000港元之投資物業及賬面值25,690,000港元之物業、廠房及設備作為該附屬公司獲授銀行信貸之抵押。

18. PLEDGED ASSETS (continued)

(c) Bank deposits, property, plant and equipment, properties for development, properties under development, properties for sale and investment properties of certain subsidiaries with carrying values of HK\$36,942,000 (31st December, 2005: HK\$64,749,000), HK\$12,515,000 (31st December, 2005: HK\$960,000), HK\$562,233,000 (31st December, 2005: HK\$505,873,000), HK\$254,903,000 (31st December, 2005: HK\$490,800,000), HK\$407,019,000 (31st December, 2005: HK\$258,630,000) and HK\$1,156,197,000 (31st December, 2005: HK\$789,227,000) respectively were pledged to banks for banking facilities granted to the Group.

(d) Properties for development with carrying value of HK\$2,828,000 (31st December, 2005: HK\$2,845,000) were pledged against other loans.

(e) Pledges of properties for development and under development with carrying values of HK\$41,508,000 (31st December, 2005: HK\$44,628,000) and HK\$53,180,000 (31st December, 2005: HK\$53,583,000) respectively against a trade payable which has been settled, have not been released.

(f) Bank deposits with carrying value of HK\$3,013,000 (31st December, 2005: HK\$3,521,000) were pledged against mortgage loans granted to property purchasers.

(g) Certain assets of the Group are under the custody of courts, as described in note 17(d) and (e).

At 31st December, 2005, the Group's 100% interest in Tian An Land (Shanghai) Limited ("Tian An Land") with carrying value of HK\$421,148,000 was pledged against a banking facility granted to the Company. Investment properties and property, plant and equipment held by a subsidiary of Tian An Land with carrying values of HK\$335,611,000 and HK\$25,690,000 respectively were pledged against a banking facility granted to that subsidiary.



19. 有關連人士之交易及結餘

19. RELATED PARTY TRANSACTIONS AND BALANCES

於截至二零零六年六月三十日止六個月內，本集團與有關連人士之重大交易及結餘如下：

During the six months ended 30th June, 2006, the Group had material transactions and balances with related parties as follows:

		(未經審核) (Unaudited)	
		截至六月三十日止六個月 Six months ended 30th June,	
		二零零六年 2006	二零零五年 2005
		千港元 HK\$'000	千港元 HK\$'000
(i) 新鴻基	(i) SHK		
– 貸款票據利息	– Interest on loan note	967	967
– 其他貸款利息	– Interest on other loan payable	6,620	363
(ii) 新鴻基之控股股東 (與本公司有共同董事)	(ii) Controlling shareholders of SHK (and which have common directors with the Company)		
– 已付租金、物業管理及 空調費用	– Rent, property management and air-conditioning fees paid	1,333	1,069
– 管理費	– Management fee	2,168	–
– 利息費用	– Interest expenses	528	–
(iii) 少數股東	(iii) Minority shareholders		
– 水泥生產設備租金費用	– Rental expenses for cement production facilities	2,659	1,835
(iv) 本公司一位非執行董事 為其合作夥伴之公司	(iv) A company of which a non-executive director of the Company is a partner		
– 法律及專業費用	– Legal and professional fee	1,112	1,922
(v) 主要管理層人員薪酬	(v) Key management personnel compensation		
– 薪金及其他短期福利	– Salaries and other short-term benefits	2,997	2,753
– 退休福利	– Post-employment benefits	169	113



19. 有關連人士之交易及結餘 (續)

本集團若干主要管理層人員從新鴻基之控股股東或其全資附屬公司收取酬金。該公司向本集團提供管理服務，並向本集團就該等人員及其他並非本集團之主要管理層人員所提供服務收取費用，該費用已包括在此附註(ii)部份所披露之管理費中。

上述之管理費在二零零五年下半年內開始收取。管理費乃按管理層於本集團事務所付出之時間計算，並可分配至上述主要管理層人員。二零零六年總分配金額為559,000港元，並已包括在上述之主要管理層人員薪酬內。

19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Certain key management personnel of the Group received remuneration from a company which is a controlling shareholder of SHK, or its wholly owned subsidiary. Such company provided management services to the Group and charged the Group a fee, which is included in management fee as disclosed above in part (ii) of this note, for services provided by those personnel as well as others who are not key management personnel of the Group.

The above-mentioned management fee commenced to be charged during the second half of 2005 and is calculated by reference to the time devoted by the management personnel on the affairs of the Group and can be apportioned to the above key management personnel. The total of such apportioned amounts, which have been included in the key management personnel compensation above for 2006, is HK\$559,000.

		(未經審核) (Unaudited) 二零零六年 六月三十日 30th June, 2006 千港元 HK\$'000	(已審核) (Audited) 二零零五年 十二月三十一日 31st December, 2005 千港元 HK\$'000
(vi) 新鴻基	(vi) SHK		
– 尚餘應付貸款票據	– Outstanding loan note payable	78,000	78,000
– 其他應付貸款	– Other loan payable	–	245,000
– 應付金額	– Amounts payable	2,476	3,609
(vii) 新鴻基之控股股東	(vii) Controlling shareholders of SHK		
– 其他應付貸款	– Other loans payable	6,400	1,400
– 應付金額	– Amounts payable	13,105	9,003
(viii) 本集團之共同控制公司	(viii) Jointly controlled entities of the Group		
– 共同控制公司對一間 銀行給予本集團之 銀行信貸作出擔保	– Guarantee provided by a jointly controlled entity to a bank for a banking facility granted to the Group	–	18,269



中期股息

董事會認為保留適當水平之資金，以便充份掌握日後之業務發展機會，乃審慎之舉，故此不建議宣派中期股息（二零零五年：無）。

管理層討論及分析

業績

於回顧期間，本公司股東應佔溢利為141,312,000港元（二零零五年：72,824,000港元（重列）），較去年同期上升94%。營業額下降至363,212,000港元（二零零五年：418,296,000港元），即下降13%，其主要原因是期內本集團按計劃將部份商業及寫字樓作出租用用途引致附屬公司之物業銷售減少，以及同期竣工總樓面面積減少所致。期內本公司股東應佔溢利增加主要來自出售一間共同控制公司之收益及租金收入增加75%。每股盈利為14.8港仙（二零零五年：8.3港仙（重列）），較去年同期上升78%。本公司已考慮有關市場因素，採用偏向更長期發展、更高開發利潤和更多經常收入的策略方針，而非只注重於賺取短期回報的項目。採納此策略方針是由於新土地政策令在主要城市增加土地儲備頗為困難。

業務回顧

本集團主要經營範圍包括：在中國開發高端住宅、別墅、寫字樓及商用樓宇、物業投資、生產及銷售建築材料、物業管理及酒店營運等。

INTERIM DIVIDEND

The Board considers that it is prudent to retain an appropriate level of funds to take advantage of business opportunities as and when they arise, and therefore does not intend to declare an interim dividend (2005: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The profit attributable to equity holders of the Company for the period under review was HK\$141,312,000 (2005: HK\$72,824,000 (restated)), representing an increase of 94% over the corresponding period of last year. Turnover decreased by 13%, to HK\$363,212,000 (2005: HK\$418,296,000), mainly due to that part of the Group's commercial and office properties were offered for lease rather than for sale, which led to a decrease in sales of properties by its subsidiaries for the period, and that the total gross floor area ("GFA") of its properties that were completed in the same period decreased. The increase in profit attributable to equity holders of the Company for the period was mainly the result of gains on disposal of a jointly controlled entity and the increase in rental income by 75%. Earnings per share was 14.8 HK cents (2005: 8.3 HK cents (restated)), representing an increase of 78% over the corresponding period of last year. The Company has considered the relevant market factors and adopted a development strategy aiming at more sustainable growth, higher development returns and greater recurrent income rather than concentrating on projects generating only short term returns. This strategy is adopted for reasons that the new land policies have made it rather difficult to increase our landbank in major cities.

BUSINESS REVIEW

The Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, property investment, manufacture and sale of construction materials, property management and hotel operation in China.



管理層討論及分析 (續)

業務回顧 (續)

物業發展及投資

於回顧期內，本集團錄得售出之總樓面面積約為32,800平方米(二零零五年：56,000平方米)，較去年同期下降41%。在中國之物業銷售包括南通天安花園(三期)、常州新城市花園(五期)、無錫紅山半島(三期)、廣州番禺節能科技園(二期)、大連天安海景花園(二期B)及長春天安第一城(二期)等。本集團通過出售所持有之上海新聯誼大廈有限公司及上海國聯有限公司全部權益而錄得售出之總樓面面積約為31,700平方米。

於回顧期內，已竣工商／住物業總樓面面積約為40,300平方米(二零零五年：53,700平方米)，較去年同期下降25%。於二零零六年六月三十日，在建工程總樓面面積為298,700平方米(二零零五年：309,300平方米)，較去年同期下降3%，包括南通天安花園(三期)、常州新城市花園(五期)、上海天安別墅(二期)、深圳天安高爾夫花園(三期)、廣州番禺節能科技園(三期)及長春天安第一城(三期)等。

土地儲備

目前，本集團擁有約585.4萬平方米總樓面面積的土地儲備(本集團應佔總樓面面積約為429.9萬平方米)，主要位於上海、深圳、廣州、南通、無錫、常州、南京、福州、長春、大連、武漢、肇慶及江門等城市。二零零六年，本集團增加了於廣東惠州之土地儲備。本集團將配合國內相關政策及經濟發展情況，於適當時間、適當地點，以適當價格增持土地儲備。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Property Development and Investment

During the period under review, the Group recorded sales of total GFA of approximately 32,800 m² (2005: 56,000 m²), representing a decrease of 41% over the corresponding period of last year. Properties sold in the PRC consisted of Nantong Tian An Garden (Phase 3), Changzhou New City Garden (Phase 5), Wuxi Redhill Peninsula (Phase 3), Guangzhou Panyu Hi-Tech Ecological Park (Phase 2), Dalian Tian An Seaview Garden (Phase 2B) and Changchun Tian An City One (Phase 2). The Group also recorded the sales of total GFA of approximately 31,700 m² through the disposal of its entire interests in Shanghai New Union Building Co., Ltd. and Shanghai Interunited Co., Ltd.

A total GFA of approximately 40,300 m² (2005: 53,700 m²) of residential/commercial properties was completed during the period under review, representing a decrease of 25% over the corresponding period of last year. As at 30th June, 2006, a total GFA of approximately 298,700 m² (2005: 309,300 m²) was under construction, representing a decrease of 3% over the corresponding period of last year, including Nantong Tian An Garden (Phase 3), Changzhou New City Garden (Phase 5), Shanghai Tian An Villa (Phase 2), Shenzhen Tian An Golf Garden (Phase 3), Guangzhou Panyu Hi-Tech Ecological Park (Phase 3) and Changchun Tian An City One (Phase 3).

Landbank

The Group currently has a landbank of total GFA of approximately 5,854,000 m² (total GFA attributable to the Group is approximately 4,299,000 m²), located mainly in Shanghai, Shenzhen, Guangzhou, Nantong, Wuxi, Changzhou, Nanjing, Fuzhou, Changchun, Dalian, Wuhan, Zhaoqing and Jiangmen, etc. In 2006, the Group increased its landbank in Huizhou of Guangdong. The Group will expand its landbank when and where appropriate at a reasonable price with reference to the relevant policies and economic development of China.



管理層討論及分析 (續)

業務回顧 (續)

建築物料生產及銷售

銷售建築物料之分類業績於回顧期內為本集團帶來3,920,000港元利潤(二零零五年: 12,044,000港元虧損)。水泥及熟料銷量107.8萬噸,較去年同期上升55%。

財務狀況

資金流動狀況及融資

於回顧期間,本公司通過配售1.75億股新股份方式籌集所得款項淨額約8.62億港元。通過認股權證獲行使而發行7,880萬股新股份,獲得2.167億港元款項。這些資金將主要用於個別項目的發展資金、減低借貸及作為一般營運資金。

於二零零六年六月三十日,本集團致力維持流動資金在穩健之水平,財政資源組合分佈合理。本集團之銀行結餘及現金超過7.2億港元,為本集團之日常運作提供足夠營運資金。

於二零零六年六月三十日,本集團之總借款約19.65億港元(二零零五年十二月三十一日: 24.95億港元),包括分別為11.29億港元(二零零五年十二月三十一日: 16.75億港元)及8.36億港元(二零零五年十二月三十一日: 8.2億港元)之流動負債及非流動負債。本集團之資產負債率(負債淨額除以權益總額)維持於約20%(二零零五年十二月三十一日: 37%)。借款乃主要用於購置土地儲備及為在建物業融資。

本集團約68%未償還負債將於兩年內到期。由於本集團之投資及營運乃在中國進行,故大部份銀行借款以人民幣計算及歸還。本集團借款中約78%為定息借款,餘下者則為浮息借款。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Manufacture and Sale of Construction Materials

The segment results from sale of construction materials for the period under review contributed a profit of HK\$3,920,000 to the Group (2005: loss of HK\$12,044,000). The sales volume of cement and clinker amounted to 1.078 million tonnes, representing an increase of 55% over the corresponding period of last year.

FINANCIAL POSITION

Liquidity and Financing

During the period under review, the Company raised approximately HK\$862 million of net proceeds through the placement of 175 million new shares, and obtained HK\$216.7 million in the issuance of 78.8 million new shares pursuant to the exercise of warrants. These funds will be used to finance certain projects, to reduce borrowings and for general working capital.

As at 30th June, 2006, the Group maintained its liquidity at a healthy level with a balanced portfolio of financial resources. The total bank balances and cash reserves of the Group were over HK\$720 million, providing sufficient working capital for the daily operations of the Group.

As at 30th June, 2006, the total borrowings of the Group amounted to approximately HK\$1,965 million (31st December, 2005: HK\$2,495 million), including current liabilities and non-current liabilities of HK\$1,129 million (31st December, 2005: HK\$1,675 million) and HK\$836 million (31st December, 2005: HK\$820 million) respectively. The gearing ratio (net debt over total equity) of the Group was around 20% (31st December, 2005: 37%). The borrowings were mainly used to finance the landbank and properties under construction.

Approximately 68% of the Group's outstanding debts will expire within 2 years. Since the investments and operation of the Group are carried out in the PRC, most of the bank borrowings are denominated in Renminbi ("RMB") which will be repaid in the same currency. Around 78% of the Group's borrowings bear interest at fixed rates while the remaining is at floating rates.



管理層討論及分析 (續)

財務狀況 (續)

資產抵押

資產抵押之詳情載於簡明財務報表附註第18項。

或有負債

或有負債之詳情載於簡明財務報表附註第17項。

僱員

於二零零六年六月三十日，本集團(包括其附屬公司，但不包括聯營公司及共同控制公司)聘用2,550(二零零五年十二月三十一日：2,661)名員工。本集團確保薪酬制度與市場相若，並按僱員表現發放薪金及花紅獎勵。

政策變化

今年上半年，中國政府相關部門陸續推出更嚴厲的措施去調控房地產市場，其目的包括(一)通過調整住房供應結構，要求發展九十平方米以下的中、小型普通商品住房，達到開發總面積的70%以上；(二)發揮稅收、信貸、土地政策的調整作用，壓抑需求量，加強對閑置土地的處理；(三)控制城市拆遷規模和進度，減緩被動性住房需求；(四)加強房地產建設全過程監管、制止炒賣及違規交易；(五)協助低收入家庭解決住房困難；(六)增強房地產市場信息透明度；及(七)提高外商投資房地產市場的要求，減少外資炒賣交易。種種措施，大部份是以壓抑需求的方法來解決中國房地產市場價格的上漲問題。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL POSITION (continued)

Pledge on Assets

Details of pledge on assets are set out in note 18 to the condensed financial statements.

Contingent Liabilities

Details of contingent liabilities are set out in note 17 to the condensed financial statements.

EMPLOYEES

As at 30th June, 2006, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 2,550 (31st December, 2005: 2,661) persons. The Group ensures that the remuneration packages for employees are competitive and employees are rewarded on performance related basis including salary and bonus.

CHANGES IN POLICIES

In the first half of this year, the relevant departments of the PRC government exercised tough control over the real estate market by promulgating consecutively tighter measures, aiming to (amongst others) (1) adjust the structure of housing supply by increasing the supply of small and medium sized ordinary commodity housing below 90 m² so as to constitute over 70% of the total development area; (2) suppress demand and strengthen the management of idle land by implementing policies in relation to taxation, credit lending and land; (3) control the scale and progress of urban demolition and relocation in order to slow down the passive housing demand; (4) strengthen the supervision and control of the whole process of real estate development so as to prohibit market speculations and activities not in compliance with regulations; (5) assist low-income families to solve their housing problems; (6) enhance transparency of information about the real estate market; and (7) stipulate higher requirements in relation to foreign investments in the real estate market so as to reduce foreign capital speculations. Most of the above measures were taken to solve the problem of increasing property price in the real estate market of the PRC by driving demand down.



管理層討論及分析 (續)

市場概況

上海房地產市場過往幾年的上升幅度較大，受宏觀調控影響也較明顯，令價格及交易量均出現下跌。加上限制外資的購買，估計對上海市場的影響相對較為顯著。由於已限制別墅開發，預計上海別墅價格受影響的幅度較低。北京市場價格相對平穩增長。廣州、深圳、大連、福州上半年房價的漲幅比較明顯，令當地政府推出更嚴厲措施去減少炒賣情況。南京、無錫、常州、南通受調控政策的影響，成交量減少，而價格方面因當地購買力較強而受影響較少。由於政策的陸續推出，估計各地房地產市場將因過去不同的漲幅而作出相應的調整，市場成交量將相對萎縮，買家將採取觀望態度，視乎各地不同的市場環境及政府的措施而改變購買意欲。發展商將關注當地政府的調控力度及方向作出相應的調整，預計對小型發展商的影響較大。

發展空間

中國上半年國內生產總值達人民幣9.1萬億元，同比增長10.9%，70個大中城市房屋銷售價格同比上漲5.6%。由於經濟的不停增長，預計中國居民的購買力將隨經濟環境的改善而逐漸提高。目前，國內的投資工具有限，加上中國人對自置物業及改善居住環境的強烈意欲，預料市場對房產的需求量必然有所增長。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

MARKET OVERVIEW

The real estate market in Shanghai recorded relatively rapid expansion over the past few years. However, it is also more susceptible to the macro-economic adjustments, resulting in a decrease in both property price and trade volume. Besides, given that purchases with foreign capital are restricted, it is expected that there will be a more significant impact on the Shanghai market. As the development of villas is already restricted, it is forecasted that the price of villas in Shanghai will be less affected. A steady increase in property price in the Beijing market is expected. In the first half of this year, significant increases in property prices were recorded in Guangzhou, Shenzhen, Dalian and Fuzhou, and the local governments introduced tighter measures to relieve market speculation. Due to the impact of adjustment and control policies, trade volume in Nanjing, Wuxi, Changzhou and Nantong shrank. However, property price was less affected due to strong purchasing power in the regions. As more government policies are consecutively promulgated, it is expected that corresponding adjustments will take place in various respective real estate markets depending on the extent of their increments in previous years, and market trade volume will shrink and buyers will adopt a wait-and-see approach, with their buying sentiment subject to different market conditions in their respective regions and the measures to be taken by the governments. Developers will closely monitor the regulation and control efforts made and the direction taken by the local governments and make corresponding adjustments. It is expected that small sized developers will be subject to relatively more significant impact.

DEVELOPMENT OPPORTUNITIES

In the first half of this year, the GDP of the PRC reached RMB9.1 trillion, representing a year-on-year increase of 10.9%. Home selling price in 70 large and medium sized cities recorded a year-on-year increase of 5.6%. Along with the continuous growth of the economy, it is anticipated that the PRC residents' purchasing power will gradually improve with the further progress of the economic conditions. At present, due to limited investment vehicles in the domestic market, together with Chinese people's strong desire to possess their own properties and to improve the living environment, it is expected that market demand for homes will be on the rise.



管理層討論及分析 (續)

發展空間 (續)

中國沿海城市的民間經濟及購買力比較強大，居民對住房的需求也與日俱增，換言之，國內買家其實是中國房地產市場的最大潛在購房者。天安過往一直以發展中高檔住宅為主，主要的銷售對象是國內高收入的居民，預計發展策略受宏觀調控的衝擊相對較少。

展望

面對嚴厲的調控政策，預計未來一年國內房地產市場將發生相應調整，以反映相關政策的影響力。由於不同城市的房屋價格漲幅及炒賣情況不同，故此其影響力將視乎不同城市的市場環境而有所分別，天安將密切注意不同城市的政策轉變，採取適當的方法以減少影響。同時尋求有利的發展及收購機會，增加土地儲備。集團的策略包括：

- (1) 有效控制開發及銷售的進度，使效益最大化。
- (2) 對高檔住宅及甲級寫字樓將繼續以出租為主，以增加經常性租金收入。
- (3) 加快非核心項目的出售及資金回收。
- (4) 繼續發展有經濟實力的二線城市投資，尋求更佳發展空間。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

DEVELOPMENT OPPORTUNITIES (continued)

The local economies and purchasing power of coastal cities of the PRC are relatively stronger, and the residents' demand for housing is getting increasingly high. In other words, domestic buyers are actually the largest group of potential buyers in China's real estate market. Tian An has been principally engaged in the development of middle to high end residential properties, with of the domestic high-income population as its target buyers. It is expected that its development strategy will be less affected by the macro-economic adjustment and control measures.

OUTLOOK

In view of the tough adjustment and control policies, it is anticipated that the domestic real estate market will see some consequential adjustment in the coming year to reflect impact of the relevant policies. As the extent of the increase in property price and speculating activities in different cities vary, the impact of the relevant policies will differ according to market conditions in different cities. Tian An will closely monitor the changes in policies in various cities and take appropriate actions to minimize the impact. Meanwhile, Tian An will seek favourable development and acquisition opportunities to increase its land bank. The Group's strategies include:

- (1) To effectively control the progress of property development and sale in order to maximize its profit.
- (2) High end residential properties and Grade A office buildings will be retained for leasing, so as to increase its recurrent rental income.
- (3) To speed up the sale of non-core projects and the recycling of funds.
- (4) To continue investment in the second-tier cities with strong economic strength, with the purpose of seeking better opportunities for expansion.



董事權益

除下文所披露者外，於二零零六年六月三十日，根據證券及期貨條例（「證券及期貨條例」）第352條須予備存之登記冊所記錄；或依據上市發行人董事進行證券交易的標準守則（「標準守則」）通知本公司及聯交所，概無本公司董事或最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債權證中擁有權益或淡倉：

(a) 本公司

董事姓名 Name of Director	權益性質 Nature of interests	持有股份及 相關股份之數目 Number of shares and underlying shares held	佔已發行 股本之百分比 Percentage to the issued share capital
馬申 Ma Sun	個人 Personal	52,125 (附註) (Note)	0.005%

附註：由馬申先生作為實益持有人所擁有之權益，全屬股份權益。

DIRECTORS' INTERESTS

Save as disclosed below, as at 30th June, 2006, none of the Directors or chief executives of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

(a) The Company

Note: The interests held by Mr. Ma Sun as beneficial owner are all interests in shares.

(b) 相聯法團－上海聯合水泥股份有限公司（「上聯水泥」）

(b) Associated Corporation – Shanghai Allied Cement Limited ("SAC")

董事姓名 Name of Directors	權益性質 Nature of interests	持有股份及 相關股份之數目 Number of shares and underlying shares held	佔已發行 股本之百分比 Percentage to the issued share capital
黃清海 Ng Qing Hai	個人 Personal	4,000,000 (附註1) (Note 1)	0.54%
馬申 Ma Sun	個人 Personal	100,000 (附註2) (Note 2)	0.01%
李志剛 Li Chi Kong	個人 Personal	600,000 (附註3) (Note 3)	0.08%

**董事權益 (續)****(b) 相聯法團 – 上海聯合水泥股份有限公司 (「上聯水泥」) (續)**

附註：

1. 由黃清海先生作為實益持有人所擁有之權益，全屬購股權之相關股份權益。
2. 由馬申先生作為實益持有人所擁有之權益，全屬股份權益。
3. 由李志剛先生作為實益持有人所擁有之權益，全屬購股權之相關股份權益。
4. 本公司董事於上聯水泥購股權之權益詳載於下文「購股權」一節中。

上述全部權益皆為好倉。於二零零六年六月三十日，根據證券及期貨條例第352條須予備存之登記冊所載，並無淡倉記錄。

購股權**(a) 本公司**

本公司之股東於一九九九年一月二十七日通過決議案採納購股權計劃。於截至二零零六年六月三十日止六個月內，並無根據本公司之購股權計劃授出任何購股權，於二零零六年一月一日及二零零六年六月三十日亦無任何購股權仍未行使。

(b) 上聯水泥

上聯水泥於二零零二年五月二十三日為上聯水泥及其任何附屬公司之參與者(包括董事及顧問)，採納購股權計劃(「上聯水泥計劃」)。

DIRECTORS' INTERESTS (continued)**(b) Associated Corporation – Shanghai Allied Cement Limited ("SAC") (continued)**

Notes:

1. The interests held by Mr. Ng Qing Hai as beneficial owner are all interests in underlying shares relating to share options.
2. The interests held by Mr. Ma Sun as beneficial owner are all interests in shares.
3. The interests held by Mr. Li Chi Kong as beneficial owner are all interests in underlying shares relating to share options.
4. The interests of the Directors of the Company in the share options of SAC are detailed in the section "Share Options" as disclosed below.

All the interests stated above represent long positions. As at 30th June, 2006, no short positions were recorded in the register required to be kept under section 352 of the SFO.

SHARE OPTIONS**(a) The Company**

The Company's share option scheme was adopted pursuant to a resolution passed by the shareholders of the Company on 27th January, 1999. No share option was granted under the share option scheme of the Company during the six months ended 30th June, 2006, nor was there any share option outstanding as at 1st January, 2006 and 30th June, 2006.

(b) SAC

The share option scheme of SAC (the "SAC Scheme") was adopted on 23rd May, 2002 for the participants (including directors and consultants) of SAC and any of its subsidiaries.



購股權 (續)

(b) 上聯水泥 (續)

根據上聯水泥計劃授出及於二零零六年六月三十日仍未行使之購股權詳情載列如下：

SHARE OPTIONS (continued)

(b) SAC (continued)

Details of the share options granted under the SAC Scheme and the outstanding options as at 30th June, 2006 are as follows:

	授出日期 Date of grant	行使期 Exercisable period	每股行使價 Exercise price per share 港元 HK\$	購股權數目 Number of share options			於二零零六年 六月三十日 尚未行使 Outstanding as at 30th June, 2006
				於二零零六年 一月一日 尚未行使 Outstanding as at 1st January, 2006	期內授出 Granted during the period	期內失效 Lapsed during the period	
本公司董事 Directors of the Company							
黃清海	二零零三年 七月二十八日	二零零四年 一月二十八日 至二零一三年 七月二十七日	0.70	4,000,000	-	-	4,000,000
Ng Qing Hai	28th July, 2003	28th January, 2004 to 27th July, 2013					
李志剛	二零零三年 七月二十八日	二零零四年 一月二十八日 至二零一三年 七月二十七日	0.70	600,000	-	-	600,000
Li Chi Kong	28th July, 2003	28th January, 2004 to 27th July, 2013					
上聯水泥僱員	二零零三年 七月二十八日	二零零四年 一月二十八日 至二零一三年 七月二十七日	0.70	16,500,000	-	600,000	15,900,000
Employees of SAC	28th July, 2003	28th January, 2004 to 27th July, 2013					
總計 Total				21,100,000	-	600,000	20,500,000

於回顧期內，概無根據上聯水泥計劃授出、行使或註銷任何購股權。

No share options were granted, exercised or cancelled under the SAC Scheme during the period under review.



**主要股東及
其他人士之權益**

根據證券及期貨條例第336條而須備存之登記冊所載，於二零零六年六月三十日，擁有本公司股份或相關股份之權益或淡倉之人士列示如下：

**INTERESTS OF SUBSTANTIAL SHAREHOLDERS
AND OTHER PERSONS**

Set out below are the interests or short positions of persons in the shares or underlying shares of the Company as at 30th June, 2006 as recorded in the register required to be kept under section 336 of the SFO:

股東名稱 Name of Shareholders	持有股份及相關股份之數目 Number of shares and underlying shares held			權益總額 Total Interests	權益總額 佔已發行 股本之百分比 Percentage of total interests to the issued share capital
	個人權益 (實益持有) Personal Interests (held as beneficial owner)	法團權益 (控制公司 持有之權益) Corporate Interests (interest of controlled corporation)	其他權益 (投資管理人 持有) Other Interests (held as investment manager)		
新鴻基有限公司(「新鴻基」) Sun Hung Kai & Co. Limited ("SHK")	436,525,603	-	-	436,525,603	38.65%
聯合地產(香港)有限公司(「聯合地產」) Allied Properties (H.K.) Limited ("APL")	-	436,525,603 (附註1) (Note 1)	-	436,525,603 (附註2) (Note 2)	38.65%
聯合集團有限公司(「聯合集團」) Allied Group Limited ("AGL")	-	436,525,603 (附註3) (Note 3)	-	436,525,603 (附註2) (Note 2)	38.65%
Lee and Lee Trust ("LL Trust")	-	436,525,603 (附註4) (Note 4)	-	436,525,603 (附註2) (Note 2)	38.65%
Penta Investment Advisers Limited ("Penta")	-	-	152,875,000	152,875,000	13.54%
John Zwaanstra	-	152,875,000 (附註5) (Note 5)	-	152,875,000 (附註6) (Note 6)	13.54%
ORIX Corporation	87,500,000	-	-	87,500,000	7.75%
Wachovia Corporation	-	78,800,000 (附註7) (Note 7)	-	78,800,000	6.98%



主要股東及 其他人士之權益 (續)

附註：

1. 聯合地產分別透過其直接及間接全資附屬公司 AP Jade Limited及AP Emerald Limited持有新鴻基已發行股本約61.42%權益，故被視作擁有新鴻基所持有之該等股份之權益。
2. 此數字指新鴻基持有之同一批436,525,603股股份之相同權益。
3. 聯合集團持有聯合地產已發行股本約74.93%權益，故被視作擁有聯合地產所持有之該等股份之權益。
4. 李成輝先生、李淑慧女士及李成煌先生為全權信託LL Trust之信託人，彼等合共持有聯合集團已發行股本約40.72%權益，故被視作擁有聯合集團所持有之該等股份之權益。
5. John Zwaanstra先生透過彼於Penta之100%權益而被視作擁有該等股份之權益。
6. 此數字指Penta持有之同一批152,875,000股股份之相同權益。
7. 該等78,800,000股股份乃透過Wachovia Investment Holdings, LLC持有，彼由EVEREN Capital Corporation直接全資擁有；而EVEREN Capital Corporation由Wachovia Corporation直接全資擁有。因此，Wachovia Corporation被視作擁有該等78,800,000股股份之權益。

上述全部權益皆為好倉。於二零零六年六月三十日，根據證券及期貨條例第336條須予備存之登記冊所載，並無淡倉記錄。

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (continued)

Notes:

1. Through AP Jade Limited and AP Emerald Limited, direct and indirect wholly owned subsidiaries of APL respectively, APL owned approximately 61.42% interest in the issued share capital of SHK and was therefore deemed to have an interest in the shares in which SHK was interested.
2. The figure refers to the same interest of SHK in 436,525,603 shares.
3. AGL owned approximately 74.93% interest in the issued share capital of APL and was therefore deemed to have an interest in the shares in which APL was interested.
4. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the LL Trust, being a discretionary trust. They together owned approximately 40.72% interest in the issued share capital of AGL and were therefore deemed to have an interest in the shares in which AGL was interested.
5. Mr. John Zwaanstra was deemed to be interested in the shares through his 100% interest in Penta.
6. The figure refers to the same interest of Penta in 152,875,000 shares.
7. The 78,800,000 shares were held by Wachovia Investment Holdings, LLC which is 100% directly owned by EVEREN Capital Corporation which is 100% directly owned by Wachovia Corporation. Accordingly, Wachovia Corporation was deemed to be interested in the 78,800,000 shares.

All the interests stated above represent long positions. As at 30th June, 2006, no short positions were recorded in the register required to be kept under section 336 of the SFO.



企業管治

企業管治常規守則

除下列摘要之部份偏離行為外，本公司截至二零零六年六月三十日止六個月內，已應用及遵守上市規則附錄十四所載企業管治常規守則（「企業管治守則」）之原則及守則條文：

(1) 守則條文A.2.1

守則條文A.2.1規定，主席與行政總裁的角色應有區分，並不應由一人同時兼任。

於二零零五年十二月，李成偉先生由主席改任為主席兼代理董事總經理，而黃清海先生由董事總經理改任為副董事總經理，故此與企業管治守則之守則條文A.2.1有所偏離。

董事會現時包括六名執行董事（其中一名為主席兼代理董事總經理而另一名為副董事總經理）及七名非執行董事。該七名非執行董事中，四名為獨立非執行董事（即佔董事會成員總數約三分之一）。主席兼代理董事總經理李成偉先生主要負責領導董事會，確保其在各方面職能之有效性並制定其議程；至於本集團業務營運方面，各指定高級管理人員之行政責任亦已明確訂立。由於董事會具有強而獨立之非執行董事成員，並且本集團業務營運之責任分工清晰，故此董事會認為此架構不會導致董事會與本集團業務管理兩者間之權力及授權平衡受到影響。董事會相信上述之架構對本公司及其業務有利。

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2006, the Company has applied the principles of, and complied with, the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

(1) Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

In December 2005, Mr. Patrick Lee Seng Wei was re-designated from Chairman to Chairman and Acting Managing Director whereas Mr. Ng Qing Hai was re-designated from Managing Director to Deputy Managing Director, and thus there is a deviation from the code provision A.2.1 of the CG Code.

The Board currently comprises six Executive Directors (one of whom is the Chairman and Acting Managing Director and another is the Deputy Managing Director) and seven Non-Executive Directors. Of the seven Non-Executive Directors, four of them are Independent Non-Executive Directors which represent nearly one-third of the Board. Mr. Patrick Lee Seng Wei, being the Chairman and Acting Managing Director, is primarily responsible for leadership of the Board, ensuring the effectiveness in all aspects for its role and for setting its agenda, whereas clearly established executive responsibilities for running of the business of the Group lie with different designated senior executives. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the business of the Group given that there is a strong and independent non-executive element on the Board and a clear division of responsibility for the running of the business of the Group. The Board believes that the structure outlined above is beneficial to the Company and its business.



企業管治 (續)

企業管治常規守則 (續)

(2) 守則條文B.1.3及C.3.3

守則條文B.1.3及C.3.3規定薪酬委員會及審核委員會在權責範圍方面應最低限度包括相關守則條文所載之該等特定職責。

本公司已採納之薪酬委員會(「薪酬委員會」)之權責範圍乃遵照守則條文B.1.3之規定，惟薪酬委員會僅會就執行董事(不包括高級管理人員)(而非守則條文所述之董事及高級管理人員)之薪酬待遇作出檢討(而非守則條文所述之釐定)，並僅向董事會提出建議。

本公司已採納之審核委員會(「審核委員會」)之權責範圍乃遵照守則條文C.3.3之規定，惟審核委員會(i)應就委聘外聘核數師提供非核數服務之政策作出建議(而非守則條文所述之執行)；(ii)僅具備監察(而非守則條文所述之確保)管理層已履行其職責建立有效之內部監控系統之有效能力；及(iii)可推動(而非守則條文所述之確保)內部和外聘核數師之工作得到協調，及檢閱(而非守則條文所述之確保)內部核數功能是否獲得足夠資源運作。

有關上述偏離行為之理由載於本公司截至二零零五年十二月三十一日止財政年度年報之「企業管治報告」一節內。董事會認為薪酬委員會及審核委員會應繼續根據本公司採納之權責範圍運作。董事會將最少每年檢討權責範圍一次，並在有需要時作出適當更改。

CORPORATE GOVERNANCE (continued)

CODE ON CORPORATE GOVERNANCE PRACTICES (continued)

(2) Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 and C.3.3 of the CG Code stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee (the "Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.3 except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to Directors and senior management under the code provision).

The terms of reference of the audit committee (the "Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 except that the Audit Committee (i) should recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the coordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The reasons for the above deviations are set out in the section "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31st December, 2005. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.



企業管治 (續)

企業管治常規守則 (續)

就有關企業管治守則之守則條文C.2.1而作出之內部監控年度檢討，將於本公司截至二零零六年十二月三十一日止財政年度之年報中所載之企業管治報告內匯報。

董事進行證券交易之行為守則

本公司已採納上市規則附錄十所載之標準守則，作為其董事進行證券交易之行為守則。經本公司作出特定查詢後，所有董事確認彼等於回顧期內已完全遵守標準守則所定之標準。

審核委員會之審閱

審核委員會連同管理層已審閱本集團所採納之會計原則及慣例，並就內部監控及財務匯報事項進行商討，包括截至二零零六年六月三十日止六個月之未經審核中期財務報告之一般審閱。審核委員會倚賴本集團外聘核數師按照香港會計師公會頒佈之標準核數準則第700號所作出之審閱結果及管理層所提交之報告而進行上述審閱工作。審核委員會並無進行詳細之獨立核數審查。

CORPORATE GOVERNANCE (continued)

CODE ON CORPORATE GOVERNANCE PRACTICES (continued)

The annual review of internal controls in respect of the code provision C.2.1 of the CG Code will be reported upon in the forthcoming corporate governance report to be contained in the Company's annual report for the financial year ending 31st December, 2006.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30th June, 2006. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Statement of Auditing Standards 700 issued by the HKICPA as well as obtaining reports from the management. The Audit Committee has not undertaken detailed independent audit checks.



購回、出售或贖回證券

本公司或其任何附屬公司概無於截至二零零六年六月三十日止六個月內購回、出售或贖回本公司之任何證券。

承董事會命
主席
李成偉

香港，二零零六年八月三十一日

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30th June, 2006.

By Order of the Board
Patrick Lee Seng Wei
Chairman

Hong Kong, 31st August, 2006