

DIRECTORS' REPORT 董事會報告

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2006.

Principal Activities

The Company is an investment holding company and engaged in property investment and securities trading. The Company and its subsidiaries are principally engaged in property investment, other investments and distressed assets business. Details of the principal activities of the Company's subsidiaries, the Group's associates and jointly controlled entity are set out in note 56 to the consolidated financial statements.

Results and Appropriations

The results of the Group and appropriations of the Company for the year ended 31 December 2006 are set out in the consolidated income statement on page 49.

The Directors recommend the payment of a final dividend of HK\$0.07 per share to the shareholders on the register of members on 29 May 2007, amounting to approximately HK\$127,450,000.

Fixed Assets

The Group's leasehold properties were revalued on 31 December 2006. The net surplus on revaluation amounting to approximately HK\$11,926,000, of which a surplus of approximately HK\$5,193,000 was credited to the consolidated income statement to reverse the deficit previously charged to the consolidated income statement and the remaining surplus of approximately HK\$6,733,000 was credited to the asset revaluation reserve.

The Group and the Company revalued all of its investment properties on 31 December 2006. The net increase in fair value of investment properties, which has been credited directly to the consolidated income statement, amounted to approximately HK\$89,927,000.

董事會謹提呈截至二零零六年十二月三十一日止年度之年報及經審核綜合財務報表。

主要業務

本公司乃一間投資控股公司，並從事物業投資及證券買賣業務。本公司及其附屬公司主要從事物業投資、其他投資及不良資產業務。本公司各附屬公司、本集團各聯營公司以及共同控制公司的主要業務詳情載於綜合財務報表附註56。

業績及分配

截至二零零六年十二月三十一日止年度，本集團的業績及本公司的分配載於第49頁之綜合收入報表。

董事會建議向二零零七年五月二十九日名列股東名冊之股東派發末期股息每股0.07港元，合共約127,450,000港元。

固定資產

本集團的租賃物業於二零零六年十二月三十一日之價值經已作出重估。重估盈餘淨額約11,926,000港元，其中一筆約5,193,000港元之盈餘經已列作綜合收入報表收益以回撥早前於綜合收入報表列作支出之虧絀，而餘下約6,733,000港元盈餘經已賬記資產重估儲備。

本集團及本公司經已重估其所有投資物業於二零零六年十二月三十一日之價值。投資物業公平值增加之淨額約為89,927,000港元經已直接記入綜合收入報表。

DIRECTORS' REPORT 董事會報告

Fixed Assets (Continued)

Details of the valuation of properties and other movements of the investment properties and property, plant and equipment of the Group and of the Company during the year are set out in notes 16 and 17 to the consolidated financial statements respectively.

Details of the major investment properties of the Group as at 31 December 2006 are set out in the section under "Summary of Investment Properties and Stock of Properties".

Share Capital

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

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 December 2006 comprised the retained profits of approximately HK\$367,418,000.

Directors

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

Executive directors

Gao Jian Min (*Managing Director*)
 Liu Tianni (*Deputy Managing Director*)
 Gu Jianguo
 Chen Yongcun
 Chow Kwok Wai
 Zhu Dengshan (resigned on 13 February 2006)
 Cheung Chung Kiu (resigned on 17 July 2006)

固定資產 (續)

有關物業估值之詳情以及本集團及本公司的投資物業及物業、廠房及設備於年內之其他變動，經已分別載於綜合財務報表附註16及17。

有關本集團主要投資物業於二零零六年十二月三十一日之詳情，已載於「投資物業及物業存貨概要」部分。

股本

本公司股本於年內之變動詳情載於綜合財務報表附註39。

本公司的可供分派儲備

本公司於二零零六年十二月三十一日可供分派予股東之儲備包括保留溢利約367,418,000港元。

董事

年內及截至本報告刊發日期當日之本公司董事如下：

執行董事

高建民 (*董事總經理*)
 劉天倪 (*董事副總經理*)
 顧建國
 陳永存
 周國偉
 朱登山 (於二零零六年二月十三日辭任)
 張松橋 (於二零零六年七月十七日辭任)

DIRECTORS' REPORT 董事會報告

Directors (Continued)

Non-executive directors

Chen Xiaozhou (<i>Chairman</i>)	(appointed on 13 February 2006 and redesignated as non-executive directors on 1 September 2006)
Hui Xiao Bing (<i>Vice Chairman</i>)	(re-designated as non-executive director on 1 September 2006)
Yuen Wing Shing	(re-designated as non-executive director on 1 September 2006)

Independent non-executive directors

Kang Dian
Zhang Lu
Hung Muk Ming

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

In accordance with the provisions of the Company's Articles of Association, Messrs. Gao Jian Min, Chen Yongcun, Chow Kwok Wai and Kang Dian retire at the forthcoming annual general meeting, and they being eligible, offer themselves for re-election. The remaining directors shall remain in office.

董事 (續)

非執行董事

陳孝周 (主席)	(於二零零六年二月十三日委任，並於二零零六年九月一日調任為非執行董事)
惠小兵 (副主席)	(於二零零六年九月一日調任為非執行董事)
袁永誠	(於二零零六年九月一日調任為非執行董事)

獨立非執行董事

康典
張璐
洪木明

董事包括非執行董事及獨立非執行董事的任期為直至其根據本公司章程輪值告退當日為止之期間。

按照本公司章程之條文，高建民先生、陳永存先生、周國偉先生及康典先生均須於應屆股東週年大會告退，而彼等均符合資格膺選連任。其餘董事將會繼續留任。

DIRECTORS' REPORT 董事會報告

Directors' Service Contracts

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

Directors' Interest in Shares

As at 31 December 2006, none of the directors and the chief executive of the Company nor any of its associates had any interests or short positions in any 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 as required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers. None of the directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporation, or had exercised any such right during the year.

Share Options

Details of the share option scheme adopted by the Company on 26 June 1995 (the "Old Option Scheme") and the share option scheme adopted by the Company on 27 May 2002 (the "New Option Scheme") are set out in note 41 to the consolidated financial statements.

董事之服務合約

除下文「關連交易」部份所披露者外，於應屆股東週年大會上膺選連任之董事概無與本集團訂立於一年之內不作出賠償（法定賠償除外）則不可終止之服務合約。

董事之股份權益

於二零零六年十二月三十一日止，本公司根據證券及期貨條例第352條置存的登記冊記錄顯示本公司的董事及最高行政人員及彼等任何聯繫人士概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）持有任何股份、相聯股份或債權證的權益或淡倉或根據標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」）的權益及淡倉。於年內，董事或彼等的配偶或十八歲以下的子女，概無獲授予任何權利可認購本公司或其任何相聯法團的股本或債權證或曾行使任何該等權利。

購股權

本公司於一九九五年六月二十六日採納的購股權計劃（「舊購股權計劃」）及本公司於二零零二年五月二十七日採納的購股權計劃（「新購股權計劃」）之詳情載列於綜合財務報表附註41。

DIRECTORS' REPORT 董事會報告

Share Options (Continued)

The following table discloses the movements in the Company's share options granted to the directors and other employees of the Company under the Old Option Scheme and the New Option Scheme during the year.

購股權 (續)

下表披露根據舊購股權計劃及新購股權計劃項下授予本公司董事及其他僱員之本公司購股權於年內之變動。

Directors 董事	Exercisable period 可予行使期間	Subscription price per share 每股認購價 HK\$ 港元	Number of share options 購股權數目		
			Outstanding as at 1 January 2006 於二零零六年 一月一日 未予行使	Exercised during the year 年內已行使	Outstanding as at 31 December 2006 於二零零六年 十二月三十一日 之未予行使
CHEN Yongcun 陳永存	25/07/2001-24/07/2011 07/06/2002-06/06/2012	0.535 0.700	2,000,000 5,000,000	(2,000,000) (5,000,000)	— —
GAO Jian Min 高建民	09/01/1997-08/01/2007 07/06/2002-06/06/2012	0.967 0.700	15,000,000 5,000,000	(15,000,000) (5,000,000)	— —
GU Jianguo 顧建國	27/07/1999-26/07/2009	0.900	2,000,000	(2,000,000)	—
			29,000,000	(29,000,000)	—
Other employees 其他僱員	25/07/2001-24/07/2011	0.535	3,000,000	(3,000,000)	—
Total 合計			32,000,000	(32,000,000)	—

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

於年內，並無根據新購股權計劃授出任何購股權予董事或其他僱員。

The weighted average closing price of the shares immediately before the dates on which the share options were exercised is HK\$2.35.

股份於緊接購股權行使日期前的加權平均收市價為2.35港元。

DIRECTORS' REPORT 董事會報告

Arrangements to Purchase Shares or Debentures

Other than the share option holdings disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate, and neither the directors nor the chief executive nor any of their spouse or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Directors' Interests in Contracts of Significance

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

購買股份或債權證的安排

除上文已披露所持有的購股權外，本公司或其任何附屬公司概無於年內的任何時間以訂約一方身份訂立任何安排以促使本公司的董事可藉購入本公司或任何其他法人實體的股份或債權證以得益，及亦無董事或最高行政人員及任何彼等配偶或十八歲以下的子女，擁有任何權利可認購本公司的證券或曾行使任何該等權利。

董事於重大合約的權益

除下文「關連交易」部分所披露者外，本公司或其附屬公司於年結日或年內的任何時間，概無以訂約一方身份訂立本公司董事於其中擁有（不論是直接的或間接的）重大利益的重大合約。



DIRECTORS' REPORT 董事會報告

Substantial Shareholders

As at 31 December 2006, persons other than a director or the chief executive of the Company having interest in 5% or more of the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in shares and underlying shares of the Company as at 31 December 2006 are set out below:

Name of substantial shareholders 主要股東名稱	Capacity 身份	Number of ordinary shares 普通股數目	Underlying shares 相關股份	Total interests 權益總額	Percentage of the issued share capital 佔已發行股本百分比
Silver Grant International Holdings Limited	Beneficial owner 實益擁有人	144,770,022	—	144,770,022 (Note 1) (附註1)	7.95%
China Cinda Asset Management Corporation ("China Cinda") 中國信達資產管理公司 ([中國信達])	Interest of controlled corporation 受控制法團的權益	416,924,000	—	416,924,000 (Note 2) (附註2)	22.90%
Citigroup Inc.	23,181,000 shares as beneficial owner, 23,803,000 shares as approved lending agent and 138,813,559 underlying shares as beneficial owner 23,181,000股屬實益擁有人， 23,803,000股屬核准借出代理人及 138,813,559相關股份屬實益擁有人	46,984,000	138,813,559 (Note 3) (附註3)	185,797,559	10.20%

Notes:

- Messrs. Gao Jian Min and Liu Tianni, both of whom are directors of the Company, each had a 30% interest in Silver Grant International Holdings Limited as at 31 December 2006.

主要股東

於二零零六年十二月三十一日，根據證券及期貨條例第336條規定須予備存的登記冊所示，本公司董事或最高行政人員以外擁有佔本公司已發行股本5%或以上權益的人士如下：

本公司股份及相關股份的好倉於二零零六年十二月三十一日的情況載列如下：

附註：

- 高建民先生及劉天倪先生，彼等均為本公司董事，於二零零六年十二月三十一日各自擁有 Silver Grant International Holdings Limited 30%權益。

DIRECTORS' REPORT 董事會報告

Substantial Shareholders (Continued)

Notes: (Continued)

2. The following is a breakdown of the interests in shares of the Company held by China Cinda:

Name of controlled corporation 受控法團名稱	Name of controlling shareholder 控權股東名稱	Percentage of control 控制百分率	Total interest in shares 股份權益總數	
			Direct interest 直接權益	Indirect interest 間接權益
Well Kent International Investment Company Limited 華建國際投資有限公司	China Cinda 中國信達	100%	—	416,924,000
Catic Limited	Well Kent International Investment Company Limited 華建國際投資有限公司	100%	416,924,000	—

3. This represents the interest in convertible note in the principal amount of USD52,500,000 pursuant to which a total number of 138,813,559 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK\$2.95 per share.

Other than as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any other interests or short positions in the shares and underlying shares of the Company as at 31 December 2006.

主要股東 (續)

附註：(續)

2. 以下為中國信達所持有本公司之股份權益細節：

3. 此為本金額52,500,000美元之可換股票據項下的權益，據此按每股2.95港元之初步換股價全面行使可換股票據所附帶之換股權後，將會發行合共138,813,559股新股份。

除上文所披露者外，根據證券及期貨條例第336條規定須予備存的登記冊所顯示，本公司並無接獲任何有關於二零零六年十二月三十一日在本公司股份及相關股份中擁有任何其他權益或短倉的申報。

DIRECTORS' REPORT 董事會報告

Appointment of Independent Non-Executive Directors

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

Connected Transaction

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

Purchase, Sales or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

Emolument Policy

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

委任獨立非執行董事

本公司已取得各獨立非執行董事根據聯交所證券上市規則第3.13條項下就其獨立性所作出的年度確認函。本公司認為全體獨立非執行董事是獨立的。

關連交易

高建民先生(「高先生」)與本公司簽訂一份日期為二零零四年十二月二十八日之服務協議。根據該協議所載之條款及條件，本公司同意聘請高先生，而高先生同意受聘出任本公司董事總經理職務，為本公司提供服務協議內所羅列之服務，任期三年，由二零零四年十二月二十八日至二零零七年十二月二十七日止。該任期將維持有效直至任何一方給予對方不少於三個月之書面事先通知終止為止。

購買、出售或贖回本公司之上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回任何其上市證券。

酬金政策

本集團僱員的酬金政策由薪酬委員會按其功績、資歷及能力制定。

DIRECTORS' REPORT 董事會報告

Emolument Policy (Continued)

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 41 to the consolidated financial statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of its directors, during the year and up to the date of this report, there is a sufficient public float, of not less than 25% of the Company's issued shares as required under the Listing Rules.

Major Customers and Suppliers

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

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

酬金政策 (續)

本公司董事的酬金由薪酬委員會經考慮本公司的經營業績、個人表現及可供比較的市場慣例後釐定。

本公司經已採納一項購股權計劃，作為董事及合資格僱員的一項獎勵，計劃之詳情載於綜合財務報表附註41。

公眾持股量的足夠性

根據本公司取得的公開資料及就董事所知悉，於年內及截至本報告日，本公司的已發行股份有不少於上市規則項下規定25%之足夠公眾持股量。

主要客戶及供應商

本集團的營業額包含出租物業之租金收入、證券投資之股息收入、物業管理收入、買賣證券之已收及應收款項總額、物業銷售收入、應佔回收不良資產之權益。

年內，本集團於五大供應商及客戶的累積採購額及營業額分別佔本集團的採購總額及總營業額不足30%。

DIRECTORS' REPORT 董事會報告

Closure of Register of Members

The register of members of the Company will be closed from (Wednesday) 23 May 2007 to (Tuesday) 29 May 2007, both days inclusive, during which period no transfers of shares will be registered.

In order to qualify for the proposed final dividend, completed transfer form accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on (Tuesday) 22 May 2007.

Post Balance Sheet Events

Details of significant events occurring after the balance sheet date are set out in note 59 to the consolidated financial statements.

Financial Assistance Given to Affiliated Companies Amounting to More Than 8% of the Assets Ratio

As at 31 December 2006, the aggregate amount of advances made by the Group to its associates was approximately HK\$636,392,000.

As at 31 December 2006, the advances made by the Group to its associates are as follows:

暫停辦理股份過戶登記

本公司將於二零零七年五月二十三日(星期三)起至二零零七年五月二十九日(星期二)止期間(首尾兩天包括在內), 暫停辦理股份過戶登記。

為符合獲派建議股息之資格, 所有股份過戶文件連同有關股票須最遲於二零零七年五月二十二日(星期二)下午四時三十分前交回本公司的股份過戶登記處秘書商業服務有限公司, 地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

結算日後事項

有關結算日後發生之重大事項之詳情載於綜合財務報表附註59。

授予關聯公司的財務援助總額超逾資產比率8%

於二零零六年十二月三十一日, 本集團向其聯營公司作出的墊款總額約為636,392,000港元。

於二零零六年十二月三十一日, 本集團向其聯營公司作出的墊款之詳情如下:

	Advances
	墊款
	<i>HK\$'000</i>
	千港元
北京君合百年房地產開發有限公司	362,060
Ju Fu San Yan Jing Investment Company Limited (巨福三眼井投資有限公司)	128,374
Beijing East Bay Investment Consultants Limited (北京東灣投資顧問有限公司)	125,000
Beijing Ju Fu Real Estate Development Company Limited (北京巨福房地產開發有限公司)	20,958
	636,392

DIRECTORS' REPORT 董事會報告

Financial Assistance Given to Affiliated Companies Amounting to More Than 8% of the Assets Ratio (Continued)

The combined balance sheet of the associates as at 31 December 2006, which includes the assets and liabilities of 北京君合百年房地產開發有限公司, Ju Fu San Yan Jing Investment Company Limited, Beijing East Bay Investment Consultants Limited and Beijing Ju Fu Real Estate Development Company Limited, is as follows:

		HK\$'000 千港元
Non-current assets	非流動資產	276,860
Current assets	流動資產	1,199,950
Current liabilities	流動負債	(1,031,690)
Non-current liabilities	非流動負債	(210,000)
Shareholder's fund	股東資金	235,120
Equity attributable to equity holders of the associates	聯營公司股本持有人應佔股本	235,120

Details of the above associates are set out in note 56 to the consolidated financial statements.

Auditors

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

By order of the board of directors

Chen Xiaozhou

Chairman

Hong Kong, 23 April 2007

授予關聯公司的財務援助總額超逾資產比率8% (續)

聯營公司於二零零六年十二月三十一日的合併資產負債表載入北京君合百年房地產開發有限公司、巨福三眼井投資有限公司、北京東灣投資顧問有限公司及北京巨福房地產開發有限公司的資產及負債的詳情如下：

		HK\$'000 千港元
Non-current assets	非流動資產	276,860
Current assets	流動資產	1,199,950
Current liabilities	流動負債	(1,031,690)
Non-current liabilities	非流動負債	(210,000)
Shareholder's fund	股東資金	235,120
Equity attributable to equity holders of the associates	聯營公司股本持有人應佔股本	235,120

上述聯營公司的詳情載於綜合財務報表附註56。

核數師

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

承董事會命

主席

陳孝周

香港，二零零七年四月二十三日