際實業有限
tries Ltd

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FINANCIAL HIGHLIGHTS 財務摘要

		2006 二零零六年 *HK$'m* *百萬港元*	2005 二零零五年 *HK$'m* *百萬港元*	Changes 變動 *%*
Turnover	營業額	**1,487**	552	169%
Profit Attributable to Equity Holders of the Company	本公司股本持有人應佔溢利	**495**	724	(32%)
Total Assets	資產總值	**6,869**	6,448	7%
Equity Attributable to Equity Holders of the Company	本公司股本持有人應佔股本	**4,591**	3,843	19%
Cash & Bank Balances	現金及銀行結餘	**1,258**	611	106%
Net Borrowings	借貸淨額	**N/A不適用**	914	N/A不適用

Key Performance and Liquidity Indicators:	**主要營運表現及財務狀況指標**	***HK$*** *港元*	*HK$* *港元*	Changes 變動 *%*
Earnings Per Share	每股盈利	**0.278**	0.415	(33%)
Net Assets Per Share *(note 1)*	每股資產淨值*(附註1)*	**2.521**	2.280	11%
P/E Ratio *(note 1)*	市盈率*(附註1)*	**7.4 x**	5.5 x	35%
Return on Capital Employed *(note 2)*	股本回報率*(附註2)*	**11%**	19%	(42%)
Return on Total Assets *(note 3)*	總資產回報率*(附註3)*	**7%**	11%	(36%)
Gearing Ratio *(note 4)*	借貸比率*(附註4)*	**27%**	40%	(33%)
Adjusted Gearing Ratio *(note 5)*	經調整借貸比率*(附註5)*	**N/A不適用**	24%	N/A不適用
Current Ratio *(note 6)*	流動比率*(附註6)*	**1.8 x**	1.1 x	64%
Interest Coverage *(note 7)*	利息償付比率*(附註7)*	**13.5 x**	18.0 x	(25%)

Notes:

1. Based on 1,820,709,611 shares issued and fully paid as at 31 December 2006 (2005: 1,688,709,611 shares) and the market closing price of HK$2.05 (2005: HK$2.30) per share.
2. Calculated as profit attributable to equity holders of the Company over equity attributable to equity holders of the Company.
3. Calculated as profit attributable to equity holders of the Company over total assets.
4. Calculated as total borrowings over equity attributable to equity holders of the Company.
5. Calculated as net borrowings over equity attributable to equity holders of the Company.
6. Calculated as current assets over current liabilities.
7. Calculated as profit before finance costs and taxation over finance costs (excluding the notional interest portion in respect of convertible notes).

附註：

1. 基於二零零六年十二月三十一日已發行及已繳足股份1,820,709,611股(二零零五年：1,688,709,611股)及收市價每股2.05港元(二零零五年：2.30港元)計算所得。
2. 以本公司股本持有人應佔溢利除以本公司股本持有人應佔股本計算所得。
3. 以本公司股本持有人應佔溢利除以總資產計算所得。
4. 以借貸總額除以本公司股本持有人應佔股本計算所得。
5. 以借貸淨額除以本公司股本持有人應佔股本計算所得。
6. 以流動資產除以流動負債計算所得。
7. 以扣除財務費用及稅前溢利除以財務費用(經扣除可換股票據之市場利息部份後)計算所得。

CORPORATE INFORMATION 公司資料

Board of Directors 董事會

Executive directors 執行董事

Gao Jian Min *(Managing Director)* 高建民 *(董事總經理)*
Liu Tianni *(Deputy Managing Director)* 劉天倪 *(董事副總經理)*
Gu Jianguo 顧建國
Chen Yongcun 陳永存
Chow Kwok Wai 周國偉

Non-executive directors 非執行董事

Chen Xiaozhou *(Chairman)* 陳孝周 *(主席)*
Hui Xiao Bing *(Vice Chairman)* 惠小兵 *(副主席)*
Yuen Wing Shing 袁永誠

Independent non-executive directors 獨立非執行董事

Kang Dian 康典
Zhang Lu 張璐
Hung Muk Ming 洪木明

Audit Committee 審核委員會

Kang Dian *(Committee Chairman)* 康典 *(委員會主席)*
Zhang Lu 張璐
Hung Muk Ming 洪木明

Remuneration Committee 薪酬委員會

Kang Dian *(Committee Chairman)* 康典 *(委員會主席)*
Zhang Lu 張璐

Company Secretary 公司秘書

Tung Tat Chiu, Michael 佟達釗

Company Lawyer 公司律師

Tung & Co. Solicitors 佟達釗律師行

CORPORATE INFORMATION 公司資料

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

核數師

德勤・關黃陳方會計師行
執業會計師

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Citic Ka Wah Bank Limited

主要往來銀行

中國銀行(香港)有限公司
香港上海匯豐銀行有限公司
中信嘉華銀行有限公司

Share Registrars and Transfer Office

Secretaries Limited
26th Floor, Tesbury Centre,
28 Queen's Road East,
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(Tel: 2980 1888 Fax: 2861 0285)

股份登記及過戶處

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香港灣仔
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Registered Office

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Company Website

http://www.silvergrant.com.hk

公司網址

http://www.silvergrant.com.hk

Stock Code

171

股份代號

171

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

REVIEW OF RESULTS

Turnover of the year increased by 170% to HK$1,487.2 million (2005: HK$551.8 million). During the year, the Group's profit after tax decreased by 31% to HK$505 million (2005: HK$729.2 million). Earnings per share also decreased by 33% to HK$0.278 per share (2005: HK$0.415 per share).

The significant increase in turnover was mainly attributable to the increase in the turnover of listed securities trading. The Group strategically acquired certain quality IPO shares in the last two financial years and sold a majority of those shares in the year at time when the stock market is performing good. It also brought significant profit to the Group. In the year, turnover of listed securities trading increased by approximately 6 times to HK$1,014.3 million (2005: HK$152.7 million). Net profit derived from listed securities trading increased by approximately 9 times to HK$212.7 million (2005: HK$20.9 million).

Sales of properties of the development project in Shenyang known as the East Gate Metro Garden commenced and delivered for use during the year. Accordingly, the turnover of sales of properties increased by approximately 231 times to HK$208.1 million (2005: HK$0.9 million). Profit contribution from sales of properties for the year was HK$43.7 million (2005: HK$6.0 million loss).

Turnover of dealings in distressed assets decreased by 62% to HK$88.8 million (2005: HK$230.9 million) and has partially been offset by the increase in listed securities trading and sales of properties above. Profit contribution from dealings in distressed assets decreased by 60% to HK$93.7 million (2005: HK$231.6 million).

The decrease in the turnover and profit contribution of dealings in distressed assets was mainly due to the fact that there was a performance bonus from the disposal of the Macau Assets in last year in the amount of HK$100.0 million. As the disposal of the Macau Assets has only been completed last year, there is no corresponding performance bonus of such kind in the current year.

業績回顧

本年度營業額增加170%至1,487,200,000港元(二零零五年：551,800,000港元)。年內，本集團稅後溢利減少31%至505,000,000港元(二零零五年：729,200,000港元)。每股盈利減少33%至每股0.278港元(二零零五年：每股0.415港元)。

營業額大幅增加，主要由於本集團年內及去年策略性購入並持有若干優質的新上市股份，並於年內在投資市場增長良好的情況下，出售大部分該等股份。證券買賣相關的營業額因而錄得大幅增長，同時為本集團帶來可觀的盈利。本年度證券買賣相關的營業額增加約6倍至1,014,300,000港元(二零零五年：152,700,000港元)；從證券買賣取得的淨盈利則增加約9 倍至212,700,000港元(二零零五年：20,900,000港元)。

位於沈陽的發展項目東環國際花園已開賣並且於年內交付使用，物業銷售營業額因而錄得約231倍增長至208,100,000港元(二零零五年：900,000港元)。本年度物業銷售的盈利貢獻為43,700,000港元(二零零五年：虧損6,000,000港元)。

不良資產處置業務的營業額減少62%至88,800,000港元(二零零五年：230,900,000港元)，並部份抵銷了上述證券買賣及物業銷售兩項營業額增幅的影響。不良資產處置業務的盈利貢獻減少60%至93,700,000港元

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

REVIEW OF RESULTS *(Continued)*

The decrease in the after tax profit for the current year are mainly due to, firstly, the significant fluctuation in the fair value of the Company's USD52.5 million convertible note. In 2005, the fair value of the convertible note increased by HK$199.8 million which is recognised in the profit or loss as an income. But in 2006, the fair value of the convertible note increased only by HK$35.2 million which has resulted in a decrease in after tax profit of HK$164.6 million.

Secondly, the increase in the valuation of the investment properties for the current year is only HK$89.9 million which is also HK$58.8 million lesser than the amount of HK$148.7 million in last year.

Moreover, income from the disposal of distressed assets decreased significantly by HK$137.9 million since the distressed asset in the Cinda Portfolio has decreased significantly following the previous disposals. This has, in turn, led to decrease in interest income from the disposal of distressed assets. In addition, there was a performance bonus of HK$100.0 million from the disposal of the Macau Assets in last year.

Lastly, discount on acquisition, which is recognized as an income, of additional equity interest in a subsidiary also decreased by HK$48.7 million.

As a whole, increase in the net profit from listed securities trading in the amount of HK$191.8 million and the increase in the profit brought by sales of the East Gate Metro Garden property in the amount of HK$49.7 million has compensated to a large extent the decrease in profit caused by the four reasons as mentioned above despite there is a drop in total after tax profit for the year.

業績回顧 *(續)*

本年度稅後溢利減少的主要原因是，首先，本公司按公平值記賬的52,500,000美元可換股票據之公平值大幅波動；促使在二零零五年度，該項可換股票據的公平值增加199,800,000港元並於收入報表確認為一項收益；而在二零零六年度，該項可換股票據的公平值只增加35,200,000港元，導致稅後溢利減少約164,600,000港元。

其次，本年度的投資物業評估增值只有89,900,000港元，亦較去年的148,700,000港元減少58,800,000港元。

此外，處理不良資產所得收益因為信達資產包項下之不良資產經早前處置後大幅減少而引致處置不良資產利息收入減少以及只在去年處置澳門資產錄得100,000,000港元超收分成而導致收益大幅減少137,900,000港元。

最後，收購一間附屬公司額外股本權益的折讓(確認為收益)亦減少了48,700,000港元。

雖然本年度稅後盈利減少，整體而言，證券投資取得的191,800,000港元淨盈利增長以及銷售東環國際花園物業帶來的49,700,000港元盈利增長，已很大程度上彌補了上述四個原因導致盈利減少的影響。

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of HK$0.07 per share for the year ended 31 December 2006 (2005: HK$0.06 per share). The final dividend, subject to approval by shareholders at the annual general meeting, will be payable on 12 June 2007 to shareholders on the register of member of the Company on 29 May 2007.

末期股息

董事會通過決議，建議派付截至二零零六年十二月三十一日止年度末期股息，每股0.07港元(二零零五年：每股0.06港元)。是項末期股息，須取得股東於股東週年大會批准，將於二零零七年六月十二日支付予於二零零七年五月二十九日名列本公司股東名冊之股東。

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 transfer of shares will be registered. In order to qualify for the proposed final dividend payment, completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrars, 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.

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)(包括首尾兩天)期間，暫停辦理股份過戶登記。為符合獲派建議股息資格，填妥的過戶表格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。

BUSINESS REVIEW & PROSPECTS

Proper In e men , De elopmen and Managemen

業務回顧及展望

物業投資、發展及管理

During the year, the Group increased its investment in Beijing East Gate Development Co., Ltd. ("East Gate") by acquiring the remaining 4.11% equity interest from the minority shareholders of East Gate at a total consideration of HK$25.7 million. The acquisition resulted in a discount on acquisition of HK$24.7 million and was recognized as income in the current year. After the acquisition, East Gate becomes a wholly owned subsidiary of the Group.

年內，本集團透過以總代價25,700,000港元向東環置業的少數股東購入餘下4.11%股本權益，增加投資東環置業。該項增持行動產生收購折讓24,700,000港元並已於年內確認為收益。經該項增持行動後，東環置業成為本集團的全資附屬公司。

For the year ended 31 December 2006, apart from the increase in fair value of investment properties, rental income from leasing of investment properties decreased by 34% to HK$42.2 million (2005: HK$63.5 million). The decrease was due to the fact that last year amount included a taxation written back amounting to approximately HK$21.0 million. The main source of rental income is from East Gate Plaza. During the year, gross rental income in respect of East Gate Plaza remained pretty stable and amounted to HK$69.4 million (2005: HK$68.3 million).

截至二零零六年十二月三十一日止年度，不計投資物業公平值增加的收益，投資物業租賃之租金收入減少34%至42,200,000港元(二零零五年：63,500,000港元)，減少是因為去年數額包括一項為數約21,000,000港元的稅務回撥。租金收入主要來自東環廣場，年內東環廣場的租金收入毛額保持平穩並錄得69,400,000港元(二零零五年：68,300,000港元)。

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

BUSINESS REVIEW & PROSPECTS *(Continued)*

Proper In e men , De elopmen and Managemen *(Continued)*

The operations of Beijing Yinda Property Management Limited ("Yinda") were also stable for both of the immediate two preceding financial years. As at the balance sheet date, there were 22 projects (2005: 23 projects) under the management of Yinda. The total floor area under the management of Yinda exceeds 3.0 million square meters. The turnover of Yinda for the year was HK$98.0 million (2005: HK$89.0 million). Net profit for the year was HK$2.9 million (2005: HK$0.3 million loss). In the coming years, Yinda will adjust its strategy to concentrate its effort in soliciting new projects with high profit margin and step out from those existing projects which returns are unsatisfactory in order to increase shareholder's return.

Sales of properties of the development project in the Tiexi District of Shenyang known as the East Gate Metro Garden commenced and delivered for use during the year. Sales of properties amounted to HK$208.1 million in aggregate and recognized profit in the amount of HK$43.7 million. The Directors expect that total sales amount for East Gate Metro Garden will amount to approximately HK$423.1 million. After the completion of the sale of the East Gate Metro Garden, the development of the third phase, which is also the last phase of the Tiexi development project, will commence.

The re-development project "Zi You Xiao Zhen" has substantially completed the vacation of the existing tenants and is currently preparing to commence construction. "Zi You Xiao Zhen" has a site area of approximately 320,000 square meters and gross development area of approximately 830,000 square meters. The Group intends to develop "Zi You Xiao Zhen" by four phases in four years' time.

The Group has committed to invest and develop a new property project including "Si He Yuan" properties in the Sanyanjing Preservative District in Beijing.

業務回顧及展望 *(續)*

物業投資、發展及管理 *(續)*

北京銀達物業管理有限責任公司(「銀達公司」)於回顧年內及去年的經營，同樣保持穩定。本年度，由銀達公司管理的項目組合共有22個(二零零五年：23個)，管理總面積逾三百萬平方米。銀達公司本年度營業額約為98,000,000港元(二零零五年：89,000,000港元)，本年度淨盈利為2,900,000港元(二零零五年：虧損300,000港元)。未來，銀達公司將會調整策略，以致力爭取盈利率高的項目為主，並逐步退出現有的但盈利率未符預期的項目，從而提高股東回報。

位於沈陽鐵西區的發展項目東環國際花園已開賣並且於年內交付使用，錄得銷售總額約208,100,000港元並確認盈利約43,700,000港元。董事會預期東環國際花園的總銷售金額將可達約423,100,000港元。在完成銷售東環國際花園後，鐵西區發展項目的第三期發展亦即是最後一期的發展將會展開。

重建項目《自由小鎮》已於二零零六年完成大部分的遷拆工作，項目現在處於開工準備階段。《自由小鎮》項目之地盤面積約320,000平方米，發展面積約830,000平方米。本集團有意在四年時間內分開四期發展《自由小鎮》。

本集團已投入資金在北京市三眼井文物保育區投資興建包括〝四合院〞在內的物業開發項目。

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

BUSINESS REVIEW & PROSPECTS *(Continued)*

Infrastructure Investments

During the year, profit contribution from CII decreased slightly by 5% to HK$76.2 million (2005: HK$80.6 million). The decrease in profit contribution was mainly due to lack of toll fee income from road and bridge project as a result of disposal of those projects in the previous years but income from other financial investments and interest income is not enough to compensate the decrease in toll fee income.

During the year, CII disposed of its entire interest in the Jiangxi #320 State-road project at a total consideration of approximately HK$250.0 million and recognized a gain, including a special dividend, in the amount of HK$40.2 million.

The strategy of CII is to dispose of all the road and bridge projects when opportunities arise. As at 31 December 2006, there were only two road and bridge projects remaining with a total carrying value of approximately HK$137.8 million in aggregate.

The Taian Natural Gas Pipeline project

CII holds an 80% effective interest in the Taian Natural Gas Pipeline project. The carrying value of the project as at 31

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

BUSINESS REVIEW & PROSPECTS *(Continued)*

Infra r c re In e men *(Continued)*

Petrochemical projects

CII invested in, through a 50% owned associated company, CII Petrochemical Limited, two petrochemical projects. The projects are United East Petrochemical Company Limited (in which CII holds a 25% effective interest) and 泰洲東泰石化有限公司 (in which CII holds a 34% effective interest). The carrying value of the two projects as at 31 December 2006 was approximately HK$167.2 million in aggregate. During the year, total profit contribution to CII from the projects was approximately HK$5.7 million (2005: HK$3.8 million).

CII is negotiating with the holding company of the local partner to secure a long term and stable supply of crude oil for the refinery business. CII has confidence to reach an agreement for the supply of crude oil in 2007.

In the coming years, CII will commit more resources into the petrochemical projects with a hope to seize the business opportunities as a result of the increasingly demand for petrochemical products in PRC and to create value to the shareholders.

業務回顧及展望 *(續)*

基礎建設投資 *(續)*

石油化工項目

中基透過一間50%控股的聯營公司中基石化有限公司投資於兩個中外合資石化項目。該等項目包括東聯化工有限責任公司(中基持有25%有效權益)及泰洲東泰石化有限公司(中基持有34%有效權益)。從事原油儲存、原油裝卸碼頭、煉油以及生產與煉油相關的副產品。該兩個項目於二零零六年十二月三十一日之賬面總值約為167,200,000港元。年內，該等項目為中基貢獻溢利總額約5,700,000港元(二零零五年：3,800,000港元)。

中基現時正與當地合作方的控股公司進行磋商，為煉油項目落實長期並穩定的原油供應。中基有信心於二零零七年內就該原磋商達成協議。

於未來年度，中基將會投入更多資源於石化類項目，以祈能抓住中國在石化產品方面不段上漲的需求的機遇，為股東創造價值。

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

BUSINESS REVIEW & PROSPECTS *(Continued)*

Financial In e men

Distressed Assets Business

The Cinda Portfolio

During the year, the Cinda Portfolio has contributed approximately HK$88.8 million (2005: HK$130.9 million) interest income to the Group. Up to 31 December 2006, the principal amount of distressed assets in the Cinda Portfolio that has been disposed of was approximately HK$41.0 billion in aggregate, representing 72.0% of the total principal amount in the Cinda Portfolio. The amount of cash recovered was approximately HK$1,264.9 million in aggregate. The effective cash recovery rate was approximately 3.1%. The cumulative amount of cash recovered has exceeded the original acquisition cost by more than HK$400.0 million.

The remaining principal amount of distressed assets in the Cinda Portfolio was approximately HK$16.0 billion. The Directors have confidence in completing the disposal of the entire Cinda Portfolio in 2007 as scheduled.

The Huarong Portfolio

In January 2006, the Group completed the acquisition of a portfolio of distressed assets with total principal amount of approximately HK$36.4 billion (including booked interest) (the "Huarong Portfolio") from China Huarong Asset Management Corporation ("China Huarong") at a total consideration of approximately HK$546.6T 0.0359 Tciti0$400.0 million.in

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

BUSINESS REVIEW & PROSPECTS *(Continued)*

Financial In e men *(Continued)*

***Distressed Assets Business** (Continued)*

The Huarong Portfolio (Continued)

POL has appointed China Huarong to serve the disposal of and collection of the Huarong Portfolio. Huarong in return is entitled to receive a management fee calculated as 10% of the cash recovered. China Huarong is also entitled to share the profits generated from the disposal of the Huarong Portfolio according to a defined profit sharing scheme.

During the year, the principal amount of distressed assets in the Huarong Portfolio disposed of was approximately HK$6.4 billion in aggregate. The amount disposed of amounted to approximately 17.4% of the total principal amount of the Huarong Portfolio. The cash recovered was approximately HK$152.5 million in aggregate. The effective cash recovery rate was approximately 2.5%. Profit contribution from the Huarong Portfolio was HK$8.4 million (2005: nil).

The remaining principal amount of distressed assets in the Huarong Portfolio was approximately HK$30.0 billion. The Directors will endeavour to complete the disposal of the entire Huarong Portfolio in 2007.

New Distressed Asset Portfolio

After the balance sheet date, the Group has cooperated with China Orient Asset Management Corporation ("China Orient") to set up a joint venture platform to engage in the business of disposal of distressed assets. Initially, the joint venture will focus on the disposal of distressed assets owned by China Orient.

業務回顧及展望 *(續)*

金融投資 *(續)*

***不良資產業務** (續)*

華融資產包 (續)

POL已委託中國華融協助處置並回收華融資產包。中國華融有權收取按收回現金的10%計算的管理費作為報酬。中國華融同時亦有權根據一項事先協定的利潤分成機制，分享處置華融資產包所產生的利潤。

年內，華融資產包已處置的不良資產本金總額約為64億港元。已處置的金額約相等於華融資產包本金總額的17.4%。已收回的現金總額約為152,500,000港元。折算所得的現金回收率約為2.5%。華融資產於年內的淨溢利貢獻為8,400,000港元 (二零零五年：無)。

華融資產包餘下未處置的債權資產本金總額約為300億港元。董事會將致力於二零零七年內完成處置整個華融資產包。

新的不良資產包

於年結日後，本集團與中國東方資產管理公司以合資企業方式共同組建平台，合作從事處置不良資產的業務。合資企業的開始目標是以處置中國東方擁有的不良資產為主。

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

GROWTH STRATEGIES

The Group maintains its established strategies of making balanced investments in the Group's three core-business: property investments, infrastructure investments and financial investments.

As for infrastructure investment, the Directors will direct CII to gradually commit more resources to the Petrochemical projects.

As for property investment, the Directors intend to expand the Group's scale of property development, including "Si He Yuan" project, in Beijing.

The Directors are of the view that the recent economic measures imposed by the PRC Central Government will have a long-term effect of creating a stable and healthy market economy for the PRC. In the Directors' opinion, those measures will not have significant adverse effect on the Group's business for the time being. However, the Directors will continue to monitor the situation and take appropriate actions should these measures be further extended and raised.

發展策略

本集團維持以既定的策略均衡投資於本集團的三大核心業務：房地產、基礎建設投資及金融投資。

基礎建設投資方面，董事會將促使中基慢慢偏向投放更多資源於石油化工方面的項目。

房地產方面，董事會擬在北京市擴大本集團包括四合院項目在內的房地產開發規模。

董事會認為中國中央政府近期實施的經濟調控措施，長遠的影響是可以為中國締造穩定且健康的市場經濟。董事會認為該等調控措施目前並無對本集團的業務帶來重大負面影響。然而，董事會將密切留意有關事情的發展，並將於該等調控措施可能進一步擴大及加強時採取合適的對應行動。

FINANCIAL REVIEW

E change E po re & Hedging

As at the balance sheet date, the Group had an outstanding USD denominated convertible note which face value is USD52.5 million (equivalent to HK$409.5 million).

Except for the above, the Group's principal assets, liabilities, revenue and payments are denominated in HKD and RMB. Despite the recent mild appreciation of the RMB exchange rate, the Directors expect that the RMB exchange rate will gradually appreciate by a small percentage in the foreseeable future. In addition, HKD is pegged to the USD and such currency peg is unlikely to be broken in the foreseeable future. In this regard, the Directors believe that exposure to exchange rate fluctuations will not have material adverse effect on the Group.

財務回顧

匯兌風險及對沖

於結算日，本集團有一項以美元為計價單位的可換股票據，面值總額為52,500,000美元（相當於409,500,000港元）。

除上文所述外，本集團的主要資產、負債、收入及支出都是以港元及人民幣為主。即使人民幣匯率近期曾作出輕微升值，董事會預期人民幣匯率於可預見的未來只會緩慢地升值若干百分點。此外，港元是與美元掛鈎，而此項貨幣掛鈎政策於可預見的未來都不會解除。因此，董事局相信因匯率變動所引致的匯兌風險將不會對本集團構成重大負面影響。

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

FINANCIAL REVIEW *(Continued)*

E change E po re & Hedging *(Continued)*

The Group's policy is not to engage in any speculative activity other than making appropriate arrangements for hedging purposes where the business requires. There was no hedging transaction contracted for by the Group during the year.

Working Capi al & Borro ing

The Group's total borrowings excluding convertible note as at the balance sheet date amounted to HK$826.9 million of which HK$601.2 million was short-term bank loan and HK$220.0 million was a short term loan from a shareholder with interest charged at fixed rate of 6% per annum. The remaining was long-term mortgage loan. Over 99% of the short-term bank loan was the working capital loan borrowed by East Gate and the remaining was the current portion of a long-term mortgage loan. Interest rate for the short-term bank loan was charged at floating rate and the prevailing applicable interest rate was 5.265% per annum. The interest rate for the long-term mortgage loan was charged at floating rate and the prevailing applicable interest rate was 5.375% per annum. The Group also has an outstanding convertible note with a total outstanding amount of approximately HK$402.1 million as at the balance sheet date. If the convertible note is not converted, it is repayable in 2009.

As at the balance sheet date, the cash and bank balances including the restricted bank balance amounted to HK$1,257.9 million in aggregate. In addition, the Group has net current assets in the amount of HK$1,211.9 million at the balance sheet date. Moreover, the Group has unutilized banking facilities in the amount of HK$324.6 million. In this regard, the Directors are confident that the working capital of the Group is adequate for daily operations and the Group has a sound and good financial position.

The management is currently negotiating with a foreign bank to secure a long-term banking facility to replace the existing working capital loan of East Gate to further improve and enhance the working capital structure of the Group.

財務回顧 *(續)*

匯兌風險及對沖 *(續)*

本集團一貫政策是不進行任何投機活動，惟配合業務需要而作出的適當對沖安排則除外。本集團於年內並無簽訂任何合同形式的對沖交易。

營運資金及借貸

本集團於結算日除可換股票據外的借貸總額為826,900,000港元。其中有601,200,000港元為短期的銀行貸款，220,000,000港元為由一名股東提供的短期貸款(以固定年利率6%計收利息)，其餘為長期之按揭貸款。短期銀行貸款中逾99%為東環置業借入的流動資金貸款，其餘為一項長期的按揭貸款於一年內到期的部分。短期銀行貸款的利息以浮動利率計算，當前適用之年利率為5.265%。長期按揭貸款的利息以浮動利率計算，當前適用之年利率為5.375%。本集團同時亦有未償還總額約402,100,000港元的長期可換股票據，可換股票據如未獲轉換，則須於二零零九年內償還。

於結算日包括監管戶口結餘在內的現金及銀行存款結餘總額為1,257,900,000港元。加上本集團於結算日有流動資產淨額1,211,900,000港元。此外本集團有未提用之銀行授信額度總額324,600,000港元。據此，董事會對本集團的流動資金足夠應付日常營運所需充滿信心，並且認為本集團擁有穩健且良好的財務狀況。

管理層現正與一間外資銀行磋商落實一項長期的銀行融資額度，以取代東環置業現時的短期流動資金貸款，進一步加強並優化本集團的營運資金結構。

MANAGING DIRECTOR'S STATEMENT 董事總經理報告

FINANCIAL REVIEW *(Continued)*

Capital Structure

As at 31 December 2006, the shareholders' fund of the Group was HK$4,590,641,000, representing an increase of HK$747,619,000 or 19% increment from that as at 31 December 2005.

During the year, the Company raised additional capital in the amount of HK$264.0 million from the issuance of a total number of 132,000,000 new shares at premium pursuant to the exercise of convertible note and share options. This has increased and expanded the capital base of the Company.

During the year, the Company paid HK$108,403,000 to shareholders of the Company as final dividend for the year 2005, which has an effect of reducing the overall capital.

The Company has another convertible note with an initial issued principal amount of HK$440.0 million and coupon interest rate of 1.5% per annum of which principal amount of HK$220.0 million has been exercised and converted into 100,000,000 shares of the Company on 21 March 2006. The remaining principal amount of HK$220.0 million has not been converted. The Company has repaid the remaining amount of the convertible note at its expiry date.

Human Resources

As at 31 December 2006, the Group employed approximately 1,370 employees in Hong Kong and in the PRC. The Group offers its employees competitive remuneration packages, which are consistent with the prevailing market practice. The Group's remuneration policies remains unchanged during the current year. Total staff costs for the current year increased by 10% to HK$70.7 million (2005: HK$64.4 million).

APPRECIATION

On behalf of the Board, I would like to express my appreciation and gratitude to our shareholders for their support and all the Group's employees for their hard work and dedication in carrying out their duties and in achieving the Group's business goal.

By order of the Board
Gao Jian Min
Managing Director

Hong Kong, 23 April 2007

財務回顧 *(續)*

股本結構

於二零零六年十二月三十一日，本集團之股東資金為4,590,641,000港元；較二零零五年十二月三十一日的數額增加747,619,000港元，增幅19%。

年內，本公司因應可換股票據及購股權被行使，以溢價發行總數132,000,000股新股，額外籌得股本264,000,000港元，增加並擴大本公司的股本基礎。

年內，本公司向本公司股東支付二零零五年末期股息，金額108,403,000港元，並影響減少整體股本。

本公司有一項初始本金額440,000,000港元，票面息率1.5%的可換股票據，其中本金額220,000,000港元於二零零六年三月二十一日被行使轉換為100,000,000股本公司股份；其餘本金額220,000,000港元未有轉換。本公司已於到期日償付結清該項可換股票據。

人力資源

於二零零六年十二月三十一日，本集團於香港及中國僱用約1,370名僱員。本集團為其僱員提供一套符合市場慣例且具有競爭性的薪酬制度。本集團的薪酬政策於年內維持不變。年內之員工支出總額增加10%至70,700,000港元（二零零五年：64,400,000港元）。

致謝

本集團有賴各股東的鼎力支持和全體員工努力不懈的竭誠服務以達至本集團的目標，本人謹代表董事會向彼等致以深切謝意。

承董事會命
董事總經理
高建民

香港，二零零七年四月二十三日

PROFILE OF DIRECTORS 董事簡介

Executive Directors

Gao Jian Min, *Managing Director*

Mr. Gao, aged 48, was appointed Director and Managing Director of the Company on 22 June 1993. Mr. Gao is also directors of various Group companies. Mr. Gao is also a director of Jiangxi Copper Co., Ltd (Stock Code: 358) and Qingling Motors. Co. Ltd. (Stock Code: 1122), the H shares of both companies are listed on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also the managing director of Pacific Economies Development Corp. He graduated from Qing Hua University with a bachelor degree in engineering. He has over 15 years experience in property investment and development.

Liu Tianni, *Deputy Managing Director*

Mr. Liu, aged 43, was appointed executive director of the Company on 26 May 2001. Mr. Liu is also the director of several Group companies. He graduated from Beijing Normal University with a Master Degree in Science. He has over 10 years experience in corporate administration and trade businesses.

Gu Jianguo

Mr. Gu, aged 45, was appointed director of the Company on 25 May 1999. Mr. Gu previously worked with China Construction Bank and China Cinda Trust & Investment Corporation. He graduated from Zhejiang University with a bachelor degree in Engineering, a master degree and a Ph. D Degree in Economics. He has over 20 years' experience in commercial and investment banking, business management, and financial accounting and management.

執行董事

高建民 *董事總經理*

高先生，現年48歲，於一九九三年六月二十二日獲委任為本公司之董事總經理。高先生亦兼任若干集團公司之董事。高先生亦為江西銅業股份有限公司(股份代號：358)及慶鈴汽車有限公司(股份代號：1122)之董事，該兩間公司H股股份均於香港聯合交易所有限公司(「聯交所」)上市。彼亦為Pacific Economics Development Corp.之董事總經理。高先生於清華大學畢業，持有工科學士學位。彼於物業投資及發展方面擁有逾十五年經驗。

劉天倪 *董事副總經理*

劉先生，現年43歲，於二零零一年五月二十六日獲委任為本公司之執行董事。劉先生同時兼任若干集團公司之董事職務。劉先生於北京師範大學畢業，持有理學碩士學位，彼於行政管理及貿易方面有逾十年經驗。

顧建國

顧先生，現年45歲，於一九九九年五月二十五日獲委任為本公司董事。顧先生曾任職中國建設銀行及中國信達信托投資公司。彼於浙江大學畢業，持有工科學士、經濟學碩士、經濟學博士學位。彼於商業銀行、投資銀行、工商管理、金融財務會計管理方面積累逾二十年經驗。

PROFILE OF DIRECTORS 董事簡介

Chen Yongcun

Mr. Chen, aged 42, was appointed executive director of the Company on 25 October 2000. Mr. Chen is the Assistant to General Manager of Well Kent International Limited. He previously worked with China Construction Bank and China Cinda Asset Management Corporation ("China Cinda"), a substantial shareholder of the Company. He graduated from Qing Hua University with a bachelor degree in engineering and a master degree in engineering. Mr. Chen has over 10 years' experience in finance and investment. Mr. Chen is a director of Tongjitang Chinese Medicines Company which shares are listed on the New York Stock Exchange in the form of American Depository Shares.

陳永存

陳先生，現年42歲，於二零零零年十月二十五日獲委任為本公司之執行董事。陳先生為華建國際集團總經理助理，曾任職中國建設銀行及本公司之主要股東中國信達資產管理公司(「中國信達」)。彼於清華大學畢業，持有工學學士及工學碩士學位。陳先生擁有逾十年金融及投資經驗。陳先生是同濟堂藥業公司的董事，該公司的股份在紐約證券交易所以預托證券方式上市。

Chow Kwok Wai

Mr. Chow, aged 40, is one of the Deputy General Managers and is the Qualified Accountant of the Company. He is responsible for the finance and accounting matters of the Group. Mr. Chow joined the Company in October 1993 and was appointed executive director of the Company on 20 April 2004. Mr. Chow has worked in Price Waterhouse, which is now known as PriceWaterhouseCoopers and has accumulated valuable audit experience there. Mr. Chow received his Bachelor of Social Sciences Degree from the University of Hong Kong in 1990. Mr. Chow is a Fellow Member of the Association of Chartered Certified Accountants and a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 15 years' experience in accounting, financial management and corporate finance. Mr. Chow is also an independent non-executive director of Lijun International Pharmaceutical (Holding) Co., Ltd. (Stock Code: 2005) which H shares are listed on the Stock Exchange.

周國偉

周先生，現年40歲，現為本公司的其中一名副總經理及本公司的合資格會計師，負責本集團之財務及會計事宜。周先生於一九九三年十月加入本公司並於二零零四年四月二十日獲委任為本公司之執行董事。周先生曾於羅兵咸會計師事務所(現稱羅兵咸永道會計師事務所)任職並於該所累積了寶貴的核數經驗。周先生於一九九零年取得由香港大學頒授的社會科學學士學位。周先生現時為英國特許公認會計師公會資深會員及香港會計師公會資深會計師。周先生在會計、財務管理及企業融資方面擁有逾十五年經驗。周先生亦為利君國際醫藥(控股)有限公司(股份代號：2005)的獨立非執行董事，該公司之H股股份於聯交所上市。

PROFILE OF DIRECTORS 董事簡介

Non-executive Directors 非執行董事

Chen Xiaozhou, *Chairman*

Mr. Chen, aged 45, was appointed executive director of the Company and was elected Chairman of the board on 13 February 2006. He was redesignated as a non-executive director of the Company on 1 September 2006. He has been the Vice President of China Cinda since February, 2003. Mr. Chen obtained his Master of Economics from the Research Institute of the People's Bank of China in 1988 and obtained his Master of Commerce from the University of New South Wales, Australia in 2003. From April 1997 to April, 1999, he was the Deputy General Manager of Sales Department of Head Office of China Construction Bank. From April, 1999 to September, 2000, Mr. Chen was the supervisor of Investment Banking Department of China Cinda. From September, 2000 to February, 2003, Mr. Chen was the Assistant to President of China Cinda. Mr. Chen has over 18 years' experience in banking and finance sectors. During the period from 7 June 2004 to 27 March 2005, Mr. Chen was a non-executive director of Aluminum Corporation of China Limited (Stock Code: 2600), the H shares of which are listed on the Stock Exchange and the New York Stock Exchange, Inc.

Hui Xiao Bing, *Vice-Chairman*

Mr. Hui, aged 54, was appointed director of the Company and Vice-chairman of the board on 22 June 1993. He was redesignated as a non-executive director of the Company on 1 September 2006. Mr. Hui was the ex-Deputy Managing Director of China Everbright Financial Holdings Limited. Mr. Hui was also the ex-president of China Construction Bank, Shenzhen Branch. He previously worked for the Research Centre for Economic Development of the State Council of the PRC and China Investment Consultancy Company. He has over 20 years' experience in banking and finance. Mr. Hui graduated from Inner Mongolia Industrial University with a bachelor degree in engineering.

PROFILE OF DIRECTORS 董事簡介

Yuen Wing Shing

Mr. Yuen, aged 60, was appointed Director of the Company on 22 June 1993. He was redesignated as a non-executive director of the Company on 1 September 2006. Mr. Yuen is the Managing Director of Yugang International Limited ("Yugang") (Stock Code: 613). He is also an executive director of Y. T. Realty Group Limited (Stock Code: 75) and Cross-Harbour (Holdings) Limited (Stock Code: 32). All of the aforesaid companies are public companies listed on the Stock Exchange. Mr. Yuen holds a diploma in management studies from The Hong Kong Polytechnic University. Prior to joining Yugang in 1992, he held a senior management position with a major bank in Hong Kong for over 20 years.

袁永誠

袁先生，現年60歲，於一九九三年六月二十二日獲委任為本公司之董事。彼於二零零六年九月一日起調任為本公司之非執行董事。袁先生現為渝港國際有限公司(「渝港」)(股份代號：613)之董事總經理。彼亦為渝太地產集團有限公司(股份代號：75)及港通控股有限公司(股份代號：32)之執行董事。所有上述公司均為於聯交所上市的公眾公司。袁先生持有香港理工大學管理學文憑。在一九九二年加入渝港之前，彼於香港一間主要銀行任職高級管理職務逾二十年。

Independent Non-executive Directors

獨立非執行董事

Kang Dian

Mr. Kang, aged 58, was appointed independent non-executive director of the Company on 8 May 1998. He is presently a director of Springridge Investment Management Limited, which is principally engaged in the provision of consulting and management services and is the chairman of the supervisory committee of Shenzhen Development Bank. Mr. Kang graduated from Beijing Institute of Iron and Steel Engineering (now known as the University of Science & Technology of Beijing) in the PRC, with a bachelor degree majoring in engineering in 1982. In 1984, he graduated from the Graduate School of Academy of Social Science of China in the PRC and obtained a master degree in economics. Mr. Kang was the director and vice-president of Guangdong Enterprise (Holdings) Limited, a holding company of a conglomerate group, from 1994 to 2000. From 1990 to 1994, Mr. Kang was the vice-president of China National Packing Co.. From 1987 to 1990, Mr. Kang was the vice-president of China Agribusiness Trust & Investment Co.. Mr. Kang is also the Consultant to the Finance & Securities Commission of All China Lawyers Association since 1996. Mr. Kang is also an independent non-executive director of BYD Company Limited (Stock Code: 1211) which H shares are listed on the Stock Exchange.

康典

康先生，現年58歲，於一九九八年五月八日獲委任為本公司之獨立非執行董事，彼現為時瑞投資管理有限公司(主要從事提供顧問及管理服務)之董事，並為深圳發展銀行監事會主席。康先生於一九八二年在中國北京鋼鐵學院(現為中國北京科技大學)畢業，榮獲工學士學位。於一九八四年，康先生畢業於中國社會科學研究院，並取得經濟學碩士學位。康先生由一九九四年至二零零零年期間出任粵海企業(集團)有限公司(一間綜合企業的控股公司)之董事及副總裁職務；由一九九零年至一九九四年期間，康先生為中國包裝公司的副總裁；而由一九八七年至一九九零年期間，出任中國農業信託投資公司的副總裁職務。康先生從一九九六年開始擔任中國全國律師協會轄下之財務及證券委員會之顧問。康先生亦為比亞迪股份有限公司(股份代號：1211)之獨立非執行董事，該公司H股股份於聯交所上市。

PROFILE OF DIRECTORS 董事簡介

Zhang Lu

Mr. Zhang, aged 55, was appointed independent non-executive director of the Company on 4 May 2000. Mr. Zhang was the ex-executive vice president and treasurer of Citic Ka Wah Bank Limited, responsible for both the Treasury and International Business. He previously worked for Bank of China and Citic Industrial Bank. Mr. Zhang graduated from Szechuan Institute of Foreign Languages. He has engaged in the banking business for over 25 years.

張璐

張先生，現年55歲，於二零零零年五月四日獲委任為本公司之獨立非執行董事。張先生曾任職中信嘉華銀行有限公司執行副總裁兼司庫，主管資金及國際業務。彼曾任職於中國銀行及中信實業銀行。張先生畢業於四川外語學院，於銀行業務擁有逾二十五年經驗。

Hung Muk Ming

Mr. Hung, aged 42, was appointed independent non-executive director of the Company on 23 December 2004. Mr. Hung is a Certified Public Accountant (Practicing) and is a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. He is also a Fellow Member of the Chartered Association of Certified Accountants and a member of the Hong Kong Institute of Directors. Mr. Hung received his Bachelor of Social Sciences Degree from the University of Hong Kong in 1990. During the period from 27 September 2004 to 16 February 2006, Mr. Hung was an independent non-executive director of Rontex International Holdings Limited (A company listed on the Stock Exchange which stock code is 1142). Mr. Hung has over 15 years' experience in the accounting and audit sector.

洪木明

洪先生，現年42歲，於二零零四年十二月二十三日獲委任為本公司之獨立非執行董事。洪先生現為執業會計師並且為香港會計師公會資深會計師。洪先生同時亦為英國特許公認會計師公會之資深會員及香港董事學會會員。洪先生於一九九零年取得由香港大學頒授的社會科學學士學位。於二零零四年九月二十七日至二零零六年二月十六日期間，洪先生出任朗迪國際有限公司(一間於聯交所上市之公司，其股份代號為1142)之獨立非執行董事職務。洪先生於會計及審計領域擁有逾十五年經驗。

PROFILE OF SENIOR MANAGEMENT 高級管理人員簡介

Kwok Chung Lun

Mr. Kwok, aged 52, joined the Company in July 1995. Mr. Kwok is the managing director of Beijing East Gate Development Co., Ltd. ("East Gate"), which is a wholly owned subsidiary of the Company. Mr. Kwok pursued study in the People's University. Mr. Kwok has over 10 years' experience in property investment and development.

Zhang Shuhua

Miss. Zhang, aged 53, is the deputy managing director of East Gate. Miss. Zhang pursued study in Beijing Radio and Television University. Miss. Zhang has over 20 years' experience in finance and accounting.

郭鐘麟

郭先生，現年52歲，於一九九五年七月加盟本公司。郭先生現為本公司全資附屬公司北京東環置業有限公司(「東環置業」)之董事總經理。郭先生於中國人民大學畢業，彼於物業投資及發展方面擁有逾十年經驗。

張淑華

張小姐，現年53歲，現為東環置業之董事副總經理。張小姐於北京廣播電視大學畢業。張小姐於財務及會計方面擁有逾二十年經驗。

CORPORATE GOVERNANCE REPORT 公司管治報告

Corporate Governance Practices

The Company is committed to maintaining and ensuring a standard of corporate governance that is consistent with market practices. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited ("Stock Exchange") for the year ended 31 December 2006 except for code provision E.1.2. Code provision E.1.2 stipulates that the Chairman of the board of directors should attend the annual general meeting. The Chairman of the board of directors did not attend the annual general meeting of the Company held on 25 May 2006. The Chairman will endeavor to attend all future annual general meetings of the Company unless unexpected or special circumstances preventing him from doing so.

The Company will continuously review and improve its corporate governance practices to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

The following summarizes the Company's key corporate governance practices.

Board of Directors

The board of directors ("Board"), led by the Chairman, steers the Group's business direction. The management, led by the Managing Director, i.e. the Chief Executive is responsible for the Group's management and operations. The division of responsibilities between the Chairman and the Managing Director are clearly established and set out in writing. The role of the Chairman and the Managing Director are separated and are performed by different persons to avoid concentration of authorities to one single person.

公司管治常規

本公司致力維持及確保符合市場慣例之一套企業管治標準。截至二零零六年十二月三十一日止年度，除守則條文E.1.2外，本公司已採納香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四所載之公司管治常規守則(「常規守則」)的原則，及已遵從所有適用之守則條文。常規守則條文第 E.1.2條要求董事會主席應出席股東週年大會。董事會主席並無出席本公司於二零零六年五月二十五日召開之股東週年大會。主席將竭力出席本公司於未來召開的所有股東週年大會，除非出現不可預見或特殊情況導致其未克出席。

本公司將會不斷檢討及改善其公司管治常規，確保業務活動及決策過程受到適當及審慎之規管。

下文概括說明本公司的重要公司管制措施。

董事會

董事會(「董事會」)由董事會主席領導，負責帶領本集團的業務發展方向；管理層由董事總經理(即最高行政人員)領導，負責本集團的管理及運作。董事會主席和董事總經理的職責分工已被清楚界定並以書面列載；董事會主席及董事總經理的角色已區分並分別由不同人士擔任，以避免權力集中於單一人士。

CORPORATE GOVERNANCE REPORT 公司管治報告

Board of Directors *(Continued)*

To assist the Board in discharging its duties and to fulfil the requirement of the Code, two standing board committee are set up under the Board: the Audit Committee and the Remuneration Committee. When it become necessary, the Board will set up ad hoc board committee to handle specific issues and report back to the Board.

The Board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. In addition, the independent non-executive directors are explicitly identified in all corporate communications.

All directors are regularly updated on governance and regulatory matters. There is an established procedure for directors to obtain independent professional advice, which expenditure will be paid by the Company, in the furtherance of their duties.

The full board will meet at least four times throughout a year to review the overall strategy and to monitor the operation as well as the financial performance of the Group. Notice of at least 14 days will be given to all directors for all full board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and the accompanying board papers in respect of full board meetings are sent out in full to all directors not less than three days before the meeting. Minutes of full board meetings and meetings of board committee are properly kept and all directors have access to board papers and the related materials.

董事會 *(續)*

為協助董事會履行其職責以及為符合常規守則的規定，董事會下設二個常設附屬委員會：審核委員會及薪酬委員會。在必要的時候，董事會還設立臨時附屬委員會負責專項工作，並向董事會匯報。

董事會認為每位獨立非執行董事均具有獨立的個性及判斷能力並且他們都符合上市規則所定明有關獨立性的特定標準。本公司已接獲每名獨立非執行董事根據上市規則第3.13條有關其獨立身份的年度確認函。此外，在所有公司通訊內，獨立非執行董事經已被明確識別。

全體董事均定期獲得有關管治及監管等事宜的更新資訊。董事可按照既定程序，尋求獨立專業意見以協助履行其責任，有關費用由本公司支付。

董事會每年最少召開四次全體董事會會議，檢討整體策略與監察本集團的經營與財務表

CORPORATE GOVERNANCE REPORT 公司管治報告

Board of Directors *(Continued)*

During 2006, four full board meetings were held and the individual attendance of each director is set out below:

董事會 *(續)*

董事會於二零零六年年內共召開四次全體董事會會議，每名董事的出席率詳列如下：

Name of director 董事姓名	Number of meetings attended 出席會議次數	Attendance rate 出席率
Zhu Dengshan 朱登山	0 out of 1 一次中出席零次	0%
Chen Xiaozhou 陳孝周	3 out of 3 三次中出席三次	100%
Hui Xiao Bing 惠小兵	3 out of 4 四次中出席三次	75%
Gao Jian Min 高建民	4 out of 4 四次中出席四次	100%
Liu Tianni 劉天倪	4 out of 4 四次中出席四次	100%
Gu Jianguo 顧建國	4 out of 4 四次中出席四次	100%
Chen Yongcun 陳永存	4 out of 4 四次中出席四次	100%
Cheung Chung Kiu 張松橋	1 out of 2 二次中出席一次	50%
Yuen Wing Shing 袁永誠	3 out of 4 四次中出席三次	75%
Chow Kwok Wai 周國偉	4 out of 4 四次中出席四次	100%
Kang Dian 康典	3 out of 4 四次中出席三次	75%
Zhang Lu 張璐	3 out of 4 四次中出席三次	75%
Hung Muk Ming 洪木明	3 out of 4 四次中出席三次	75%

According to Articles of Association of the Company, the Board has the power to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. All directors, including the Chairman, Vice Chairman and Managing Director, shall retire by rotation at least once every three years at annual general meetings and be eligible for re-election.

根據本公司章程，董事會有權委任任何人士擔任董事職務以填補空缺或增加董事會席位。所有董事(包括主席、副主席及董事總經理)須至少每三年一次輪流於股東週年大會上告退，但可膺選連任。

CORPORATE GOVERNANCE REPORT 公司管治報告

Board of Directors *(Continued)*

All independent non-executive Directors have been appointed for a specific term of service. They are also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Article 101 of the Company's Articles of Association.

董事會 *(續)*

所有獨立非執行董事之委任設有固定任期。他們亦須根據本公司章程第101條規定於本公司週年大會輪值告退並重選連任。

Securities dealing by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conducts for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2006.

董事進行證券交易

本公司已就本公司董事進行證券交易採納上市規則附錄十所載的《上市發行人董事進行證券交易的標準守則》(「標準守則」)作為董事進行證券交易的守則。董事會全體成員回應本公司的特別查詢時已確認，彼等在截至二零零六年十二月三十一日止年度內一直嚴格遵守標準守則所載之指定標準。

The Company has also adopted codes of conduct regarding securities transactions by relevant employees (as defined in the Code) on terms no less exacting than the required standard set out in the Model Code.

本公司就有關僱員(定義見常規守則)進行的證券交易，已採納不遜於標準守則所訂標準的行為守則。

Audit Committee

The Company established an audit committee ("Audit Committee") in 1999. The composition and professional qualifications of the members of the Audit Committee complies with the requirements under Rules 3.21 of the Listing Rules. The Audit Committee has a written terms of reference that conform to the provision of the Code.

審核委員會

本公司經已於一九九九年成立審核委員會(「審核委員會」)。審核委員會之組成及各成員的專業資格均符合上市規則第3.21條之要求。審核委員會的成文權責條款符合常規守則之條文。

The current Audit Committee comprises three independent non-executive directors, namely Mr. Kang Dian (Committee Chairman), Mr. Zhang Lu and Mr. Hung Muk Ming. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors and the Company.

本公司現任審核委員會由三位獨立非執行董事康典先生(委員會主席)、張璐先生及洪木明先生組成。審核委員會的主要責任包括審閱及監察本集團的財務匯報系統及內部監控程序、審閱本集團的財務資料，以及檢討本公司與外聘核數師的關係。

CORPORATE GOVERNANCE REPORT 公司管治報告

Audit Committee *(Continued)*

The Audit Committee meets at least two times each year to review the reporting of financial and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the Company's external auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the external auditors.

The Group's annual results for the year ended 31 December 2006 have been reviewed by the Audit Committee.

The Audit Committee together with the Directors has reviewed the internal control system of the Group and were satisfied that it is operating effectively and is appropriate for the Group for the time being.

During the year, two Audit Committee meetings were held and the individual attendance of each member is set out below:

審核委員會 *(續)*

審核委員會每年最少召開兩次會議，檢討向股東匯報的財務及其他資料、內部監控系統、風險管理及核數程序的效力及客觀性。審核委員會亦就其職權範圍內所涉及事宜上擔當董事會與本公司外部核數師之間的重要聯繫，並對外部核數師的獨立性及客觀性作出檢討。

本集團截至二零零六年十二月三十一日止之年度業績，已經審核委員會審閱。

審核委員會連同董事會已檢討了本集團的內部監控系統並且認為其運作有效並且就本集團而言，目前是合適的。

審核委員會年內共召開兩次會議，各成員之出席率詳列如下：

Name of director 董事姓名	Number of meetings attended 出席會議次數	Attendance rate 出席率
Kang Dian 康典	2 out of 2 兩次中出席兩次	100%
Zhang Lu 張璐	2 out of 2 兩次中出席兩次	100%
Hung Muk Ming 洪木明	2 out of 2 兩次中出席兩次	100%

CORPORATE GOVERNANCE REPORT 公司管治報告

Remuneration Committee

The Company established a remuneration committee ("Remuneration Committee") in 2005 and adopted a written terms of reference which conform to the provisions of the Code. The current Remuneration Committee comprises two independent non-executive directors namely, Mr. Kang Dian (Committee Chairman) and Mr. Zhang Lu.

The principal duties of the Remuneration Committee are to ensure that there is no director or any of his associates is involved in deciding his own remuneration and that the Company has an equitable and competitive remuneration policy to attract and retain talent persons to serve the Company.

The remuneration package for each employee is structured according to his quality and qualification. The remuneration package will contain a combination or modification of some or all of the following four main components:

1. Basic salary

Basic salary ranges for each position are established with reference to the responsibilities and the duties attached to the position. The actual salary for the person filling the position is determined based on the experience and ability of the individual selected for the position.

The basic salary ranges are reviewed periodically by reference to the general market and by comparison to comparable positions at competitors in the relevant industry. The actual salaries of employees are reviewed annually and may be adjusted from time to time based on the cost of living and financial performance of the Company.

薪酬委員會

本公司已於二零零五年成立薪酬委員會(「薪酬委員會」),並已採納符合常規守則條文之成文權責條款。現任薪酬委員會由兩名獨立非執行董事康典先生(委員會主席)及張璐先生組成。

薪酬委員會的主要職責為確保沒有董事或其聯繫人士參與制定該董事自己的酬金以及本公司存在一套公平且具競爭性的薪酬政策以便吸引及挽留卓越的人才服務本公司。

每位員工的薪酬待遇按個別的質素與專業資格釐定。薪酬待遇由以下四大項目中其中一部分或全部組成,亦可能有所增減:

一. 基本薪金

基本薪金是按個別職位及責任而釐定。而擔任該職務的人士實際可得的基本薪金,則按個別受聘人士的經驗及能力而定。

基本薪金會定期參考一般市場及有關行業的競爭機構中同類職位的薪酬作出檢討。僱員的實際基本薪金則每年檢討,並可按生活成本及本公司的財務表現不時作出調整。

CORPORATE GOVERNANCE REPORT 公司管治報告

Remuneration Committee *(Continued)*

1. Basic salary *(Continued)*

Salaries are base compensation and not intended to reward performance, either individually or corporately. Performance is rewarded through the other components of the remuneration plan.

2. Incentive bonus

Incentive bonus is linked to individual and corporate performance. The incentive bonus for each employee is determined with reference to his position and his individual performance during the year.

3. Share option

Share options to purchase shares in the Company are granted to employees from time to time at the discretion of the Board, in order to retain valuable employees and to motivate future performance of the employees.

Share options granted to individual employees are determined with reference to their position, their performance and their ability to contribute to the overall success of the Group.

4. Other benefits

The Group offers other customary and/or mandatory benefits to employees, such as statutory retirement scheme, employee compensation and medical insurance, paid annual leaves and child education allowance, with reference to prevailing practices in relevant jurisdictions.

薪酬委員會 *(續)*

一. 基本薪金 *(續)*

薪金屬基本薪酬，並非按個別僱員或公司表現而作出的獎賞。薪酬政策中另有其他獎勵項目。

二. 獎勵性花紅

獎勵性花紅與個別僱員及公司表現掛鈎。每名僱員所得的獎勵性花紅會按其職位及年內表現而訂定。

三. 購股權

董事會可不時酌情向僱員授出購股權，供認購本公司股份，以挽留有貢獻的員工並激勵員工繼續努力工作。

個別員工獲授的購股權數目會按其職位、表現及對公司整體成就所作的貢獻而釐定。

四. 其他福利

本集團亦會參考有關司法管轄權區的現行慣例向僱員提供慣常的及/或強制性的福利，如法定退休金計劃、勞工補償及醫療保險、有薪年假及子女教育津貼。

CORPORATE GOVERNANCE REPORT 公司管治報告

Remuneration Committee *(Continued)*

The committee meets regularly to review the Company's human resources matters and remuneration policy. During the year, the Remuneration Committee met one time and was attended by all committee members. The Remuneration Committee reviewed and approved the annual salary adjustments for year 2007 and the payment of discretional performance bonus for the year ended 31 December 2006 after taking into consideration the results of the Group, the performance of the directors and senior management and the prevailing market practices.

During the year, no incentive payment was paid to any director in respect of his appointment and no compensation payment was paid to any director who ceased to hold his office. No director has ever forfeited any director fee during the year.

Details of the emoluments paid to all the directors are set out in note 10 to the consolidated financial statements.

Nomination Committee

The Group currently does not have a nomination committee. The Group will consider setting up one at the appropriate time.

Auditors' Remuneration

The Group's consolidated financial statements for the year ended 31 December 2006, were audited by Deloitte Touche Tohmatsu ("Deloitte") at a total fees of HK$1.8 millions. The said audit fee was approved by the Audit Committee and endorsed by the Board. In addition, the Group also paid fees of not more than HK$0.20 million in aggregate to Deloitte for the provision of taxation services during the year 2006.

The Audit Committee considers that the taxation services did not (in terms of the nature of the services and the amount of fees paid relative to the audit fees) affect the independence of Deloitte.

薪酬委員會 *(續)*

薪酬委員會定期召開會議審閱本公司的人力資源事宜及薪酬政策。於年內薪酬委員會召開了一次會議，委員會全體成員均有出席。薪酬委員會審閱並在經考慮過本集團的業績、董事及高級管理層的表現以及當前的市場情況，批准了二零零七年之年度薪金調整以及按表現酌情發放、截至二零零六年十二月三十一日止年度的花紅。

年內，本公司並無向新委任的董事支付任何激勵性款項亦無向辭任的董事支付任何補償款項。年內並無董事放棄收取其董事袍金。

年內所有董事支取的報酬詳情載列於綜合財務報表附註10。

提名委員會

本集團目前並無設立提名委員會，本集團將考慮於適當時候設立該委員會。

核數師酬金

本集團截至二零零六年十二月三十一日止年度綜合財務報表由德勤．關黃陳方會計師行(「德勤」)審核，核數費用總額為1,800,000港元。該項核數費用已獲得審核委員會批准並得到董事會背書認可。此外，本集團於二零零六年內亦有向德勤支付總額不多予200,000港元的稅務服務費用。

審核委員會認為該等稅務服務費用(就服務性質及相對於核數費用的數額而言)並沒有對德勤的獨立性構成影響。

CORPORATE GOVERNANCE REPORT 公司管治報告

Directors' Responsibility Statement

The Directors are responsible for the preparation of financial statements for each financial period, which give a true and fair view of the state of the affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2006, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the consolidated financial statements on the going concern basis. Up to the date of this report, the Directors are not aware of any material uncertainties that will seriously affect the going concern assumption of the Group.

The Directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. The Directors also have general responsibilities for setting up an appropriate internal control system, which is mainly to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors have reviewed the internal control system of the Company and are satisfied that the internal control system is functioning properly.

董事的責任聲明

董事負責編制各會計期間的財務報表，該等財務報表真確地反映本集團於該期間的事務、業績及現金流量。編制截至二零零六年十二月三十一日止年度之綜合財務報表時，董事會已選取適用的會計政策，並貫徹應用；採用適當的香港財務報告準則及香港會計準則；作出審慎及合理的調整及估計；及按持續經營基準編制綜合財務報表。截至本報告日止，董事會並不獲悉任何將會嚴重地影響持續經營假設的重大不確定因素。

董事會亦負責保存適當的會計紀錄，使於任何時間合理準確地反映本集團的財務狀況。董事會亦有一般責任設立適當的內部監控系統，其主要目的為保障本集團資產與防止及揭發舞弊以及其他不當行為。董事已檢討過本公司的內部監控系統並認為本公司的內部監控系統行之有效。

CORPORATE GOVERNANCE REPORT 公司管治報告

Communication with Shareholders

The Company endeavours to maintain a high level of transparency in communicating with shareholders and investors at large. In order to enhance the transparency of shareholders' voting in general meeting, separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors and those resolutions were voted on by poll. The Company will engage external scrutineer to count the vote. The poll voting results will be published in the press, on the Stock Exchange's website and on the Company's website on the next following business day. In addition, procedures for demanding a voting by poll are laid down in the circular or annual report to be despatched to shareholders. Moreover, at the general meeting but before voting, the chairman of the meeting will explain to shareholders their right to demand a voting by poll and how to exercise such right.

The Company has also maintained a website at http://www.silvergrant.com.hk which enable shareholders, investors and the general public to have an open access to the information of the Company. Financial information and all corporate communications of the Company are made available on the Company's website and are updated regularly.

Shareholders who wish to raise any queries with the Board may write to the Company Secretary at Suite 4901, 49/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

與股東的溝通

本公司在與股東及大眾投資者溝通時，一直盡量保持透明度。為了加強股東大會上股東投票的透明度，本公司於股東大會上採取按點算股數的方式對所有涉及具體事項的決議案包括選舉個別董事等均分開進行議案表決。本公司會委任外部監票員進行點算股數工作，投票結果亦會於第二個工作日於報章刊登及上載於聯交所網頁及本公司的網頁。此外，有關要求按點算股數方式進行投票的程序也會詳列於寄給股東的通函或年報內。同時於股東大會舉行時但投票進行之前，會議主席會首先向股東解釋股東有權要求以點算股數方式投票的權利及如何行使該權利。

本公司亦設有網址http://www.silvergrant.com.hk，提供公開渠道以供股東、投資者及公眾人士取得本公司之資料。本公司財務資料及所有的公司通訊已上載於本公司網站，並會定期更新。

倘若股東需要向董事會提出查詢，可隨時致函本公司的公司秘書，地址為：香港灣仔港灣道1號會展廣場辦公大樓49樓4901室。

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.

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。

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.

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。

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.

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。

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.

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

DIRECTORS' REPORT 董事會報告

Directors *(Continued)*

Non-executive directors

Chen Xiaozhou *(Chairman)*	(appointed on 13 February 2006 and redesignated as non-executive directors on 1 September 2006)	
Hui Xiao Bing *(Vice Chairman)*	(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).

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。

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.

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。

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.

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	0.535	2,000,000	(2,000,000)	—
	07/06/2002-06/06/2012	0.700	5,000,000	(5,000,000)	—
GAO Jian Min 高建民	09/01/1997-08/01/2007	0.967	15,000,000	(15,000,000)	—
	07/06/2002-06/06/2012	0.700	5,000,000	(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.

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。

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.

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:

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：

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:

1. 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.

附註：

1. 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

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。

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.

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。

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.

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。

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:

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 *HK$'000 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:

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

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

上述聯營公司的詳情載於綜合財務報表附註56。

Auditors

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

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。

By order of the board of directors
Chen Xiaozhou
Chairman

承董事會命
主席
陳孝周

Hong Kong, 23 April 2007

香港，二零零七年四月二十三日

德

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

核數師的責任

我們的責任是根據我們的審核的結果，對該等綜合財務報表作出意見。我們的報告僅按照香港《公司條例》第141條為股東（作為一個團體）而編制並不為其他任何目的。我們並不就本報告內容對任何其他人士承擔任何義務或接受任何責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並計劃及執行審核，以合理確定此等綜合財務報表是否不存在重大錯誤陳述。

審核涉及執行程序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編制及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對　貴公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及作出會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映　貴公司及　貴集團於二零零六年十二月三十一日的事務狀況及　貴集團截至該日止年度的溢利及現金流量，並已按溫雖訟現퐈丶流榴揄做딜뵎歡犴댐늰鞪瘀務報

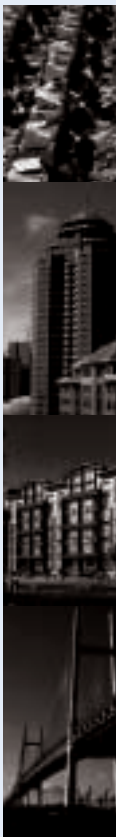
Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
23 April 2007

CONSOLIDATED INCOME STATEMENT 綜合收入報表

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

		Notes 附註	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Turnover	營業額	6	**1,487,212**	551,778
Sales of properties	物業銷售		**208,052**	895
Property management fee income	物業管理費收入		**97,942**	89,037
Rental income	租金收入		**77,854**	76,346
			383,848	166,278
Cost of sales	銷售成本		**(228,777)**	(66,347)
			155,071	99,931
Net gain on disposal of held-for-trading securities	出售持作買賣證券淨收益		**212,698**	20,916
Interest income from interest in distressed assets	不良資產權益之利息收入		**88,841**	130,912
Dividend income from listed securities	上市證券股息收入		**188**	1,889
Commission income and performance return of dealing in distressed assets	處理不良資產佣金收入及超收分成		**—**	100,000
Other income	其他收入	7	**93,037**	106,192
Administrative expenses	行政費用		**(125,935)**	(94,659)
Surplus on revaluation of leasehold properties	租賃物業之重估盈餘		**5,193**	8,949
Increase in fair value of investment properties	投資物業之公平值增加	16	**89,927**	148,687
Gain on convertible note at fair value through profit or loss	於損益表按公平值處理的可換股票據之收益	43	**35,168**	199,756
Fair value change of structured finance securities	結構性金融證券公平值變動		**1,595**	—
Finance costs				
公司業績		**8,359**	—	
Profit before taxation	除稅前溢利		**611,421**	818,445
Taxation	稅項	12	**(105,924)**	(89,279)
Profit for the year	年內溢利	13	**505,497**	729,166
Attributable to:	應佔：			
Equity holders of the Company	本公司股本持有人		**494,757**	724,054
Minority interests	少數股東權益		**10,740**	5,112
			505,497	729,166
Earnings per share	每股盈利	14		
— Basic	— 攤薄		**0.278**	0.415
— Diluted	— 基本		**0.232**	0.260



CONSOLIDATED BALANCE SHEET AND BALANCE SHEET 綜合資產負債表及資產負債表

31 200
於二零零六年十二月三十一日

		Notes 附註	The Group 本集團 2006 二零零六年 HK$'000 千港元	The Group 本集團 2005 二零零五年 HK$'000 千港元	The Company 本公司 2006 二零零六年 HK$'000 千港元	The Company 本公司 2005 二零零五年 HK$'000 千港元
ASSETS	**資產**					
Non-current assets	**非流動資產**					
Investment properties	投資物業	16	**2,195,909**	2,105,385	**15,656**	93,047
Property, plant and equipment	物業、廠房及設備	17	**132,612**	122,340	**57,190**	53,168
Goodwill	商譽	18	**33,525**	33,525	**–**	–
Investments in subsidiaries	附屬公司投資	19	**–**	–	**56,011**	56,088
Interests in associates	聯營公司權益	20	**1,330,123**	1,304,277	**339,202**	374,269
Interest in a jointly controlled entity	共同控制公司權益	21	**32,088**	–	**26,318**	–
Amounts due from associates	應收聯營公司款項	23	**210,000**	206,478	**–**	–
Structured finance securities	結構性金融證券	25	**24,423**	–	**24,423**	–
Available-for-sale investments	可供出售投資	26	**99,075**	2,206	**2,140**	1,730
Interest in distressed assets	不良資產權益	27	**–**	204,681	**–**	–
Deposit paid for acquisition of investments	已付收購投資之按金	28	**–**	44,499	**–**	41,299
Deposit paid for acquisition of distressed assets	已付收購不良資產之按金	29	**–**	263,723	**–**	–
Deferred tax assets	遞延稅項資產	44	**–**	1,336	**–**	–
Other asset	其他資產	30	**2,742**	4,113	**–**	–
			4,060,497	4,292,563	**520,940**	619,601
Current assets	**流動資產**					
Inventories, at cost	存貨，按成本		**172**	115	**–**	–
Stock of properties	物業存貨	31	**257,449**	323,940	**–**	–
Loan receivables	應收貸款	32	**–**	144,216	**–**	–
Interest in distressed assets	不良資產權益	27	**199,931**	347,301	**–**	–
Available-for-sale investments	可供出售投資	26	**141,718**	–	**–**	–
Held-for-trading investments	持作買賣投資	33	**15,182**	364,030	**15,036**	363,895
Trade receivables	應收貿易賬款	34	**3,205**	4,400	**–**	–
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項		**23,576**	72,925	**1,625**	46,142
Amounts due from subsidiaries	應收附屬公司款項	22	**–**	–	**2,261,761**	2,676,033
Amounts due from associates	應收聯營公司款項	23	**569,822**	24,025	**270,965**	24,025
Amount due from a jointly controlled entity	應收共同控制公司款項	24	**250,922**	–	**250,922**	–
Restricted bank balance	監管戶口結餘	35	**532,871**	269,600	**–**	

CONSOLIDATED BALANCE SHEET AND BALANCE SHEET 綜合資產負債表及資產負債表

31 200
於二零零六年十二月三十一日

		Notes 附註	The Group 本集團 2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元	The Company 本公司 2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
EQUITY	**股本**					
Capital and reserves	**資本及儲備**					
Share capital	股本	39	**364,142**	337,742	**364,142**	337,742
Reserves	儲備		**4,226,499**	3,505,280	**2,581,600**	2,277,685
Equity attributable to equity holders of the Company	本公司股本持有人應佔股本		**4,590,641**	3,843,022	**2,945,742**	2,615,427
Minority interests	少數股東權益		**16,261**	55,669	**–**	–
Total equity	**股本總值**		**4,606,902**	3,898,691	**2,945,742**	2,615,427
LIABILITIES	**負債**					
Non-current liabilities	**非流動負債**					
Borrowings	借貸	42	**5,750**	6,900	**5,750**	6,900
Convertible notes	可換股票據	43	**402,112**	437,280	**402,112**	437,280
Deferred tax liabilities	遞延稅項負債	44	**257,639**	187,979	**10,608**	1,254
			665,501	632,159	**418,470**	445,434
Current liabilities	**流動負債**					
Bank overdrafts	銀行透支	42	**–**	79,241	**–**	79,241
Trade payables	應付貿易賬款	45	**84,792**	19,175	**–**	–
Accrued charges, rental deposits and other payables	應計費用、租務按金及其他應付款項	46	**241,154**	369,587	**18,584**	27,047
Amounts due to associates	應付聯營公司款項	47	**352,146**	377,146	**326,841**	353,191
Amounts due to subsidiaries	應付附屬公司款項	50	**–**	–	**7,289**	7,035
Accruals for management fee to holding company of a shareholder	應付一名股東的控股公司的應計管理費	48	**58,072**	65,881	**–**	–
Loan from a shareholder	股東貸款	49	**220,000**	–	**220,000**	–
Borrowings	借貸	42	**601,150**	572,578	**1,150**	1,150
Taxation payable	應付稅項		**38,803**	5,084	**21,781**	–
Convertible notes	可換股票據	43	**–**	428,836	**–**	428,836
			1,596,117	1,917,528	**595,645**	896,500
Total liabilities	**負債總值**		**2,261,618**	2,549,687	**1,014,115**	1,341,934
TOTAL EQUITY AND LIABILITIES	**股本及負債總值**		**6,868,520**	6,448,378	**3,959,857**	3,957,361
Net current assets	**淨流動資產**		**1,211,906**	238,287	**2,843,272**	2,441,260
Total assets less current liabilities	**資產總值減流動負債**		**5,272,403**	4,530,850	**3,364,212**	3,060,861

The consolidated financial statements on pages 49 to 157 were approved and authorized for issue by the board of directors on 23 April 2007 and are signed on its behalf by:

第49頁至第157頁之綜合財務報表已獲董事會於二零零七年四月二十三日認可及授權發行，並經下列代表簽署確認：

Chen Xiaozhou
陳孝周
Director
董事

Gao Jian Min
高建民
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動報表

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司股本持有人應佔股本										
		Share capital 股本 HK$'000 千港元	Share premium 股份溢價 HK$'000 千港元	Convertible notes equity reserve 可換股票據股本儲備 HK$'000 千港元	Asset revaluation reserve 資產重估儲備 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Other reserve 其他儲備 HK$'000 千港元	Translation reserve 匯兌儲備 HK$'000 千港元	Retained profits 保留溢利 HK$'000 千港元	Total 合計 HK$'000 千港元	Minority interests 少數股東權益 HK$'000 千港元	Total equity 股本總額 HK$'000 千港元
At 1 January 2005	於二零零五年一月一日	351,734	1,957,757	20,150	13,763	–	605	1,994	994,132	3,340,135	136,180	3,476,315
Exchange difference arising on translation of foreign operations	換算海外業務產生之匯兌差額	–	–	–	–	–	–	22,143	–	22,143	1,291	23,434
Gain on revaluation of leasehold properties	重估租賃物業產生之收益	–	–	–	5,663	–	–	–	–	5,663	–	5,663
Deferred tax liability arising on revaluation of leasehold properties	重估租賃物業產生之遞延稅項負債	–	–	–	(539)	–	–	–	–	(539)	–	(539)
Share of reserve of associates	攤佔聯營公司儲備	–	–	–	–	–	–	4,801	–	4,801	–	4,801
Net income recognised directly in equity	直接於股本確認的收入淨額	–	–	–	5,124	–	–	26,944	–	32,068	1,291	33,359
Profit for the year	年內溢利	–	–	–	–	–	–	–	724,054	724,054	5,112	729,166
Total recognised income and expenses for the year	年內確認的收入及支出總額	–	–	–	5,124	–	–	26,944	724,054	756,122	6,403	762,525
Share repurchase	股份回購											
– repurchase of ordinary shares	– 回購普通股	(13,992)	–	–	–	–	–	–	–	(13,992)	–	(13,992)
– premium on repurchase of shares	– 回購股份之溢價	–	–	–	–	–	–	–	(151,309)	(151,309)	–	(151,309)
– transfer	– 劃轉	–	–	–	–	13,992	–	–	(13,992)	–	–	–
Dividend	股息	–	–	–	–	–	–	–	(87,934)	(87,934)	–	(87,934)
Acquisition of additional equity interest in a subsidiary	收購一間附屬公司之額外股本權益	–	–	–	–	–	–	–	–	–	(86,914)	(86,914)
At 31 December 2005	於二零零五年十二月三十一日	337,742	1,957,757	20,150	18,887	13,992	605	28,938	1,464,951	3,843,022	55,669	3,898,691
At 1 January 2006	於二零零六年一月一日	337,742	1,957,757	20,150	18,887	13,992	605	28,938	1,464,951	3,843,022	55,669	3,898,691
Exchange difference arising on translation of foreign operations	換算海外業務產生之匯兌差額	–	–	–	–	–	–	97,877	–	97,877	303	98,180
Gain on revaluation of leasehold properties	重估租賃物業產生之收益	–	–	–	6,733	–	–	–	–	6,733	–	6,733
Deferred tax liability arising on revaluation of leasehold properties	重估租賃物業產生之遞延稅項負債	–	–	–	(766)	–	–	–	–	(766)	–	(766)
Share of reserve of associates	攤佔聯營公司儲備	–	–	–	–	–	–	15,745	–	15,745	–	15,745
Net income recognised directly in equity	直接於股本確認的收入淨額	–	–	–	5,967	–	–	113,622	–	119,589	303	119,892
Profit for the year	年內溢利	–	–	–	–	–	–	–	494,757	494,757	10,740	505,497
Total recognised income and expenses for the year	年內確認的收入及支出總額	–	–	–	5,967	–	–	113,622	494,757	614,346	11,043	625,389
Issue of shares	發行股本											
– upon exercise of share options	– 因行使購股權	6,400	19,580	–	–	–	–	–	–	25,980	–	25,980
– upon conversion of convertible note	– 因轉換可換股票據	20,000	200,000	(10,075)	–	–	–	–	5,821	215,746	–	215,746
Share issued expenses	發行股份費用	–	(50)	–	–	–	–	–	–	(50)	–	(50)
Transfer	劃轉	–	–	(10,075)	–	–	–	–	10,075	–	–	–
Dividend	股息	–	–	–	–	–	–	–	(108,403)	(108,403)	–	(108,403)
Acquisition of additional equity interest in a subsidiary	收購一間附屬公司之額外股本權益	–	–	–	–	–	–	–	–	–	(50,451)	(50,451)
At 31 December 2006	於二零零六年十二月三十一日	364,142	2,177,287	–	24,854	13,992	605	142,560	1,867,201	4,590,641	16,261	4,606,902

Note: Certain figures are regrouped and restated to conform to the presentation of the consolidated statement of changes in equity for year ended 31 December 2005.

*附註：*為與截至二零零五年十二月三十一日止年度之綜合權益變動表的呈列達到一致，若干數字經已重新編排並呈列。

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量報表

For the year ended 31 December 2006
截至二零零六年十二月三十一日年度

		Note 附註	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
Operating activities	**經營業務**			
Profit before taxation	除稅前溢利		**611,421**	818,445
Adjustments for:	調整：			
Share of results of associates	攤佔聯營公司業績		**(73,492)**	(82,237)
Share of result of a jointly controlled entity	攤佔一間共同控制公司業績		**(8,359)**	–
Repairs and maintenance fund expensed	維修及保養基金支出		**1,371**	1,371
Depreciation of property, plant and equipment	物業、廠房及設備折舊		**7,462**	7,159
Finance costs	財務費用		**53,505**	59,841
Dividend income from listed securities	上市證券股息收入		**(188)**	(1,889)
Interest income	利息收入		**(72,989)**	(53,395)
Discount on acquisition of additional equity interest in a subsidiary	收購一間附屬公司額外股本權益之折讓		**(24,742)**	(73,476)
Gain on disposal of a subsidiary	出售一間附屬公司產生之收益	*51*	**(2,550)**	–
Change of fair value of held-for-trading investments	持作買賣投資的公平值變動		**(2,535)**	(44,880)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備產生之虧損		**200**	100
Surplus on revaluation of leasehold properties	租賃物業之重估盈餘		**(5,193)**	(8,949)
Gain on disposal of investment properties	出售投資物業產生的收益		**–**	(209)
Increase in fair value of investment properties	投資物業之公平值增加		**(89,927)**	(148,687)
Gain on convertible note at fair value through profit or loss	於損益表按公平值處理的可換股票據之收益		**(35,168)**	(199,756)
Fair value change of structured finance securities	結構性金融證券公平值變動		**(1,595)**	–
Loss on disposal of associates	出售聯營公司虧損		**6**	–

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量報表

For the year ended 31 December 2006
截至二零零六年十二月三十一日年度

		Note 附註	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Operating cash flows before movements in working capital	營運資金變動前的經營業務現金流量		**357,227**	273,438
Deposit paid for acquisition of distressed assets	已付收購不良資產的按金		**–**	(527,446)
Recovery of distressed assets	回收不良資產		**352,051**	80,643
Increase in inventories	存貨增加		**(57)**	(107)
Decrease (increase) in stock of properties	物業存貨減少(增加)		**66,491**	(191,637)
Decrease (increase) in held-for-trading investments	持作買賣投資減少(增加)		**351,383**	(263,023)
Decrease in trade receivables	應收貿易賬款減少		**1,195**	11,966
Decrease (increase) in deposits, prepayments and other receivables	按金、預付款及其他應收款項減少(增加)		**49,349**	(15,221)
Increase in restricted bank balance	監管戶口結餘增加		**(263,271)**	(84,231)
Increase (decrease) in trade payables	應付貿易賬款增加(減少)		**65,617**	(35,861)
(Decrease) increase in accruals for management fee to holding company of a shareholder	應付一名股東的控股公司應計管理費(減少)增加		**(7,809)**	47,344
(Decrease) increase in accrued charges, rental deposits and other payables	應計費用、租務按金及其他應付款項(減少)增加		**(128,085)**	161,567
Cash generated from (used in) operations	經營業務產生(所用)現金		**844,091**	(542,568)
Interest paid	已付利息		**(47,920)**	(47,840)
PRC Enterprise income tax paid	已付中國企業所得稅		**(1,157)**	(772)
Net cash from (used in) operating activities	經營業務產生(所用)現金淨額		**795,014**	(591,180)
Investing activities	**投資業務**			
Proceeds on disposal of investment properties	出售投資物業所得款項		**–**	10,700
Purchase of property, plant and equipment	購入物業、廠房及設備		**(3,006)**	(5,722)
Dividend received from associates	已收聯營公司股息		**52,000**	50,000
Dividend received from listed securities	已收上市證券股息		**188**	1,889
Interest received	已收利息		**60,302**	53,395
Deposit paid for acquisition of investments	已付收購投資之按金		**–**	(44,499)
Advance to associates	墊支予聯營公司之款項		**(516,187)**	(206,478)
Repayment of amount due from a jointly controlled entity	已收共同控制公司之款項		**241,753**	–
Advance of loan receivables	墊支應收貸款		**–**	(29,930)

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量報表

For the year ended 31 December 2006
截至二零零六年十二月三十一日年度

		Note 附註	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得之款項		**214**	456
Decrease in pledged bank deposits	抵押銀行存款之減少		**–**	1,700
Purchase of available-for-sale investments	購入可供出售投資		**(55,546)**	(730)
Purchase of structured finance securities	購入結構性金融證券		**(22,828)**	–
Proceeds on disposal of associates	出售聯營公司所得款項		**9,600**	5,000
Acquisition of investment in associates	收購聯營公司投資		**(18,802)**	(36,190)
Acquisition of additional equity interest in a subsidiary	收購一間附屬公司額外股本權益		**(22,509)**	(13,438)
Proceeds on disposal of a subsidiary	出售一間附屬公司所得款項	*51*	**26,279**	–
Net cash used in investing activities	投資業務所用現金淨額		**(248,542)**	(213,847)
Financing activities	**融資業務**			
Net proceeds from issue of new shares (repurchase of ordinary shares)	發行新股所得款項淨額（回購普通股）		**25,930**	(165,301)
Repayment of bank loans	償還銀行貸款		**(601,150)**	(753,531)
Dividend paid	已付股息		**(108,403)**	(87,934)
Bank loans raised	銀行貸款融資		**600,000**	733,333
Repayment of advances from associates	償還聯營公司墊款		**(15,544)**	(30,500)
Net cash used in financing activities	融資業務所用現金淨額		**(99,167)**	(303,933)
Net increase (decrease) in cash and cash equivalents	現金及現金等值增加（減少）淨額		**447,305**	(1,108,960)
Cash and cash equivalents at the beginning of the year	年初之現金及現金等值		**262,299**	1,370,730
Effect of foreign currency rate changes	匯率變動之影響		**15,391**	529
Cash and cash equivalents at the end of the year	年末之現金及現金等值		**724,995**	262,299
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	**現金及現金等值結餘分析**			
Bank balances and cash	銀行結餘及現金		**724,995**	341,540
Bank overdrafts	銀行透支		**–**	(79,241)
			724,995	262,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

1. General

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in this report.

The consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

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.

1. 一般事項

本公司乃在香港註冊成立之公眾有限公司，其股份在香港聯合交易所有限公司(「聯交所」)上市。本公司註冊辦事處及主要營業地點之地址於本報告之「公司資料」部份內披露。

本綜合財務報表乃以港元呈列，而本公司之功能貨幣亦為港元。

本公司為投資控股公司，從事物業投資及證券買賣。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，本集團各聯營公司及一間共同控制公司之主要業務詳情載於附註56。

2. Application of Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a new standard, and a number of new amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. 採納香港財務報告準則

於本年度，本集團首次採納由香港會計師公會(「會計師公會」)頒佈，而於二零零五年十二月一日或二零零六年一月一日或以後開始的會計期間生效的一項新準則及若干新修訂以及詮釋(「新香港財務報告準則」)。採納新香港財務報告準則，並無對本集團於現行或過往會計期間的業績編制及呈報方式產生重大影響。因此，毋須對過往期間作出任何調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

2. Application of Hong Kong Financial Reporting Standards *(Continued)*

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Directors anticipate that the application of these new standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: disclosures[1]
HKFRS 8	Operating segments[2]
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC)-INT 8	Scope of HKFRS 2[4]
HK(IFRIC)-INT 9	Reassessment of embedded derivatives[5]
HK(IFRIC)-INT 10	Interim financial reporting and impairment[6]
HK(IFRIC)-INT 11	HKFRS 2 — Group and treasury share transactions[7]
HK(IFRIC)-INT 12	Service concession arrangements[8]

2. 採納香港財務報告準則 *(續)*

本集團並無提早採納下列已經頒佈但尚未生效的新的準則、修訂本及詮釋。董事會預料，採納該等新香港財務報告準則、修訂本及詮釋將不會對本集團業績及財務狀況構成重大影響。

香港會計準則第1號（修訂本）	資本披露[1]
香港財務報告準則第7號	金融工具：披露[1]
香港財務報告準則第8號	營運分類[2]
香港（國際財務報告詮釋委員會）－詮釋第7號	應用會計準則第29號惡性通貨膨漲經濟體系財務報告之重列方式[3]
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號之範疇[4]
香港（國際財務報告詮釋委員會）－詮釋第9號	重估附帶衍生工具[5]
香港（國際財務報告詮釋委員會）－詮釋第10號	中期財務報告及減值[6]
香港（國際財務報告詮釋委員會）－詮釋第11號	香港財務報告準則第2號：集團及財務股份交易[7]
香港（國際財務報告詮釋委員會）－詮釋第12號	服務經營權安排[8]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

2. Application of Hong Kong Financial Reporting Standards *(Continued)*

[1] Effective for annual period beginning on or after 1 January 2007.
[2] Effective for annual period beginning on or after 1 January 2009.
[3] Effective for annual period beginning on or after 1 March 2006.
[4] Effective for annual period beginning on or after 1 May 2006.
[5] Effective for annual period beginning on or after 1 June 2006.
[6] Effective for annual period beginning on or after 1 November 2006.
[7] Effective for annual period beginning on or after 1 March 2007.
[8] Effective for annual period beginning on or after 1 January 2008.

2. 採納香港財務報告準則 *(續)*

[1] 從二零零七年一月一日或之後開始的會計期間生效
[2] 從二零零九年一月一日或之後開始的會計期間生效
[3] 從二零零六年三月一日或之後開始的會計期間生效
[4] 從二零零六年五月一日或之後開始的會計期間生效
[5] 從二零零六年六月一日或之後開始的會計期間生效
[6] 從二零零六年十一月一日或之後開始的會計期間生效
[7] 從二零零七年三月一日或之後開始的會計期間生效
[8] 從二零零八年一月一日或之後開始的會計期間生效

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for properties and certain financial instruments, which are measured at revalued amounts or fair values. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. 主要會計政策

綜合財務報表是根據會計師公會頒佈的香港財務報告準則而編制。此外，本綜合財務報表包括聯交所證券上市規則及香港公司條例規定之適用披露。

本綜合財務報表乃按照歷史成本基準編制，惟物業及若干金融工具則以重估值或公平值計量。所採納之主要會計政策如下：

綜合基準

本綜合財務報表載入本公司及本公司控制的各公司（（其附屬公司）包括特殊目的公司）的財務報表。當本公司有權掌控一間公司的財務及營運政策，並從其業務獲取利益則確認控制權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
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3. Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Acquisition of additional interests in subsidiaries is recorded at the book value of the net assets attributable to the interests. The excess of the carrying amounts of net assets attributable to the interests over the cost of acquisition is recognised as discount on acquisition.

3. 主要會計政策 *(續)*

綜合基準 *(續)*

年內所收購或出售之附屬公司之業績，已分別按實際收購日期起或直至實際出售日期止(按適用者)載入綜合收入報表內。

附屬公司之財務報表於有需要時作出調整，以使其會計政策與本集團其他成員公司所採納者一致。

所有本集團之內部交易、結餘、收入及支出於進行綜合賬目時消除。

綜合附屬公司之資產淨值中之少數股東權益乃與本集團之股本分開呈列。資產淨值中之少數股東權益包括該等權益於原有業務合併日期之金額及少數股東自合併日期以來所佔股本之變動。如少數股東所佔虧損超出少數股東於附屬公司股本中之權益，其虧損對沖集團之權益。惟倘少數股東受到具約束力之責任及能夠作出額外投資而足以彌補虧損者則除外。

收購附屬公司額外權益乃按權益應佔資產淨值之賬面值入賬。權益應佔資產淨值賬面值超逾收購成本之金額於收購時確認為折讓。

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3. Significant accounting policies *(Continued)*

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisition after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

3. 主要會計政策 *(續)*

商譽

二零零五年一月一日前因收購所產生之商譽

因收購附屬公司(其協議日期為二零零五年一月一日前)所產生之商譽乃指收購成本高於本集團應佔有關附屬公司於收購當日之可識別資產及負債之公平值之差額。

就於二零零一年一月一日後因收購所產生早前已資本化之商譽而言，本集團已自二零零五年一月一日開始終止攤銷，而該商譽將每年及每當有跡象顯示該商譽有關之現金產生單位可能出現減值時進行減值檢測(見下文之會計政策)。

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3. Significant accounting policies *(Continued)*

Goodwill *(Continued)*

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investments in subsidiaries

Investments in subsidiaries are stated in the Company's balance sheet at cost less any identified impairment loss. Income from investments in subsidiaries is accounted for by the Company when the Company's right to receive the dividend payment has been established.

3. 主要會計政策 *(續)*

商譽 *(續)*

就減值檢測而言，因收購所產生之商譽分配至各有關現金產生單位，或現金產生單位之組別，預期彼等將從收購之協同效應中受惠。已獲分配商譽之現金產生單位每年及每當有跡象顯示單位可能出現減值時進行減值檢測。就於某一財政年度因收購所產生之商譽而言，已獲分配商譽之現金產生單位於該財政年度完結前進行減值檢測。當現金產生單位之可收回金額低於該單位之賬面值，則會分配減值虧損，以削減首先分配至該單位，及其後以單位各資產之賬面值為基準按比例分配至該單位之其他資產之任何商譽之賬面值。商譽之任何減值虧損乃直接於綜合收入報表內確認。商譽之減值虧損於繼後期間不予撥回。

於其後出售附屬公司時，其所佔之資本化商譽金額會用以計算出售損益之金額。

附屬公司投資

附屬公司投資乃以成本減任何已識別減值虧損後列載入本公司之資產負債表。本公司從附屬公司投資所得的收入是於本公司有權收取派付的股息確定後入賬。

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3. Significant accounting policies *(Continued)*

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of

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3. Significant accounting policies *(Continued)*

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

3. 主要會計政策 *(續)*

合營企業

共同控制公司

倘合營安排涉及成立獨立實體而合營方對該公司之經濟活動擁有共同控制權，則該實體被視為共同控制公司。

共同控制公司之業績及資產與負債採用權益會計法載入綜合財務報表。根據權益法，於共同控制公司之投資乃按成本(已就本集團分佔共同控制公司之資產淨值於收購後之變動作出調整)減任何已辨識減值虧損載入綜合資產負債表。倘本集團應佔共同控制公司之虧損相當於或高於其在該共同控制公司之權益(包括實際構成本集團於共同控制公司投資淨額部份之任何長期權益)時，本集團不再確認其分佔之進一步虧損。本集團只會在本身產生法律或推定責任或代表該聯營公司付款時，方會就額外應佔虧損計提撥備並確認負債。

倘集團實體與本集團的共同控制公司進行交易，未變現溢利或虧損乃根據本集團於該共同控制公司之權益為限予以撇銷，惟倘未變現虧損證明所轉讓資產出現減值時，則於該情況下須全數確認虧損。

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3. Significant accounting policies *(Continued)*

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment loss.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purpose, are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated impairment losses and subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

3. 主要會計政策 *(續)*

投資物業

於初步確認時，投資物業乃按成本(包括任何直接應佔開支)計量。於初步確認後，投資物業乃按公平值模式計量。投資物業公平值變動產生之收益或虧損於產生期間計入損益表。

投資物業乃於出售時或投資物業永久不再使用或預期不會因出售該物業而產生未來經濟利益時不再確認。不再確認資產所產生之任何收益或虧損(按資產之出售所得款項淨額與其賬面值之差額計算)於不再確認項目之年度計入綜合收入報表。

物業、廠房及設備

物業、廠房及設備按成本或公平值減其後累積折舊及累計減值虧損入賬。

持作生產或提供貨品或服務用途，或作行政用途之租賃土地及樓宇乃按其重估金額於綜合資產負債表列賬，重估金額乃指於重估日期之公平值減任何其後之累積減值虧損及其後之累積折舊。重估乃按照足夠合符規定之方式進行，令賬面值不會與於結算日使用公平值釐定之價值有重大差別。

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3. Significant accounting policies *(Continued)*

Property, plant and equipment *(Continued)*

Any revaluation increase arising on revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case this surplus is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is charged to the consolidated income statement to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of property, plant and equipment over their estimated useful lives, using the straight line method on the following basis:

Leasehold land and buildings	Over the unexpired lease term
Leasehold improvements	3 years
Furniture and fixtures	10 years
Office equipment	5 years
Motor vehicles	6-10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

3. 主要會計政策 *(續)*

物業、廠房及設備 *(續)*

土地及樓宇重估所產生之任何重估值增加均計入資產重估儲備，惟倘有關資產重估盈餘為相關資產先前確認為支出之重估減少之逆轉，於此情況下，則以先前扣除之減少為限計入綜合收入報表。因重估資產而產生之賬面值淨額之減少超逾與以往重估該資產有關之資產重估儲備結餘(如有)，則須於綜合收入報表內扣減。其後出售或報廢重估資產時，應佔重估盈餘將撥為保留溢利。

折舊乃採用直線法按照其估計可使用年期提撥，以撇銷物業、廠房及設備之成本或公平值，基準如下：

租賃土地及樓宇	按剩餘租約年期
租賃物業裝修	3年
傢俬及裝置	10年
辦公室設備	5年
汽車	6-10年

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3. Significant accounting policies *(Continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal groups) is available for immediate sale in its present condition.

Non-current assets and disposal group classified as held for sale are measured at the lower of the assets' (or disposal groups') previous carrying amount and fair value less costs to sell.

Stock of properties

Stock of properties represents properties under development for sale and properties held for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs, less impairment losses. The stock of properties are stated at the lower of cost and net realisable value.

3. 主要會計政策 *(續)*

持作銷售非流動資產

倘非流動資產及出售組合之賬面值主要通過銷售交易而非通過持續使用而收回，則該項非流動資產及出售組合將列作持作銷售。僅於銷售機會相當及資產(或出售組合)可於現況下可即時出售時，方被視為符合本條件。

列作持作銷售非流動資產及出售組合按資產(或出售組合)過往賬面值與公平值扣減銷售成本之較低者計量。

物業存貨

物業存貨指在建物業及持作銷售物業。

在建物業之賬面值包括土地成本及發展開支(包括建築成本、資本化利息及附帶借貸費用)扣除減值虧損。物業存貨以成本及可變現淨值之較低者列賬。

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3. Significant accounting policies *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold, securities trading and services provided in the normal course of business, net of discounts and sales related tax.

The interest income from interest in distressed assets is accrued on a time basis by reference to the estimated future cash flows and at effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash inflows arising from recoveries or collection, net of the estimated future cash outflows arising from directly attributable costs such as management fee and incentive bonus through the expected life of the distressed assets, to the assets' net carrying amounts.

Other interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income from the trading of securities is recognised on a trade date basis when the relevant contracts are executed.

Commission income is recognised when services are provided.

Performance return is recognised when the right to receive the performance return have been established.

Property management fee income is recognised when management service is rendered.

3. 主要會計政策 *(續)*

收益的確認

收入按已收款項或應收款項之公平值計量，並代表於貨物銷售，買賣證券及於正常經營過程中提供之服務，減除折扣及相關銷售稅後所應收之金額。

不良資產權益之利息收入以時間基準並參照估計未來現金流量及按實際利率計算。實際利率乃透過不良資產之預期可使用年期完全貼現因回收或收集而產生之估計未來現金流入，扣除因直接應佔成本(如管理費及獎勵花紅)產生之估計未來現金流出淨額至資產賬面淨值之利率。

其他利息收入以時間基準並參照未償還本金及適用實際利率計算，而該利率乃透過金融資產之預期可使用年期完全貼現估計未來現金收入至資產之賬面淨值。

買賣證券的收入在相關合同被執行時按照交易日基準確認。

佣金收入於提供服務時確認。

表現回報於收取表現回報之權利獲確立時確認。

物業管理費收入於提供管理服務時確認。

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3. Significant accounting policies *(Continued)*

Revenue recognition *(Continued)*

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Revenue from sale of properties in the ordinary course of business (including revenue from pre-completion contracts for the sale of development properties) is recognised when all the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria are met when the construction of relevant properties has been completed, the title of the properties has been transferred or the properties have been delivered to the purchasers pursuant to the sales agreement whichever is earlier and the collectibility of related receivables is reasonably assumed. Deposits received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet under current liabilities.

3. 主要會計政策 *(續)*

收益的確認 *(續)*

營運租約之租金收入於租約期限內以直線基準確認。

投資所得股息收入於股東收取款項之權利獲確立時確認。

日常業務過程中銷售物業之收益(包括銷售發展物業之完成前合約之收益)於達成以下所有條件時確認入賬：

- 物業所有權上之重要風險及報酬已轉移予買方；
- 不再保留對物業施加如同擁有權之管理參與程度及實際控制權；
- 收益金額可以可靠計量；
- 與交易相關之經濟利益很可能流入本集團；及
- 有關交易所產生或將予產生之成本可以可靠地計量。

當相關物業的建築工程已完成、根據銷售協議轉讓物業所有權或將物業交付予買家(以較早發生者為準)，且收取有關應收款項的可能性乃基於合理假設，則上述標準即告達成。銷售物業時收取的按金於收入確認當日前列入綜合資產負債表中流動負債項下。

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3. Significant accounting policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition (included structured finance securities).

3. 主要會計政策 *(續)*

金融工具

金融資產及金融負債於集團公司成為該工具合約條文之訂約方後，於資產負債表中確認。金融資產及金融負債初步按公平值計量。因收購或發行金融資產及金融負債(於損益表按公平值處理的金融資產及金融負債除外)之直接應佔交易成本於初次確認時加入金融資產及金融負債之公平值或自金融資產及金融負債(按適用者)之公平值扣除。因收購於損益表按公平值處理的金融資產或金融負債之直接應佔交易成本即時於損益表確認。

金融資產

本集團之金融資產分類為下列三個類別之其中一個：包括於損益表按公平值處理的金融資產、貸款及應收款項及可供出售金融資產。所有金融資產之日常買賣於交易日確認及不再確認。日常買賣指須根據市場規則或慣例訂立之時限內付運資產之金融資產買賣。所採納與各類金融資產有關之會計政策載於下文。

於損益表按公平值處理的金融資產

於損益表按公平值處理的金融資產有兩個次分類，包括持作買賣金融資產及於初步確認時指定為於損益表按公平值處理的金融資產(包括結構性金融證券)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

***Financial assets** (Continued)*

Financial assets at fair value through profit or loss (Continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. 主要會計政策 *(續)*

金融工具 *(續)*

***金融資產** (續)*

於損益表按公平值處理的金融資產 (續)

除持作買賣用途的金融資產外，其他金融資產於初步確認時就以下之情況下可被界定為於損益表按公平值處理之金融資產：

- 這分類能抵銷或大幅減少計量或確認時之前後矛盾；或
- 此金融資產是一組金融資產或一組金融負債或同屬兩者之一部份，該組金融資產及負債是根據本集團之風險管理及投資策略文件來管理及按公平值衡量其表現，相關分類資料亦建基於此；或
- 此金融資產是包含一個或多個內含衍生工具為其合約組成部份，而香港會計準則第39號准許整個結合式合約(資產或負債)界定為於損益表按公平值列賬。

於初步確認後的每一結算日，於損益表按公平值處理的金融資產以公平值計量，而其公平值變動直接於產生期間計入損益表。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

***Financial assets** (Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including interest in distressed assets, loan receivables, trade receivables, deposits and other receivables, amounts due from associates, amount due from a jointly controlled entity, amounts due from subsidiaries, restricted bank balance and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策 *(續)*

金融工具 *(續)*

***金融資產** (續)*

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款之非衍生金融資產，而其並無在活躍市場報價。於初步確認後的每一結算日，貸款及應收款項(包括不良資產權益、應收貸款、應收貿易賬款、按金及其他應收款項、應收聯營公司款項、應收共同控制公司款項、應收附屬公司款項、監管戶口結餘及銀行結餘)採用實際利率法以攤銷成本扣減任何已識別減值虧損列賬。倘有客觀證據證明資產出現減值，則減值虧損會於損益表確認，並按資產賬面值與按原定實際利率貼現之估計未來現金流量之現值兩者之差額計量。確認減值後，倘發生之事件客觀上與資產之可收回金額增加有關，則減值虧損會於其後予以撥回，惟撥回減值當日資產之賬面值不得超過未確認減值時之已攤銷成本之賬面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

***Financial assets** (Continued)*

Loans and receivables — Interest in distressed assets

Interest in distressed assets is stated at amortised cost using effective interest method less impairment allowance. The impairment allowances are made on the interest in distressed assets when there is objective evidence of impairment as a result of the occurrence of certain loss events that will impact on the estimated future cash flows, and are measured as the difference between the carrying amount of the distressed assets and the present value of the estimated future cash flows discounted at the original effective interest rate. Where the actual future net cash inflows are more than expected, the revised cashflow will be discounted using the original effective interest rate. The difference between the carrying amounts will be adjusted to reflect the revised estimated cash flows discounted using the original effective rate. The adjustment is recognised in the consolidated income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

3. 主要會計政策 *(續)*

金融工具 *(續)*

***金融資產** (續)*

貸款及應收款項 — 不良資產權益

不良資產權益採用實際利率法以攤銷成本扣除減值撥備列賬。當有客觀憑證顯示因發生若干虧損事件而將影響估計之未來現金流量時，則對不良資產權益計提減值撥備，並按不良資產之賬面值與採用原實際利率貼現估計未來現金流量之現值之差額計量。倘實際未來現金流入淨額超出預期，則經修訂之現金流量將採用原有實際利率貼現。賬面值間之差額將予以調整，以反映以採用原實際利率貼現之估計經修訂現金流量。調整於綜合收入報表確認。

可供出售金融資產

可出售金融資產為非衍生工具，被指定為此類別或並無分類為於損益表按公平值處理的金融資產、貸款及應收款項或持有至到期日投資。

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For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)* 3.

Financial instruments *(Continued)*

***Financial assets** (Continued)*

Available-for-sale financial assets (Continued)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

***Financial liabilities and equity** (Continued)*

Convertible note at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

3. 主要會計政策 *(續)*

金融工具 *(續)*

***金融負債及股本** (續)*

於損益表按公平值處理的可換股票據

於損益表按公平值處理的金融負債有兩個次分類，包括持作買賣金融負債及於初步確認時指定為於損益表按公平值處理的金融負債。

除持作買賣用途的金融負債外，其他金融負債在初次確認時就以下情況下可被界定為於損益表按公平值處理之金融負債：

- 這分類能抵銷或大幅減少計量或確認時之前後矛盾；或
- 此金融負債是一組金融資產或一組金融負債或同屬兩者之一部份，該組金融資產及負債是根據本集團之風險管理或投資策略文件來管理及按公平值衡量其表現，相關分類資料亦建基於此；或
- 此金融負債包含一個或多個內含衍生工具為其合約組成部份，而香港會計準則第39號准許整個結合式合約(資產或負債)界定為於損益表按公平值列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

***Financial liabilities and equity** (Continued)*

Convertible note at fair value through profit or loss (Continued)

Convertible notes that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments are financial liabilities with embedded derivatives.

The convertible note with embedded derivatives whose economic risks and characteristics are not closely related to those of the host contract (the liability component) as a whole is designated as financial liabilities at fair value through profit or loss on initial recognition.

Transaction costs that are directly attributable to the issue of the convertible notes designated as financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss and the entire convertible note with embedded derivatives are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. 主要會計政策 *(續)*

金融工具 *(續)*

***金融負債及股本** (續)*

於損益表按公平值處理的可換股票據(續)

可換股票據如將以固定現金金額或其他金融資產交換固定數目之本公司本身股本工具以外之方式交收，則屬具內含衍生工具之金融負債。

倘可換股票據之內含衍生工具之經濟風險和特徵與整體主合約(負債部分)並非密切相連，則於初次確認時指定為於損益表按公平值處理之金融負債。

於指定為於損益表按公平值處理的金融負債的發行可換股票據所產生之直接應佔交易成本，乃即時於損益表內確認。

於初步確認後每一結算日，於損益表按公平值處理的金融負債及內含衍生工具之所有可換股票據以公平值計量，公平值變動直接於產生期間於損益表中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

***Financial liabilities and equity** (Continued)*

Other financial liabilities

Other financial liabilities including borrowings, bank overdrafts, trade payables, accrued charges, rental deposits and other payables, accruals for management fee to holding company of a shareholder, loan from a shareholder, amounts due to subsidiaries and amounts due to associates are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Convertible notes

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

3. 主要會計政策 *(續)*

金融工具 *(續)*

***金融負債及股本**(續)*

其他金融負債

其他金融負債(包括借貸、銀行透支、應付貿易款項、應計費用、租務按金及其他應付款項、應付一名股東之控股公司之應計管理費、股東貸款、應付附屬公司款項及應付聯營公司款項)其後採用實際利率法以攤銷成本計量。

股本工具

由本公司發行之股本工具乃按已收取所得款項減直接發行費用列賬。

可換股票據

由本集團發行含有負債及轉換權兩部分之可換股票據於初步確認時按各自的歸屬項目分類。如轉換權將會以固定現金金額或其他金融資產交換本公司本身固定數目的股本工具則之轉換權列作為股本工具。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

***Financial liabilities and equity** (Continued)*

Convertible notes (Continued)

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible note is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the eLen323N71[342 Tw(amoortio0.045 i8.1705 32componene notes using)Tj6ans Tc 1 Tfein prop8Dn323vas iever0.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

3. 主要會計政策 *(續)*

金融工具 *(續)*

終止確認

若從金融資產收取現金流之權利已屆滿，或金融資產已轉讓及本集團已將其於金融資產擁有權之絕大部分風險及回報轉移，則金融資產將被不予確認。於不予確認金融資產時，其資產賬面值與已收及應收代價及已直接於權益確認之累計收益或虧損之總和之差額，將於損益表中確認。

金融資負債將不予確認如有關合約訂明之責任獲解除、取消或屆滿。不予確認之金融負債賬面值與已付或應付代價之差額，將於損益表中確認。

借貸成本

所有借貸成本於產生期間在綜合收入報表內確認並計入財務費用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Impairment (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items of income or expense that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

3. 主要會計政策 *(續)*

減值(商譽除外)

本集團於各結算日均檢討其有形資產之賬面值以決定有否任何跡象顯示該等資產出現減值虧損。如資產的估計可收回金額將會低於其賬面值，該資產值的賬面值將調減至可收回金額。減值虧損被即時確認為支出，除非有關資產是根據另一準則以重估值列賬，在該情況下，則有關減值虧損將根據該準則被視為重估減值。

當減值虧損其後撥回，有關資產賬面值將予調升至經修訂之估計可收回金額，惟僅限於經調升後之賬面值不會超過有關資產於先前年度減值虧損未確認前釐定之賬面值。減值虧損之撥回即時確認為收入，除非有關資產是根據另一準則以重估值列賬，在該情況下，則有關減值虧損之撥回將根據該準則被視為重估增值。

稅項

所得稅支出指即期應付稅項與遞延稅項的總和。

即期應付稅項按年內應課稅溢利計算。應課稅溢利不包括其他年度的應課稅或可扣減收支項目，亦不包括不應課稅或不可扣減收支項目，因而與綜合收入報表所呈報的溢利淨額有所不同。本集團之即期稅項負債乃按於結算日已頒佈或實質頒佈之稅率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. Significant accounting policies *(Continued)*

Taxation *(Continued)*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, associates and a jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. 主要會計政策 *(續)*

稅項 *(續)*

遞延稅項乃就綜合財務報表內資產與負債賬面值與計算應課稅溢利時採用的相應稅基兩者間的差異預期應付或可收回的稅項，此為採用資產負債表負債法確認入賬。遞延稅項負債一般就所有應課稅暫時差異確認入賬，遞延稅項資產則於可能有應課稅溢利可用於對銷應扣減暫時差異時確認入賬。如商譽產生之暫時差異乃因在一項不會對應課稅溢利及會計溢利造成影響的交易中初步確認(業務合併除外)資產及負債而產生，此類資產及負債將不會確認入賬。

遞延稅項負債乃就附屬公司、聯營公司及共同控制公司投資所產生的應課稅暫時差異確認入賬，惟倘本集團能夠控制暫時差異的轉回及暫時差異於可見將來可能不會轉回則除外。

遞延稅項資產的賬面值於各結算日均會進行檢討，如不再可能有足夠應課稅溢利可用於抵免全部或部分相關資產，則會予以撇減。

遞延稅項乃按預期將於負債獲償付或資產獲變現期間適用的稅率計算。遞延稅項均計入綜合收入報表或自綜合收入報表內扣除，惟倘遞延稅項與直接計入權益或自權益中扣除的項目有關，在該情況下，則亦將在權益中處理。

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3. Significant accounting policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

3. 主要會計政策 *(續)*

外幣

於編制各個別集團公司之財務報表時，如該公司以功能貨幣以外貨幣(外幣)進行之交易，會按交易當日適用之匯率以其功能貨幣(即該公司經營業務所在主要經濟環境之貨幣)記錄。於各結算日，以外幣為單位之貨幣項目按結算日適用之匯率再次換算。按公平值列賬而以外幣為單位之非貨幣項目按釐定公平值當日適用之匯率再次換算。按歷史成本以外幣計量之非貨幣項目則不會再次換算。

因貨幣項目結算及於換算貨幣項目時產生之匯兌差額於確認於產生期間之損益內。因再次換算按公平值列賬之非貨幣項目所產生之匯兌差額計入期內損益，惟因再次換算其盈虧直接於權益確認之非貨幣項目所產生之匯兌差額除外，在該情況下，匯兌差額亦直接於權益確認。

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3. Significant accounting policies *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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

3. 主要會計政策 *(續)*

外幣 *(續)*

就呈列綜合財務報表而言，本集團海外業務之資產及負債乃按結算日適用之匯率換算為本集團之呈列貨幣(即港元)，而其收支則按年內平均匯率

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3. Significant accounting policies *(Continued)*

Leasing *(Continued)*

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and buildings

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified a finance lease.

Retirement benefit costs

Payments to the state-managed retirement benefit schemes for staff in the People's Republic of China, excluding Hong Kong and Macau (the "PRC") and to the Mandatory Provident Fund Scheme for staff in Hong Kong are charged as expenses when employees have rendered service entitling them to the contributions.

3. 主要會計政策 *(續)*

租賃 *(續)*

本集團作為承租人

根據營運租賃應繳付之租金乃於有關租約年期內按直線基準賬記損益表支出。已收及應收作為訂立營運租賃之獎勵之利益於租約年期內按直線基準確認為租賃支出減少。

租賃土地及樓宇

就租賃分類而言，租賃土地及樓宇中土地及樓宇部分乃分開計算，預期不會於租期完結時轉移業權予承租人之租賃土地分類列為經營租賃，除非租金支出無法可靠地在土地及樓宇部分之間作出分配，則在此情況下，整份租賃歸類為融資租賃。

退休福利成本

為中華人民共和國，不包括香港及澳門(「中國」)員工之國家管理退休福利計劃及香港員工之強制性公積金計劃作出之供款，於僱員提供有權收取供款之服務時計入支出。

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4. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. As at 31 December 2006, the carrying amount of goodwill is approximately HK$33,525,000. Details of the recoverable amount calculation are disclosed in note 18.

Estimated cash flow of the distressed assets

Determining the recoverability of interest in distressed assets requires an estimation of the future cash flows, including cash inflows arising from recoveries, disposal or collection, and cash outflows arising from directly attributable transaction cost such as management fee and incentive bonus. Where the actual future net cash inflows are less than expected, an impairment loss may arise. Where the actual future net cash inflows are more than expected, a gain will be recognised. Details of the interest in distressed assets are disclosed in note 27.

4. 不確定估計之主要來源

有關未來之主要假設以及於結算日進行估計不明朗因素之其他主要來源在下文論述，兩者在對下個財政年度資產及負債之賬面值作出重大調整均具有重大風險。

估計商譽減值

釐定商譽是否出現減值時須估計商譽所獲分配之現金產生單位使用價值。本集團計算使用價值時需就預期源自該現金產生單位之未來現金流量及合適之貼現率作出估計，以計算現值。倘實際未來現金流量低於預期，則可能產生減值損失。於二零零六年十二月三十一日，商譽之賬面值約為33,525,000港元。可收回金額之計算詳情於附註18披露。

估計不良資產現金流量

釐定不良資產之權益之可收回性需要對未來現金流量(包括回收、出售或收集所產生之現金流入及管理費及獎勵花紅等直接應佔交易成本所產生之現金流出)作出估計。倘實際未來現金流入淨額較預期少，則可能會產生減值虧損。倘實際未來現金流入淨額較預期多，則會確認收益。不良資產權益之詳情於附註27披露。

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4. Key sources of estimation uncertainty *(Continued)*

Estimation of fair value of investment properties

Certain investment properties were revalued at the balance sheet date on market value existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each balance sheet date. Details of the valuation of investment properties are disclosed in note 16.

Fair value of convertible note at fair value through profit or loss

The fair value of conversion option included in the convertible note designated at fair value through profit or loss is subject to the limitation of the Binomial model that incorporated market data and involved uncertainty in estimates used by management in the assumptions. Because the Binomial model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate. Details of the assumptions are disclosed in note 43.

4. 不確定估計之主要來源 *(續)*

估計投資物業及租賃物業之公平值

若干投資物業乃由獨立專業估值師於結算日按市值現有用途基準重估。該估值乃以若干具不確定性之假設為基礎，可能會與實際結果出現重大不同。於作出判斷時，本集團考慮類似物業於活躍市場之現行價格之資料，並採用主要以於各結算日之市況為基礎之假設。投資物業之估值詳情於附註16披露。

於損益表按公平值處理之可換股票據之公平值

計入指定為於損益表按公平值處理之可換股票據之轉換權之公平值乃受二項模式本身之限制，當中包括市場數據及涉及管理層在假設時採用之估計之不明朗因素。由於二項模式須投入相當主觀之假設(包括股價波幅)，故所投入之主觀假設如有所改變，將對公平值估計構成重大影響。假設之詳情於附註43披露。

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5. Financial instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

Fair value interest rate risk

The Group has exposed to fair value interest rate risk through the impact of rate changes on fixed interest rate bank borrowings, loan from a shareholder and convertible note. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider repaying bank borrowings when significant interest rate exposure is anticipated.

Price risk

The Group is exposed to equity security price risk through the interest in available-for-sale investments and held-for-trading investments. The management manages the exposure by maintaining a portfolio of investments with different risk profiles.

For convertible note at fair value through profit or loss, in addition to fair value interest rate risk, the Group is also exposed to security price risk in respect of the conversion option embedded in the convertible note which allows the note holder to convert to the Company's ordinary shares.

5. 金融工具 *(續)*

財務風險管理目標及政策 *(續)*

市場風險 *(續)*

公平值利率風險

本集團因利率變動對定息銀行借貸、股東貸款及可換股票據之影響而承受公平值利率風險。本集團現時並無利率對沖政策。然而，管理層會監控利率風險並將於預期出現重大利率風險時考慮償還銀行借貸。

價格風險

本集團因持有可供出售投資及持作買賣投資之權益而須承擔股本證券之價格風險。管理層乃透過持有風險特性各異之投資組合來管控此種風險。

除了公平值利率風險，就於損益表按公平值處理之可換股票據而言，本集團就有關內含轉換權之可換股票據亦須承擔證券價格風險，該可換股票據允許票據持有人轉換為本公司之普通股。

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5. Financial instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risks

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet and Company's balance sheet respectively. In order to minimise the credit risk, the directors continuously monitor the level of exposure to ensure that follow-up action and/or corrective actions are taken promptly to lower exposure or even to recover overdue debts. In addition, the Group reviews the recoverable amount of each significant individual loan and interest in distressed asset at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

5. 金融工具 *(續)*

財務風險管理目標及政策 *(續)*

信貸風險

於二零零六年十二月三十一日，本集團就交易對手未能履行其責任而按各類已確認金融資產面對之最高信貸風險，為分別於綜合資產負債表及本公司之資產負債表所述該等資產之賬面值。為盡量減低信貸風險，董事持續監察風險水平，確保能即時採取跟進行動及／或更正行動，以減低風險，或甚至收回逾期債項。此外，本集團會於各結算日檢討各重大個別貸款及不良資產權益之可收回金額，以確保就不可收回金額計提足夠減值虧損。就此而言，本公司董事認為，本集團之信貸風險已大幅減少。

在流動資金方面之信貸風險有限，原因是交易對手大部分為獲國際評級機構指定為高信貸評級之銀行及信譽良好之國有銀行。

由於多個交易對手及客戶分散風險，故本集團並無重大信貸風險集中情況。

流動資金風險

於管理流動資金風險方面，本集團經常監察及維持現金及現金等值於管理層視為充足之水平，以支付本集團營運所需，並減少現金流量波動之影響。管理層並經常監察銀行借貸之運用，以確保符合貸款之條款。

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6. Turnover and segment information 6. 營業額及分類資料

		2006 二零零六年 *HK$'000* *千港元*	2005 二零零五年 *HK$'000* *千港元*
Turnover is analysed as follows:	**營業額分析如下：**		
Proceeds from held-for-trading securities	持作買賣證券所得款項	**1,014,335**	152,699
Sales of properties	物業銷售	**208,052**	895
Property management fee income	物業管理費收入	**97,942**	89,037
Interest income from interest in distressed assets	不良資產權益之利息收入	**88,841**	130,912
Rental income	租金收入	**77,854**	76,346
Dividend income from listed securities	上市證券股息收入	**188**	1,889
Commission income and performance return of dealing in distressed assets	處置不良資產佣金收入及超收分成	**–**	100,000
		1,487,212	551,778

(A) Business segments (A) 業務分類

The Group is organised into five operating divisions: distressed assets business, investments, sales of properties, property leasing and property management. These operating divisions are the basis on which the Group reports its primary segment information.

本集團由五個營運部門組成：不良資產業務、投資、物業銷售、物業租賃及物業管理。此等營運部門是本集團呈報其基本分類資料之基礎。

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6. Turnover and segment information *(Continued)*

6. 營業額及分類資料 *(續)*

(A) Business segments *(Continued)*

(A) 業務分類 *(續)*

(i) An analysis of the Group's turnover and results by business segments is as follows:

(i) 本集團營業額及業績按業務分類之分析如下：

		Year ended 31 December 2006 截至二零零六年十二月三十一日止年度					
		Distressed assets business 不良資產業務 *HK$'000 千港元*	Investments 投資 *HK$'000 千港元*	Sales of properties 物業銷售 *HK$'000 千港元*	Property leasing 物業租賃 *HK$'000 千港元*	Property management 物業管理 *HK$'000 千港元*	Consolidated 綜合 *HK$'000 千港元*
Turnover	營業額	88,841	1,014,523	208,052	77,854	97,942	1,487,212
Results	業績						
Segment results	分類業績	93,688	224,189	43,671	132,098	2,858	496,504
Interest income	利息收入						72,989
Surplus on revaluation of leasehold properties	租賃物業之重估盈餘						5,193
Gain on convertible note at fair value through profit or loss	於損益表按公平值處理的可換股票據之收益						35,168
Fair value change of structured finance securities	結構性金融證券公平值變動						1,595
Unallocated corporate expenses	未予分配公司費用						(55,666)
Finance costs	財務費用						(53,505)
Discount on acquisition of additional equity interest in a subsidiary	收購一間附屬公司額外股本權益之折讓						24,742
Gain on disposal of a subsidiary	出售一間附屬公司產生之收益						2,550
Share of results of associates	攤佔聯營公司業績						73,492
Share of result of a jointly controlled entity	攤佔一間共同控制公司業績	8,359	–	–	–	–	8,359
Profit before taxation	除稅前溢利						611,421
Taxation	稅項						(105,924)
Profit for the year	年內溢利						505,497

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6. Turnover and segment information *(Continued)*

6. 營業額及分類資料 *(續)*

(A) Business segments *(Continued)*

(A) 業務分類 *(續)*

(ii) Other information

(ii) 其他資料

		Distressed assets business 不良資產業務	Investments 投資	Sales of properties 物業銷售	Property leasing 物業租賃	Property management 物業管理	Corporate 企業	Consolidated 綜合
		HK$'000 千港元	*HK$'000* 千港元	*HK$'000* 千港元	*HK$'000* 千港元	*HK$'000* 千港元	*HK$'000* 千港元	*HK$'000* 千港元
Year ended 31 December 2006	**截至二零零六年十二月三十一日止年度**							
Capital additions – property, plant and equipment	資本添置 – 物業、廠房及設備	–	–	4	1,259	1,691	52	3,006
Depreciation	折舊	–	–	239	3,166	1,522	2,535	7,462
Loss on disposal of property, plant and equipment	出售物業、廠房及設備產生之虧損	–	–	–	70	8	122	200
Year ended 31 December 2005	截至二零零五年十二月三十一日止年度							
Capital additions – property, plant and equipment	資本添置 – 物業、廠房及設備	–	–	264	2,230	1,982	1,246	5,722
Depreciation	折舊	–	–	199	2,865	1,633	2,462	7,159
Gain on disposal of investment properties	出售投資物業產生之收益	–	–	–	–	–	209	209
Loss on disposal of property, plant and equipment	出售物業、廠房及設備產生之虧損	–	–	–	98	2	–	100

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6. Turnover and segment information *(Continued)*

6. 營業額及分類資料 *(續)*

(A) Business segments *(Continued)*

(A) 業務分類 *(續)*

(iii) An analysis of the Group's consolidated balance sheet by principal activities is as follows:

(iii) 本集團綜合資產負債表按照主要經營活動劃分之分析如下：

		Distressed assets business 不良資產業務 HK$'000 千港元	Investments 投資 HK$'000 千港元	Sales of properties 物業銷售 HK$'000 千港元	Property leasing 物業租賃 HK$'000 千港元	Property management 物業管理 HK$'000 千港元	Consolidated 綜合 HK$'000 千港元
At 31 December 2006	**於二零零六年十二月三十一日**						
Assets	資產						
Segment assets	分類資產	732,802	280,454	262,310	2,305,970	46,627	3,628,163
Interests in associates	聯營公司權益						1,330,123
Interest in a jointly controlled entity	共同控制公司權益	32,088	—	—	—	—	32,088
Amounts due from associates	應收聯營公司款項						779,822
Amount due from a jointly controlled entity	應收共同控制公司款項	250,922	—	—	—	—	250,922
Unallocated corporate assets	未予分配公司資產						847,402
Consolidated total assets	綜合總資產						6,868,520
Liabilities	負債						
Segment liabilities	分類負債	(58,072)	(18,586)	(99,960)	(104,492)	(101,339)	(382,449)
Amounts due to associates	應付聯營公司款項						(352,146)
Taxation payable	應付稅項						(38,803)
Deferred tax liabilities	遞延稅項負債						(257,639)
Unallocated corporate liabilities	未予分配公司負債						(1,230,581)
Consolidated total liabilities	綜合總負債						(2,261,618)
At 31 December 2005	於二零零五年十二月三十一日						
Assets	資產						
Segment assets	分類資產	1,349,033	364,086	335,435	2,268,637	47,472	4,364,663
Interests in associates	聯營公司權益						1,304,277
Amounts due from associates	應收聯營公司款項						230,503
Deferred tax assets	遞延稅項資產						1,336
Unallocated corporate assets	未予分配公司資產						547,599
Consolidated total assets	綜合總資產						6,448,378
Liabilities	負債						
Segment liabilities	分類負債	(65,881)	(26,757)	(178,694)	(113,400)	(68,070)	(452,802)
Amounts due to associates	應付聯營公司款項						(377,146)
Taxation payable	應付稅項						(5,084)
Deferred tax liabilities	遞延稅項負債						(187,979)
Unallocated corporate liabilities	未予分配公司負債						(1,526,676)
Consolidated total liabilities	綜合總負債						(2,549,687)

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6. Turnover and segment information *(Continued)*

6. 營業額及分類資料 *(續)*

(B) Geographical segments

(B) 地域分類

(i) An analysis of the Group's turnover by geographical location of customers is as follows:

(i) 本集團營業額按照客戶的地域位置劃分的分析如下：

		Turnover 營業額	
		2006 二零零六年	2005 二零零五年
		HK$'000 千港元	*HK$'000 千港元*
Hong Kong	香港	**1,018,154**	158,015
The PRC	中國	**469,058**	293,763
Macau	澳門	**–**	100,000
		1,487,212	551,778

(ii) An analysis of the carrying amount of segment assets analysed by geographical location in which the assets are located is as follows:

(ii) 按資產所在之地域位置劃分之分類資產賬面值分析如下：

		Segment assets 分類資產		Capital additions 資本添置	
		2006 二零零六年	2005 二零零五年	**2006 二零零六年**	2005 二零零五年
		HK$'000 千港元	*HK$'000 千港元*	***HK$'000 千港元***	*HK$'000 千港元*
Hong Kong	香港	**765,413**	603,552	**80**	1,655
The PRC	中國	**2,862,750**	3,761,111	**2,926**	4,067
		3,628,163	4,364,663	**3,006**	5,722

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7. Other income 7. 其他收入

Other income includes the following income: 其他收入包括下述收入：

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Interest income	利息收入	**72,989**	53,395
Commission income	佣金收入	**12,059**	1,025
Change of fair value of held-for-trading investments	持作買賣投資之公平值變動	**2,535**	44,880
Net exchange gain	匯兌收益淨額	**4,850**	3,630
Compensation income	補償收入	**—**	2,454
Gain on disposal of investment properties	出售投資物業產生之收益	**—**	209
Bad debt recovered	壞賬收回	**—**	82
Others	其他	**604**	517
		93,037	106,192

8. Finance costs 8. 財務費用

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Interest on bank borrowings	銀行借款利息		
— wholly repayable within five years	—須於五年內悉數償還	**34,680**	32,605
— not wholly repayable within five years	—無須於五年內悉數償還	**430**	296
Interest on other loans wholly repayable within five years	須於五年內悉數償還的其他貸款利息	**2,217**	2,111
Interest on loan from a shareholder wholly repayable within five years	須於五年內悉數償還一名股東的貸款利息	**1,410**	—
Interest on convertible note at fair value through profit or loss	於損益表按公平值處理的可換股票據之利息	**6,228**	6,228
Effective interest expense on convertible note	可換股票據實際利息支出	**8,540**	18,601
		53,505	59,841

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9. Discount on acquisition of additional equity interest in a subsidiary

The amount represents discount on acquisition of additional 4.11% (2005: 7.99%) equity interest in Beijing East Gate Development Co., Ltd. ("Beijing East Gate"), a subsidiary of the Company, from the minority shareholders of this subsidiary at a consideration of approximately RMB26,559,000 (2005: RMB14,378,000) equivalent to approximately HK$25,709,000 (2005: HK$13,437,000). Since then, Beijing East Gate has become a wholly-owned subsidiary of the Company.

9. 收購一間附屬公司額外股本權益之折讓

有關金額為向本公司的附屬公司，北京東環置業有限公司(「北京東環」)的少數股東收購該附屬公司額外4.11%(二零零五年：7.99%)股本權益之折讓，代價約為人民幣26,559,000元(二零零五年：14,378,000元)，相當於約25,709,000港元(二零零五年：13,437,000港元)。自始，北京東環成為本公司的全資附屬公司。

10. Directors' remuneration

The emoluments paid or payable to each of the directors were as follows:

10. 董事酬金

已付或應付予各董事的酬金如下：

		For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度				
Name of director	董事姓名	Fees 袍金 *HK$'000 千港元*	Salaries and other benefits 薪金及其他福利 *HK$'000 千港元*	MPF contribution 強積金供款 *HK$'000 千港元*	Performance bonus *(Note 4)* 表現花紅 *(附註4)* *HK$'000 千港元*	Total 總額 *HK$'000 千港元*
Chen Xiaozhou	陳孝周	400	–	–	–	400
Zhu Dengshan *(Note 1)*	朱登山 *(附註1)*	–	–	–	–	–
Hui Xiao Bing	惠小兵	400	–	–	–	400
Gao Jian Min	高建民	500	2,957 *(Note 2)* *(附註2)*	12	2,000	5,469
Liu Tianni	劉天倪	300	2,772 *(Note 3)* *(附註3)*	6	600	3,678
Gu Jianguo	顧建國	300	–	–	–	300
Chen Yongcun	陳永存	300	–	–	–	300
Cheung Chung Kiu *(Note 1)*	張松橋 *(附註1)*	–	–	–	–	–
Yuen Wing Shing	袁永誠	200	–	–	–	200
Chow Kwok Wai	周國偉	300	936	12	1,500	2,748
Kang Dian	康典	300	–	–	–	300
Zhang Lu	張璐	300	–	–	–	300
Hung Muk Ming	洪木明	200	–	–	–	200
Total	總額	3,500	6,665	30	4,100	14,295

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10. Directors' remuneration *(Continued)* 10. 董事酬金 *(續)*

Name of director	董事姓名	Fees 袍金 *HK$'000 千港元*	For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度 Salaries and other benefits 薪金及其他福利 *HK$'000 千港元*	MPF contribution 強積金供款 *HK$'000 千港元*	Performance bonus *(Note 4)* 表現花紅 *(附註4) HK$'000 千港元*	Total 總額 *HK$'000 千港元*
Zhu Dengshan	朱登山	400	—	—	—	400
Hui Xiao Bing	惠小兵	400	—	—	—	400
Gao Jian Min	高建民	500	2,796 *(Note 2) (附註2)*	12	1,200	4,508
Liu Tianni	劉天倪	300	1,558 *(Note 3) (附註3)*	12	1,200	3,070
Gu Jianguo	顧建國	200	—	—	—	200
Chen Yongcun	陳永存	200	—	—	—	200
Cheung Chung Kiu	張松橋	200	—	—	—	200
Yuen Wing Shing	袁永誠	200	—	—	—	200
Chow Kwok Wai	周國偉	200	858	12	1,200	2,270
Kang Dian	康典	300	—	—	—	300
Zhang Lu	張璐	300	—	—	—	300
Hung Muk Ming	洪木明	200	—	—	—	200
Total	總額	3,400	5,212	36	3,600	12,248

Notes:

1. Zhu Dengshan and Cheung Chung Kiu resigned as director of the Company on 13 February 2006 and 17 July 2006 respectively.

2. The amount includes the estimated value of quarter provided amounting to HK$723,000 (2005: HK$692,000) plus child education allowance of HK$700,000 (2005: HK$700,000).

3. The amount includes child education allowance of HK$700,000 (2005: HK$700,000).

4. The performance related incentive payments are determined having regard to the performance of individuals and market trends.

附註：

1. 朱登山及張松橋先生分別於二零零六年二月十三日及二零零六年七月十七日辭任本公司董事一職。

2. 金額包括提供宿舍的估計價值723,000港元（二零零五年：692,000港元），加上子女教育津貼700,000港元（二零零五年：700,000港元）。

3. 該金額包括子女教育津貼700,000港元（二零零五年：700,000港元）。

4. 與表現掛鈎之獎金乃經參考個人表現及市場趨勢後釐定。

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11. Employees' remuneration

The five highest paid individuals of the Group included three (2005: three) directors, details of whose emoluments are set out in note 10 above. The emoluments of the remaining two (2005: two) individuals are as follows:

11. 僱員酬金

本集團五名支薪最高人士包括三名(二零零五年：三名)董事，彼等的酬金詳情載於上文附註10。其餘兩名(二零零五年：兩名)人士的酬金如

		2006 **二零零六年** ***HK$'000*** ***千港元***	2005 二零零五年 *HK$'000* *千港元*
Salaries and other benefits	薪金及其他福利	**1,820**	1,664
Performance related incentive payments	與表現掛鈎之獎金	**2,700**	2,000
Retirement benefits costs	退休福利成本	**24**	24
		4,544	3,688

Their emoluments are within the following bands:

		Number of employees **僱員人數** **2006** **二零零六年**	2005 二零零五年
HK$1,500,001 to HK$2,000,000	1,500,001港元至2,000,000港元	**–**	1
HK$2,000,001 to HK$2,500,000	2,000,001港元至2,500,000港元	**2**	1
		2	2

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12. Taxation

The charge comprises:

2006 **二零零六年** ***HK$'000***	2005 二零零五年

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12. Taxation *(Continued)*

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

12. 稅項 *(續)*

年內稅項可與綜合收入報表中除稅前溢利對賬如下：

		2006 **二零零六年** ***HK$'000*** ***千港元***	2005 二零零五年 *HK$'000* *千港元*
Profit before taxation	除稅前溢利	**611,421**	818,445
Taxation at the Hong Kong Profits Tax rate of 17.5%	按香港利得稅稅率17.5%計算之稅項	**106,999**	143,228
Tax effect of expenses not deductible for tax purpose	就稅務用途不得扣減開支的稅務影響	**5,295**	5,605
Tax effect of income not taxable for tax purpose	就稅務用途無須課稅收入的稅務影響	**(18,205)**	(75,872)
Tax effect on share of results of associates	攤佔聯營公司業績的稅務影響	**(12,861)**	(14,391)
Tax effect on share of result of a jointly controlled entity	攤佔一間共同控制公司業績的稅務影響	**(1,463)**	—
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	**1,837**	1,411
Tax effect on different tax rates of subsidiaries operating in other jurisdiction	於其他司法權區經營的附屬公司不同稅率的稅務影響	**40,042**	34,385
Tax effect of utilisation of tax loss previously not recognised	動用以往未確認的稅務虧損之稅務影響	**(16,207)**	(5,311)
Others	其他	**487**	224
Taxation for the year	年內稅項	**105,924**	89,279

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13. Profit for the year

2006 **二零零六年** ***HK$'000***	2005 二零零五年 *HK$'000*

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14. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the

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15. Dividend

Dividend recognised as distribution during the year:

		2006 **二零零六年** ***HK$'000*** ***千港元***	2005 二零零五年 *HK$'000* *千港元*
Final dividend — HK$0.06	末期股息 — 每股**F46gvp**		

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16. Investment properties *(Continued)*

At 31 December 2006, the legal titles of the Group's investment properties with carrying value of approximately HK$183,656,000 (2005: HK$175,174,000) situated in the PRC have not been passed to the Group.

At 31 December 2006, the legal titles of the Company's investment properties with carrying value of approximately HK$15,656,000 (2005: HK$15,147,000) situated in the PRC have not been passed to the Company.

At the balance sheet date, the carrying value of the investment properties comprises:

16. 投資物業 *(續)*

於二零零六年十二月三十一日，本集團位於中國賬面值約183,656,000港元(二零零五年：175,174,000港元)的投資物業之業權仍未過戶至本集團。

於二零零六年十二月三十一日，本公司位於中國賬面值約15,656,000港元(二零零五年：15,147,000港元)的投資物業之業權仍未過戶至本公司。

於結算日，投資物業之賬面值的構成為：

		The Group 本集團		The Company 本公司	
		2006	2005	**2006**	2005
		二零零六年	二零零五年	**二零零六年**	二零零五年
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		千港元	*千港元*	***千港元***	*千港元*
Held under long term leases/land use rights:	以長期租約／土地使用權方式持有：				
— situated in Hong Kong	— 位於香港	**44,070**	48,000	**44,070**	48,000
— situated in the PRC	— 位於中國	**72,253**	51,252	**–**	—
		116,323	99,252	**44,070**	48,000
Held under medium term leases/land use rights:	以中期租約／土地使用權方式持有：				
— situated in Hong Kong	— 位於香港	**44,110**	52,890	**26,510**	29,900
— situated in the PRC	— 位於中國	**2,123,656**	1,953,243	**15,656**	15,147
		2,167,766	2,006,133	**42,166**	45,047
		2,284,089	2,105,385	**86,236**	93,047

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16. Investment properties *(Continued)*

All the investment properties are held for rental income under operating leases.

The directors determined the fair value of certain investment properties of the Group and the Company amounting to approximately HK$88,180,000 and HK$70,580,000 at 31 December 2006 respectively by reference to the selling price as stated in the provisional sales and purchase agreement entered into with a third party in November 2006. Accordingly, they were classified as assets classified as held for sale as at 31 December 2006. The disposal of these investment properties was completed in January 2007.

The fair value of the remaining investment properties of the Group amounting to approximately HK$2,195,909,000 and of the Company amounting to approximately HK$15,656,000 at 31 December 2006 and the Company at 31 December 2006 have been arrived at on the basis of a valuation carried out on that date by Vigers Appraisal & Consulting Limited ("Vigers"), an independent qualified professional valuer not connected with the Group. Vigers are members of the Institute of Valuers and have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to comparable market transactions and rental yield for similar properties.

All the Group's and the Company's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

16. 投資物業 *(續)*

所有投資物業均以營運租約持有作收租用途。

經參考於二零零六年十一月與第三方簽訂之臨時性買賣協議的銷售價，董事於二零零六年十二月三十一日分別確認若干本集團及本公司投資物業之公平值約為88,180,000港元及70,580,000港元。因此，該等投資物業於二零零六年十二月三十一日歸類為持作銷售的資產。該等投資物業之出售於二零零七年一月完成。

於二零零六年十二月三十一日，本集團剩餘投資物業的公平值約為2,195,909,000港元，本公司則約為15,656,000港元。本公司於二零零六年十二月三十一日以威格斯資產評估顧問有限公司(「威格斯」)(一間與本集團無關連之獨立專業合資格估值師行)進行估值為準。威格斯是估值師學會成員，並擁有適當資格及於近期對相關地點之類似物業進行估值之經驗。估值符合國際估值準則，並經參考可供比較市場交易及類似物業租金收益率而釐定。

所有本集團及本公司以營運租約持有作收租或資本增值用途的物業權益均以公平值模式計量，並分類及列賬為投資物業。

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17. Property, plant and equipment 17. 物業、廠房及設備

		Leasehold land and buildings 租賃土地及樓宇	Leasehold improvements 租賃物業裝修	Furniture and fixtures 傢俬及裝置	Office equipment 辦公室設備	Motor vehicles 汽車	Total 合計
		HK$'000 千港元	*HK$'000 千港元*	*HK$'000 千港元*	*HK$'000 千港元*	*HK$'000 千港元*	*HK$'000 千港元*
The Group	**本集團**						
COST OR VALUATION	**成本值或估值**						
At 1 January 2005	於二零零五年一月一日	97,161	4,408	4,421	7,821	11,943	125,754
Exchange adjustments	匯兌調整	—	—	44	135	179	358
Additions	添置	48	361	530	975	3,808	5,722
Disposals	出售	—	—	(39)	(124)	(1,624)	(1,787)
Revaluation	重估	11,270	—	—	—	—	11,270
At 31 December 2005	於二零零五年十二月三十一日	108,479	4,769	4,956	8,807	14,306	141,317
Exchange adjustments	匯兌調整	—	—	143	400	531	1,074
Additions	添置	—	—	442	922	1,642	3,006
Transfer from investment properties	由投資物業劃轉	2,690	—	—	—	—	2,690
Disposals	出售	—	—	(156)	(399)	(1,972)	(2,527)
Revaluation	重估	8,315	—	—	—	—	8,315
At 31 December 2006	於二零零六年十二月三十一日	119,484	4,769	5,385	9,730	14,507	153,875
Comprising:	包括：						
At cost	按成本值	—	4,769	5,385	9,730	14,507	34,391
At professional valuation — 2006	按二零零六年之專業估值	119,484	—	—	—	—	119,484
		119,484	4,769	5,385	9,730	14,507	153,875
DEPRECIATION	**折舊**						
At 1 January 2005	於二零零五年一月一日	—	2,673	3,323	4,431	5,787	16,214
Exchange adjustments	匯兌調整	—	—	32	70	75	177
Provided for the year	年度準備	3,342	672	535	1,163	1,447	7,159
Eliminated on disposals	出售時撇銷	—	—	(36)	(87)	(1,108)	(1,231)
Eliminated on revaluation	重估時撇銷	(3,342)	—	—	—	—	(3,342)
At 31 December 2005	於二零零五年十二月三十一日	—	3,345	3,854	5,577	6,201	18,977
Exchange adjustments	匯兌調整	—	—	90	246	212	548
Provided for the year	年度準備	3,611	575	409	1,274	1,593	7,462
Eliminated on disposals	出售時撇銷	—	—	(111)	(300)	(1,702)	(2,113)
Eliminated on revaluation	重估時撇銷	(3,611)	—	—	—	—	(3,611)
At 31 December 2006	於二零零六年十二月三十一日	—	3,920	4,242	6,797	6,304	21,263
CARRYING VALUES	**賬面值**						
At 31 December 2006	於二零零六年十二月三十一日	119,484	849	1,143	2,933	8,203	132,612
At 31 December 2005	於二零零五年十二月三十一日	108,479	1,424	1,102	3,230	8,105	122,340

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17. Property, plant and equipment *(Continued)* 17. 物業、廠房及設備 *(續)*

		Leasehold land and buildings 租賃土地及樓宇	Leasehold improvements 租賃物業裝修	Furniture and fixtures 傢俬及裝置	Office equipment 辦公室設備	Motor vehicles 汽車	Total 合計
		HK$'000 *千港元*	*HK$'000* *千港元*	*HK$'000* *千港元*	*HK$'000* *千港元*	*HK$'000* *千港元*	*HK$'000* *千港元*
The Company	**本公司**						
COST OR VALUATION	**成本值或估值**						
At 1 January 2005	於二零零五年一月一日	46,231	3,988	2,121	642	2,492	55,474
Additions	添置	—	—	—	57	1,189	1,246
Revaluation	重估	3,793	—	—	—	—	3,793
At 31 December 2005	於二零零五年十二月三十一日	50,024	3,988	2,121	699	3,681	60,513
Additions	添置	—	—	—	52	—	52
Disposals	出售	—	—	—	—	(1,179)	(1,179)
Revaluation	重估	4,920	—	—	—	—	4,920
At 31 December 2006	於二零零六年十二月三十一日	54,944	3,988	2,121	751	2,502	64,306
Comprising:	包括：						
At cost	按成本值	—	3,988	2,121	751	2,502	9,362
At professional valuation — 2006	按二零零六年之專業估值	54,944	—	—	—	—	54,944
		54,944	3,988	2,121	751	2,502	64,306
DEPRECIATION	**折舊**						
At 1 January 2005	於二零零五年一月一日	—	2,323	1,907	504	1,796	6,530
Provided for the year	年度準備	1,647	454	142	49	170	2,462
Eliminated on revaluation	重估時撇銷	(1,647)	—	—	—	—	(1,647)
At 31 December 2005	於二零零五年十二月三十一日	—	2,777	2,049	553	1,966	7,345
Provided for the year	年度準備	1,722	454	72	47	239	2,534
Eliminated on disposals	出售時撇銷	—	—	—	—	(1,041)	(1,041)
Eliminated on revaluation	重估時撇銷	(1,722)	—	—	—	—	(1,722)
At 31 December 2006	於二零零六年十二月三十一日	—	3,231	2,121	600	1,164	7,116
CARRYING VALUES	**賬面值**						
At 31 December 2006	於二零零六年十二月三十一日	54,944	757	—	151	1,338	57,190
At 31 December 2005	於二零零五年十二月三十一日	50,024	1,211	72	146	1,715	53,168

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17. Property, plant and equipment *(Continued)*

At 31 December 2006, the legal titles of the Group's and the Company's properties with carrying value of approximately HK$22,144,000 (2005: HK$21,424,000) situated in the PRC have not been passed to the Group and the Company.

The carrying value of the leasehold properties comprises:

17. 物業、廠房及設備 *(續)*

於二零零六年十二月三十一日，本集團及本公司位於中國賬面值約為22,144,000港元（二零零五年：21,424,000港元）的物業之業權仍未過戶至本集團及本公司。

租賃物業之賬面值包括：

		The Group 本集團		The Company 本公司	
		2006	2005	**2006**	2005
		二零零六年	二零零五年	**二零零六年**	二零零五年
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		千港元	*千港元*	***千港元***	*千港元*
Long term leasehold properties situated in Hong Kong	位於香港的長期租賃物業	**88,050**	82,350	**32,800**	28,600
Properties under long term land use rights situated in the PRC	位於中國以長期土地使用權持有的物業	**240**	229	**–**	—
Properties under medium term land use rights situated in the PRC	位於中國以中期土地使用權持有的物業	**31,194**	25,900	**22,144**	21,424
		119,484	108,479	**54,944**	50,024

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17. Property, plant and equipment *(Continued)*

The fair value of the Group's leasehold properties as at 31 December 2006 have been arrived at on the basis of a valuation carried out on that date by Vigers and A-Plus Surveyors Limited ("A-Plus"), independent qualified professional valuer not connected with the Group. Both Vigers and A-Plus are members of the Institute of Valuers, and have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. The revaluation surplus on leasehold properties of HK$5,193,000 (2005: HK$8,949,000) has been credited to the consolidated income statement and to the asset revaluation reserve of HK$6,733,000 (2005: HK$5,663,000).

Certain leasehold interest in land cannot be allocated reliably between the land and buildings elements, the leasehold interest in land continues to be accounted for as property, plant and equipment.

If leasehold properties had not been revalued, they would have been included on a historical cost basis at the following amounts:

17. 物業、廠房及設備 *(續)*

本集團之租賃物業於二零零六年十二月三十一日之公平值是由與本集團無關連之獨立專業合資格估值師行威格斯及恆信測量師行有限公司(「卓信」)於該日按估值基準進行評估所得。威格斯及恆信均是估值師學會成員，並擁有適當資格及於近期對相關地點之類似物業進行估值之經驗。估值符合國際估值準則，並經參考市場上類似物業之交易價格釐定。租賃物業之重估盈餘5,193,000港元(二零零五年：8,949,000港元)撥入綜合收入報表及資產重估儲備為6,733,000港元(二零零五年：5,663,000港元)。

若干土地租賃權益無法可靠分配至土地及樓宇部分，則土地之租賃權益將繼續入賬列作物業、廠房及設備。

倘租賃物業未予重估，則該等物業會以歷史成本基準按下列金額入賬：

		The Group 本集團 HK$'000 千港元	The Company 本公司 HK$'000 千港元
Cost	成本	**109,460**	38,848
Accumulated depreciation and impairment losses	累計折舊及減值虧損	**(46,499)**	(6,915)
Carrying value at 31 December 2006	於二零零六年十二月三十一日之賬面值	**62,961**	31,933
Carrying value at 31 December 2005	於二零零五年十二月三十一日之賬面值	**63,292**	33,098

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18. Goodwill

18. 商譽

	The Group 本集團 *HK$'000* *千港元*
COST At 1 January 2005, 31 December 2005 and 31 December 2006	**成本** 於二零零五年一月一日、二零零五年十二月三十一日及二零零六年十二月三十一日	33,525

As explained in note 6, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill set out above has been allocated to an individual cash generating unit (CGU) which is in property management segment.

誠如附註6所闡釋，本集團採用業務分類作為呈報分類資料之基本分類。就減值檢測而言，上文所載之商譽已獲分配至物業管理分類之個別現金產生單位(現金產生單位)。

During the year ended 31 December 2006, management of the Group determines that there is no impairment of its CGU containing goodwill with indefinite useful lives.

於截至二零零六年十二月三十一日止年度內，本集團管理層確定其任何含有具不確定可使用年期商譽之現金產生單位均無出現減值。

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with a discount rate of 7.75% (2005: 8.25%). Cash flows for further five years are extrapolated at zero growth rate. Another key assumption for the value in use calculations is the budgeted revenue and gross margin, which is determined based on the unit's past performance and management's expectations for the market development.

此單位之可回收金額已按使用價值計算釐定。該計算乃基於管理層批核的為期五年貼現率為7.75%(二零零五年：8.25%)之財政預算，採用現金流量預測得出。其後五年之現金流量推定為零增長率。使用價值計算之另一主要假設為預算收益及毛利率，乃按單位過往表現及管理層對市場發展之預期釐定。

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19. Investments in subsidiaries 19. 附屬公司投資

		The Company 本公司	
		2006 二零零六年 *HK$'000 千港元*	2005 二零零五年 *HK$'000 千港元*
Unlisted shares, at cost	非上市股份，按成本	**56,011**	56,088

Particulars of the Company's subsidiaries at 31 December 2006 are set out in note 56.

有關本公司的附屬公司於二零零六年十二月三十一日之詳情載於附註56。

20. Interests in associates 20. 聯營公司權益

		The Group 本集團		The Company 本公司	
		2006 二零零六年 *HK$'000 千港元*	2005 二零零五年 *HK$'000 千港元*	**2006 二零零六年 *HK$'000 千港元***	2005 二零零五年 *HK$'000 千港元*
Cost of investments in associates — unlisted	聯營公司投資成本 — 非上市	**899,323**	923,196	**339,202**	383,843
Share of post acquisition profits, reserves and net of dividend received	攤佔收購溢利、儲備及已收股息淨額	**430,800**	381,081	**—**	—
		1,330,123	1,304,277	**339,202**	383,843
Less: Impairment loss	*減：*減值虧損	**—**	—	**—**	(9,574)
		1,330,123	1,304,277	**339,202**	374,269

Particulars of the associates of the Group and the Company as at 31 December 2006 are set out in note 56.

有關本集團及本公司各聯營公司於二零零六年十二月三十一日之詳情載於附註56。

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20. Interests in associates *(Continued)*

The summarised financial information in respect of the Group's significant associates is set out below:

20. 聯營公司權益 *(續)*

有關本集團之主要聯營公司之財務資料概要載列如下：

		CII Limited 中基建設投資有限公司		Nonferrous Metals International (BVI) Limited		北京君合百年房地產開發有限公司	
		2006	2005	**2006**	2005	**2006**	2005
		二零零六年	二零零五年	**二零零六年**	二零零五年	**二零零六年**	二零零五年
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		千港元	*千港元*	***千港元***	*千港元*	***千港元***	*千港元*
Consolidated balance sheet	**綜合資產負債表**						
Non-current assets	非流動資產	**986,537**	871,378	**670,062**	670,060	**1,462**	2,132
Current assets	流動資產	**1,105,817**	998,720	**3**	17	**754,479**	467,065
Current liabilities	流動負債	**(243,255)**	(69,336)	**–**	—	**(402,279)**	(315,530)
Non-current liabilities	非流動負債	**(20,200)**	(20,200)	**–**	—	**(210,000)**	—
Shareholders' funds	股東資金	**1,828,899**	1,780,562	**670,065**	670,077	**143,662**	153,667
Minority interests	少數股東權益	**(258)**	(30,481)	**–**	—	**–**	—
Equity attributable to equity holders of the associate	聯營公司股本持有人應佔股本	**1,828,641**	1,750,081	**670,065**	670,077	**143,662**	153,667
Group's share of net assets of the associate	本集團應佔聯營公司之資產淨值	**914,321**	875,040	**335,587**	335,593	**33,316**	35,540
Consolidated income statement	**綜合收入報表**						
Turnover	營業額	**131,642**	118,274	**–**	—	**–**	—
Profit (loss) for the year attributable to equity holders of the associate	聯營公司股本持有人應佔年內溢利(虧損)	**152,406**	161,256	**(12)**	(15)	**(17,689)**	(2,875)
Profit (loss) for the year attributable to the Group	本集團應佔年內溢利(虧損)	**76,203**	80,628	**(6)**	(8)	**(4,034)**	(650)

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21. Interest in a jointly controlled entity

	The Group 本集團		The Company 本公司	
	2006	2005	**2006**	2005
	二零零六年	二零零五年	**二零零六年**	二零零五年
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	千港元	*千港元*	***千港元***	*千港元*
Cost of unlisted investment				

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22. Amounts due from subsidiaries 22. 應收附屬公司款項

		The Company 本公司	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Non-interest bearing amount	毋須計息金額	**2,217,834**	2,104,659
Amount borne interest at 4% per annum	按年利率4厘計息金額	**–**	527,447
Amount borne interest at prevailing Hong Kong prime lending rate	按香港當前最優惠利率計息金額	**43,927**	43,927
		2,261,761	2,676,033

The amounts are unsecured and are recoverable within one year.

金額為無抵押並且可於一年內收回。

23. Amounts due from associates 23. 應收聯營公司款項

		The Group 本集團		The Company 本公司	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
Current *(note a)*	即期 *(附註a)*	**298,018**	—	**–**	—
Current *(note b)*	即期 *(附註b)*	**143,430**	24,025	**142,591**	24,025
Current *(note c)*	即期 *(附註c)*	**128,374**	—	**128,374**	—
		569,822	24,025	**270,965**	24,025
Non-current *(note d)*	非即期 *(附註d)*	**210,000**	206,478	**–**	—
		779,822	230,503	**270,965**	24,025

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23. Amounts due from associates *(Continued)*

Notes:

(a) The amounts are unsecured, bear interest ranging from 12.5% to 15.58% per annum and are recoverable within one year.

(b) The amount is unsecured, interest-free and is recoverable within one year.

(c) The amount is unsecured, bears interest at floating rate of Hong Kong prime rate minus 1.5% (effective interest rate of 6.25%) per annum and is recoverable within one year.

(d) The non-current loans to an associate are unsecured, bear interest ranging from 9.79% to 12.5% (2005: 9.79% to 12.5%) per annum and are repayable in 2008.

24. Amount due from a jointly controlled entity

The Group and the Company

The amount is unsecured, bears interest at 4% per annum and is recoverable within one year.

23. 應收聯營公司款項 *(續)*

附註：

(a) 有關金額為無抵押，以介乎12.5厘至15.58厘年利率計息及可於一年內收回。

(b) 有關金額為無抵押，免息及須於於一年內收回。

(c) 有關金額為無抵押，利率按香港最優惠利率減1.5厘計息(實際年利率6.25厘)及可於一年內收回。

(d) 聯營公司之非流動貸款為無抵押，以介乎9.79厘至12.5厘(二零零五年：9.79厘至12.5厘)年利率計息，並須於二零零八年償還。

24. 應收共同控制公司款項

本集團及本公司

有關金額為無抵押，以4厘年利率計息及可於一年內收回。

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25. Structured finance securities

The Group and the Company

The structured finance securities represent a principal protected note with interest payments based on United States Treasury bond and distribution from preference shares in a private company which investing in a portfolio of asset-backed securities. The structured finance securities contain an embedded early redemption option and the distribution from the private company is depending on the annual default rate of its underlying asset-backed securities. Hence, the Group designated the entire structured finance securities as financial assets at fair value through profit or loss.

At the balance sheet date, the fair value of the structured finance securities are determined by the directors with reference to a quoted price from a financial institution, the assumptions adopted for the valuation of the structured finance securities are as follows:

(1) The estimation of risk free rate by reference to the yield of United States Treasury bond with same duration as the structured finance securities; and

(2) The estimation of the annual default rate of the underlying asset-backed securities has considered the historical default rate of asset-backed securities with similar characteristics.

25. 結構性金融證券

本集團及本公司

結構性金融證券指保本票據，其利息款項乃根據美國國庫債券及來自一家私人公司優先股份之分派計算，該私人公司投資於一組資產擔保證券。由於結構性金融證券包含提早贖回權之衍生工具而來自該私人公司之分派取決於其相關資產擔保證券之年違約率。因此，本集團將整份結構性金融證券指定為於損益表按公平值處理的金融資產。

於結算日，結構性金融證券的公平值乃由董事參照一家金融機構的報價，並對結構性金融證券的估值採用以下假設而釐定：

(1) 參照與結構性金融證券相同年期之美國國庫債券之收益率估算無風險年利率；及

(2) 有關資產擔保證券之年違約率乃考慮具有類似特性之資產擔保證券之過往年違約率作出估算。

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26. Available-for-sale investments

26. 可供出售投資

Available-for-sale investments as at the balance sheet date comprise:

於結算日可供出售投資包括：

		The Group 本集團		The Company 本公司	
		2006 二零零六年 *HK$'000 千港元*	2005 二零零五年 *HK$'000 千港元*	**2006 二零零六年 *HK$'000 千港元***	2005 二零零五年 *HK$'000 千港元*
Unlisted investments:	非上市投資：				
Unlisted shares, at cost	非上市股份，按成本	**240,223**	2,070	**2,070**	2,070
Club debentures, at cost	會所債券，按成本	**2,140**	1,730	**2,140**	1,730
Other debentures, at cost	其他債券，按成本	**500**	476	**–**	—
		242,863	4,276	**4,210**	3,800
Less: impairment loss recognised	*減：*已確認減值虧損	**(2,070)**	(2,070)	**(2,070)**	(2,070)
Total	合計	**240,793**	2,206	**2,140**	1,730
Analysed for reporting purposes as:	**就呈報目的分析為：**				
Current assets	流動資產	**141,718**	—	**–**	—
Non-current assets	非流動資產	**99,075**	2,206	**2,140**	1,730
Total	合計	**240,793**	2,206	**2,140**	1,730

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26. Available-for-sale investments *(Continued)*

The above unlisted investments represent investments in unlisted equity securities and debentures issued by private entities. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

26. 可供出售投資 *(續)*

上述非上市投資為私人公司發行的非上市股本證券及債券之投資。股本證券及債券於各結算日按成本扣除減值計量，因為合理的公平值估計範圍相當廣泛，故本公司董事認為，其公平值無法可靠計量。

27. Interest in distressed assets

27. 不良資產權益

		The Group 本集團	
		2006 二零零六年 *HK$'000 千港元*	2005 二零零五年 *HK$'000 千港元*
At the beginning of the year	於年初	**551,982**	632,625
Interest income recognised	已確認利息收入	**88,841**	130,912
Cash collected or received from the distressed assets	已收集或收取不良資產現金	**(440,892)**	(211,555)
At the end of the year	於年末	**199,931**	551,982
Carrying amount analysed for reporting purposes:	**賬面值就呈報目的分析為：**		
Current assets (receivable within 12 months from the balance sheet date)	流動資產（結算日起12個月內應收）	**199,931**	347,301
Non-current assets (receivable after 12 months from the balance sheet date)	非流動資產（結算日起12個月後應收）	**—**	204,681
Total	合計	**199,931**	551,982

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27. Interest in distressed assets *(Continued)*

Distressed assets represent non-performing loans (the "NPL") purchased by Silver Grant International Assets Management Limited ("SGIAM"), a wholly-owned subsidiary of the Company, from China Cinda Asset Management Corporation ("China Cinda"), a holding company of a shareholder of the Company, pursuant to an agreement dated 17 September 2004 entered into by both parties at consideration of approximately RMB853,500,000 (equivalent to approximately HK$803,600,000) (the "NPL Agreement"). The aggregate outstanding principal amount (the "gross amount") of the NPL is RMB56,900,000,000 (equivalent to approximately HK$53,600,000,000).

On 10 December 2004, SGIAM entered into an agreement (the "NPL Disposal Agreement") to dispose of 20% interest in the NPL of carrying amount of RMB170,700,000 (equivalent to approximately HK$160,720,000) to Citigroup Financial Products Inc. ("CFPI") at a consideration of RMB227,600,000 (equivalent to approximately HK$214,497,000).

SGIAM appointed China Cinda to manage the NPL, China Cinda is entitled to a management fee equal to 10% of the gross amount recovered from the NPL. In the event that more than 2% of the gross amount is recovered from the NPL, China Cinda, in addition to the management fee, will be entitled to an incentive bonus which equals to a certain percentage from 20% to 70% of the recovered amount in excess of the 2% of the gross amount.

China Cinda remitted the gross amount of cash collected or received from the distressed assets to SGIAM before the deduction of its management fee. During the year, management fee of approximately RMB67,000,000 (equivalent to HK$63,800,000) (2005: HK nil) was paid to China Cinda and the details of the unpaid management fee is disclosed in note 48.

27. 不良資產權益 *(續)*

不良資產指本公司全資附屬公司銀建國際資產管理有限公司(「銀建資產管理」)根據雙方於二零零四年九月十七日簽訂的一項協議(「不履約貸款協議」),以約人民幣853,500,000元(相當於約803,600,000港元)代價從本公司股東的控股公司中國信達資產管理公司(「中國信達」)購入的不履約貸款(「不履約貸款」)。不履約貸款之未償還本金總額(「總額」)為人民幣56,900,000,000元(相當於約53,600,000,000港元)。

於二零零四年十二月十日,銀建資產管理簽訂一項協議(「不履約貸款出售協議」),以人民幣227,600,000元(相當於約214,497,000港元)代價向Citigroup Financial Products Inc.(「CFPI」)出售不履約貸款賬面值人民幣170,700,000元(相當於約160,720,000港元)之20%權益。

銀建資產管理已委任中國信達管理不履約貸款。中國信達可獲取相當於從不履約貸款收回總額之10%之管理費。倘從不履約貸款收回超過總額之2%,則中國信達除可獲取管理費外,將可獲取獎勵花紅,該數額相當於高於總額之2%之已收回款額的若干百分比(由20%至70%)。

中國信達在扣除其管理費前將從不良資產收回或收取的全部現金金額匯給銀建資產管理。年內,管理費約人民幣67,000,000元(相當於63,800,000港元)(二零零五年:零港元)已支付予中國信達,未付管理費的詳情於附註48披露。

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27. Interest in distressed assets *(Continued)*

The Company provided guarantee to China Cinda in respect of the performance by SGIAM under the NPL Agreement.

The distressed assets are denominated in RMB and the effective interest rate is approximately 20.9% per annum.

27. 不良資產權益 *(續)*

本公司就銀建資產管理根據不履約貸款協議項下的責任向中國信達發出擔保。

不良資產以人民幣為單位，並按實際年利率約20.9厘計息。

28. Deposit paid for acquisition of investments

28. 已付收購投資之按金

		The Group 本集團		The Company 本公司	
		2006	2005	**2006**	2005
		二零零六年	二零零五年	**二零零六年**	二零零五年
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		千港元	*千港元*	***千港元***	*千港元*
Deposit for acquisition of Unisources Enterprises Limited *(note a)*	收購Unisources Enterprises Limited按金*(附註a)*	–	41,299	–	41,299
Deposit for acquisition of additional equity interest in a subsidiary *(note b)*	收購一間附屬公司額外股本權益按金*(附註b)*	–	3,200	–	—
		–	44,499	–	41,299

Notes:

(a) The deposit of RMB43,000,000 (equivalent to HK$41,299,000) was paid to acquire 12% of equity interest in Unisources Enterprises Limited ("Unisources"), an independent third party, for a consideration of RMB100,000,000 (equivalent to approximately HK$96,043,000). The acquisition was completed in 2006. The equity interest in Unisources was subsequently exchanged into 10.8% equity interest in Tongjitang Chinese Medicines Company ("Tongjitang") when Tongjitang issued shares to the existing shareholders of Unisources in exchange for all the shares of Unisources held by the Company during the year. The investment in Tongjitang is included in available-for-sale investments in the balance sheet in 2006.

(b) The deposit of HK$3,200,000 was paid to acquire the remaining 4.11% equity interest in Beijing East Gate, a subsidiary of the Company, at a consideration of approximately RMB26,559,000 (equivalent to approximately HK$25,709,000). The acquisition was completed in 2006.

附註：

(a) 按金為以代價人民幣100,000,000元(相當於約96,043,000港元)收購Unisources Enterprises Limited(「Unisources」)(一名獨立第三者)之12%股本權益而已付之按金人民幣43,000,000元(相當於41,299,000港元)。收購於二零零六年作實。於Unisources之股本權益其後在同濟堂中國藥業有限公司(「同濟堂」)於年內向Unisources現有股東發行股份以交換本公司所持Unisources全部股份時，被交換為同濟堂10.8%股本權益。於同濟堂之投資包括在二零零六年度資產負債表的可供出售投資之內。

(b) 按金3,200,000港元為以代價約人民幣26,559,000元(相當於約25,709,000港元)收購本公司之附屬公司北京東環之剩餘4.11%股本權益而已付之按金。收購於二零零六年作實。

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29. Deposit paid for acquisition of distressed assets

The Group

On 22 November 2005, Platinum One Limited, a former wholly-owned subsidiary of the Company and now a jointly controlled entity of the Company, entered into an agreement with China Huarong Asset Management Corporation to purchase a non-performing loans portfolio (the "Huarong NPL Portfolio") at a consideration of approximately RMB546,000,000 (equivalent to approximately HK$527,446,000). The aggregate outstanding principal (including the booked interest of approximately RMB3,430,000,000) of the Huarong NPL Portfolio amounted to approximately RMB36,440,000,000 (equivalent to approximately HK$35,040,000,000).

As at 31 December 2005, the Group paid approximately RMB546,000,000 (equivalent to approximately HK$527,446,000) to China Huarong Asset Management Corporation as full deposit for the acquisition of the Huarong NPL Portfolio. Pursuant to the conditional sale and purchase agreement dated 23 November 2005 entered into between the Company and CFPI, the Company conditionally agreed to sell and CFPI conditionally agreed to purchase 50% of interest in Platinum One Limited. Pursuant to the extraordinary general meeting of the Company held on 5 January 2006, the Company disposed of 50% of its interest in Platinum One Limited to CFPI. As a result, 50% of the deposits amounting to approximately HK$263,723,000 was classified as assets held for sale as at 31 December 2005.

29. 已付收購不良資產按金

本集團

於二零零五年十一月二十二日，本公司先前之全資附屬公司而現今之共同控制公司Platinum One Limited與中國華融資產管理公司訂立協議，以代價約人民幣546,000,000元（相當於約527,446,000港元）購入不履約貸款組合（「華融不履約貸款組合」）。華融不履約貸款組合之尚未償還本金總額（包括表內利息約人民幣3,430,000,000元）約為人民幣36,440,000,000元（相當於約35,040,000,000港元）。

於二零零五年十二月三十一日，本集團向中國華融資產管理公司支付全額按金約人民幣546,000,000元（相當於約527,446,000港元），以收購華融不履約貸款組合。根據本公司與CFPI於二零零五年十一月二十三日訂立之有條件買賣協議，本公司有條件同意出售而CFPI有條件同意購買Platinum One Limited之50%權益。根據本公司於二零零六年一月五日舉行之股東特別大會，本公司已向CFPI出售其於Platinum One Limited之50%權益。因此，於二零零五年十二月三十一日，按金中的50%為數約263,723,000港元已分類為持作出售資產。

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30. Other asset

The Group

The other asset is a lump sum payment for repairs and maintenance fund made for the future repair and maintenance of the general areas of one of the Group's investment properties in the PRC. The amount is amortised over its estimated useful life of 10 years.

30. 其他資產

本集團

其他資產是維修及保養基金之一次整筆付款，為本集團於中國其中一項投資物業作公用地方之將來維修及保養用途。有關款項依據估計可用年限分十年攤銷。

31. Stock of properties

The Group

The amount comprises the cost incurred for the development of a property project in the PRC, including the payment in respect of compensation for resettlement and use of land in relation to the property development project. The project was completed in 2006.

The cost of properties recognised as expenses during the year was approximately HK$155,468,000 (2005: HK$312,000).

31. 物業存貨

本集團

該筆款項乃一項於中國之物業發展所產生的成本，當中包括就該物業發展項目支付之拆遷賠償金及土地使用款項。該項目已於二零零六年完成。

年內確認為開支的物業成本約155,468,000港元（二零零五年：312,000港元）。

32. Loan receivables

32. 應收貸款

		The Group 本集團	
		2006 二零零六年	2005 二零零五年
		HK$'000 千港元	*HK$'000 千港元*
Fixed-rate loan receivables	定息應收貸款	**–**	144,216
Carrying amount analysed for reporting purposes:	賬面值就呈報目的分析為：		
Current assets (receivable within 12 months from the balance sheet date)	流動資產（於結算日起12個月內應收）	**–**	144,216

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32. Loan receivables *(Continued)*

The loan receivables as at 31 December 2005 represented two loan receivables of RMB130,492,000 (equivalent to approximately HK$124,278,000) ("8% Loan Receivable") and RMB20,935,000 (equivalent to approximately HK$19,938,000) ("15.58% Loan Receivable") respectively of which the effective interest rates were 8% and 15.58% per annum respectively.

On 27 December 2006, the borrower of 8% Loan Receivable entered into a settlement agreement with a subsidiary of the Company pursuant to which the loan receivables (including interest up to the date of agreement) of approximately HK$141,718,000 was settled by assigning 48,284,610 equity shares of an unlisted financial institution in the PRC held by the borrower to the Group.

The directors consider that the fair value of the unlisted equity securities approximates the carrying amount of the 8% Loans Receivable and such equity securities are included in available-for-sale investments as at 31 December 2006.

In respect of 15.58% Loan Receivable, the amount was due from Beijing Ju Fu Real Estate Development Company Limited, an associate as at 31 December 2006 and was included in the amounts due from associates as at 31 December 2006.

32. 應收貸款 *(續)*

於二零零五年十二月三十一日之應收貸款指兩筆分別為人民幣130,492,000元（相當於約124,278,000港元）（「8%應收貸款」）及人民幣20,935,000元（相當於約19,938,000港元）（「15.58%應收貸款」），該等應收貸款之實際年利率分別為8厘及15.58厘。

於二零零六年十二月二十七日，8%應收貸款之借款人與本公司的一間附屬公司訂立支付協議。依據此協議，約141,718,000港元的應收貸款（包括截至協議日的利息）已由借款人通過轉讓其持有的一間非上市中國金融機構的48,284,610股權益股份的形式，支付給本集團。

董事認為該非上市股本證券的公平值與於8%應收貸款的賬面值相若，且此股本證券包括在二零零六年十二月三十一日的可供出售投資之內。

於二零零六年十二月三十一日，就15.58%應收貸款而言，乃應收一間聯營公司北京巨福房地產開發有限公司之款項，並包含在二零零六年十二月三十一日的應收聯營公司款項內。

33. Held-for-trading investments

33. 持作買賣投資

		The Group 本集團		The Company 本公司	
		2006	2005	**2006**	2005
		二零零六年	二零零五年	**二零零六年**	二零零五年
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		千港元	*千港元*	***千港元***	*千港元*
Equity securities listed in Hong Kong	於香港上市之股本證券	**15,182**	364,030	**15,036**	363,895

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34. Trade receivables

The Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

34. 應收貿易賬款

本集團給予貿易客戶平均三十天信用期。下列是應收貿易賬款於結算日之賬齡分析：

		The Group 本集團	
		2006	2005
		二零零六年	二零零五年
		HK$'000	*HK$'000*
		千港元	*千港元*
0 to 30 days	零至三十日	**1,062**	933
31 to 90 days	三十一日至九十日	**1,281**	1,021
Over 90 days	超過九十日	**862**	2,446
		3,205	4,400

35. Restricted bank balance

The Group

The amount represents the bank balance kept in a bank account under the name of China Cinda on custodian of the Group in the PRC for the purpose of dealing with the funds recovered from the distressed assets. The bank account is jointly controlled by SGIAM and China Cinda and a mutual consent has to be obtained from both parties for the withdrawal of funds from the bank account. The restricted bank balance carries interest at 1% (2005: 1%) per annum and with original maturity of three months or less.

35. 監管戶口結餘

本集團

金額指一個以中國信達名義代本集團於中國開設的銀行賬戶的銀行結餘，目的旨在存入處置不良資產回收所得資金。該銀行賬戶由銀建資產管理及中國信達共同監管，其資金提取需要得到雙方同意。監管戶口結餘以年利率1厘現行市場利率(二零零五年：1厘)計息，而原到期日為三個月或以下。

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38. Pledge of assets

At 31 December 2006, the Group had pledged certain investment properties and leasehold properties which had an aggregate carrying value at the balance sheet date of approximately HK$2,008,180,000 (2005: HK$1,855,100,000) and HK$84,700,000 (2005: HK$78,900,000) respectively to secure general banking facilities granted to the Group.

At 31 December 2006, the Company had pledged certain investment properties and leasehold properties which had an aggregate carrying value at the balance sheet date of approximately HK$50,580,000 (2005: HK$90,500,000) and HK$32,800,000 (2005: HK$28,600,000) respectively to secure general banking facilities granted to the Company.

38. 資產抵押

於二零零六年十二月三十一日，本集團已將若干於結算日其賬面總額分別為約2,008,180,000港元(二零零五年：1,855,100,000港元)及84,700,000港元(二零零五年：78,900,000港元)之投資物業及租賃物業抵押，作為本集團所獲取一般性銀行融資之條件。

於二零零六年十二月三十一日，本公司已將若干於結算日其賬面總額分別為約50,580,000港元(二零零五年：90,500,000港元)及32,800,000港元(二零零五年：28,600,000港元)之投資物業及租賃物業抵押，作為本公司所獲取一般性銀行融資之條件。

39. Share capital

39. 股本

		Number of shares 股份數目		Nominal value 票面值	
		2006	2005	**2006**	2005
		二零零六年	二零零五年	**二零零六年**	二零零五年
		In thousand	*In thousand*	***HK$'000***	*HK$'000*
		千股	*千股*	***千港元***	*千港元*
Ordinary share of HK$0.20 each	每股面值0.20港元之普通股				
Authorised:	*法定股本：*				
At the beginning and the end of the year	於年初及於年末	**4,000,000**	4,000,000	**800,000**	800,000
Issued and fully paid:	*已發行及繳足股份：*				
At the beginning of the year	於年初	**1,688,710**	1,758,672	**337,742**	351,734
Conversion of convertible note *(note a)*	轉換可換股票據*(附註a)*	**100,000**	—	**20,000**	—
Exercise of share options *(note b)*	行使購股權*(附註b)*	**32,000**	—	**6,400**	—
Shares repurchased *(note c)*	回購股份*(附註c)*	**—**	(69,962)	**—**	(13,992)
At the end of the year	於年末	**1,820,710**	1,688,710	**364,142**	337,742

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39. Share capital *(Continued)*

Notes:

(a) On 21 March 2006, the Company received a notice of conversion from Catic Limited exercising the right to convert the convertible note in the principal amount of HK$220,000,000 into 100,000,000 shares, representing approximately 5.92% of the issued share capital of the Company before the issue of the conversion shares and approximately 5.59% of the issued share capital of the Company as enlarged by the issue of the conversion shares at the conversion price of HK$2.20 per share. These shares rank pari passu in all respect with other shares in issue.

(b) During the year, the share option holders exercised the right attached on the share options to subscribe for a total of 32,000,000 shares at the exercise prices ranging from HK$0.535 to HK$0.967 per share. These shares rank pari passu in all respect with other shares in issue.

(c) During the year ended 31 December 2005, the Company repurchased its own shares on the Stock Exchange as follows:

39. 股本 *(續)*

附註：

(a) 於二零零六年三月二十一日，本公司接獲Catic Limited的換股通知，行使兌換權利，將本金額220,000,000港元的可換股票據兌換為100,000,000股股份，佔本公司在發行兌換股份前已發行股本約5.92%，及佔本公司經以每股2.20港元的兌換價發行兌換股份後擴大已發行股本的約5.59%。該等股份與其他已發行股份在所有方面均享有相同權利。

(b) 年內，購股權持有人行使購股權附帶權利，以每股介乎0.535港元至0.967港元的行使價格，認購總計32,000,000股股份。該等股份與其他已發行股份在所有方面均享有相同權利。

(c) 截至二零零五年十二月三十一日的年內，本公司於聯交所回購其本身股份如下：

Months of repurchase 回購月份		Number of ordinary shares HK$0.20 each 每股面值0.20港元的普通股數目 *In thousand 千股*	Price per share 每股價格 Highest 最高 *HK$ 港元*	Price per share 每股價格 Lowest 最低 *HK$ 港元*	Aggregate consideration paid 已付總代價 *HK$'000 千港元*
June 2005 *(note 1)*	二零零五年六月 *(附註1)*	27,006	2.785	2.082	66,240
December 2005 *(note 2)*	二零零五年十二月 *(附註2)*	42,956	2.350	2.220	99,061
		69,962			165,301

Notes:

1. The above shares were repurchased and cancelled during the year ended 31 December 2005.

2. The above shares were repurchased in December 2005 and cancelled in January 2006.

附註：

1. 上述股份已於截至二零零五年十二月三十一日止年度內被回購及註銷。

2. 上述股份已於二零零五年十二月被回購，並於二零零六年一月被註銷。

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40. Reserves of the Company

The distributable reserves of the Company as at 31 December 2006 amounted to approximately HK$367,418,000 (2005: HK$268,759,000), being its retained profits at that date.

40. 本公司的儲備

於二零零六年十二月三十一日，本公司可分配儲備總計約367,418,000港元（二零零五年：268,759,000港元），為該日的保留溢利。

		Share premium 股份溢價 HK$'000 千港元	Convertible notes equity reserve 可換股票據股本儲備 HK$'000 千港元	Asset revaluation reserve 資產重估儲備 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Retained profits 保留溢利 HK$'000 千港元	Total 合計 HK$'000 千港元
The Company	**本公司**						
At 1 January 2005	於二零零五年一月一日	1,957,757	20,150	12,126	—	148,552	2,138,585
Gain on revaluation of leasehold properties	重估租賃物業產生之收益	—	—	5,440	—	—	5,440
Deferred tax liability arising on revaluation of leasehold properties	重估租賃物業產生之遞延稅項負債	—	—	(539)	—	—	(539)
Net income recognised directly in equity	直接於權益確認的收入淨額	—	—	4,901	—	—	4,901
Profit for the year	年內溢利	—	—	—	—	373,442	373,442
Total recognised income and expenses for the year	年內確認的收入及支出總額	—	—	4,901	—	373,442	378,343
Share repurchase	股份回購						
— premium on repurchase of shares	— 回購股份之溢價	—	—	—	—	(151,309)	(151,309)
— transfer	— 劃轉	—	—	—	13,992	(13,992)	—
Dividend	股息	—	—	—	—	(87,934)	(87,934)
At 31 December 2005	於二零零五年十二月三十一日	1,957,757	20,150	17,027	13,992	268,759	2,277,685
Gain on revaluation of leasehold properties	重估租賃物業產生之收益	—	—	6,642	—	—	6,642
Deferred tax liability arising on revaluation of leasehold properties	重估租賃物業產生之遞延稅項負債	—	—	(766)	—	—	(766)
Net income recognised directly in equity	直接於權益確認的收入淨額	—	—	5,876	—	—	5,876
Profit for the year	年內溢利	—	—	—	—	191,166	191,166
Total recognised income and expense for the year	年內確認的收入及支出總額	—	—	5,876	—	191,166	197,042
Issue of share capital	發行股本	19,580	—	—	—	—	19,580
Share issued expenses	股份發行費用	(50)	—	—	—	—	(50)
Conversion of convertible note	轉換可換股票據	200,000	(10,075)	—	—	5,821	195,746
Transfer	劃轉	—	(10,075)	—	—	10,075	—
Dividend	股息	—	—	—	—	(108,403)	(108,403)
At 31 December 2006	於二零零六年十二月三十一日	2,177,287	—	22,903	13,992	367,418	2,581,600

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41. Share options

On 27 May 2002, the shareholders of the Company approved the termination (to the effect that no further share options shall be offered) of the share option scheme adopted by the Company on 26 June 1995 (the "Old Share Option Scheme") and the adoption of a new share option scheme (the "New Share Option Scheme") with effect from 27 May 2002. The Old Share Option Scheme and the New Share Option Scheme were adopted for the primary purpose of giving incentives to the directors and eligible employees of the Group.

According to the Old Share Option Scheme, the board of directors of the Company were authorised, at any time within ten years after the adoption date, to grant share options to any directors or employees of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than 80 per cent. of the average of closing prices of the Company's shares on the five trading days immediately preceding the offer date of the share options or the nominal value of the Company's shares, whichever is higher. The maximum number of shares in respect of which share options may be granted under the Old Share Option Scheme cannot exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company from time to time.

According to the New Share Option Scheme, the board of directors of the Company are authorised, at any time within ten years after the adoption date, to grant share options to any directors or employees of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the closing price of the Company's shares on the date of grant, the average closing prices of the Company's shares on the five trading days immediately preceding the offer date of the share options or the nominal value of the Company's shares, whichever is higher. The maximum number of shares in respect of which share options may be granted under the New Share Option Scheme cannot exceed 30 per cent. of the aggregate nominal amount of the issued share capital of the Company from time to time.

41. 購股權

二零零二年五月二十七日，本公司股東批准終止(其作用為不得進一步授出購股權)本公司於一九九五年六月二十六日採納之購股權計劃(「舊購股權計劃」)，並自二零零二年五月二十七日起採納新購股權計劃(「新購股權計劃」)。採納舊購股權計劃及新購股權計劃之主要目的為獎勵本集團董事及合資格僱員。

根據舊購股權計劃，本公司董事會獲授權於採納日期後十年內任何時間，授予本公司或其任何附屬公司董事或僱員購股權以認購本公司股份，價格不得少於緊接購股權授出日期前五個交易日本公司股份平均收市價之80%或本公司股份之面值(以較高者為準)。有關根據舊購股權計劃授出之購股權可認購之最高股份數目，乃以不超過本公司不時已發行股本總面值之10%為限。

按照新購股權計劃，本公司董事會獲授權於採納日期後十年內任何時間，授予本公司或其任何附屬公司董事或僱員購股權以認購本公司股份，價格不得少於授出日期本公司股份之收市價、緊接購股權授出日期前五個交易日本公司股份平均收市價或本公司股份之面值(以較高者為準)。有關根據新購股權計劃授出之購股權可認購之最高股份數目，乃以不超過本公司不時已發行股本總面值之30%為限。

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41. Share options *(Continued)*

No share option was being granted or lapsed during the year.

The market price of the Company's shares at the date of exercise and the date immediately before exercise of share options during the year ended 31 December 2006 ranged between HK$2.12 and HK$2.40 and HK$2.26 and HK$2.425, respectively.

Movements during the year of the share options held by the directors included in the above tables are as follows:

41. 購股權 *(續)*

於年內並無購股權獲授出或失效。

於截至二零零六年十二月三十一日止年度，本公司股份於行使日期及緊接購股權獲行使當日前之市價分別為介乎2.12港元至2.40港元及2.26港元至2.425港元。

列入上表的董事於年內所持購股權之變動如下：

Subscription price per share 每股認購價	Exercisable period 可予行使期間	Number of share options 購股權數目 Outstanding at 1 January 2005 and 1 January 2006 於二零零五年一月一日及二零零六年一月一日未予行使	Exercised during 2006 二零零六年年內已行使	Outstanding at 31 December 2006 於二零零六年十二月三十一日未予行使
HK$ 港元				
Old Share Option Scheme 舊購股權計劃				
0.967	09/01/1997-08/01/2007	15,000,000	(15,000,000)	—
0.900	27/07/1999-26/07/2009	2,000,000	(2,000,000)	—
0.535	25/07/2001-24/07/2011	2,000,000	(2,000,000)	—
		19,000,000	(19,000,000)	—
New Share Option Scheme 新購股權計劃				
0.700	07/06/2002-06/06/2012	10,000,000	(10,000,000)	—
		29,000,000	(29,000,000)	—

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42. Borrowings 42. 借貸

		The Group 本集團		The Company 本公司	
		2006 二零零六年 *HK$'000 千港元*	2005 二零零五年 *HK$'000 千港元*	**2006 二零零六年 *HK$'000 千港元***	2005 二零零五年 *HK$'000 千港元*
Bank overdrafts — secured	銀行透支 — 有抵押	**–**	79,241	**–**	79,241
Bank loans — secured	銀行貸款 — 有抵押	**606,900**	579,478	**5,750**	8,050
		606,900	658,719	**5,750**	87,291
Carrying amount repayable:	應償還之賬面值：				
On demand or within one year	應要求或一年內	**601,150**	651,819	**1,150**	80,391
More than one year, but not exceeding two years	一年以上但不超過兩年	**1,150**	1,150	**1,150**	1,150
More than two years, but not exceeding five years	兩年以上但不超過五年以上	**3,450**	3,450	**3,450**	3,450
More than five years	五年以上	**1,150**	2,300	**1,150**	2,300
		606,900	658,719	**6,900**	87,291
Less: Amounts due within one year shown under current liabilities	*減：*一年內到期並列為流動負債之金額				
— Borrowings	— 借貸	**(601,150)**	(572,578)	**(1,150)**	(1,150)
— Bank overdrafts	— 銀行透支	**–**	(79,241)	**–**	(79,241)
		5,750	6,900	**5,750**	6,900

42. Borrowings *(Continued)*

The bank loans are secured by certain investment properties and leasehold properties.

Bank loans of the Group and the Company of HK$6,900,000 (2005: HK$87,291,000) are

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43. Convertible notes *(Continued)*

(a) Convertible note at fair value through profit or loss

On 24 November 2004, the Company issued a convertible note to Citigroup Global Markets Limited ("CGML") in the principal amount of US$52,500,000 in accordance with a subscription agreement dated 5 November 2004 entered into between the Company and CGML. The interest rate is 1.5% per annum and payable semi-annually in arrears. The Company shall repay the principal amount outstanding under the convertible note to the noteholder together with all interest accrued on the fifth anniversary of the date of the issue of the convertible note. The conversion price is HK$2.95 per share which is subject to adjustment for, among other matters, subdivision or consolidation of shares, bonus issues, capital reduction, rights issues and other events which have diluting effects on the issued share capital of the Company. The noteholder will have the right to convert the whole or part of the principal amount of the convertible note into shares at any time and from time to time, from the date of issue of the convertible note up to the fifth anniversary of the date of issue of the convertible note in an amount not less than US$100,000 on each conversion, save that if at any time, the principal outstanding amount of the convertible note is less than US$100,000, the whole (but not part only) of the principal amount of the convertible note may be converted. The conversion shares to be issued upon conversion shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

43. 可換股票據 *(續)*

(a) 於損益表按公平值處理的可換股票據

於二零零四年十一月二十四日，本公司根據本公司與Citigroup Global Markets Limited(「花旗集團」)於二零零四年十一月五日簽訂的一項認購協議向花旗集團發出一份本金額52,500,000美元的可換股票據。票據利息以年利率1.5厘計算並須每半年以下期形式支付。本公司須於可換股票據發出日期起計的第五個週年日向票據持有人償還可換股票據項下未有贖回的本金額和所有的應計利息。換股價為每股2.95港元，並須受到(其中包括)股份拆細或合併、發行紅股、削減股本、供股和其他對本公司已發行股本具有攤薄效應的事件的影響作出調整。票據持有人有權於可換股票據發出日期起至可換股票據發出日期後的第五個週年日止期間內的任何時間和隨時將可換股票據之本金額全部或部分轉換股份，惟每次轉換的金額不可少於100,000美元，除此以外，如於任何時間可換股票據的未有贖回本金額少於100,000美元，則可換股票據的全部(而並非部分)本金額可予轉換股份。因轉換股份而發行的股份在各方面均與轉換股份當日所有其他現有已發行股份享有相同權利。

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43. Convertible notes *(Continued)*

(a) Convertible note at fair value through profit or loss *(Continued)*

Under HKAS 39, as the functional currency of the Company is Hong Kong dollars, the conversion option of this convertible note denominated in United States dollars will not be settled by the exchange of a fixed amount of cash or another financial asset for fixed number of the Company's own equity instrument. The conversion option was considered as a derivative and the entire convertible note was designated as financial liability through profit or loss on initial recognition.

The movement of the convertible note for the year is set out below:

43. 可換股票據 *(續)*

(a) 於損益表按公平值處理的可換股票據 *(續)*

根據香港會計準則第39號，由於本公司之功能貨幣為港元，故該可換股票據以美元為單位之轉換權並不以固定現金金額或其他金融資產交換固定數目之本公司本身股本工具作結算。轉換權視為一個衍生金融工具，於初次確認時指定為於損益表處理之金融負債。

本年度可換股票據之變動載列如下：

		HK$'000 *千港元*
As at 1 January 2005	於二零零五年一月一日	637,036
Decrease in fair value during the year	年內公平值減少	(199,756)
As at 31 December 2005	於二零零五年十二月三十一日	437,280
Decrease in fair value during the year	年內公平值減少	(35,168)
As at 31 December 2006	**於二零零六年十二月三十一日**	**402,112**

The convertible note at fair value through profit or loss is carried at fair value at the balance sheet date. During the year, a gain on decrease in its fair value of HK$35,168,000 (2005: HK$199,756,000) is recognised in the consolidated income statement.

於損益表按公平值處理的可換股票據於結算日以公平值列賬。年內，其公平值減少產生收益35,168,000港元（二零零五年：199,756,000港元）已於綜合收入報表中確認。

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43. Convertible notes *(Continued)*

(a) Convertible note at fair value through profit or loss *(Continued)*

The fair value of the liability component of the convertible note at fair value through profit or loss at 31 December 2006 was determined based on the present value of the estimated future cash flows discounted at the prevailing market rate for an equivalent non-convertible loan at the balance sheet date. The discount rate is 6.79% (2005: 7.03%).

The fair value of the conversion option embedded was calculated using the Binomial model. The inputs into the model were as follows:

43. 可換股票據 *(續)*

(a) 於損益表按公平值處理的可換股票據 *(續)*

於損益表按公平值處理的可換股票據之負債部分於二零零六年十二月三十一日之公平值乃根據按同等不可兌換貸款於結算日之現行市場利率貼現之估計未來現金流量釐定。貼現率為6.79厘(二零零五年：7.03厘)。

轉換權內含之公平值採用二項模式計算。投入於該模式之項目如下：

		31 December 2006 二零零六年十二月三十一日	31 December 2005 二零零五年十二月三十一日
Stock price	股價	**HK$2.05**	HK$2.30
Exercise price	行使價	**HK$2.95**	HK$2.95
Expected volatility	預期波幅	**42%**	52%
Expected life	預期年期	**2.9 years**	3.9 years
Risk-free rate	無風險利率	**3.59%**	4.09%
Expected dividend yield	預期股息收益率	**2.00%**	2.00%

The stock price was the closing price at the respective balance sheet dates while the expected volatility was determined by calculating the historical volatility of the Company's share price over the previous year.

股價為於各結算日之收市價，而預期波幅乃透過計算本公司股價於過去一年之歷史波幅而釐定。

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43. Convertible notes *(Continued)*

(b) Convertible note

On 23 November 2004, the Company issued a convertible note in the principal amount of HK$440 million to Catic Limited, a shareholder of the Company, in accordance with a convertible note subscription agreement dated 20 September 2004 entered into between the Company and Catic Limited. The interest rate is 1.5% per annum and payable semi-annually in arrears. The Company shall repay principal amount outstanding under the convertible note to the noteholder together with all interest accrued on the second anniversary of the date of the issue of the convertible note. The conversion price is HK$2.20 per share, subject to adjustment for, among other matters, subdivision or consolidation of shares, bonus issues, capital reduction, rights issues and other events which have diluting effects on the issued share capital of the Company. The noteholder will have the right to convert the whole or part of the principal amount of the convertible note into shares at any time and from time to time, from the date of issue of the convertible note up to the second anniversary of the issue of the convertible note in amount not less than HK$30,000,000 on each conversion, save that if at any time, the principal outstanding amount of the convertible note is less than HK$30,000,000, the whole (but not part only) of the principal amount of the convertible note may be converted. Shares to be issued upon conversion shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

43. 可換股票據 *(續)*

(b) 可換股票據

於二零零四年十一月二十三日，本公司根據一項由本公司與Catic Limited(為本公司之股東)於二零零四年九月二十日簽訂的可換股票據認購協議授出一份本金額440,000,000港元的可換股票據予Catic Limited。票據利息以年利率1.5厘計算並須每半年以下期形式支付。本公司須於可換股票據發出日期起計的第二個週年日向票據持有人償還可換股票據項下未有贖回的本金額和所有的應計利息。換股價為每股2.20港元，並須受到(其中包括)股份拆細或合併、發行紅股、削減股本、供股和其他對本公司已發行股本具有攤薄效應的事件的影響作出調整。票據持有人有權於可換股票據發出日期起至可換股票據發出後的第二個週年日止期間內的任何時間和隨時將可換股票據之本金額全部或部分轉換股份，惟每次轉換的金額不可少於30,000,000港元，除此以外，如於任何時間可換股票據的未有贖回本金額少於30,000,000港元，則可換股票據的全部(而並非部分)本金額可予轉換股份。因轉換股份而發行的股份在各方面均與轉換股份當日所有其他現有已發行股份享有相同權利。

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43. Convertible notes *(Continued)*

(b) Convertible note *(Continued)*

The convertible note contained two components, liability and equity elements. The equity element was presented in equity heading "convertible notes equity reserve". The effective interest rate of the liability component was 4.48% per annum.

On 21 March 2006, the Company received a notice of conversion from Catic Limited exercising the right to convert part of the convertible note in the principal amount of HK$220,000,000 into 100,000,000 shares.

On 23 November 2006, the second anniversary of the issue of the convertible note, the Company repaid the remaining convertible note in the principal amount of HK$220,000,000 by issuing a loan note of HK$220,000,000. Pursuant to the loan agreement entered into between the Company and Catic Limited, the term loan carrying interest at 6% per annum and is repayable within a year (Note 49).

43. 可換股票據 *(續)*

(b) 可換股票據 *(續)*

可換股票據含有負債與股本兩部分。股本部分於股本之「可換股票據股本儲備」呈列。負債部分之實際年利率為4.48厘。

於二零零六年三月二十一日，本公司接獲來自Catic Limited的轉換通知書，要求行使權利將部分可換股票據本金額220,000,000港元轉換為100,000,000股股份。

於二零零六年十一月二十三日（可換股票據發行之第二週年），本公司透過發行本金220,000,000港元之貸款票據220,000,000港元來支付餘下的可換股票據。根據本公司與Catic Limited達成的貸款協議書，貸款期以利息率6厘計息並於一年內支付（附註49）。

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43. Convertible notes *(Continued)* 43. 可換股票據 *(續)*

(b) Convertible note *(Continued)* (b) 可換股票據 *(續)*

The movement of the liability component of the convertible note for the year is set out below:

本年度可換股票據負債部分之變動載列如下：

		2006 二零零六年 *HK$'000* *千港元*	2005 二零零五年 *HK$'000* *千港元*
Liability component at the beginning of the year	負債部分於年初	**428,836**	416,835
Interest charge	利息支出	**8,540**	18,601
Interest paid	已付利息	**(2,958)**	(6,600)
Converted on 21 March 2006	於二零零六年三月二十一日換股	**(214,418)**	—
Repayment by a shareholder's loan on 23 November 2006	於二零零六年十一月二十三日以一項股東貸款歸還	**(220,000)**	—
Liability component at the end of the year	負債部分於年末	**–**	428,836
Less: Amounts due within one year shown under current liabilities	*減：*於一年之內到期並列為流動負債之金額	**–**	(428,836)
		–	—

The interest charged for the year was calculated at an effective rate of 4.48% (2005: 4.48%) per annum to liability component.

年內之利率支出乃以負債部分按實際年利率4.48厘(二零零五年：4.48厘)計算。

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44. Deferred taxation

The followings are the major deferred tax assets (liabilities) recognised and the movements thereon during the current and prior years:

	The Group 本集團

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44. Deferred taxation *(Continued)*

44. 遞延稅項 *(續)*

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

就資產負債表呈報而言，若干遞延稅項資產及負債已互相抵銷。以下為就財務申報用途所制之遞延稅項結餘分析：

		The Group 本集團		The Company 本公司	
		2006 二零零六年 *HK$'000 千港元*	2005 二零零五年 *HK$'000 千港元*	**2006 二零零六年 *HK$'000 千港元***	2005 二零零五年 *HK$'000 千港元*
Deferred tax assets	遞延稅項資產	**–**	1,336	**–**	—
Deferred tax liabilities	遞延稅項負債	**(257,639)**	(187,979)	**(10,608)**	(1,254)
		(257,639)	(186,643)	**(10,608)**	(1,254)

At the balance sheet date, the Group had unused tax losses of approximately HK$24,399,000 (2005: HK$218,486,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$8,617,000 (2005: HK$83,394,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$15,782,000 (2005: HK$135,092,000) due to unpredictability of future profit streams. At 31 December 2006, included in unrecognised tax losses were losses of nil (2005: HK$128,568,000 which expired in 2006). Other tax losses may be carried forward indefinitely.

於結算日，本集團有可扣減未來溢利的未動用稅項虧損約24,399,000港元（二零零五年：218,486,000港元）。其中約8,617,000港元（二零零五年：83,394,000港元）虧損相關的遞延稅項資產已經確認。其餘15,782,000港元（二零零五年：135,092,000港元）因涉及未來收益流的不可預測性而未予確認遞延稅項資產。於二零零六年十二月三十一日，未確認稅項虧損為零（二零零五年：128,568,000港元並已於二零零六年屆滿）。其他稅項虧損可承上結轉，且並無屆滿日期。

At the balance sheet date, the Company had unused tax losses of nil (2005: HK$69,361,000) available for offset against future profits. A deferred tax asset had been recognised in respect of HK$nil (2005: HK$69,361,000) of such losses.

於結算日，本公司有可扣減未來溢利的未動稅項虧損為零（二零零五年：69,361,000港元）。其中零港元（二零零五年：69,361,000港元）相關虧損的遞延稅項資產已經確認。

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45. Trade payables

The following is an aged analysis of trade payables at the balance sheet date:

45. 應付貿易賬款

下列是應付貿易賬款於結算日之賬齡分析：

		The Group 本集團	
		2006 二零零六年	2005 二零零五年
		HK$'000 千港元	*HK$'000 千港元*
0 to 30 days	零至三十日	**53,437**	6,324
31 to 90 days	三十一日至九十日	**11,784**	8,428
Over 90 days	超過九十日	**19,571**	4,423
		84,792	19,175

46. Accrued charges, rental deposits and other payables

The Group

The balance includes an amount of HK$21,349,000 (2005: HK$35,637,000) payable to a minority shareholder of a former subsidiary in relation to construction works rendered for properties. The amount is unsecured, non-interest bearing and is repayable on demand.

The balance includes an amount of HK$37,700,000 (2005: HK$35,900,000) payable to an independent third party in relation to purchase of a land use right in the PRC. The amount is secured by certain investment properties, bears interest at 5.88% (2005: 5.88%) per annum and is repayable on demand.

46. 應計費用、租務按金及其他應付款項

本集團

結餘包括一筆為數21,349,000港元(二零零五年：35,637,000港元)應付一間前附屬公司之少數股東之有關物業建築工程有關之款項。有關金額為無抵押、免息及於要求時償還。

結餘包括就收購一幅中國土地使用權而應付予獨立第三方為數37,700,000港元之款項(二零零五年：35,900,000港元)。該金額由若干投資物業抵押，按年利率5.88厘(二零零五年：5.88厘)計息，及須於要求時償還。

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47. Amounts due to associates

The Group and the Company

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

47. 應付聯營公司款項

本集團及本公司

有關金額為無抵押、免息及須於要求時償還。

48. Accruals for management fee to holding company of a shareholder

The Group

The balance represents accruals for management fee payable to China Cinda pursuant to the NPL Agreement (as described in note 27). The amounts are unsecured, non-interest bearing and repayable on demand.

48. 應付一名股東之控股公司的應計管理費

本集團

有關結餘為根據不履約貸款協議應向中國信達支付之應計管理費(如附註27所述)。有關金額為無抵押、免息及須於要求時償還。

49. Loan from a shareholder

The Group and the Company

The amount is unsecured, bears interest at 6% per annum and is repayable within one year.

49. 股東貸款

本集團及本公司

有關金額為無抵押、按年利率6厘計息及須於一年內償還。

50. Amounts due to subsidiaries

The Company

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

50. 應付附屬公司款項

本公司

有關金額為無抵押、免息及須於要求時償還。

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51. Disposal of a subsidiary

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

51. 出售附屬公司

附屬公司於出售日之資產淨值如下：

		2006 二零零六年 *HK$'000* *千港元*	2005 二零零五年 *HK$'000* *千港元*
Net assets of a subsidiary at the date of disposal were as follows:	**於出售日附屬公司的資產淨值如下：**		
Interest in distressed assets	不良資產權益	**525,581**	—
Amounts due to holding companies	應付控股公司款項	**(478,123)**	—
		47,458	—
Gain on disposal of a subsidiary	出售一間附屬公司產生之收益	**2,550**	—
Total consideration	總代價	**50,008**	—
Satisfied by:	**支付方式：**		
Cash	現金	**26,279**	—
Transferred to interest in a jointly controlled entity	轉讓共同控制公司之權益	**23,729**	—
		50,008	—
Net cash inflow arising on disposal:	**出售產生之現金流入淨額：**		
Cash consideration	現金代價	**26,279**	—
		26,279	—

The subsidiary disposed of during the year had no significant contribution to the Group's operating results for the current year.

於年內出售之附屬公司對本集團本年度的經營業績並無重大貢獻。

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52. Operating lease commitments

The Group and the Company as lessee

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

52. 經營租約安排

本集團及本公司以承租人身份

於結算日，根據下述期限屆滿之土地及樓宇不可撤銷營運租約，本集團及本公司須於未來支付之最低租賃款項如下：

		THE GROUP 本集團		THE COMPANY 本公司	
		2006	2005	**2006**	2005
		二零零六年	二零零五年	**二零零六年**	二零零五年
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		千港元	*千港元*	***千港元***	*千港元*
Within one year	一年內	**2,798**	2,735	**–**	75
In the second to fifth year inclusive	第二至第五年（包括首尾兩年在內）	**7,435**	9,034	**–**	300
After five years	五年以後	**–**	738	**–**	—
		10,233	12,507	**–**	375

The operating lease payments represent rental payable for certain of its office premises and staff quarters. Leases are generally negotiated for lease terms ranged from 1 year to 5 years and rentals are fixed.

經營租約款項指就其若干辦公室物業及員工宿舍應付之租金。該等租約之租期一般為一至五年，租金亦為固定金額。

The Group and the Company as lessor

Property rental income earned by the Group and the Company during the year was approximately HK$77,854,000 (2005: HK$76,346,000) and HK$2,518,000 (2005: HK$2,478,000) respectively. The properties held have committed tenants for lease terms ranged from 1 year to 18 years.

本集團及本公司以出租人身份

本集團及本公司年內賺取之物業租金收入分別約為77,854,000港元（二零零五年：76,346,000港元）和2,518,000港元（二零零五年：2,478,000港元）。持有之物業於已簽約之租客的租期由一年至十八年不等。

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52. Operating lease commitments *(Continued)*

The Group and the Company as lessor *(Continued)*

At the balance sheet date, the Group and the Company had contracted with tenants for the following future minimum lease payments:

	THE GROUP 本集團		THE COMPANY 本公司	
	2006 二零零六年 *HK$'000 千港元*	2005 二零零五年 *HK$'000 千港元*	**2006 二零零六年 *HK$'000 千港元***	2005 二零零五年 *HK$'000 千港元*
Within one year 000				

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54. Contingent liabilities

The Company has provided a guarantee in respect of the disposal of Beijing East Gate Wangjing Real Estate Co., Ltd. ("Wangjing") in the year 2004, a former subsidiary of the Group, under a share transfer agreement, pursuant to which the Company is required to provide guarantee to the buyers of Wangjing (the "Buyers") in respect of any contingent liabilities arising from any guarantees and securities provided by Wangjing and any contracts entered into by Wangjing not disclosed to the Buyers as at the date of transfer of shares of Wangjing to Buyers. Such guarantee provided by the Company is effective up to 9 November 2007.

54. 或然負債

本公司於二零零四年就根據一項股份轉讓協議出售北京東環望京房地產有限公司(「望京」)(為本集團一間前附屬公司)的交易提供擔保，據此本公司向買入望京的買家(「買方」)就於望京向買方轉讓股份當天望京未有向買方作出披露而由望京提供之任何擔保及抵押與由望京訂立之任何合約引起的任何或然負債向買方提供擔保。此項本公司提供之擔保持續有效至二零零七年十一月九日。

55. Related party transactions

The Group

During the year, the Group entered into the following transactions with related parties:

55. 關聯方交易

本集團

年內，本集團與關聯方進行下述交易：

		2006 二零零六年 *HK$'000* *千港元*	2005 二零零五年 *HK$'000* *千港元*
Interest income from a jointly controlled entity	收取一間共同控制公司之利息收入	**8,943**	—
Interest income from associates	收取聯營公司之利息收入	**38,155**	16,002
Interest expense on loan from a shareholder	一名股東提供之貸款的利息支出	**1,410**	—
Property management fee income from an associate	收取一間聯營公司之物業管理費收入	**68**	65
Rental income from an associate	收取一間聯營公司之租金收入	**187**	178
Consultancy fee paid to an associate	支付一間聯營公司之諮詢費	**1,900**	1,483
Commission income and performance return received from a fellow subsidiary of a shareholder	收取一名股東之同系附屬公司之佣金收入及超收分成	**—**	100,000
Interest on convertible note issued to shareholders	支付發行予股東之可換股票據利息	**14,768**	24,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
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55. Related party transactions *(Continued)*

Details of balances with related companies and other transactions with related parties are set out in the consolidated balance sheet and in notes 23, 24, 27, 35, 43, 46, 47, 48 and 49.

The Company

Details of balances with subsidiaries are set out in the Company's balance sheet and in notes 22 and 50.

Except for the directors' remuneration as disclosed in note 10 during the year, there is no other remuneration of key management.

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

55. 關聯方交易 *(續)*

與關聯公司之結餘及與關聯人士之其他交易詳情已載於綜合資產負債表及附註23、24、27、35、43、46、47、48及49。

本公司

與附屬公司之結餘詳情載於本公司之資產負債表及附註22及50。

除附註10所披露之本年度董事酬金外，主要管理人員概無任何其他酬金。

董事酬金乃由薪酬委員會視乎個人表現及市場趨勢而釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

56. Particulars of subsidiaries, associates and jointly controlled entity

(a) Particulars of the Company's subsidiaries at 31 December 2006 are as follows:

Name of company 公司名稱	Place of incorporation/ establishment 註冊成立／成立地點	Nominal value of issued ordinary share capital/ registered capital 已發行普通股股本／註冊資本面值	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Company 本公司所持有已發行普通股股本／註冊資本面值比例 Directly 直接	Indirectly 間接	Principal activities 主要業務
Beijing East Gate Development Co., Ltd. ("Beijing East Gate") 北京東環置業有限公司（「北京東環」）	PRC 中國	US$100,413,500 100,413,500美元	—	100% *(note i)* *(附註i)*	Property development and investment 物業發展及投資
Beijing Yinda Property Management Limited ("Yinda") 北京銀達物業管理有限責任公司（「銀達」）	PRC 中國	RMB10,000,000 人民幣10,000,000元	—	90% *(note ii)* *(附註ii)*	Property management 物業管理
Shenyang East Gate Development Co., Ltd. ("Shenyang East Gate") 沈陽東環置業有限公司（「沈陽東環」）	PRC 中國	US$10,150,000 10,150,000美元	—	98.5% *(note iii)* *(附註iii)*	Property development and investment 物業發展及投資
East Gate Development (H.K.) Limited 東環置業(香港)	Hong Kong 香港	HK$100 100港元	100%	—	Investment holding 投資控股

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

56. Particulars of subsidiaries, associates and jointly controlled entity *(Continued)*

56. 附屬公司、聯營公司及共同控制公司摘要 *(續)*

(a) Particulars of the Company's subsidiaries at 31 December 2006 are as follows: *(Continued)*

(a) 本公司各附屬公司於二零零六年十二月三十一日之詳情如下：*(續)*

Name of company 公司名稱	Place of incorporation/ incorporation/ 註冊成立／成立地點	Nominal value of issued ordinary share capital/ registered capital 已發行普通股股本／註冊資本面值	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Company 本公司所持有已發行普通股股本／註冊資本面值比例		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Likesway Limited 利時威有限公司	Hong Kong 香港	HK$2 2港元	100%	—	Property holding and investment 持有物業及投資
Real China Development Limited 泰景發展有限公司	Hong Kong 香港	HK$2 2港元	100%	—	Property holding and investment 持有物業及投資
Silver Grant Department Store (BVI) Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Investment holding 投資控股
Silver Grant Hainan Investment (BVI) Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Inactive 暫無業務
Silver Grant Infra-Structure Investment (BVI) Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Investment holding 投資控股
Samtung Investment Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Investment holding 投資控股
Platinum Two Limited	Mauritius 毛里裘斯	US$1 1美元	100%	—	Inactive 暫無業務
Silver Grant International Department Store Limited 銀建國際百貨有限公司	Hong Kong 香港	HK$10 10港元	—	100%	Property investment 物業投資

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

56. Particulars of subsidiaries, associates and jointly controlled entity *(Continued)*

56. 附屬公司、聯營公司及共同控制公司摘要 *(續)*

(a) Particulars of the Company's subsidiaries at 31 December 2006 are as follows: *(continued)*

(a) 本公司各附屬公司於二零零六年十二月三十一日之詳情如下：*(續)*

Name of company 公司名稱	Place of incorporation/ establishment 註冊成立／成立地點	Nominal value of issued ordinary share capital/ registered capital 已發行普通股股本／註冊資本面值	Proportion of nominal value of issued ordinary share capital/ Registered capital held by the Company 本公司所持有已發行普通股股本／註冊資本面值比例		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Silver Grant International Infra-Structure Investment Limited 銀建國際基建投資有限公司	Hong Kong 香港	HK$2 2港元	—	100%	Investment holding 投資控股
Silver Grant International Securities Investment Limited 銀建國際證券投資有限公司	Hong Kong 香港	HK$2 2港元	—	100%	Securities trading 證券買賣
Silver Grant Securities Investment (BVI) Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Investment holding 投資控股
Straight View Investment Limited 藝景投資有限公司	Hong Kong 香港	HK$100 100港元	100%	—	Investment holding 投資控股
Twin Sparkle Limited 康而富有限公司	Hong Kong 香港	HK$2 2港元	100%	—	Property holding and investment 持有物業及投資
Winner Property Limited	British Virgin Islands 英屬處女群島	US$1 1美元	—	100%	Investment holding 投資控股

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

56. Particulars of subsidiaries, associates and jointly controlled entity *(Continued)*

(a) Particulars of the Company's subsidiaries at 31 December 2006 are as follows: *(Continued)*

Notes:

(i) Beijing East Gate is a wholly foreign-owned enterprise.

(ii) Yinda is a sino-foreign equity joint venture company established in the PRC. Under the joint venture agreement, the Group is responsible to contribute RMB9,000,000 to the registered capital of Yinda and share 90% of the profits and losses of Yinda.

(iii) Shenyang East Gate is a sino-foreign co-operative joint venture company established in the PRC. Under the joint venture agreement, the Group is responsible to contribute US$10,000,000 to the registered capital of Shenyang East Gate and share 70% of the profits and losses of Shanyang East Gate.

Other than the investment holding companies incorporated in the British Virgin Islands which have no principal place of operation, SGIAM, Beijing East Gate, Yinda and Shenyang East Gate which operate principally in the PRC, all other subsidiaries principally operate in Hong Kong.

Other than the convertible notes issued by the Company as explained in note 43, no loan capital has been issued by the Company and any of its subsidiaries.

56. 附屬公司、聯營公司及共同控制公司摘要 *(續)*

(a) 本公司各附屬公司於二零零六年十二月三十一日之詳情如下：*(續)*

附註：

(i) 北京東環是一家全外資擁有之企業。

(ii) 銀達是一家於中國成立之中外合資企業。根據合作合同，本集團負責出資人民幣9,000,000元作為銀達之註冊資本，並且有權分享銀達90%權益。

(iii) 沈陽東環是一家於中國成立之中外合作合營企業。根據合作合同，本集團負責出資10,000,000美元註冊資本予沈陽東環並有權分享沈陽東環70%權益。

除於英屬處女群島註冊成立之投資控股公司外(並無主要營業地點)，銀建資產管理、北京東環、銀達及沈陽東環主要是於中國營運外，所有其他附屬公司均在香港經營為主。

除本公司發行的可換股票據(詳見附註43)外，本公司及其任何附屬公司概無發行任何資本債務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

56. Particulars of subsidiaries, associates and jointly controlled entity *(Continued)*

56. 附屬公司、聯營公司及共同控制公司摘要 *(續)*

(b) Particulars of the Company's significant associates at 31 December 2006 are as follows:

(b) 本公司各重大聯營公司於二零零六年十二月三十一日的詳情如下：

Name of company 公司名稱	Form of business structure 業務型態	Place of incorporation/ establishment 註冊成立／成立地點	Principal place of business 主要營運地點	Class of shares held 所持股份類別	Proportion of nominal value of issued ordinary share capital/ Registered capital held by the Company 本公司所持有已發行普通股本／註冊資本面值比例 The Group 本集團	The Company 本公司	Principal activities 主要業務
CII Limited 中基建設投資有限公司	Incorporated 註冊成立	Hong Kong 香港	Hong Kong 香港	Ordinary 普通股	50%	—	Investment in infrastructure projects and distressed assets business 投資基建項目及不良資產業務
Nonferrous Metals International (BVI) Limited	Incorporated 註冊成立	British Virgin Islands 英屬處女群島	Hong Kong 香港	Ordinary 普通股	50%	50%	In the process of deregistration 撤銷註冊中
北京君合百年房地產開發有限公司	Sino-foreign equity joint venture 中外合資企業	PRC 中國	PRC 中國	Registered capital 註冊資本	22.62%	—	Property development and investment 物業發展及投資
SYJ Holding Limited	Incorporated 註冊成立	British Virgin Islands 英屬處女群島	Hong Kong 香港	Ordinary 普通股	42.75%	28%	Investment holding 投資控股
Beijing Ju Fu Real Estate Development Company Limited 北京巨福房地產開發有限公司	Sino-foreign equity joint venture 中外合資企業	PRC 中國	PRC 中國	Registered capital 註冊資本	49.925%	—	Property development and investment 物業發展及投資

(c) Particulars of the Company's jointly controlled entity at 31 December 2006 are as follows:

(c) 本公司之共同控制公司於二零零六年十二月三十一日之詳情如下：

Name of company 公司名稱	Form of business structure 業務型態	Place of incorporation 註冊成立地點	Principal place of operation 主要營運地點	Class of shares held 所持股份類別	Proportion of nominal value of registered capital held by the Group/Company 本集團／公司所持有的註冊資本面值比例	Principal activities 主要業務
Platinum One Limited	Incorporated 註冊成立	Mauritius 毛里裘斯	Hong Kong 香港	Ordinary 普通股	50%	Distressed assets business 不良資產業務

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For the year ended 31 December 2006
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57. Retirement benefits plans

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Schemes are held separately from those of the Group and are held, in funds under the control of trustees. The Group contributes the lower of HK$1,000 per month or 5% of relevant payroll costs to the Scheme.

The employees of the subsidiaries in the PRC are members of retirement benefits schemes operated by the PRC government. The relevant PRC subsidiaries are required to make contributions to the state retirement schemes in the PRC based on 20% of the monthly salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liability to the retired staff.

57. 退休福利計劃

集團為所有香港員工參加了強制性公積金計劃(「計劃」)。計劃之資產乃獨立於本集團，以由托管人控制之基金形式持有。本集團就計劃每月作出供款1,000港元或個別僱員適用月薪的5%以較低者為準。

中國的附屬公司員工享有中國政府營辦的退休福利計劃。有關中國附屬公司須按僱員月薪20%向國家退休福利計劃供款以資助有關福利。僱員有權根據相關政府規例參照其退休時之底薪及服務年期計算退休金。中國政府須對該等退休僱員之退休金負責。

58. Major non-cash transactions

(a) During the year ended 31 December 2006, the Group entered into a settlement agreement with a borrower, pursuant to which the 8% Loan Receivable of HK$141,718,000 was settled by assigning 48,284,610 equity shares of an unlisted financial institution in the PRC held by the borrower to the Group. Details of the transaction are set out in note 32.

(b) On 23 November 2006, the second anniversary of the issue of the convertible note to Catic Limited, the Company repaid convertible note in the principal of HK$220,000,000 by issuing a loan note of HK$220,000,000 to Catic Limited. Details of the transactions and the loan note are set out in notes 43 and 49 respectively.

58. 主要非現金交易

(a) 於截至二零零六年十二月三十一日止年度，本集團與一名借款人簽訂支付協議，據此，8%應收貸款141,718,000港元透過借款人持有的一間中國非上市金融機構向本集團出讓48,284,610股權益股份支付。交易詳情載於附註32。

(b) 於二零零六年十一月二十三日(向Catic Limited發行可換股票據之第二週年)，本公司透過發行220,000,000港元之貸款票據向Catic Limited償還本金額為220,000,000港元之可換股票據。有關交易及貸款票據之詳情分別載於附註43及49。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

59. Post balance sheet events

(a) At 31 December 2006, the Group held 10,844,000 ordinary shares of Tongjitang, which represents a 10.8% equity interest in Tongjitang and was classified as available-for-sale investments in the consolidated balance sheet as at 31 December 2006. On 16 March, 2007, Tongjitang listed its American Depositary Shares ("ADS(s)") on the New York Stock Exchange at an initial offering price of US$10 per ADS. In Tongjitang's initial public offering, Tongjitang offered 8,350,000 ADSs while Tongjitang's shareholders offered 1,515,000 ADSs of which 625,000 ADSs were offered by the Group. Each ADS represents 4 ordinary shares of Tongjitang. Based on the offering price of US$10 per ADS, the Group's 10,844,000 ordinary shares of Tongjitang at 31 December 2006 would be valued at approximately HK$211,458,000 and during the initial public offering, the Group disposed of 2,500,000 ordinary shares of Tongjitang for a total consideration of approximately HK$48,750,000 with a gain of approximately HK$26,500,000.

59. 結算日後事項

(a) 於二零零六年十二月三十一日，本集團持有同濟堂10,844,000股普通股，佔同濟堂股本權益之10.8%，並於二零零六年十二月三十一日在綜合資產負債表中歸類為可供出售投資。於二零零七年三月十六日，同濟堂在紐約證券交易所以美國預託證券(「預託證券」)方式上市，首次發售價每份預託證券10美元。在同濟堂的首次公開發售中，同濟堂發售8,350,000份預託證券，而同濟堂股東發售1,515,000份預託證券，當中625,000份預託證券由本集團發售。每份預託證券代表4股同濟堂普通股。基於發售價每份預託證券10美元，本集團的10,844,000股同濟堂普通股在二零零六年十二月三十一日的價值約為211,458,000港元，而且在首次公開發售中，本集團以總代價約48,750,000港元出售同濟堂2,500,000股普通股，收益約26,500,000港元。

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For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

59. Post balance sheet events *(Continued)*

(b) On 25 October 2006, a subsidiary of the Company entered into a cooperation memorandum with China Orient Asset Management Corporation (the "Memorandum") to establish a company in the PRC, Dongxin Union Asset Management Corporation Limited ("Dongxin Union"), with the purpose of managing a non-performing loans portfolio ("the Orient NPL Portfolio"). Pursuant to the Memorandum, the Company's subsidiary would purchase 46.17% of interest in Dongxin Union, at a consideration of approximately RMB 319,681,500 (equivalent to approximately HK$321,700,500). The aggregate outstanding principal (including the booked interest of approximately RMB13,631,000,000) of the Orient NPL Portfolio held by Dongxin Union amounted to approximately RMB 34,944,000,000 (equivalent to approximately HK$35,165,000,000). The transaction is subject to the approval by the Ministry of Commerce of the PRC which was obtained on 17 January 2007.

59. 結算日後事項 *(續)*

(b) 於二零零六年十月二十五日，本公司之附屬公司與中國東方融資產管理公司簽訂合作備忘錄(「備忘錄」)，於中國成立東新聯合融資財產管理有限公司(「東新聯合」)，旨在管理不履約貸款組合(「東方不履約貸款組合」)。根據備忘錄，本公司之附屬公司將收購東新聯合46.17%的權益，代價約人民幣319,681,500元(約合321,700,500港元)。東新聯合持有東方不履約貸款組合之尚未償還本金總額(包括利息約人民幣13,631,000,000元)約人民幣34,944,000,000元(相當於約35,165,000,000港元)。交易須由中國商務部批准，該交易已於二零零七年一月十七日獲批准。

FINANCIAL SUMMARY 財務概要表

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度				
		2002 二零零二年 *HK$ Million 百萬港元* *(note) (附註)*	2003 二零零三年 *HK$ Million 百萬港元* *(note) (附註)*	2004 二零零四年 *HK$ Million 百萬港元* *(note) (附註)*	2005 二零零五年 *HK$ Million 百萬港元*	**2006 二零零六年 *HK$ Million 百萬港元***
Results	**業績**					
Turnover	營業額	181.9	512.3	685.2	551.8	**1,487.2**
Profit for the year attributable to equity holders of the Company	本公司股本持有人應佔年內溢利	91.9	182.8	403.7	724.1	**494.8**

		At 31 December 於十二月三十一日				
		2002 二零零二年 *HK$ Million 百萬港元* *(note) (附註)*	2003 二零零三年 *HK$ Million 百萬港元* *(note) (附註)*	2004 二零零四年 *HK$ Million 百萬港元* *(note) (附註)*	2005 二零零五年 *HK$ Million 百萬港元*	**2006 二零零六年 *HK$ Million 百萬港元***
Assets and liabilities	**資產及負債**					
Investment properties and property, plant and equipment	投資物業及物業、廠房及設備	1,966.1	1,985.7	2,045.2	2,227.8	**2,328.5**
Properties under development	在建物業	141.1	151.3	–	–	**–**
Loan receivables	應收貸款	–	112.1	–	–	**–**
Goodwill	商譽	44.7	39.1	33.5	33.5	**33.5**
Negative goodwill	負商譽	(66.8)	(63.1)	(59.4)	–	**–**
Structured finance securities	結構性金融證券	–	–	–	–	**24.4**
Other asset	其他資產	8.2	6.9	5.5	4.1	**2.8**
Interest in a jointly controlled entity	於共同控制公司權益	–	–	–	–	**32.1**
Interests in associates and amounts due from associates	聯營公司權益及應收聯營公司款	1,193.7	1,192.5	1,256.6	1,510.8	**1,540.1**
Investments in securities	證券投資	3.0	1.5	1.5	–	**–**
Available-for-sale investments	可供出售投資	–	–	–	2.2	**99.1**
Interest in distressed assets	不良資產權益	–	–	456.0	204.7	**–**
Deposit paid for acquisition of investments	已付收購投資之按金	–	–	–	44.5	**–**
Deposit paid for acquisition of distressed assets	已付收購不良資產之按金	–	–	–	263.7	**–**
Amount due from a shareholder of an associate	應收一間聯營公司的一名股東的款項	97.5	–	–	–	**–**
Deferred tax assets	遞延稅項資產	11.1	11.3	18.5	1.3	**–**
Net current (liabilities) assets	流動(負債)資產淨值	(1,031.3)	(1,029.7)	789.4	238.3	**1,211.9**
		2,367.3	2,407.6	4,546.8	4,530.9	**5,272.4**
Share capital	股本	262.4	262.4	351.7	337.7	**364.1**
Reserves	儲備	1,824.3	1,976.6	3,132.0	3,505.3	**4,226.5**
Equity attributable to equity holders of the Company	本公司股本持有人應佔股本					

SUMMARY OF INVESTMENT PROPERTIES AND STOCK OF PROPERTIES 投資物業及物業存貨概要

For the year ended 31 December 2006
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	Location **地點**	**Lease term** **租約期限**	**Purpose** **用途**	**Gross area** **建築面積** *Sq. ft.* *平方呎*
1.	Certain properties at Tung Shun Hing Building, No. 22 Chi Kiang Street, To Ka Wan, Kowloon. 九龍土瓜灣浙江街22號同順興大廈若干物業。	Medium term lease 中期	Commercial 商業	19,934
2.	Certain properties at Admiralty Centre, No. 18 Harcourt Road, Hong Kong. 香港夏慤道18號海富中心若干物業。	Long lease 長期	Commercial 商業	2,076
3.	Certain properties at Winfield Building, Nos. 1-5 Ventris Road, Happy Valley, Hong Kong.	Long lease 長期	Residential 住宅	4,791

SUMMARY OF INVESTMENT PROPERTIES AND STOCK OF PROPERTIES 投資物業及物業存貨概要

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Investment properties in the PRC 位於中國之投資物業

	Location 地點	Lease term 租約期限	Purpose 用途	Gross area 建築面積 Sq. ft. 平方呎
7.	Portions of Level 1-6 (on the retail podium), Jiali Plaza, Zhongshan Avenue, Jiangan District, Wuhan, Hebei Province, the PRC. 中國湖北省武漢市江岸區中山大道佳麗廣場第一至六層(零售商場)部分。	Medium term lease *(note)* 中期 *(附註)*	Commercial 商業	188,531
8.	Basement 1, Basement 2, Level 0 and Level 1 to 3 of East Gate Plaza, 19 Dongzhong Street, Dongcheng District, Beijing, the PRC. 中國北京市東城區東中街19號東環廣場地庫一層、地庫二層、夾層及一層至三層。	Medium term lease 中期	Commercial 商業	700,427
9.	Level 4 to 31, South Apartment Tower, East Gate Plaza, 39 Dongzhong Street, Dongcheng District, Beijing, the PRC. 中國北京市東城區東中街39號東環廣場南座公寓樓第四至三十一層。	Long lease 長期	Residential 住宅	339,993
10.	Level 4 to 31, North Apartment Tower, East Gate Plaza, 19 Dongzhong Street, Dongcheng District, Beijing, the PRC. 中國北京市東城區東中街19號東環廣場北座公寓樓第四至三十一層。	Long lease 長期	Residential 住宅	339,739
11.	Portion of Level 2-5, 6 and 8 of Hua Bo Lau, No. 28 Dong Zhong Jie Jia, Dongcheng District, Beijing, the PRC. 中國北京市東城區東中街甲28號華波樓第二至五、六及八層部分。	Medium term lease *(note)* 中期 *(附註)*	Commercial 商業	10,540
12.	Certain properties at Yin Tong International Centre, C5 World Trade Avenue, Haikou City, Hainan Province, the PRC. 中國海南省海口市世貿大道C5銀通國際中心若干物業。	Long lease 長期	Commercial 商業	153,882
13.	Certain properties on various level of Block 4 at Yinhe Garden, Diahua Road, Haidian Island East, Development District the 3rd Southern Zone, Haikou, Hainan Province, the PRC. 中國海南省海口市海甸島東部開發區南三區甸花路頤和花園小區4棟多層若干物業。	Long lease 長期	Residential 住宅	9,052

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Investment properties in the PRC *(Continued)* **位於中國之投資物業** *(續)*

	Location 地點	Lease term 租約期限	Purpose 用途	Gross area 建築面積 Sq. ft. 平方呎
14.	A unit located on Block 6, Yinhe Garden, Diahua Road, Haidian Island East, Development District the 3rd Southern Zone, Haikou, Hainan Province, the PRC. 中國海南省海口市海甸島東部開發區南三區甸花路頤和花園小區6棟一單元。	Long lease 長期	Residential 住宅	6,637
15.	Carparking space No. 6 & 8 on Level 1 of Block 3, Yinhe Garden, Diahua Road, Haidian Island East, Development District the 3rd Southern Zone, Haikou, Hainan Province, the PRC. 中國海南省海口市海甸島東部開發區南三區甸花路頤和花園小區3棟第一層6及8號車庫。	Long lease 長期	Car parking 車位	464
16.	Unit 502 on Level 5 of Block 16, No. 2 Longkum Road North, Haikou, Hainan Province, the PRC. 中國海南省海口市龍昆北路2號16棟第五層502號。	Long lease 長期	Residential 住宅	1,162
17.	Unit 401 & 501 on Level 4 & 5 of Block 10, No. 2 Longkum Road North, Haikou, Hainan Province, the PRC. 中國海南省海口市龍昆北路2號10棟第四及五層401及502號。	Long lease 長期	Residential 住宅	2,015
18.	An office unit located on the Eastern Portion of Level 15, CMEC Building, Guomao Main Road, Haikou, Hainan Province, the PRC. 位於中國海南省海口市國貿大道CMEC大廈十五層東區辦公室單元部分。	Long lease 長期	Commercial 商業	6,079
19.	Villa No. 8 of Block D, Shannei Garden, No. 258 Wenming Road East, Haikou, Hainan Province, the PRC. 中國海南省海口市文明東路258號山內花園D型別墅8號。	Long lease 長期	Residential 住宅	3,118

Note: The legal title of the properties have not been passed to the Group at 31 December, 2006.

附註： 此等物業之產權於二零零六年十二月三十一日尚未過戶予本集團。

SUMMARY OF INVESTMENT PROPERTIES AND STOCK OF PROPERTIES 投資物業及物業存貨概要

For the year ended 31 December 2006
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Stock of properties 物業存貨

Location 地點		Attributable interest to the Group 本集團應佔權益	Site area (sq. ft.) 地盤面積 (平方呎)	Estimated gross floor area (sq. ft.) 估計樓面面積(平方呎)	Purpose 用途	Estimated date of completion 預期完工日期	State of completion 建築進度
1.	No. 58, North Yun Feng Street, Tiexi District, Shenyang, the PRC. 中國沈陽市鐵西區雲風街北58號。	98.5%	Approximately 273,000 約273,000	Approximately 1,118,000 約1,118,000	Residential 住宅	2006 二零零六年	Completed 已完成