

Report of the Directors

董事會報告

The Directors are pleased to present their annual report together with the audited accounts of Hopson Development Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2006.

董事會欣然提呈合生創展集團有限公司(「本公司」)及其附屬公司(以下統稱「本集團」)截至二零零六年十二月三十一日止年度的年報連同經審核賬目。

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries, associate and a jointly controlled entity are principally engaged in investment holding and property development, investment and property management.

主要業務

本公司為一間投資控股公司，旗下各附屬公司、聯營公司及共同控制實體主要從事投資控股、物業發展、物業投資及物業管理業務。

An analysis of the Group's turnover by activity and their respective contributions to operating profit for the year ended 31st December 2006 by geographical locations is as follows:

本集團截至二零零六年十二月三十一日止年度按地區劃分之營業額及其各自對經營溢利之貢獻分析如下：

		Turnover 營業額 HK\$'000 千港元	Contribution to operating profit 對經營溢利的貢獻 HK\$'000 千港元
Guangdong	廣東	3,382,466	1,302,201
Beijing	北京	2,173,483	598,993
Shanghai	上海	665,551	298,488
Tianjin	天津	698,794	122,931
Others	其他	—	68,654
		<u>6,920,294</u>	<u>2,391,267</u>

An analysis of the Group's turnover by business segments for the year ended 31st December 2006 is as follows:

本集團截至二零零六年十二月三十一日止年度按業務活動劃分的營業額分析如下：

		Turnover 營業額 HK\$'000 千港元
Property development	物業發展	6,692,714
Property investment	物業投資	54,243
Property management	物業管理	173,337
		<u>6,920,294</u>

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31st December 2006, the five largest customers of the Group accounted for approximately 0.85% of the Group's turnover while the five largest suppliers of the Group accounted for 70% of the Group's purchases. In addition, the largest customer of the Group accounted for approximately 0.25% of the Group's turnover while the largest supplier of the Group accounted for approximately 20% of the Group's purchases.

Save for the association with certain related companies as set out in Note 41 to the accompanying audited accounts, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's share capital) has a beneficial interest in the Group's five largest customers or five largest suppliers.

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year ended 31st December 2006 are set out in the consolidated income statement on page 93 of this annual report.

An interim dividend of HK\$0.108 per share, totalling HK\$132,311,000, was declared and paid during the year. The Directors recommend the payment of a final dividend of HK\$0.271 per share, which will bring the total dividends for the year ended 31st December 2006 to HK\$480,980,000.

SHARE CAPITAL

Details of movements in share capital of the Company are set out in Note 27 to the accompanying accounts.

主要顧客及供應商

於截至二零零六年十二月三十一日止年度期間，本集團的五名最大客戶佔本集團營業額約0.85%，而本集團的五名最大供應商則佔本集團採購額70%。此外，本集團的最大客戶佔本集團營業額約0.25%，而本集團的最大供應商則佔本集團採購額約20%。

除於隨附的經審核賬目附註41所載與若干關連公司有聯繫外，概無董事、彼等的聯繫人或任何股東（據董事所知擁有超過本公司5%之股本者）於本集團的五名最大客戶或五名最大供應商中擁有實質權益。

業績及分派

本集團截至二零零六年十二月三十一日止年度的業績詳情載於本年報第93頁的綜合損益表內。

中期股息每股港幣0.108元，合共港幣132,311,000元，已於本年度內宣派及支付。董事建議派發末期股息每股港幣0.271元。故此，截至二零零六年十二月三十一日止年度股息總額將約為港幣480,980,000元。

股本

本公司的股本變動詳情載於隨附之賬目附註27。

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in Note 28 to the accounts.

Distributable reserves of the Company as at 31st December 2006, calculated under the Companies Act of Bermuda, amounted to HK\$39,957,000 (2005: HK\$28,561,000).

DONATIONS

During the year, the Group made charitable donations totalling HK\$24,580,000 (2005: HK\$8,297,000) to various charitable organizations for charitable purpose.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and there is no restriction against such rights under the laws of Bermuda.

PROPERTIES AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in properties and equipment and investment properties of the Group during the year are set out in Notes 7 and 8 to the accounts, respectively.

SUBSIDIARIES AND ASSOCIATE

Particulars of the Company's subsidiaries and associate are set out in Notes 13 and 14 to the accounts, respectively.

BORROWINGS

Particulars of borrowings as at 31st December 2006 are set out in Note 25 to the accounts.

儲備

本集團及本公司於本年度的儲備變動載於賬目附註28。

於二零零六年十二月三十一日，根據百慕達公司法計算，本公司的可供分派儲備為港幣39,957,000元（二零零五年：港幣28,561,000元）。

捐款

於本年，本集團為慈善用途捐款港幣24,580,000元（二零零五年：港幣8,297,000元）予多個慈善機構。

優先購買權

本公司細則並無優先購買權條文，而百慕達法例亦無限制該等權利。

物業及設備和投資物業

本集團於本年度的物業及設備和投資物業變動詳情分別載於賬目附註7及附註8。

附屬公司及聯營公司

本公司的附屬公司及聯營公司詳情分別載於賬目附註13及附註14。

借貸

於二零零六年十二月三十一日借貸詳情載於賬目附註25。

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PENSION SCHEMES

Details of the pension schemes are set out in Note 31 to the accounts.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 198 to 200.

CONTINUING CONNECTED TRANSACTIONS

On 13th April 2006, the Company and Guangdong Hanjiang Construction Installation Project Limited ("Hanjiang"), being the respective holding companies of the Group and the Hanjiang Group (comprising Hanjiang, its subsidiaries and its associates), entered into a framework agreement (the "Framework Agreement") setting out, among other things, the principal terms in respect of services/leased premises to be provided to the Group by the Hanjiang Group and of services/leased premises to be provided by the Group to the Hanjiang Group. The Framework Agreement is effective for a term from 29th May 2006 to 31st December 2008. Hanjiang, a company owned by the brother of Mr. Chu Mang Yee ("Mr. Chu") as to 90 percent, and the brother-in-law of Mr. Chu as to 10 percent., is a connected person of the Company under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Hence, the transactions between the Group and the Hanjiang Group as contemplated under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules. Details of such continuing connected transactions are set out as follows:

退休金計劃

退休金計劃詳情載於賬目附註31。

五年財務摘要

本集團於過去五年業績及資產與負債摘要載於第198至200頁。

持續關連交易

於二零零六年四月十三日，本公司與廣東韓江建築安裝工程有限公司（「韓江」）（各自為本集團及韓江集團（包括韓江、其附屬公司及其聯營公司）之控股公司）訂立一份框架協議（「框架協議」），以載列（其中包括）有關韓江集團將向本集團提供之服務／租賃物業以及本集團將向韓江集團提供之服務／租賃物業之主要條款。框架協議之有效期自二零零六年五月二十九日起至二零零八年十二月三十一日止之有效期。韓江為一間分別由朱孟依先生（「朱先生」）的胞弟及朱先生的妹夫擁有90%及10%權益之公司，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」），韓江為本公司之關連人士。因此，根據上市規則，框架協議所涉及在本集團與韓江集團間進行之交易構成本公司之持續關連交易。該等持續關連交易之詳情載列如下：

CONTINUING CONNECTED TRANSACTIONS

(Continued)

持續關連交易 (續)

(i) Construction

For the three years ending 31st December 2008, the Group may appoint Guangdong Zhujiang Construction Limited (“GZ Construction”) and Hanjiang to carry out construction works on certain property development projects of the Group and Hanjiang agrees to, and/or procure GZ Construction to, carry out such construction works for the Group. The construction fees payable by the Group to Hanjiang and GZ Construction for carrying out construction works for various property projects of the Group in the PRC shall be determined by the parties by reference to the market rate charged by independent third parties for similar construction projects, which shall conform with the stipulated standards issued by the relevant government authorities. As mentioned above, Hanjiang is a connected person of the Company. GZ Construction, a wholly-owned subsidiary (directly and indirectly) of Hanjiang, is an associate of Hanjiang and is therefore a connected person of the Company under the Listing Rules. During the year ended 31st December 2006, total construction fees paid/payable by the Group to Hanjiang and GZ Construction amounted to approximately HK\$1,475,868,000 (2005: HK\$3,092,000,000).

(ii) Property management

For the three years ending 31st December 2008, the Group may appoint Shanghai Hopson Property Management Limited (“Shanghai Hopson”) to manage certain properties developed and to be developed by the Group in Shanghai. The amount of management fees payable by the Group to Shanghai Hopson for providing management services to the said properties in Shanghai shall be determined by the parties by reference to the market rate charged by independent third parties for providing similar property management services in similar locations. Shanghai Hopson, an indirect wholly-owned subsidiary of Hanjiang, is an associate of Hanjiang and is therefore a connected person of the Company under the Listing Rules. During the year ended 31st December 2006, management fees paid/payable by the Group to Shanghai Hopson amounted to approximately HK\$49,000 (2005: HK\$95,000).

(i) 建築

於截至二零零八年十二月三十一日止三個年度，本集團可委任廣東珠江工程總承包有限公司（「珠江總承包」）及韓江為本集團若干物業發展項目進行建築工程，而韓江同意並會／或會促使珠江總承包為本集團進行該等建築工程。本集團就韓江及珠江總承包為本集團若干位於中國之物業發展項目進行建築工程而應付予彼等之建築費用，將由各訂約方參考獨立第三方就同類建設項目所收取之市場價格而釐定，並應符合有關政府機關頒佈之規定標準。誠如上文所述，韓江為本公司之關連人士。珠江總承包為韓江之全資附屬公司（直接及間接），並為韓江之聯繫人士，因此，根據上市規則，珠江總承包為本公司之關連人士。於截至二零零六年十二月三十一日止年度內，本集團已付／應付韓江及珠江總承包的建築費用總額約為港幣1,475,868,000元（二零零五年：港幣3,092,000,000元）。

(ii) 物業管理

於截至二零零八年十二月三十一日止三個年度，本集團可委任上海合生物業管理有限公司（「上海合生」）管理本集團若干位於上海的已發展及將發展之物業。本集團就上海合生為上述位於上海之物業提供管理服務而應付予上海合生之管理費用金額，將由各訂約方參考獨立第三方在同類地區提供同類物業管理服務所收取之市場價格而釐定。上海合生為韓江之間接全資附屬公司，並為韓江之聯繫人士，因此，根據上市規則，上海合生為本公司之關連人士。於截至二零零六年十二月三十一日止年度內，本集團已付／應付上海合生的管理費約為港幣49,000元（二零零五年：港幣95,000元）。

CONTINUING CONNECTED TRANSACTIONS

(Continued)

(iii) Design

For the three years ending 31st December 2008, the Group may appoint the Hanjiang Group to carry out design works for certain property development projects of the Group and Hanjiang agrees to procure any member of the Hanjiang Group which is engaged in the business of property design, to carry out such design works for the Group. The amount of design fees payable by the Group to the Hanjiang Group for carrying out the design works for various property development projects of the Group shall be determined by the parties by reference to the market rate charged by independent third parties for similar design projects, which shall conform with certain standards prescribed by the relevant government authorities. During the year ended 31st December 2006, design fees paid/payable by the Group to the Hanjiang Group amounted to approximately HK\$29,814,000 (2005: Nil).

(iv) Installation and decoration

For the three years ending 31st December 2008, the Group may appoint the Hanjiang Group to carry out installation and decoration works for certain property development projects of the Group and Hanjiang agrees to procure any member of the Hanjiang Group which is engaged in the business of installation and decoration, to carry out such installation and decoration works for the Group. The amount of installation and decoration fees payable by the Group to the Hanjiang Group for carrying out the installation and decoration works for various property development projects of the Group shall be determined by the parties by reference to the market rate charged by independent third parties for similar installation and decoration projects, which shall conform with certain standards prescribed by the relevant government authorities. During the year ended 31st December 2006, installation and decoration fees paid/payable by the Group to the Hanjiang Group amounted to approximately HK\$24,667,000 (2005: Nil).

持續關連交易 (續)

(iii) 設計

於截至二零零八年十二月三十一日止三個年度，本集團可委任韓江集團為本集團若干物業發展項目進行設計工作，而韓江同意促使韓江集團之任何成員公司（其從事物業設計業務）為本集團進行該等設計工作。本集團就韓江集團為本集團多個物業發展項目提供設計工作而應付予韓江集團之設計費金額，將由各訂約方參考獨立第三方就同類設計項目所收取之市場價格而釐定，並應符合有關政府機關所規定之若干標準。於截至二零零六年十二月三十一日止年度內，本集團已付／應付韓江集團的設計費約為港幣29,814,000元（二零零五年：無）。

(iv) 安裝及裝修

於截至二零零八年十二月三十一日止三個年度，本集團可委任韓江集團為本集團若干物業發展項目進行安裝及裝修工程，而韓江同意促使韓江集團之任何成員公司（其從事安裝及裝修業務）為本集團進行該等安裝及裝修工程。本集團就韓江集團為本集團多個物業發展項目提供安裝及裝修工程而應付予韓江集團之安裝及裝修工程費用金額，將由各訂約方參考獨立第三方就同類安裝及裝修工程所收取之市場價格而釐定，並應符合有關政府機關所規定之若干標準。於截至二零零六年十二月三十一日止年度內，本集團已付／應付韓江集團的安裝及裝修工程費用約為港幣24,667,000元（二零零五年：無）。

CONTINUING CONNECTED TRANSACTIONS

(Continued)

持續關連交易 (續)

(v) Intelligent-building design and installation

For the three years ending 31st December 2008, the Group may appoint the Hanjiang Group to carry out intelligent-building design and installation works for certain property development projects of the Group and Hanjiang agrees to procure any member of the Hanjiang Group which is engaged in the business of intelligent-building design and installation, to carry out such intelligent-building design and installation works for the Group. The amount of intelligent-building design and installation fees payable by the Group to the Hanjiang Group for carrying out intelligent-building design and installation works for various property development projects of the Group shall be determined by the parties by reference to the market rate charged by independent third parties for similar intelligent-building design and installation works. During the year ended 31st December 2006, intelligent-building design and installation fees paid/payable by the Group to the Hanjiang Group amounted to approximately HK\$11,161,000 (2005: Nil).

(vi) Office lease

For the three years ending 31st December 2008, the Hanjiang Group agrees to lease certain premises in Guangzhou in the aggregate size of approximately 5,200 square meters to the Group for use as office. The rent payable by the Group to the Hanjiang Group will be determined by reference to the market rents charged by independent third parties for the leasing of similar properties in the vicinity. During the year ended 31st December 2006, rental paid/payable by the Group to the Hanjiang Group amounted to approximately HK\$4,974,000 (2005: Nil).

(v) 智能樓宇設計及安裝

於截至二零零八年十二月三十一日止三個年度，本集團可委任韓江集團為本集團若干物業發展項目進行智能樓宇設計及安裝工程，及韓江同意促使韓江集團之任何成員公司（其從事智能樓宇設計及安裝工程業務）為本集團進行該等智能樓宇設計及安裝工程。本集團就韓江集團為本集團多個物業發展項目提供智能樓宇設計及安裝工程而應付予韓江集團之智能樓宇設計及安裝費用金額，將由各訂約方參考獨立第三方就同類智能樓宇設計及安裝工程所收取之市場價格而釐定。於截至二零零六年十二月三十一日止年度內，本集團已付／應付韓江集團的智能樓宇設計及安裝工程費用約為港幣11,161,000元（二零零五年：無）。

(vi) 辦公室租賃

於截至二零零八年十二月三十一日止三個年度，韓江集團同意將若干位於廣州、總面積約5,200平方米之物業租賃予本集團，以供本集團用作辦公室。本集團應付予韓江集團之租金，將參考獨立第三方就出租毗鄰地區同類物業所收取之市值租金而釐定。於截至二零零六年十二月三十一日止年度內，本集團已付／應付韓江集團的租金約為港幣4,974,000元（二零零五年：無）。

CONTINUING CONNECTED TRANSACTIONS 持續關連交易 (續)

(Continued)

(vii) Shop lease

For the three years ending 31st December 2008, the Group agrees to lease certain premises in Guangzhou in the aggregate size of approximately 6,200 square meters to the Hanjiang Group for use as shops. The rent receivable by the Group from the Hanjiang Group will be determined by reference to the market rents charged by Group for the leasing of the same or similar properties to independent third parties. During the year ended 31st December 2006, rental received/receivable by the Group from the Hanjiang Group amounted to approximately HK\$692,000 (2005: Nil).

(viii) Vacant property management

For the three years ending 31st December 2008, the Hanjiang Group may appoint the Group to manage certain vacant properties of the Hanjiang Group. The amount of management fees receivable by the Group from the Hanjiang Group will be determined by the parties by reference to the market rate charged by independent third parties for providing similar property management services in similar location, the location of the vacant properties and the scope of management services required, which shall conform with the standards prescribed by the relevant government authorities. During the year ended 31st December 2006, vacant property management fees received/receivable by the Group from the Hanjiang Group amounted to approximately HK\$4,652,000 (2005: Nil).

(vii) 商舖租賃

於截至二零零八年十二月三十一日止三個年度，本集團同意將若干位於廣州、總面積約6,200平方米之物業租賃予韓江集團，以供韓江集團用作商舖。本集團應收韓江集團之租金，將參考本集團就出租同一或同類物業向獨立第三方所收取之市值租金而釐定。於截至二零零六年十二月三十一日止年度內，本集團已收／應收韓江集團的租金約為港幣692,000元（二零零五年：無）。

(viii) 空置物業管理

於截至二零零八年十二月三十一日止三個年度，韓江集團可委任本集團管理韓江集團若干空置物業。本集團應收韓江集團之管理費金額，將由各訂約方參考獨立第三方就在同類地區提供同類物業管理服務所收取之市場價格、空置物業之所在地點及所需服務之範疇而釐定，並應符合有關政府機關所規定之若干標準。於截至二零零六年十二月三十一日止年度內，本集團已收／應收韓江集團的空置物業管理費用約為港幣4,652,000元（二零零五年：無）。

CONTINUING CONNECTED TRANSACTIONS 持續關連交易 (續)

(Continued)

The independent Non-executive Directors have reviewed the above transactions and confirmed that:

- (i) a. the above transactions have been conducted at arm's length between the parties on normal commercial terms or, if there are not sufficient comparable transactions on judge whether they are on normal commercial terms, on terms no less favorable to the Company than terms to or from (as appropriate) independent third parties;
 - b. the above transactions have been entered into in the ordinary and usual course of the business of the Group;
 - c. the above transactions have been carried out in accordance with the terms of the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole;
- (ii) during the year ended 31st December 2006, total construction fees paid/payable to Hanjiang and GZ Construction amounted to approximately HK\$1,475,868,000 (2005: HK\$3,092,000,000), which have not exceeded the annual construction fees paid/payable to Hanjiang and GZ Construction in respect of the year concerned as disclosed in the announcement of the Company dated 13th April 2006 (the "Announcement");

獨立非執行董事已審閱上述交易，並確認：

- (i) a. 上述交易已由訂約各方按公平磋商原則，並以一般商業條款進行，或倘無足夠可資比較之交易以判斷該等交易是否以一般商業條款進行，則按對本公司而言不遜於獨立第三者可取得或提供之條款（選用者）進行；
 - b. 上述交易乃於本集團一般及日常業務過程中訂立；
 - c. 上述交易乃根據監管該等交易之有關協議之條款並按符合本公司股東之整體利益且屬公平合理之條款進行；
- (ii) 於截至二零零六年十二月三十一日止年度內，已付／應付韓江及珠江總承包的建築費用總額約為港幣1,475,868,000元（二零零五年：港幣3,092,000,000元），並未超過本公司日期為二零零六年四月十三日之公佈（「公佈」）所披露於有關年度可向韓江及珠江總承包支付／應付的全年建築費用限額；

CONTINUING CONNECTED TRANSACTIONS 持續關連交易 (續)

(Continued)

- (iii) during the year ended 31st December 2006, management fees paid/payable to Shanghai Hopson amounted to approximately HK\$49,000 (2005: HK\$95,000), which have not exceeded the annual management fees paid/payable to Shanghai Hopson in respect of the year concerned as disclosed in the Announcement;
- (iv) during the year ended 31st December 2006, design fees paid/payable to the Hanjiang Group amounted to approximately HK\$29,814,000 (2005: Nil), which have not exceeded the annual design fees paid/payable to the Hanjiang Group in respect of the year concerned as disclosed in the Announcement;
- (v) during the year ended 31st December 2006, installation and decoration fees paid/payable to the Hanjiang Group amounted to approximately HK\$24,667,000 (2005: Nil), which have not exceeded the annual installation and decoration fees paid/payable to the Hanjiang Group in respect of the year concerned as disclosed in the Announcement;
- (vi) during the year ended 31st December 2006, intelligent-building design and installation fees paid/payable to the Hanjiang Group amounted to approximately HK\$11,161,000 (2005: Nil), which have not exceeded the annual intelligent-building design and installation fees paid/payable to the Hanjiang Group in respect of the year concerned as disclosed in the Announcement;
- (vii) during the year ended 31st December 2006, office rental paid/payable to the Hanjiang Group amounted to approximately HK\$4,974,000 (2005: Nil), which has not exceeded the annual office rental paid/payable to the Hanjiang Group in respect of the year concerned as disclosed in the Announcement;
- (viii) during the year ended 31st December 2006, shop rental received/receivable from the Hanjiang Group amounted to approximately HK\$692,000 (2005: Nil), which has not exceeded the annual shop rental received/receivable from the Hanjiang Group in respect of the year concerned as disclosed in the Announcement; and
- (iii) 於截至二零零六年十二月三十一日止年度內，已付／應付上海合生之管理費約為港幣49,000元(二零零五年:港幣95,000元)，並未超過公佈所披露於有關年度可向上海合生支付／應付之全年管理費限額；
- (iv) 於截至二零零六年十二月三十一日止年度內，已付／應付韓江集團的設計費約為港幣29,814,000元(二零零五年:無)，並未超過公佈所披露於有關年度可向韓江集團支付／應付的全年設計費限額；
- (v) 於截至二零零六年十二月三十一日止年度內，已付／應付韓江集團的安裝及裝修工程費用約為港幣24,667,000元(二零零五年:無)，並未超過公佈所披露於有關年度可向韓江集團支付／應付的全年安裝及裝修工程費用限額；
- (vi) 於截至二零零六年十二月三十一日止年度內，已付／應付韓江集團的智能樓宇設計及安裝費用約為港幣11,161,000元(二零零五年:無)，並未超過公佈所披露於有關年度可向韓江集團支付／應付的全年智能樓宇設計及安裝費用限額；
- (vii) 於截至二零零六年十二月三十一日止年度內，已付／應付韓江集團的辦公室租金約為港幣4,974,000元(二零零五年:無)，並未超過公佈所披露於有關年度可向韓江集團支付／應付的全年辦公室租金限額；
- (viii) 於截至二零零六年十二月三十一日止年度內，已收／應收韓江集團的商舖租金約為港幣692,000元(二零零五年:無)，並未超過公佈所披露於有關年度可向韓江集團收取／應收的全年商舖租金限額；及

CONTINUING CONNECTED TRANSACTIONS

(Continued)

- (ix) during the year ended 31st December 2006, vacant property management fees received/receivable from the Hanjiang Group amounted to approximately HK\$4,652,000 (2005: Nil), which have not exceeded the annual vacant property management fees received/receivable from the Hanjiang Group in respect of the year concerned as disclosed in the Announcement.

In accordance with Rule 14A.38 of the Listing Rules, the board of directors engaged the auditor of the Company to perform certain factual finding procedures on the above continuing connected transactions in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on the transactions based on the agreed upon procedures to the board of directors.

Save as disclosed in Note 41 to the accompanying accounts, no other contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries, associates, jointly controlled entity or holding company was a party and in which any of the Company's Directors had a material interest, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

During the year ended 31st December 2006, the Group entered into the following connected transactions:

- (1) On 19th May 2006, the Group entered into a conditional agreement with Beijing Huaxia Chuang Ye Real Estate Development Company Limited to acquire its entire equity interest representing 60.98% in Beijing Dongfangwenhua International Properties Company Limited ("Beijing Dongfangwenhua") at a consideration of approximately RMB17,690,000. Beijing Dongfangwenhua is the owner of the land use right of a site in Beijing of approximately 15,834 square meters in site area, in respect of which approval for the development and construction of office buildings, hotels and music halls has been granted to Beijing Dongfangwenhua by the relevant PRC government authorities.

持續關連交易 (續)

- (ix) 於截至二零零六年十二月三十一日止年度內，已收／應收韓江集團的空置物業管理費約為港幣4,652,000元(二零零五年：無)，並未超過公佈所披露於有關年度可向韓江集團收取／應收的全年空置物業管理費限額。

因應上市規則第14A.38條，董事會已委聘本公司核數師按照香港會計師公會所頒佈之香港有關服務準則第4400號「就財務資料執行協定程序的聘用協定」對上述持續關連交易進行若干事實查明程序。核數師已就該交易根據該協定程序所得之事實結論向董事會報告。

除於隨附之賬目附註41所披露外，本公司的董事概無於本年度年終或年內任何時間，在本公司或其任何附屬公司、聯營公司、共同控制實體或控股公司所訂立任何與本公司業務有關的其他重大合約中持有重大權益。

關連交易

於截至二零零六年十二月三十一日止年度內，本集團訂立了以下關連交易：

- (1) 於二零零六年五月十九日，本集團與北京華夏創業房地產開發有限公司訂立一項有條件協議，以收購其於北京東方文華國際置業有限公司（「北京東方文華」）全部約60.98%股本權益，代價約為人民幣17,690,000元。北京東方文華擁有一幅位於北京總佔地面積約為15,834平方米之土地的土地使用權，就此，北京東方文華已獲有關中國政府機關授出關於發展及建築寫字樓大廈、酒店及音樂廳之批文。

CONNECTED TRANSACTIONS (Continued)

(2) On 19th May 2006, the Group entered into a conditional loan assignment agreement with Beijing Huaxia pursuant to which the Group agreed conditionally to purchase from Beijing Huaxia (i) interest free loans with aggregate face values of approximately RMB378,185,000 due and owing by Beijing Dongfangwenhua to Beijing Huaxia (the "Oriental Assigned Loan") and (ii) interest free loans with aggregate face values of approximately RMB158,709,000 due and owing by Beijing Zhaode Property Company Limited ("Beijing Zhaode") to Beijing Huaxia (the "Zhaode Assigned Loan") at an aggregate consideration of RMB536,894,000, being the aggregate of the respective face values of the Oriental Assigned Loan and the Zhaode Assigned Loan as at 19th May 2006.

(3) On 19th May 2006, the Group entered into a conditional financial assistance confirmation with Beijing Zhaode and Beijing Huaxia which confirmed, subject to the conditions therein, that the Group shall assume Beijing Huaxia's rights and obligations under a financial assistance agreement dated 8th November 2005 entered into between Beijing Huaxia and Beijing Zhaode (as supplemented by a supplemental agreement dated 19th November 2005 entered into between the same parties).

Beijing Huaxia is owned by Hanjiang as to 75% and the brother-in-law of Mr. Chu as to 25%. Hanjiang is a connected person of the Company under the Listing Rules as described in the section titled "Continuing connected transactions". Beijing Huaxia, being a subsidiary of Hanjiang, is an associate of Hanjiang and is therefore a connected person of the Company under the Listing Rules. Accordingly, each of the transactions mentioned in paragraphs (1) to (3) above constituted a connected transaction of the Company under the Listing Rules.

(4) On 21st July 2006, the Company entered into a conditional share purchase agreement (the "Agreement") with Sun Advance Investments Limited ("Sun Advance"), an indirect wholly-owned subsidiary of the Company, Prime Essence Inc. ("Prime"), Interwell Developments Limited ("Interwell"), Union Wise Investment Limited ("Union"), Shanghai Mintai Real Estate Co., Ltd. ("Mintai") and Pacific Delta Investments Limited ("Pacific"), pursuant to which Pacific conditionally agreed to acquire the entire issued share capital of Interwell from Sun Advance and Prime in equal proportions for a consideration of US\$300 million, subject to adjustment in accordance with the Agreement.

關連交易 (續)

(2) 於二零零六年五月十九日，本集團與北京華夏訂立有條件貸款轉讓協議，據此，本集團有條件地同意自北京華夏購入(i)北京東方文華應付及結欠北京華夏總面值約人民幣378,185,000元之無息貸款(「東方讓與貸款」)及(ii)北京昭德置業有限公司(「北京昭德」)應付及結欠北京華夏之總面值約人民幣158,709,000元之無息貸款(「昭德讓與貸款」)，總代價為人民幣536,894,000元，即東方讓與貸款及昭德讓與貸款於二零零六年五月十九日各自面值之合計總額。

(3) 於二零零六年五月十九日，本集團與北京昭德及北京華夏訂立有條件資金墊付確認書，確認(須受當中所載條件之規限)本集團將承擔北京華夏於由北京華夏與北京昭德於二零零五年十一月八日訂立之資金墊付協議(經相同訂約方於二零零五年十一月十九日訂立之補充協議補充)下之權利及責任。

韓江及朱先生之妹夫分別擁有北京華夏之75%及25%權益。誠如「持續關連交易」一節所述，根據上市規則，韓江為本公司之關連人士。北京華夏作為韓江之附屬公司，乃韓江之關連人士，因此，根據上市規則，亦為本公司之關連人士。因此，根據上市規則，上文(1)至(3)段所述各項交易均構成本公司之關連交易。

(4) 於二零零六年七月二十一日，本公司、Sun Advance Investments Limited(「Sun Advance」)(為本公司之間接全資附屬公司)、Prime Essence Inc.(「Prime」)、Interwell Developments Limited(「Interwell」)、Union Wise Investment Limited(「Union」)、上海民泰房地產有限公司(「民泰」)及Pacific Delta Investments Limited(「Pacific」)訂立有條件股份購買協議(「該協議」)，根據該協議，Pacific有條件同意按同一比例向Sun Advance及Prime收購Interwell全部已發行股本，代價為美金300,000,000元，但可按照該協議作出調整。

CONNECTED TRANSACTIONS (Continued)

Interwell, through Mintai, is currently constructing a building known as Shanghai Hopson International Tower situated at Meiyuan Street, Fang No. 9, Qiu No. 5, Pudong New District, Shanghai, PRC with a planned gross floor area of 85,784 square meters. The costs of land and construction of Shanghai Hopson International Tower have been classified as other non-current asset as at 31st December 2006. The Group estimated that the gain on the disposal of its equity interest in Interwell amounted to approximately HK\$500 million, which will be recognized upon the completion of the Agreement in 2008.

Notwithstanding that Interwell is owned by the Group and Prime in equal shares, it is a subsidiary of the Company because the Group has the power to govern its financial and operating policies. By virtue of being a substantial shareholder of Interwell, Prime is regarded as a connected person of the Company. Union, being the holding company of Prime, is an associate of Prime. Accordingly, the transactions contemplated under the Agreement constituted connected transactions of the Company under the Listing Rules.

In respect of the continuing connected transactions and connected transactions, the Company has complied with the disclosure requirements under the Listing Rules in force from time to time.

關連交易 (續)

Interwell透過民泰現正興建一座位於中國上海浦東新區梅園街道9坊5丘之大廈，名為上海合生國際大廈，規劃總建築樓面面積為85,784平方米。於二零零六年十二月三十一日，上海合生國際大廈之土地及建築成本已分類為其他非流動資產。本集團估計，出售其於Interwell股權之收益約為港幣500,000,000元，該款項將於該協議於二零零八年完成後確認入賬。

雖然Interwell由本集團及Prime均等擁有，因本集團有權力管限其財務及營運政策，因此其為本公司之附屬公司。由於Prime為Interwell之主要股東，故被視為本公司之關連人士。Prime之控股公司Union為Prime之聯繫人士。因此，根據上市規則，該協議所涉及之各項交易均構成本公司之關連交易。

就持續關連交易及關連交易而言，本公司已遵守不時生效之上市規則的披露規定。

DIRECTORS AND DIRECTORS'S SERVICE CONTRACTS

The Directors who held office during the year and up to the date of this report were:

Executive Directors

Mr. Chu Mang Yee (Chairman)
Mr. Xiang Bin (Deputy Chairman)
Mr. Wu Jiesi (Chief Executive Officer)
Mr. Au Wai Kin
Mr. Chen Chang Ying
Mr. Tam Lai Ling
Ms. Xiao Yan Xia

Non-executive Directors

Ms. Chen Xiaohong (Resigned on 23rd June 2006)
Mr. Hu Yongmin (Resigned on 10th November 2006)
Mr. Shafran, Steven

Independent Non-executive Directors

Mr. Yuen Pak Yiu, Philip
Mr. Lee Tsung Hei, David
Mr. Wong Shing Kay, Oliver

董事及董事服務合約

本年度內及直至本報告刊發日期在任的董事如下：

執行董事

朱孟依先生 (主席)
項 斌先生 (副主席)
武捷思先生 (行政總裁)
歐偉建先生
陳長纓先生
譚禮寧先生
蕭燕霞女士

非執行董事

陳小紅女士 (於二零零六年六月二十三日辭任)
胡勇敏先生 (於二零零六年十一月十日辭任)
施盛勳先生

獨立非執行董事

阮北耀先生
李頌熹先生
黃承基先生

Report of the Directors

董事會報告

DIRECTORS AND DIRECTORS'S SERVICE CONTRACTS

(Continued)

All Directors are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's Bye-laws.

In accordance with the Company's Bye-laws, Mr. Xiang Bin, Mr. Chen Chang Ying, Mr. Au Wai Kin and Ms. Xiao Yan Xia retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

Independent non-executive directors' CONFIRMATION OF INDEPENDENCE

The Company has received independence confirmation from each of the independent Non-executive Directors, namely Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver, and considers them to be independent.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事及董事服務合約 (續)

全體董事均須根據本公司的公司細則於本公司股東週年大會上輪值退任。

根據本公司的公司細則，項斌先生、陳長纓先生、歐偉建先生及蕭燕霞女士須輪值退任，惟彼等合資格且願意於應屆股東週年大會上膺選連任。

董事沒有與本公司或其任何附屬公司訂立於一年內不作賠償（法定賠償除外）即不可終止的服務合同。

獨立非執行董事之獨立性確認函件

本公司已接獲各獨立非執行董事（即阮北耀先生、李頌熹先生及黃承基先生）之獨立性確認函件，本公司認為彼等均為獨立。

董事於合約之權益

於年終或年內任何時間本公司董事概無於本公司或其任何附屬公司訂立之重大合同中直接或間接擁有重大權益。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

董事及行政總裁於股份、相關股份及債券擁有之權益及淡倉

As at 31st December 2006, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

於二零零六年十二月三十一日，本公司董事及行政總裁根據證券及期貨條例（「證券及期貨條例」）第XV部第7及第8分部已知會本公司及聯交所其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、相關股份及債券中擁有之權益或淡倉（包括根據證券及期貨條例之該等規定被認為或視作擁有之權益或淡倉），或必須列入根據證券及期貨條例第352條予以存置之登記冊內，或根據上市發行人董事進行證券交易的標準守則（「標準守則」）必須知會本公司及聯交所之權益或淡倉載列如下：

(1) Long positions in shares

(1) 於股份之好倉

Name of directors 董事姓名	Number of shares of the Company 本公司股份數目				Percentage of shares 佔已發行	
	Personal interests 個人權益	Family interests 家屬權益	Corporate interests 公司權益	Other interests 其他權益	Total 合計	outstanding 股份百分比
Mr. Chu Mang Yee (a) 朱孟依先生 (a)	-	-	686,400,000	-	686,400,000	53.41%
Mr. Au Wai Kin (b) 歐偉建先生 (b)	-	-	34,500,000	-	34,500,000	2.68%
Ms. Xiao Yan Xia 蕭燕霞女士	30,000	-	-	-	30,000	0.01%
Mr. Steven Shafran 施盛勳先生	1,600,000	-	-	-	1,600,000	0.12%

Notes:

附註：

- Mr. Chu Mang Yee held 686,400,000 shares of the Company through Sounda Properties Limited, a company wholly-owned by him, and HKSCC Nominees Limited.
- Mr. Au Wai Kin held 34,500,000 shares of the Company through a company wholly-owned and controlled by him.

- 朱孟依先生透過其全資擁有的新達置業有限公司及香港中央結算（代理人）有限公司持有本公司686,400,000股股份。
- 歐偉建先生透過其全資擁有及控制的公司持有本公司34,500,000股股份。

Report of the Directors

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

董事及行政總裁於股份、相關股份及債券擁有之權益及淡倉 (續)

(2) Long positions in share options

The Company's share option scheme (the "Scheme") was adopted on 4th November 2002 and no share options were granted, lapsed or were cancelled during the year. The following table discloses movements of the share options granted under the Scheme during the year:

(2) 於購股權之好倉

本公司之購股權計劃(「該計劃」)於二零零二年十一月四日獲採納，而年內並無任何購股權獲授出、失效或被註銷。下表披露年內根據該計劃授出之購股權之變動情況：

Date of grant 授出日期	Exercise price per share 每股行使價	Exercised period 行使期	Number of share options 購股權數目		
			Beginning of year 年初	Exercised during the year 年內行使	End of year 年終
Mr. Wu Jiesi 武捷思先生					
29th April 2005 二零零五年四月二十九日	HK\$4.30 港幣4.30元	29th April 2005 to 28th April 2010 二零零五年四月二十九日至二零一零年四月二十八日	5,000,000	5,000,000 ^{(1),(3)}	–
15th September 2005 二零零五年九月十五日	HK\$8.20 港幣8.20元	15th September 2005 to 14th September 2010 二零零五年九月十五日至二零一零年九月十四日	2,036,000	–	2,036,000
Mr. Tam Lai Ling 譚禮寧先生					
29th April 2005 二零零五年四月二十九日	HK\$4.30 港幣4.30元	29th April 2005 to 28th April 2010 二零零五年四月二十九日至二零一零年四月二十八日	5,000,000	5,000,000 ^{(2),(4)}	–
Mr. Steven Shafran 施盛勳先生					
11th August 2005 二零零五年八月十一日	HK\$6.20 港幣6.20元	11th August 2005 to 10th August 2010 二零零五年八月十一日至二零一零年八月十日	4,500,000	1,500,000 ⁽⁵⁾	3,000,000
			16,536,000	11,500,000	5,036,000

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Notes:

1. The closing price of the shares immediately before the date of exercise by Mr. Wu Jiesi of 3,000,000 share options was HK\$14.75.
2. The closing price of the shares immediately before the date of exercise by Mr. Tam Lai Ling of 3,000,000 share options was HK\$14.75.
3. The closing price of the shares immediately before the date of exercise by Mr. Wu Jiesi of 2,000,000 share options was HK\$15.00.
4. The closing price of the shares immediately before the date of exercise by Mr. Tam Lai Ling of 2,000,000 share options was HK\$15.00.
5. The closing price of the shares immediately before the date of exercise by Mr. Steven Shafran was HK\$15.22.

Save as disclosed above, as at 31st December 2006, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and no Directors or chief executives or their respective spouses or children under 18 years of age had been granted any right to subscribe for equity or debt securities of the Company nor exercised any such right.

The Company used Binomial Option Pricing Model to determine the fair value of the options granted as at the date of grant.

The Binominal Option Pricing Model was developed to estimate the fair value of American style options. It is one of the commonly used models to estimate the fair value of an option which can be exercised before the expiry of the option period. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

董事及行政總裁於股份、相關股份及債券擁有之權益及淡倉 (續)

附註:

1. 緊接武捷思先生行使3,000,000份購股權日期前股份之收市價為港幣14.75元。
2. 緊接譚禮寧先生行使3,000,000份購股權日期前股份之收市價為港幣14.75元。
3. 緊接武捷思先生行使2,000,000份購股權日期前股份之收市價為港幣15.00元。
4. 於緊接譚禮寧先生行使2,000,000份購股權日期前股份之收市價為港幣15.00元。
5. 緊接施盛勳先生行使購股權日期前股份之收市價為港幣15.22元。

除上文所披露者外，於二零零六年十二月三十一日，本公司董事、行政總裁或彼等各自之聯繫人概無於根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所所有關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、相關股份或債券中擁有任何個人、家族、公司或其他權益或淡倉（包括根據證券及期貨條例之該等規定被認為或視作擁有之權益或淡倉），或必須列入根據證券及期貨條例第352條予以存置之登記冊內，或根據標準守則必須知會本公司及聯交所之任何個人、家族、公司或其他權益或淡倉。

除上述者外，於年內任何時間，本公司及其任何附屬公司並無訂立任何安排，以使董事或彼等之任何配偶或十八歲以下之子女有權透過購買本公司或任何其他法人團體之股份或債券而從中獲益，以及概無董事或行政總裁或彼等各自之配偶或十八歲以下之子女已獲授任何權利以認購本公司股份或債務證券或已行使該等權利。

本公司使用二項式期權定價模式評估期權於授出日期之公平值。

二項式期權定價模式旨在評估美式期權的公平值，是其中一種普遍採用的期權定價模式，以評估可於購股權限前行使的購股權的公平值。購股權的價值會視乎若干主觀假設之變數而計算出不同的估值。倘任何已採用的變數出現變動，或會對購股權公平值之評估造成重大影響。

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDERS

Other than interests disclosed in the section headed "Directors" and chief executives' interests and short positions in shares, underlying shares and debentures' above, as at 31st December 2006, according to the register of interests kept by the Company under section 336 of the SFO, the following entity had interests or short positions in the shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity and nature of interests	Number of issued shares	Percentage of shares outstanding
股東名稱	身份及權益性質	已發行股份數目	佔已發行股份百分比
Sounda Properties Limited 新達置業有限公司	Beneficial owner 實益擁有人	686,400,000	53.41%

Save as disclosed above, the directors are not aware of any other persons who, as at 31st December 2006, had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

主要股東

除上文「董事及行政總裁於股份、相關股份及債券擁有之權益及淡倉」一節所披露之權益外，於二零零六年十二月三十一日，按本公司根據證券及期貨條例第336條須存置之登記冊之記錄，下列實體於本公司股份中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉：

除上文所披露者外，就董事所知，概無任何其他人士於二零零六年十二月三十一日於本公司或任何聯營公司（定義見證券及期貨條例第XV部）之股份、相關股份或債券中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉。

INFORMATION ON SHARE OPTION SCHEME

The following table is a summary of the Scheme disclosed in accordance with the Listing Rules:

1. Purpose of the Scheme 該計劃目的	As recognition of the contribution of the participants by granting options to them as incentives or rewards. 向參與者授予購股權以表揚彼等之貢獻，並以此激勵並回饋彼等之努力
2. Participants of the Scheme 該計劃的參與者	Any executive, employee, director (including non-executive director and independent non-executive director), consultant, adviser and/or agent of the Company or any of its subsidiaries. 本公司或其任何附屬公司的行政人員、僱員、董事（包括非執行董事及獨立非執行董事）、專家顧問、顧問及／或代理人
3. Total number of shares available for issue under the Scheme and percentage of issued share capital as at 17th April 2007 根據該計劃可發行股份總數及於二零零七年四月十七日佔已發行股本百分比	100,200,000 shares unless shareholders' approval has been obtained pursuant to the terms of the Scheme (approximately 7.80% of issued share capital). 除非已依照新計劃條款取得股東批准，否則為100,200,000股（約佔已發行股本的7.80%）

購股權計劃的資料

根據上市規則就該計劃所作披露概述如下：

INFORMATION ON SHARE OPTION SCHEME

(Continued)

- | | |
|---|---|
| 4. Maximum entitlement of each participant under the Scheme | The total number of shares issued and to be issued upon the exercise of share options already granted or to be granted to each participant (including both exercised and outstanding share options) in the 12-month period up to and including the date of grant shall not exceed 1% of the issued share capital as at the date of grant. Any grant of further options above the limit shall be subject to certain requirements as stipulated in the rules of the Scheme. |
| 每位參與者根據該計劃可認購的最高數額 | 每名計劃參與者行使已授予或將授予之購股權獲配發或將獲配發之股份總數目(包括已行使及尚未行使之購股權),於授予之日前十二個月期間(包括授予當日),不得超逾於授出日期已發行股本1%。再授予任何超逾此限額的購股權須受該計劃規則內訂明的若干規定所規限 |
| 5. The period within which the shares must be taken up under an option | Commencing on the date of grant of an option and expiring at 5:00 p.m. on the earlier of the business day preceding the fifth anniversary thereof and the business day preceding the tenth anniversary of the day on which the Scheme was adopted. |
| 根據購股權須認購股份的期限 | 自購股權授出日期起至該授出日期的五週年的前一個營業日或至採納該計劃日期的十週年的前一個營業日(以較早者為準)下午五時正屆滿 |
| 6. The minimum period for which an option must be held before it can be exercised | Completion of half year's full-time services with the Company or a subsidiary. |
| 須於行使前持有購股權的最短期限 | 於本公司或一間附屬公司完成半年全職服務 |
| 7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purpose must be paid | Nil |
| 申請或接納購股權的應付金額以及付款或通知付款的期限或償還申請購股權貸款的期限 | 無 |

INFORMATION ON SHARE OPTION SCHEME

(Continued)

- | | |
|--|---|
| 8. The basis of determining the exercise price
釐定行使價的基準 | The exercise price is determined by the board of Directors and shall at least be the highest of:
行使價由董事會釐定，最低須為以下的最高者： <ol style="list-style-type: none">a. the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the relevant options;
於有關提供購股權當日本公司股份於聯交所每日報價表的收市價；b. the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the relevant options; and
於緊接提供有關購股權當日之前五個營業日本公司股份於聯交所每日報價表的平均收市價；及c. the nominal value of the Company's shares.
本公司股份面值。 |
| 9. The remaining life of the Scheme
該計劃的剩餘期限 | The scheme was adopted on 4th November 2002 and will expire at 5:00 p.m. on the business day immediately preceding the tenth anniversary thereof.
計劃於二零零二年十一月四日採納，至緊接十週年前的一個營業日下午五時正終止 |

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars. However, the Group experienced no significant foreign exchange movement and the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollars and Renminbi in the foreseeable future.

外匯波動

本集團的主要收入為人民幣，並以人民幣支付成本及費用，因而須承受人民幣與港元間之匯兌風險。本集團並無面對任何重大外匯波動，而董事預計在可見之未來亦不會因港元兌人民幣的匯率變動而產生重大外匯虧損。

MANAGEMENT CONTRACT

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

管理合約

年內，就本公司整體或任何重要環節業務方面並無訂立或存在管理及行政合約。

EMPLOYEES

As at 31st December 2006, the Group, excluding its associate and jointly controlled entity, employed a total of 5,083 (as at 31st December 2005: 4,078) staff, the great majority of which were deployed in mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$240 million (2005: HK\$188 million) for the year ended 31st December 2006.

The fundamental policy of the Group's remuneration and incentive scheme is to link total compensation of Executive Directors, senior management and employees with the achievement of the Group's annual and long-term corporate goals and objectives. Remuneration package is performance-based and takes into account business performance, market practice and competitive market conditions in order to attract, motivate and retain talent. The remuneration package of Executive Directors and senior management comprises salaries, bonuses, discretionary bonus and other benefits-in-kind.

Non-executive Directors, except for Mr. Hu Yongmin and Ms. Chen Xiaohong (both resigned during the year under review) who do not receive any remuneration, are compensated with the aim to fairly represent their efforts and time dedicated to the Board and various committee meetings. The recommended remuneration package of the independent Non-executive Directors comprises annual director's fee and fee for representation on Board committees. Mr. Steven Shafran, a Non-executive Director, was remunerated with share options granted under the Scheme.

The remuneration of all the Directors during the financial year, excluding Directors' interests in share options of the Company which are detailed in the paragraph titled "Long positions in share options" above, is set out in Note 31 to the accounts.

Particulars of the Directors' and senior management's emoluments disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Listing Rules are set out in Note 31 to the accounts.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2006.

僱員

於二零零六年十二月三十一日，本集團（不包括其聯營公司及共同控制實體）之僱員合共5,083人（二零零五年十二月三十一日：4,078人），其中大多數為中國內地僱員。於截至二零零六年十二月三十一日止年度僱員成本（包括董事酬金）達港幣240,000,000元（二零零五年：港幣188,000,000元）。

本集團之薪酬及激勵計劃之基本政策為將執行董事、高級管理層及僱員之總薪酬與本集團之年度及長期企業目標及目的整體成績掛鉤。薪酬組合以表現為基準，並計及業務表現、市場慣例及市場競爭環境，從而吸引、鼓勵及保留人才。執行董事及高級管理層之薪酬組合包括薪金、花紅、酌情花紅及其他實物福利。

除胡勇敏先生及陳小紅女士（均於回顧年度內辭任）不收取任何薪酬外，非執行董事之薪酬均以可充份反映彼等投放於董事會及其他委員會會議之資源及時間為目標。推薦之獨立非執行董事之薪酬組合包括年度董事袍金及出席董事會議酬金。非執行董事施盛勳先生獲發根據該計劃授出之購股權作為酬金。

本財政年度所有董事之薪酬已載於賬目附註31，惟董事於本公司購股權之權益除外，該等資料載於上文「於購股權之好倉」一段。

根據公司條例第161節及上市規則附錄16披露之董事及高級管理層酬金之詳情載於賬目附註31。

購買、贖回及出售本公司之上市證券

於截至二零零六年十二月三十一日止年度，本公司及其任何附屬公司概無購入、贖回或出售本公司任何上市證券。

Report of the Directors

董事會報告

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 79 to 88 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

EVENTS AFTER THE BALANCE SHEET DATE

(a) Equity transaction

On 19th January 2007, the Company granted 7,964,000 share options with an exercise price of HK\$20.75 to a director.

(b) Issue of convertible bonds

On 2nd February 2007, the Company completed the issue of RMB 1,830.4 million aggregate principal amount of USD settled Zero Coupon Convertible Bonds due 2010 with the right to convert into ordinary shares of the Company.

(c) Land acquisition

On 1st March 2007, the Group completed the acquisition of the 100% equity interest in Tianjin Babo Real Estate Development Limited, which owned the land use right of a site located in Nan Kai District, Tianjin with a GFA of approximately 90,000 square meters, for a consideration of approximately HK\$215 million (equivalent to RMB215 million).

AUDITOR

The accounts have been audited by Messrs. PricewaterhouseCoopers. A resolution for the re-appointment of Messrs. PricewaterhouseCoopers as the Company's auditor for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the board of Directors,

CHU MANG YEE

Chairman

Hong Kong, 17th April 2007

企業管治

有關本公司採納之主要企業管治常規之報告載於年報第79至88頁。

公眾持股量的足夠性

根據本公司能夠取得之資料及董事之知情範圍以內，董事確認，本公司於回顧年度內之公眾持股量維持在上市規則所規定之數量。

結算日後事項

(a) 股本交易

於二零零七年一月十九日，本公司向一董事授與行使價為港幣20.75元的7,964,000購股權證。

(b) 發行可換股債券

於二零零七年二月二日，本公司已完成發行本金總額為人民幣1,830,400,000元以美元償付的二零一零年到期零息可換股債券（可轉換為本公司普通股股份）。

(c) 土地收購

於二零零七年三月一日，本公司完成以港幣2.15億元（約人民幣2.15億元）收購天津巴博房地產開發有限公司之100%股權，此公司擁有位於天津市南開區一塊約90,000平方米土地之土地使用權。

核數師

賬目已由羅兵咸永道會計師事務所審核。將於應屆股東週年大會上提呈重新委任羅兵咸永道會計師事務所為本公司來年之核數師之決議案。

代表董事會

主席

朱孟依

香港，二零零七年四月十七日