



G-PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

金匡企業有限公司

Stock Code 股份代號 : 286

2006
Annual Report
二零零六年年報

Contents

目錄

| | | |
|---|-------------|----|
| CORPORATE INFORMATION | 公司資料 | 2 |
| CHAIRMAN'S STATEMENT | 主席報告書 | 4 |
| FINANCIAL OPERATION REVIEW | 財務業務回顧 | 7 |
| PROFILES OF DIRECTORS AND SENIOR EXECUTIVES | 董事及高級行政人員簡介 | 9 |
| DIRECTORS' REPORT | 董事會報告書 | 11 |
| CORPORATE GOVERNANCE REPORT | 企業管治報告書 | 21 |
| INDEPENDENT AUDITORS' REPORT | 獨立核數師報告書 | 28 |
| CONSOLIDATED INCOME STATEMENT | 綜合收益表 | 30 |
| CONSOLIDATED BALANCE SHEET | 綜合資產負債表 | 31 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 綜合股本權益變動表 | 32 |
| CONSOLIDATED CASH FLOW STATEMENT | 綜合現金流量表 | 33 |
| NOTES TO THE FINANCIAL STATEMENTS | 財務報表附註 | 34 |
| FIVE YEAR FINANCIAL SUMMARY | 五年財務概要 | 72 |
| SUMMARY OF INVESTMENT PROPERTIES | 投資物業概要 | 73 |

DIRECTORS

Executive Directors:

Lau, Ming-wai (*Chairman*)
Leung, Wing-pong (*Chief Executive Officer*)
Kong, Chi-ming (*Deputy Chairman*)

Independent Non-executive Directors:

Leung, Yun-fai
Lam, Yat-fai
David Chain, Chi-woo

AUDIT COMMITTEE

Lam, Yat-fai (*Chairman*)
Leung, Yun-fai
David Chain, Chi-woo

REMUNERATION COMMITTEE

Leung, Yun-fai (*Chairman*)
Lam, Yat-fai
David Chain, Chi-woo

COMPANY SECRETARY

Lam, Kwong-wai

QUALIFIED ACCOUNTANT

Wong, Yuet-ying

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

SOLICITORS

Sit, Fung, Kwong & Shum
Sidley Austin

董事

執行董事：

劉鳴煒（主席）
梁榮邦（行政總裁）
江志明（副主席）

獨立非執行董事：

梁潤輝
林日輝
錢其武

審核委員會

林日輝（主席）
梁潤輝
錢其武

薪酬委員會

梁潤輝（主席）
林日輝
錢其武

公司秘書

林光蔚

合資格會計師

黃月影

核數師

國衛會計師事務所
英國特許會計師
香港執業會計師
香港中環
畢打街11號
置地廣場
告羅士打大廈31樓

律師

薛馮鄭岑律師行
盛德律師事務所

Corporate Information

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Chong Hing Bank Limited

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Secretaries Limited
26th Floor Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

26th Floor MassMutual Tower
38 Gloucester Road Wanchai Hong Kong
Tel: (852) 2866 6999
Fax: (852) 2866 2822, 2866 2833

WEBSITE

<http://www.g-prop.com.hk>

STOCK CODE

286

公司資料

主要往來銀行

渣打銀行(香港)有限公司
創興銀行有限公司

股份過戶登記總處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke Bermuda

股份過戶登記分處

秘書商業服務有限公司
香港
皇后大道東28號
金鐘匯中心26樓

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要辦事處

香港灣仔告士打道38號
美國萬通大廈26樓
電話: (852) 2866 6999
傳真: (852) 2866 2822, 2866 2833

網址

<http://www.g-prop.com.hk>

股份代號

286

RESULTS

The profit for the year was HK\$4.8 million and was decreased by HK\$2.3 million or 32.1%. It is merely because the loss on disposal of investment properties for the year was HK\$0.7 million but there was the gain on disposal of investment properties of HK\$3.5 million in last year.

DIVIDENDS

The directors of the Company have resolved to recommend the payment of a final dividend of HK\$7,941,000 representing HK\$0.01 (2005: HK\$0.01) per share in respect of the year ended 31st December, 2006. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

The register of members will be closed from 9th May, 2007 to 15th May, 2007 (both days inclusive) and those persons whose names are registered as members of the Company on 15th May, 2007 will be entitled to receive the proposed final dividend. In order to qualify for the proposed final dividend, all transfers must be lodged with Company's Branch Share Registrar in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road, East, Hong Kong not later than 4:00 pm on 8th May, 2007.

It is expected that the relevant dividend will be payable to those entitled thereto on or around 5th June, 2007 subject to the shareholder's approval in the 2007 annual general meeting of the Company.

BUSINESS REVIEW

During the year ended 31st December, 2006, the Group disposed of 3-storey shopping arcade which is known as Yuen Long New Place and two residential units on 4th floor of Golden Hall Building. The shopping arcade had a total gross floor area of approximately 19,127 square feet and the loss on this disposal was HK\$0.7 million as disclosed as the loss on disposal of investment properties in the Consolidated Income Statement for the year ended 31st December, 2006. After the completion of the disposal in September 2006, the remaining eight levels of the godown in Kwai Chung were continuing to generate rental income to the Group for the whole year.

As the above disposal was completed in September 2006, it has a decrease in rental income from HK\$4.2 million to HK\$3.2 million and contributed 83.3% of HK\$1.2 million reduction on turnover for the year ended 31st December, 2006.

業績

本年內溢利為4,800,000港元，減少2,300,000港元或32.1%，純粹由於年內出售投資物業之虧損為700,000港元，但去年出售投資物業之收益則為3,500,000港元。

股息

本公司董事議決建議派發截至二零零六年十二月三十一日止年度之末期股息7,941,000港元，即每股0.01港元（二零零五年：0.01港元）。於結算日後建議之末期股息於結算日並未確認為負債。

本公司將於二零零七年五月九日起至二零零七年五月十五日（包括首尾兩日）暫停辦理股份過戶登記，而於二零零七年五月十五日登記為本公司股東之人士將有權收取擬派末期股息。為符合資格獲發擬派末期股息，所有股份登記文件須於二零零七年五月八日下午四時正之前遞交本公司之香港股份過戶登記分處秘書商業服務有限公司，地址為香港皇后大道東28號金鐘匯中心26樓。

預期有關股息將於二零零七年六月五日或前後派付予有權獲發之人士，惟須待本公司二零零七年股東週年大會上股東批准後方可作實。

業務回顧

於截至二零零六年十二月三十一日止年度，本集團出售三層高購物商場元朗新地帶及兩個位於金豪大廈4樓之住宅單位。該購物商場之總建築面積約為19,127平方呎，於截至二零零六年十二月三十一日止年度之綜合收益表內披露為出售投資物業之虧損，而有關出售虧損為700,000港元。於二零零六年九月完成出售後，餘下位於葵涌之八層高貨倉繼續於全年內為本集團帶來租金收入。

由於上述出售於二零零六年九月完成，租金收入由4,200,000港元減少至3,200,000港元，佔截至二零零六年十二月三十一日止年度1,200,000港元之營業額減幅之83.3%。

POST BALANCE SHEET EVENTS

On 27th December, 2006 and 8th December, 2006, Superkey Development Limited and Boria Enterprises Limited, ("Boria") indirect wholly owned subsidiaries of the Company, entered into two sale and purchase agreements with two independent third parties ("the Purchasers") in relation to the disposals of a car park located at No. 4106, 4/F., Bank of America Tower, 12 Harcourt Road, Hong Kong (the "Car Park") and a property located at 3rd Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the "Property") at considerations of HK\$538,000 and HK\$8,800,000 respectively. The Car Park was satisfied by the Purchasers in cash and the transaction was completed on 19th January, 2007. The Property shall be satisfied in cash and the transaction would be completed on or before 31st May, 2007. Details of the disposal of the Property was disclosed in the G-Prop's announcement dated 12th December, 2006.

On 4th January, 2007 and 16th January, 2007, Boria further entered into two preliminary sale and purchase agreements with another two separately independent third parties in relation to the disposals of 11th Floor and 7th Floor to 10th Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at consideration of approximately HK\$5.18 million and HK\$20.66 million respectively, which shall be satisfied by the two purchasers in cash and completed on or before 25th July, 2007 and on 6th August, 2007 respectively. Details of the two disposals were disclosed in the G-Prop's announcement dated 8th January, 2007 and 13th February, 2007.

PROSPECTS

The existing eight levels of the godown in Kwai Chung are expected to continue to generate rental income to the Group until the 3rd Floor, 11th floor and 7th to 10th of the godown would be completed the disposal on or before 31st May, 2007 and 25th July, 2007 and on 6th August, 2007 respectively. On 6th August, 2006, on the assumption that there is no further acquisition made by the Group and the above disposal of properties are proceed on time, the remaining investment properties owned by the Group comprise the whole of 4th Floor (including the Flat Roof thereof), the whole of 5th Floor and ground floor Car parking space no. 25 of the godown building. Those two levels of the godown will be continuing generate rental income for the year ending 31st December, 2007.

結算日後事項

於二零零六年十二月二十七日及二零零六年十二月八日，本公司之間接全資附屬公司偉祺發展有限公司及博永企業有限公司（「博永」）與兩名獨立第三方（「買方」）訂立兩位買賣協議，分別以代價538,000港元及8,800,000港元出售香港夏慤道12號美國銀行中心4樓4106號停車位（「停車位」）及位於香港新界葵涌梨木道63-71號中僑貨倉大廈3樓之物業（「物業」），出售停車位已由買方於二零零七年一月十九日以現金支付及完成，出售物業則將由買方於二零零七年五月三十一日或之前以現金支付及完成。出售物業之詳情披露於金匡於二零零六年十二月十二日之公布內。

於二零零七年一月四日及二零零七年一月十六日，博永與另外兩名獨立第三方進一步訂立兩項初步買賣協議，分別以代價5,180,000港元及20,660,000港元出售位於香港新界葵涌梨木道63-71號中僑貨倉大廈11樓及7樓至10樓，買方須以現金分別於二零零七年七月二十五日或之前及於二零零七年八月六日支付代價及完成出售。兩項出售之詳情披露於金匡於二零零七年一月八日及二零零七年二月十三日之公佈內。

展望

預期位於葵涌之現有八層高貨倉將繼續為本集團帶來租金收入，直至3樓、11樓及7至10樓之貨倉分別於二零零七年五月三十一日及二零零七年七月二十五日或之前及二零零七年八月六日完成出售為止。於二零零六年八月六日，假設本集團並無進行進一步收購，而上述物業如期出售，本集團擁有之其餘投資物業將包括貨倉大樓之4樓全層（包括平台）、5樓全層及地下停車場25號泊車位。該兩層貨倉將繼續於截至二零零七年十二月三十一日止年度帶來租金收入。

PROSPECTS (cont'd)

The cash balance at 31st December, 2006 was HK\$88 million. And after adding up the net proceeds of HK\$34 million from the disposal of the above properties, net operating cash inflow and deducting the proposed final dividend of HK\$7.9 million for the year of 2006 and expected cash balance will be HK\$119 million. The percentages of cash to total assets and net assets of the Group will be approximately 93% and 95% respectively. The Group is principally engaged in property investment and property leasing in Hong Kong. The Group has no intention to change its principal business. The Directors will make best of use of the funds available to identify the suitable investment(s) and/or business(es) and to acquired in coming five months.

APPRECIATION

I would like to take this opportunity to thank our shareholders for their continuous support and my fellow directors and staff for their dedication and hard work.

On behalf of the Board

Lau, Ming-wai

Chairman

Hong Kong, 8th March, 2007

展望(續)

於二零零六年十二月三十一日之現金結餘為88,000,000港元。經計入出售上述物業之所得款項淨額34,000,000港元及經營現金流入淨額同時扣除二零零六年度之擬派末期股息7,900,000港元，預期現金結餘將為119,000,000港元。現金佔本集團總資產及資產淨值之百分比分別約為93%及95%。本集團主要於香港從事物業投資及物業租賃。本集團無意改變其主要業務。董事將運用該項可動用資金，並考慮在未來五個月內物色適當的投資及／或業務。

致謝

本人謹藉此機會對股東從不間斷之支持，以及各位董事及員工為本集團作出之貢獻及不懈努力表示謝意。

代表董事會

劉鳴煒

主席

香港，二零零七年三月八日

RESULTS

Turnover for the year was HK\$3.5 million and was decreased by HK\$1.2 million or 25.2% when compared with last year. The decrease in turnover was the result of decrease in rental income and other investment of HK\$1 million and HK\$0.2 million respectively.

The profit from operations for the year was HK\$4.8 million and was decreased by HK\$2.3 million or 32.1%. It is merely because the loss on disposal of investment properties for the year was HK\$0.7 million but there was a gain on disposal of investment properties of HK\$3.5 million in last year. Other operating income for the year was HK\$2.4 million (2005: HK\$1 million), which mainly comprised of bank interest income of HK\$1.8 million, representing an increase of 3.3 times from last year. Increase in bank interest income was due to increase in bank balance arising from the disposal of investment properties during the year.

NET ASSET VALUE

As at 31st December, 2006, the Group's total net asset was approximately HK\$128.7 million (2005: HK\$131.8 million), a decrease of HK\$3.1 million or 2.4% when compared with last year. The decrease was caused by net effects on the dividend payment of HK\$7.9 million during the year and retained profit for the year of HK\$4.8 million for the year. Net asset value per share as at 31st December, 2006 was HK\$0.162 (2005: HK\$0.166).

EQUITY

The number of ordinary shares in issue as both at 31st December, 2006 and 31st December, 2005 were 794,057,800.

FINANCIAL AND INTEREST INCOME/EXPENSES

Interest income was included in turnover and other operating income. Interest received, other than from loans receivables, was bank interest income of HK\$1.8 million. There were no finance costs due to no borrowing of the Group during the year.

業績

本年內營業額為3,500,000港元，較去年減少1,200,000港元或25.2%。營業額減少乃由於租金收入及其他投資分別減少1,000,000港元及200,000港元所致。

本年內經營溢利為4,800,000港元，減少2,300,000港元或32.1%，純粹由於本年內出售投資物業之虧損為700,000港元，但去年出售投資物業之收益則為3,500,000港元。本年內其他經營收入為2,400,000港元（二零零五年：1,000,000港元），其主要為銀行利息收入1,800,000港元，較去年上升3.3倍。銀行利息收入增加乃由於年內出售投資物業帶來銀行結餘增加所致。

資產淨值

於二零零六年十二月三十一日，本集團資產淨值總額約為128,700,000港元（二零零五年：131,800,000港元），較去年減少3,100,000港元或2.4%。有關減幅源自本年度派付股息7,900,000港元及本年內之保留溢利4,800,000港元之淨影響。於二零零六年十二月三十一日，每股資產淨值為0.162港元（二零零五年：0.166港元）。

股本

於二零零六年十二月三十一日及二零零五年十二月三十一日之已發行普通股數目均為794,057,800股。

財務及利息收入／支出

利息收入已計入營業額及其他經營收入。除應收貸款之利息外，已收利息為銀行利息收入1,800,000港元。由於本集團本年度並無借貸，因此並無財務費用。

REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31st December, 2006, the Group employed a total of 3 staff excluding the directors (31st December, 2005: 4 staff). Total staff cost for the year was approximately HK\$1.1 million (excluding directors' remuneration) and no material difference with last year (2005: HK\$1 million). Remuneration package comprised salary and year-end bonuses based on individual merits. The Company has adopted share option scheme on 15th February, 2002 (the "2002 Scheme"). Details of the 2002 Scheme will be disclosed in note 26 to the financial statements for the year ended 31st December, 2006. There were no outstanding options at the beginning and at the end of the year. No options were granted, exercised, cancelled and lapsed during the year.

PROPERTY VALUATION

During the year, the Group has disposed of investment properties with carrying value of HK\$68.1 million as at 1st January, 2006. The Group's investment properties were revalued at 31st December, 2006 by Norton Appraisals Limited, an independent firm of professional property valuers, at HK\$35.6 million after reallocation HK\$9.3 million to assets classified as held for sales during the year. The assets classified as held for sales comprised of the properties which the indirect wholly subsidiaries of the Group had entered into sales and purchase agreements with independent third parties before 31st December, 2006 but the completion date is after 31st December, 2006. The surplus arising on revaluation of investment properties of HK\$5.3 million was credited to the consolidated income statement.

酬金政策及認購股權計劃

於二零零六年十二月三十一日，本集團共有僱員3名（不包括董事）（二零零五年十二月三十一日：4名）。本年內總職員成本（除董事薪酬外）約為1,100,000港元，與去年大致相同（二零零五年：1,000,000港元）。酬金包括薪金及按個別表現釐定之年終花紅。本公司於二零零二年二月十五日採納購股權計劃（「二零零二年計劃」）。二零零二年計劃之詳情將於截至二零零六年十二月三十一日止年度之財務報表附註26內披露。本年初及年終並無認購股權尚未行使。本年度概無授出、行使或註銷認購股權，亦無認購股權已經失效。

物業估值

本年度，本集團已出售於二零零六年一月一日賬面值為68,100,000港元之投資物業。本年度重新分配9,300,000港元至列為持作出售之資產後，本集團之投資物業由獨立專業物業估值師行普敦國際評估有限公司於二零零六年十二月三十一日進行之估值為35,600,000港元。列為持作出售之資產包括本集團間接全資附屬公司於二零零六年十二月三十一日前與獨立第三方訂立買賣協議之物業，惟完成日期於二零零六年十二月三十一日之後。重估投資物業產生之盈餘5,300,000港元已於綜合收益表入賬。

Profiles of Directors and Senior Executives

董事及高級行政人員簡介

EXECUTIVE DIRECTORS

Mr. LAU, Ming-wai, aged 26, has been the Chairman and Executive Director of the Company since January 2007. Mr. Lau holds both a Bachelor Degree and a Doctoral Degree in Laws from King's College London as well as a Master Degree in Laws from The London School of Economics and Political Science. He previously worked at The Goldman Sachs Group, Inc., Longview Partners, LP, and was the Investor Relations Manager of Chinese Estates Holdings Limited. Now, Mr. Lau is an Executive Director of Chinese Estates Holdings Limited and also is a registered attorney in the State of New York and a CFA (Chartered Financial Analyst) Charterholder.

Mr. LEUNG, Wing-pong, aged 45, has been an Executive Director of the Company since October 2002 and was appointed as Chief Executive Officer of the Company in July 2005. Mr. Leung has over 19 years' experience in the area of internal audit. He is a member of the Hong Kong Securities Institute, he is also a Responsible Officer of a securities and futures firm in Hong Kong.

Mr. KONG, Chi-ming, aged 43, has been an Executive Director of the Company since July 2005 and was appointed Deputy Chairman of the Company in November of the same year. Mr. Kong holds a Bachelor Degree and a Master Degree in Business Administration. He has over 16 years of experience in the management and development of property projects in China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG, Yun-fai, aged 49, has been an Independent Non-executive Director of the Company since November 2003. Mr. Leung holds a Bachelor Degree of Business Administration from Newport University in the United States. He is also a director of a financial consulting firm in Hong Kong and had over 21 years of auditing and accounting experience with Kwan Wong Tan & Fong and Deloitte Touche Tohmatsu.

Mr. LAM, Yat-fai, aged 41, has been an Independent Non-executive Director of the Company since December 2003. Mr. Lam is a Certified Public Accountant (Practising). Mr. Lam is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He worked with Kwan Wong Tan & Fong and Deloitte Touche Tohmatsu for over 10 years. Mr. Lam has over 17 years' experience in auditing, taxation, corporate finance and accounting. He is also the independent non-executive director of Oriental Press Group Limited, Yunnan Enterprises Holdings Limited and New Smart Energy Group Limited, all of which are public companies listed on the Main Board of The Stock Exchange of Hong Kong Limited.

執行董事

劉鳴煒先生，26歲，自二零零七年一月起為本公司之主席兼執行董事。劉先生同時持有倫敦大學國王學院之法律學士學位及博士學位，以及倫敦經濟及政治科學學院之法律碩士學位。彼曾任職於The Goldman Sachs Group, Inc.及Longview Partners, LP及曾為華人置業集團之投資者關係經理。劉先生現時是華人置業集團之執行董事，亦為紐約州註冊律師及特許財務分析師特許持有人。

梁榮邦先生，45歲，自二零零二年十月起為本公司之執行董事及於二零零五年七月獲任命為本公司之行政總裁。梁先生在內部核數方面積逾十九年經驗。彼為香港證券專業學會會員，彼亦為香港一間證券及期貨公司之負責人員。

江志明先生，43歲，自二零零五年七月起為本公司之執行董事及於同年十一月獲任命為本公司之副主席。江先生持有工商管理學士及碩士學位。彼累積逾十六年中國房地產項目管理及發展工作之經驗。

獨立非執行董事

梁潤輝先生，49歲，自二零零三年十一月起為本公司之獨立非執行董事。梁先生於美國Newport University 取得工商管理學士學歷。彼亦為一間香港財務顧問公司之董事及在關黃陳方會計師行及德勤•關黃陳方會計師行於審計及會計方面積逾二十一年經驗。

林日輝先生，41歲，自二零零三年十二月起為本公司之獨立非執行董事。林先生現職執業會計師。林先生為香港會計師公會會員及英國特許公認會計師公會資深會員。彼曾於關黃陳方會計師行及德勤•關黃陳方會計師行工作逾十年。林先生於審計、稅務、企業融資及會計方面積逾十七年經驗。彼亦為東方報業集團有限公司、雲南實業控股有限公司及駿新能源集團有限公司之獨立非執行董事，該等公司均為於香港聯合交易所有限公司主板上市之公眾公司。

INDEPENDENT NON-EXECUTIVE DIRECTORS(cont'd)

Dr. David CHAIN, Chi-woo, aged 58, has been an Independent Non-executive Director of the Company since September 2004. Dr. Chain is a registered medical practitioner and started private practice since 1978. He is a graduate of The University of Hong Kong. For the period from 1986 to 1992, Dr. Chain was appointed as a Vice Chairman of Causeway Bay District Scout Council. For the period from 2000 to 2001, Dr. Chain was a member of Kowloon West District Advisory Committee of The Hongkong Bank Foundation District Community Programme.

SENIOR EXECUTIVE

Mr. LAM, Kwong-wai, aged 51, has been the Group Financial Controller of the Company in November 2003 and was appointed as the Company Secretary in January 2007. He is the Group Financial Controller and the Company Secretary of Chinese Estates Holdings Limited and Chi Cheung Investment Company, Limited. Mr. Lam is a qualified accountant and holds a Master Degree in Business Administration. He has over 29 years of experience in auditing, finance and accounting.

獨立非執行董事(續)

錢其武醫生·58歲·自二零零四年九月起為本公司之獨立非執行董事。錢醫生為註冊醫生及自一九七八年起私人執業。彼於香港大學畢業。錢醫生於一九八六年至一九九二年期間獲委任為銅鑼灣分區童軍委員會副主席。錢醫生於二零零零年至二零零一年期間為匯豐銀行慈善基金社區發展計劃西九龍區諮詢委員會委員。

高級行政人員

林光蔚先生·51歲·自二零零三年十一月起為本公司之集團財務總監及於二零零七年一月獲委任為公司秘書。彼為華人置業集團及至祥置業有限公司之集團財務總監及公司秘書。林生先為合資格會計師·並持有工商管理碩士學位。彼在審計、財務及會計方面積逾二十九年經驗。

Directors' Report

The Directors present their annual report together the audited financial statements for the year ended 31st December, 2006.

PRINCIPAL ACTIVITIES

The company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 32 to the financial statements.

TURNOVER AND CONTRIBUTION BY SEGMENT

The Group's turnover and contribution to profit from operations analysed by principal activities are set out in notes 6 and 7 to the financial statements.

SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY

Particulars of the Company's principal subsidiaries, associates and jointly controlled entity as at 31st December, 2006 are set out in notes 32, 33 and 34 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2006 are set out in the consolidated income statement on page 30.

In the opinion of the directors, the Company's reserves available for distribution represented retained profits with an amount of HK\$77,018,000 at 31st December, 2006 (2005: HK\$82,899,000).

The directors recommend the payment of a final dividend of approximately HK\$7,941,000 (2005: HK\$7,941,000) representing HK\$0.01 (2005: HK\$0.01) per share, payable to shareholders of the Company whose names are on the register of members on 15th May, 2007.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five years is set out on page 72.

董事會報告書

董事會提呈截至二零零六年十二月三十一日止年度之年報連同經審核財務報表。

主要業務

本公司為投資控股公司。其主要附屬公司之主要業務載於財務報表附註32。

營業額及分類貢獻

本集團按主要業務分析之營業額及來自營運之溢利貢獻載於財務報表附註6及7。

附屬公司、聯營公司及共同控制機構

於二零零六年十二月三十一日，本公司之主要附屬公司、聯營公司及共同控制機構詳情分別載於財務報表附註32、33及34。

業績及分派

本集團截至二零零六年十二月三十一日止年度之業績載於第30頁之綜合收益表。

董事認為，本公司之可供分派儲備指於二零零六年十二月三十一日之保留溢利77,018,000港元（二零零五年：82,899,000港元）。

董事建議向於二零零六年五月十五日名列在股東名冊之本公司股東派付末期股息約7,941,000港元（二零零五年：7,941,000港元），即每股0.01港元（二零零五年：0.01港元）。

財務概要

本集團過往五年之業績、資產及負債概要載於第72頁。

INVESTMENT PROPERTIES

During the year, the Group disposed of investment properties with carrying amount of approximately HK\$68,100,000 at a consideration of approximately HK\$67,354,000.

The Group's investment properties were revalued at 31st December, 2006 by an independent firm of professional property valuers, on an open market value basis. Details are set out in note 16 to the financial statements.

A summary of the investment properties held by the Group at 31st December, 2006 is set out on pages 73 to 74.

SHARE CAPITAL

There is no movement in the share capital of the Company during the year.

RESERVES

Movements in the reserves of the Group during the year are set out on page 32 of the financial statements.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist at the laws of Bermuda, being the jurisdiction in which the Company is incorporated.

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

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

投資物業

本年度，本集團以代價約67,354,000港元出售賬面值約68,100,000港元之投資物業。

本集團之投資物業於二零零六年十二月三十一日由獨立物業估值師按公開市值基準重估，有關詳情載於財務報表附註16。

本集團於二零零六年十二月三十一日持有之投資物業之概要載於第73至74頁。

股本

本公司本年度股本並無任何變動。

儲備

本集團本年度之儲備變動載於財務報表第32頁。

股本優先購買權

本公司於百慕達註冊成立，該司法轄區之法律並無股本優先購買權存在。

買賣或贖回本公司之上市證券

本年度，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

| | |
|--|---|
| Mr. Lau, Ming-wai (<i>Chairman</i>) | (appointed on 1st March, 2007) |
| Mr. Leung, Wing-pong (<i>Chief Executive Officer</i>) | |
| Mr. Kong, Chi-ming (<i>Deputy Chairman</i>) | |
| Ms. Halina Hung, Shi-wei | (appointed on 11th August, 2006 & resigned on 1st March, 2007) |
| Mr. Aaron Tam, Chong-cheong | (resigned on 11th August, 2006) |

In accordance with the clause 86(2) of the Company's bye-laws, Mr. Lau, Ming-wai, will retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

Pursuant to the clauses 87(1) and 87 (2) of the Company's bye-laws, Mr. Leung, Yun-fai and Mr. Leung, Wing-pong will be retire from office by rotation for re-election at the forthcoming annual general meeting.

No Directors being proposed for re-election at forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES AND SHORT POSITION

At 31st December, 2006, none of the directors, chief executive nor their associates, had any interests or short position in any shares, underlying shares or rights to subscribe for the securities of the Company and its associated corporations, as recorded in the register maintained by the Company under Section 352 of the Securities and Futures ordinance (the "SFC"), or 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 Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

董事及董事之服務合約

本年度及截至本報告日期止本公司之董事如下:

執行董事:

| | |
|-----------------|-------------------------------|
| 劉鳴煒先生 (主席) | (於二零零七年三月一日獲委任) |
| 梁榮邦先生 (行政總裁) | |
| 江志明先生 (副主席) | |
| 熊思慧女士 | (於二零零六年八月十一日獲委任並於二零零七年三月一日辭任) |
| 譚頌翔先生 | (於二零零六年八月十一日辭任) |

根據本公司之公司細則第86(2)條，劉鳴煒先生將於應屆股東週年大會上退任，惟符合資格且願意重選連任。

根據本公司之公司細則第87(1)及87(2)條，梁潤輝先生及梁榮邦先生將於應屆股東週年大會上輪值告退以作重選連任。

擬於應屆股東週年大會上沒有董事因彼與本公司或其任何附屬公司訂立於本集團尚未決議而為期一年且沒有作出賠償（除法定賠償外）之服務合約建議重選連任。

董事之股份權益及淡倉

於二零零六年十二月三十一日，概無董事、最高行政人員或彼等之聯繫人士於本公司或其相聯法團之任何股份、相關股份或可認購其證券之權利中擁有而須記錄於本公司按證券及期貨條例（「證券及期貨條例」）第352條而存置之登記冊內之權益或淡倉，或則依據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市公司董事進行證券交易之標準守則（「標準守則」）須知會本公司及聯交所之權益或淡倉。

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 15th February, 2002 (the "2002 Scheme") for which the details are set out in note 26 to the financial statements.

No options were outstanding at 31st December, 2006 under the 2002 Scheme. No options were granted, exercised, cancelled or lapsed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme as disclosed above, at no time during the year was the Company, its holding companies or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

At as 31st December, 2006, the following parties were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Long position in shares

於股份之好倉

| Name of shareholder 股東名稱 | Number of Shares 股份數目 | Capacity 身份 | Notes 附註 | Percentage of shareholding 股權百分比% |
|---|-----------------------------|--|-------------|---|
| Million Point Limited | 170,000,000 | Beneficial owner 受益擁有人 | 1 | 21.41 |
| Cosmos Success Limited | 170,000,000 | Interest of a controlled corporation 受控制公司之權益 | 1 | 21.41 |
| Chinese Estates, Limited 華人置業有限公司 | 170,000,000 | Interest of a controlled corporation 受控制公司之權益 | 1 | 21.41 |
| Luckpoint Investment Limited 樂邦投資有限公司 | 76,877,685 | Beneficial owner 受益擁有人 | 2 | 9.68 |
| China Entertainment Land Investment Company, Limited 中華娛樂置業有限公司 | 76,877,685 | Interest of a controlled corporation 受控制公司之權益 | 2 | 9.68 |
| Paul Y. Holdings Company Limited | 150,981,076 | Beneficial owner and interest of a controlled corporation 受益擁有人及受控制公司之權益 | 3 & 4 | 19.01 |

認購股權計劃

本公司於二零零二年二月十五日採納一項認購股權計劃（「二零零二年計劃」），有關詳情載於財務報表附註26。

就二零零二年計劃內，於二零零六年十二月三十一日概無尚未行使之認購股權。本年度並無認購股權授出、行使、註銷或失效。

董事購買股份或債券之權利

除上文所披露之認購股權計劃外，本公司、其控股公司或其任何附屬公司或同系附屬公司於本年度任何時間均無作出任何安排，使本公司董事藉可購入本公司或任何其他法人團體之股份或債務證券（包括債券）中而獲得利益。

主要股東於本公司之證券權益

於二零零六年十二月三十一日，本公司按證券及期貨條例第336條存置之登記冊所載錄，以下人士直接或間接擁有或被視為擁有本公司已發行股本5%或以上之權益：

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

主要股東於本公司之證券權益 (續)

Long position in shares (cont'd)

於股份之好倉 (續)

| Name of shareholder 股東名稱 | Number of Shares 股份數目 | Capacity 身份 | Notes 附註 | Percentage of shareholding 股權百分比% |
|--|-----------------------------|---|-------------|---|
| Chinese Estates Holdings Limited | 397,858,761 | Interest of controlled corporations 受控制公司之權益 | 1,2,3 & 4 | 50.10 |
| Mr. Joseph Lau, Luen-hung 劉鑾雄先生 | 397,858,761 | Interest of a controlled corporation 受控制公司之權益 | 5 | 50.10 |
| Mr. Lau, Ming-wai 劉鳴煒先生 | 397,858,961 | Interest of a controlled corporation 受控制公司之權益 | 5 | 50.10 |
| Global King Ltd. | 397,858,761 | Interest of a controlled corporation 受控制公司之權益 | 6 | 50.10 |
| GZ Trust Corporation | 397,858,761 | Interest of a controlled corporation 受控制公司之權益 | 6 | 50.10 |
| Hutchison International Limited 和記企業有限公司 | 100,887,912 | Beneficial owner and interest of controlled corporations 受益擁有人及受控制公司之權益 | 7 | 12.70 |
| Hutchison Whampoa Limited 和記黃埔有限公司 | 100,887,912 | Interest of controlled corporations 受控制公司之權益 | 7 | 12.70 |
| Cheung Kong (Holdings) Limited 長江實業(集團)有限公司 | 100,887,912 | Interest of controlled corporations 受控制公司之權益 | 7 | 12.70 |
| Mr. Li, Ka-shing 李嘉誠先生 | 100,887,912 | Founder of discretionary trusts and interest of controlled corporations 全權信託之創立人及受控制公司之權益 | 7 | 12.70 |
| Li Ka-Shing Unity Trustcorp Limited | 100,887,912 | Trustee and beneficiary of trust 信託人及信託之受益人 | 7 | 12.70 |
| Li Ka-Shing Unity Trustee Corporation Limited | 100,887,912 | Trustee and beneficiary of trust 信託人及信託之受益人 | 7 | 12.70 |
| Li Ka-Shing Unity Trustee Company Limited | 100,887,912 | Trustee 信託人 | 7 | 12.70 |

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

Long position in shares (cont'd)

Notes:

1. Million Point Limited ("Million Point") was the beneficial owner of 170,000,000 shares. Each of Chinese Estates Holdings Limited ("Chinese Estates"), Chinese Estates, Limited and Cosmos Success Limited was deemed to be interested in the same parcel of shares in which Million Point was interested since Chinese Estates owned the entire issued share capital of Chinese Estates, Limited, which in turn owned the entire issued share capital of Cosmos Success Limited, which in turn owned the entire issued share capital of Million Point.
2. Luckpoint Investment Limited ("Luckpoint") was the beneficial owner of 76,877,685 shares. Each Chinese Estates and China Entertainment and Land Investment company, Limited ("CELI") was deemed to be interested in the same parcel of shares in which Luckpoint was interested since Chinese Estates owned the entire issued share capital of CELI, which in turn owned the entire issued share capital of Luckpoint.
3. Paul Y. Holdings Company Limited ("Paul Y.") was the beneficial owner of 113,818,911 shares. Chinese Estates was deemed to be interested in the same parcel of shares in which Paul Y. was interested since Chinese Estates owned the entire issued share capital of Paul Y..

In addition, Great Empire International Ltd. ("Great Empire") was the beneficial owner of 37,162,165 shares. Each of Chinese Estates, Paul Y. and Goldstance Group Limited ("Goldstance") was deemed to be interested in the same parcel of shares in which Great Empire was interested since Chinese Estates owned the entire issued share capital of Paul Y., which owned the entire issued capital of Goldstance, which in turn owned the entire issued share capital of Great Empire.

4. Mr. Aaron Tam, Chong-cheong and Ms. Halina Hung, Shi-wei, previous directors of the Company, were also employees of subsidiaries of Chinese Estates and/or Paul Y.. Mr. Lau, Ming-wai, Mr. Leung, Wing-pong and Mr. Kong, Chi-ming, directors of the Company, are also employees of subsidiaries of Chinese Estates and/or Paul Y.. These subsidiaries are not themselves substantial shareholders of the Company.
5. Both Mr. Joseph Lau, Luen-hung and Mr. Lau, Ming-wai by virtue of their 47.07% interest in the issued share capital of Chinese Estates, was deemed to be interested in the same interests stated against Chinese Estates under the provision of the SFO.
6. GZ Trust Corporation as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. was the trustee. Global King Ltd. was entitled to exercise more than one-third of the voting power at general meetings of Chinese Estates. Accordingly, Global King Ltd. and GZ Trust Corporation were deemed to be interested in the same interests stated against Chinese Estates.

主要股東於本公司之證券權益 (續)

於股份之好倉 (續)

附註:

1. Million Point Limited (「Million Point」) 為 170,000,000 股股份之實益擁有人。由於 Chinese Estates Holdings Limited (「華人置業」) 擁有華人置業有限公司之全部已發行股本，而華人置業有限公司擁有 Cosmos Success Limited 之全部已發行股本，而 Cosmos Success Limited 擁有 Million Point 之全部已發行股本，因此華人置業、華人置業有限公司及 Cosmos Success Limited 各被視為於 Million Point 所擁有之同一批股份中擁有權益。
2. 樂邦投資有限公司 (「樂邦」) 為 76,877,685 股股份之實益擁有人。由於華人置業擁有中華娛樂置業有限公司 (「中娛置業」) 之全部已發行股本，而中娛置業擁有樂邦之全部已發行股本，因此華人置業及中娛置業各被視為於樂邦所擁有之同一批股份中擁有權益。
3. Paul Y. Holdings Company Limited (「Paul Y.」) 為 113,818,911 股股份之實益擁有人。由於華人置業擁有 Paul Y. 之全部已發行股本，因此華人置業被視為於 Paul Y. 所擁有之同一批股份中擁有權益。

此外，Great Empire International Ltd. (「Great Empire」) 為 37,162,165 股股份之實益擁有人。由於華人置業擁有 Paul Y. 之全部已發行股本，而 Paul Y. 擁有 Goldstance Group Limited (「Goldstance」) 之全部已發行股本，而 Goldstance 擁有 Great Empire 之全部已發行股本，因此華人置業、Paul Y. 及 Goldstance 各被視為於 Great Empire 所擁有之同一批股份中擁有權益。

4. 本公司前董事譚頌翔先生及熊思慧女士亦曾為華人置業及／或 Paul Y. 之附屬公司之僱員。本公司董事劉鳴煒先生、梁榮邦先生及江志明先生亦為華人置業及／或 Paul Y. 之附屬公司之現任僱員。該等附屬公司本身並非本公司之主要股東。
5. 劉鑾雄先生及劉鳴煒先生因為擁有華人置業之已發行股本 47.07% 權益，故根據證券及期貨條例之條文被視為擁有華人置業所擁有之權益。
6. GZ Trust Corporation 作為一項酌情信託之信託人) 持有若干單位由 Global King Ltd. 任信託人之信託基金。Global King Ltd. 有權於華人置業之股東大會上行使三分之一以上之投票權。因此，Global King Ltd. 及 GZ Trust Corporation 被視為擁有華人置業所擁有之權益。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

Long position in shares (cont'd)

Notes: (cont'd)

7. These shares comprised 62,899,924 shares beneficially owned by Hutchison International Limited ("HIL") and 37,987,988 shares beneficially owned by Koga Limited ("Koga"). HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL"). By virtue of the SFO, HWL was deemed to be interested in the same parcel of such 62,899,924 shares which HIL was interested. Koga is a wholly-owned subsidiary of Cheung Kong Infrastructure (BVI) Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Infrastructure Holdings Limited ("CKI"). CKI is a subsidiary of Hutchison Infrastructure Holdings Limited, which in turn is a wholly-owned subsidiary of HIL. By virtue of the SFO, each of HIL and HWL was deemed to be interested in the same parcels of such 37,987,988 shares in which Koga was interested.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li, Ka-shing ("Mr. Li"), Mr. Victor Li, Tzar-kuoi, and Mr. Richard Li, Tzar-kai, was interested in one-third of the entire issued share capital, owned the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited ("TUT1"). TUT1 as trustee of the Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 was entitled to exercise or control the exercise of more than one-third of voting power at their general meetings, held more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Certain subsidiaries of CKH were entitled to exercise or control the exercise of more than one-third of the voting power at the general meeting of HWL.

In addition, Li Ka-Shing Unity Holdings Limited also owned the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in UT1.

Mr. Li was the settlor of each of DT1 and DT2 and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO. By virtue of the SFO, each of Mr. Li, TDT1, TDT2, TUT1 and CKH was deemed to be interested in the 100,887,912 shares in which HWL was interested.

All the interests stated above represent long position. At 31st December, 2006, no short position was recorded in the register kept by the Company under section 336 of the SFO.

主要股東於本公司之證券權益 (續)

於股份之好倉 (續)

附註: (續)

7. 該等股份包括 62,899,924 股由和記企業有限公司 (「和記企業」) 實益擁有之股份及 37,987,988 股由 Koga Limited (「Koga」) 實益擁有之股份。和記企業為和記黃埔有限公司 (「和黃」) 之全資附屬公司。根據證券及期貨條例，和黃被視為於和記企業所擁有之同一批 62,899,924 股股份中擁有權益。Koga 為 Cheung Kong Infrastructure (BVI) Limited 之全資附屬公司，而 Cheung Kong Infrastructure (BVI) Limited 為長江基建集團有限公司 (「長江基建」) 之全資附屬公司。長江基建為 Hutchison Infrastructure Holdings Limited 之附屬公司，而 Hutchison Infrastructure Holdings Limited 為和記企業之全資附屬公司。根據證券及期貨條例，和記企業及和黃各被視為於 Koga 所擁有之同一批 37,987,988 股股份中擁有權益。

由李嘉誠先生 (「李先生」)、李澤鉅先生及李澤楷先生各自擁有全部已發行股本三分之一權益之 Li Ka-Shing Unity Holdings Limited 擁有 Li Ka-Shing Unity Trustee Company Limited (「TUT1」) 全部已發行股本。TUT1 以 The Li Ka-Shing Unity Trust (「UT1」) 信託人之身份，連同若干公司 (TUT1 以 UT1 信託人之身份有權在其股東大會上行使或控制行使三分之一以上投票權之公司) 合共持有長江實業 (集團) 有限公司 (「長實」) 三分之一以上之已發行股本。長實若干附屬公司有權在和黃之股東大會上行使或控制行使三分之一以上之投票權。

此外，Li Ka-Shing Unity Holdings Limited 亦擁有 Li Ka-Shing Unity Trustee Corporation Limited (「TDT1」) (作為 The Li Ka-Shing Unity Discretionary Trust (「DT1」) 之信託人) 及 Li Ka-Shing Unity Trustcorp Limited (「TDT2」) (作為另一個酌情信託 (「DT2」) 之信託人) 之全部已發行股本。TDT1 及 TDT2 各持有 UT1 之單位。

李先生為 DT1 及 DT2 之財產授予人，就證券及期貨條例而言，或可被視為 DT1 及 DT2 之創立人。根據證券及期貨條例，李先生、TDT1、TDT2、TUT1 及長實各被視為於和黃所擁有之 100,887,912 股股份之權益中擁有權益。

上述所有權益均為好倉。於二零零六年十二月三十一日，本公司根據證券及期貨條例第 336 條存置之登記冊中並無任何淡倉記錄。

DIRECTORS' INTEREST IN CONTRACTS

A lease agreement was entered into between a fellow subsidiary of the Company and a joint tenant, of which D.Y. Lam & Co. is a party, for office premises on normal commercial terms for two years commencing from 10th June, 2004 to 9th June, 2006 at monthly rental of HK\$16,000 and the lease agreement was terminated on 9th June, 2006. Mr. Lam, Yat-fai, being the independent Non-Executive Director of the Company, is the sole proprietor of D.Y. Lam & Co.. The rental of HK\$82,000 (2005: HK\$186,000) and the management fee of HK\$27,000 (2005: HK\$62,000) were charged to the joint tenant during the year.

Other than as disclosed above, no contract of significance, to which the Company, its holding companies, subsidiaries, or fellow 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.

REMUNERATION POLICIES AND SHARE OPTION SCHEME

Remuneration package comprised salary and year-end bonuses based on individual merits. The Company has adopted a share option scheme on 15th February, 2002 (the "2002 Scheme"). Details of the 2002 Scheme are set out in note 26 to the financial statements. There were no outstanding options at the beginning and at the end of the year. No options were granted, exercised, cancelled or lapsed during the year.

PENSION SCHEMES

The Group operates two pension schemes:

- (1) the provident fund scheme as defined in the Mandatory Provident Fund Scheme Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme"); and
- (2) the provident fund scheme as defined in the Occupational Retirement Scheme Ordinance, Chapter 426 of the laws of Hong Kong (the "Top-up Scheme").

Both the MPF Scheme and the Top-up Scheme were defined contribution schemes and the assets of both schemes were managed by their respective trustees accordingly.

董事於合約中之權益

本公司之一間同系附屬公司與一合租租戶（其中一方為林日輝會計師行）按一般商業條款訂立租賃寫字樓之租約，租期由二零零四年六月十日至二零零六年六月九日為期兩年，月租16,000港元，而有關租約已於二零零六年六月九日終止。本公司獨立非執行董事林日輝先生為林日輝會計師行之獨資經營者。本年度，已向合租租戶徵收租金為82,000港元（二零零五年：186,000港元）及管理費為27,000港元（二零零五年：62,000港元）。

除上文所披露者外，本公司各董事在本公司、其控股公司、附屬公司或同系附屬公司於年結日或年內任何時間訂立之重要合約中概無直接或間接擁有重大權益。

酬金政策及認購股權計劃

酬金包括薪金及按個別表現釐定之年終花紅。於二零零二年二月十五日本公司採納認購股權計劃（「二零零二年計劃」）。二零零二年計劃之詳情載於財務報表附註26。本年初及年終並無認購股權尚未行使，本年度亦無授出、行使或註銷認購股權，亦無認購股權已經失效。

退休金計劃

本集團推行兩項退休金計劃：

- (1) 香港法例第485章強制性公積金計劃條例所界定之公積金計劃（「強積金計劃」）；及
- (2) 香港法例第426章職業退休計劃條例所界定之公積金計劃（「補足計劃」）。

強積金計劃及補足計劃均為定額供款計劃，該等計劃之資產乃由各自之受託人管理。

PENSION SCHEMES (cont'd)

The MPF Schemes was available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK\$20,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits were required by law to be preserved until the retirement age of 65.

The Top-up Scheme was available to those employees with basic salary over HK\$20,000 and/or years of service over 5. Contributions to the Top-up Scheme were made by the Group at 5%, 7.5% or 10% of staff's basic salary (depending on the length of service) less the Group's mandatory contribution under the MPF Scheme. Staff members were entitled to 100% of the Group's contributions together with accrued returns after completing 10 years of service or more, or attaining the retirement age, or were entitled at a reduced scale between 30% to 90% of the Group's contributions after completing a period of service of at least 3 years but less than 10 years. the Top-up Scheme allowed any forfeited contributions (made by the Group for any staff member who subsequently left the Top-up Scheme prior to vesting fully in such contributions) to be used by the Group to offset the current level of contributions of the Group.

The Group's cost for the schemes charged to consolidated income statement for the year ended 31st December, 2006 amounted to HK\$52,000 (2005: HK\$40,000) after reduction of HK\$9,000 (2005: HK\$8,000) from the forfeited contribution of the Top-up Scheme.

During the year, contributions to the Top-up Scheme of HK\$18,000 (2005: HK\$16,000) were forfeited and used to reduce existing level of contributions. As at 31st December, 2006, HK\$9,000 (2005: HK\$8,000) was utilised and the balance of HK\$9,000 (HK\$8,000) was available to reduce future contribution.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 44% and 94.2%, respectively, of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 35.3% and 72.8% respectively, of the Group's total purchase for the year.

退休金計劃 (續)

強積金計劃可供所有18至64歲受僱於香港最少60日之本集團僱員參加。本集團根據僱員之有關入息作出5%之供款。就供款而言，有關入息上限為每月20,000港元。不論其於本集團之服務年期，僱員均可取得100%本集團供款連同應計回報，惟根據法例，有關利益將保留至退休年齡65歲方可領取。

補足計劃可供基本薪金超過20,000港元及／或年資超過五年之僱員參加。本集團乃根據僱員之基本薪金按其服務年期，作出5%、7.5%或10%之補足計劃供款，並減去本集團根據強積金計劃作出之強制性供款。僱員於服務滿10年或以上或到退休年齡時可取得100%本集團供款連同應計回報，而服務年期滿3年但不足10年之僱員則可按遞減比例取得30%至90%本集團供款。補足計劃容許本集團將任何已沒收供款（即本集團就任何可獲得全部供款前退出補足計劃之僱員而作出之供款）用以抵銷本集團現有之供款水平。

自補足計劃之已沒收供款中扣除9,000港元（二零零五年：8,000港元）後，本集團於截至二零零六年十二月三十一日止年度內就該等計劃於綜合收益表扣除之費用為52,000港元（二零零五年：40,000港元）。

本年度，已沒收補足計劃之供款18,000港元（二零零五年：16,000港元），並用作減低現時之供款水平。於二零零六年十二月三十一日已動用9,000港元（二零零五年：8,000港元），而餘額9,000港元（二零零五年：8,000港元）將可用作減少未來供款。

主要客戶及供應商

本集團最大客戶及五大客戶之總銷售額分別約佔本集團本年內總營業額之44%及94.2%。

本集團最大供應商及五大供應商之總購貨額分別約佔本集團本年內總購貨額之35.3%及72.8%。

MAJOR CUSTOMERS AND SUPPLIERS (cont'd)

None of the directors, their associates, or any shareholders which, to the knowledge of the directors, own more than 5% of the Company's issued share capital, had any interest in the share capital of any one of the five largest customers or suppliers of the Group.

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 Rules 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules required at least 25% of the issued share capital of the Company must be held in public hands. Based on information that is publicly available to the Company and within the knowledge of the directors as at 5th March, 2007 (the latest practicable date prior to the issue of the annual report), the obligation has been complied with.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 35 to the financial statements.

AUDITORS

Messrs. HLB Hodgson Impey Cheng were appointed as the auditors of Company with effect from 2nd January, 2007 in succession to Messrs. Deloitte Touche Tohmatsu who resigned from the office on 15th November, 2006.

The financial statements of the Company have been audited by Messrs. HLB Hodgson Impey Cheng retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting.

On behalf of the Board

Lau, Ming-wai

Chairman

Hong Kong, 8th March, 2007

主要客戶及供應商(續)

就董事所知悉概無董事、其聯繫人士或擁有5%以上之本公司已發行股本之任何股東亦擁有本集團任何其中五大客戶或供應商之股本權益。

委任獨立非執行董事

本公司已根據上市規則第3.13條接獲各獨立非執行董事發出之年度獨立性確認書。本公司認為，全體獨立非執行董事均為獨立人士。

足夠之公眾持股量

上市規則第8.08條規定，本公司最少25%之已發行股本須由公眾人士持有，按所得資料及據董事所知，於二零零七年三月五日（本年報刊發前之最後實際可行日期），本公司已符合上述規定。

結算日後事項

結算日後重大事項之詳情載於財務報表附註35。

核數師

國衛會計師事務所已獲委任為本公司之核數師，以接替於二零零六年十一月十五日辭任之德勤•關黃陳方會計師行，於二零零七年一月二日生效。

本公司財務報表已由國衛會計師事務所審核，彼將於應屆股東週年大會上退任，惟符合資格並願意重選連任。

代表董事會

主席

劉鳴燁

香港，二零零七年三月八日

The Company is committed to principles of good corporate governance so as to ensure better transparency and safeguard the interests of the shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company had applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31st December, 2006. None of the Directors of the Company was aware of any information that would reasonably indicate that the Company was not any part of the accounting period covered by the 2006 annual report, in compliance with Code except for certain deviations in respect of the followings:—

Under code provisions A.4.1 and A.4.2 in Appendix 14 of the Listing Rules, (a) Non-executive Directors should be appointed for specific terms and subject to re-election, and (b) every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Independent Non-executive Directors of the Company were not appointed for any specific terms, as they are subject to retirement by rotation at the Company's annual general meeting in accordance with the Company's Bye-laws. Under the Company's Bye-laws prior to 1st June, 2006, the Chairman or Managing Director of the Company should not, whilst holding such office, be subject to retirement by rotation. Under the Company's Bye-laws as amended at 1st June, 2006, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed by the Board either to fill a causal vacancy or as an addition to the existing board shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions. The Company had made specific enquiries of all Directors whether the Directors had complied with the required standard as set out in their Model Code during the year ended 31st December, 2006 and all Directors confirmed that they had complied with the Model Code throughout the year.

本公司致力維持良好企業管治，以確保具有更高透明度及保障股東利益。

遵守企業管治常規守則

截至二零零六年十二月三十一日止整個年度內，本公司已應用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治常規守則（「守則」）訂明之原則，並遵守有關規定。本公司董事概不知悉有任何資料可合理指出本公司於二零零六年度年報涵蓋之會計期間內並無遵守守則，惟下述若干偏離者除外：

根據上市規則附錄14第A.4.1及A.4.2條守則條文，(a)非執行董事須按特定任期委任及須膺選連任，及(b)每名董事（包括以特定任期委任者）須最少每三年輪席告退一次。而本公司獨立非執行董事並非按任何特定任期委任，則須根據本公司之公司細則於本公司股東週年大會上輪席告退。根據本公司之公司細則，於二零零六年六月一日前，本公司主席或董事總經理於在任時不須輪席告退。根據本公司於二零零六年六月一日經修訂後之公司細則，每屆股東週年大會上，本公司當時三分之一董事（或倘彼等之人數並非三之倍數，則以數目最接近但不多於三分之一）須輪席告退，惟每名董事（包括按特定任期委任者）須最少每三年輪席告退一次。任何由董事會委任以填補臨時空缺或為新增董事人數之董事不會計入釐定須予輪席退任之特定董事或董事之人數。

遵守標準守則

本公司已採納上市規則附錄10所載之標準守則作為進行證券交易之行為守則。本公司已就於截至二零零六年十二月三十一日止年度內董事是否遵守標準守則所訂之所需標準而向全體董事作出特別諮詢，而全體董事並已確認彼等於整個年度已遵守標準守則。

BOARD OF DIRECTORS

The Board comprises Mr. Lau, Ming-wai, Mr. Kong, Chi-ming and Mr. Leung, Wing-pong, as Executive Directors and Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo as Independent Non-executive Directors.

董事會

董事會由執行董事劉鳴煒先生、江志明先生及梁榮邦先生以及獨立非執行董事梁潤輝先生、林日輝先生及錢其武醫生組成。

| Director | No of Board Meetings Held during the year | | Attendance Rate |
|---|---|-----|-----------------|
| | 本年度董事會會議舉行次數 | | 出席率 |
| | | | |
| Executive Directors | | | |
| 執行董事 | | | |
| Ms. Halina Hung, Shi-wei (Chairman) (appointed on 11th August, 2006) | 熊思慧女士 (主席) (於二零零六年八月十一日獲委任) | 1/2 | 50% |
| Mr. Leung, Wing-pong (Chief Executive Officer) | 梁榮邦先生 (行政總裁) | 6/7 | 86% |
| Mr. Kong, Chi-ming (Deputy Chairman) | 江志明先生 (副主席) | 7/7 | 100% |
| Mr. Aaron Tam, Chong-cheong (Chairman) (resigned on 11th August, 2006) | 譚頌翔先生 (主席) (於二零零六年八月十一日辭任) | 4/4 | 100% |
| Independent Non-executive Directors | | | |
| 獨立非執行董事 | | | |
| Mr. Leung, Yun-fai | 梁潤輝先生 | 5/7 | 71% |
| Mr. Lam, Yat-fai | 林日輝先生 | 7/7 | 100% |
| Dr. David Chain, Chi-woo | 錢其武醫生 | 7/7 | 100% |
| Average Attendance Rate | 平均出席率 | | 90.2% |

The Board formulates overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The Board meets regularly to conduct and approves transactions which are extraordinary and significant to the Group as a whole. The Board has delegated daily operations and administration to the management in order to smooth the operation of the Group. Transactions which are in significant amounts or need the instructions of the Board would be referred back to the Board to consider.

董事會制定本集團整體策略，監控其財務表現，並保持對管理層之有效監督。董事會定期舉行會議，以進行及批准對本集團整體而言屬非經常及重大之交易。董事會將日常運作及行政事務交託予管理層，確保本集團運作暢順。金額龐大或須待董事會指示之交易會交還董事會考慮。

During the year, 7 board meetings had been held. The Company Secretary had duly sent to the Directors notice of meeting at least 14 days before the meetings so that they could include matters for discussion in the agenda if needed. The agenda and the Board papers were sent to all Directors at least 3 days before the date of board meeting. Draft and final versions of minutes of the board meeting were circulated to all Directors for their comments and records respectively.

本年度，本公司曾7次舉行董事會會議。公司秘書於會議舉行最少14日前向董事正式發出會議通知，以便董事可按需要將須予討論事宜納入議程。議程及董事會文件會於董事會會議舉行日期最少3日前送交所有董事。董事會會議之會議紀錄草稿及最終定稿分別由所有董事傳閱以提供意見及備存。

BOARD OF DIRECTORS (cont'd)

In order to reinforce independence, accountability and responsibility, the role of the Chairman has separated from that of the Chief Executive Officer. The responsibilities are clearly established and set out in writing. During the year, the Chairman, Mr. Aaron Tam, Chong-cheong, resigned on 11th August, 2006, and Ms. Halina Hung, Shi-wei, appointed on 11th August, 2006, were responsible for ensuring that the Board was functioning properly, whilst the Chief Executive Officer, Mr. Leung, Wing-pong, was responsible for the managing the Group's business. There were no financial, business, family or other material/relevant relationships among members of the Board and between the chairman and the chief executive officer.

The Independent Non-executive Directors who possess appropriate professional qualifications serve the important function of advising the management on strategy development and ensuring that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole.

The Board had received from the Independent Non-executive Directors a written annual confirmation of their independence and satisfied their independence in accordance with the Listing Rules. The Independent Non-executive Directors were not appointed for any specific term as they would be subject to retirement by rotation in accordance with clause 87(1) of the Company's Bye-laws.

REMUNERATION COMMITTEE

| Members | 成員 |
|-------------------------------|-----------|
| Mr. Leung, Yun-fai (Chairman) | 梁潤輝先生(主席) |
| Mr. Lam, Yat-fai | 林日輝先生 |
| Dr. David Chain, Chi-woo | 錢其武醫生 |
| Average Attendance Rate | 平均出席率 |

The Remuneration Committee whose members, composes all Independent Non-executive Directors, is appointed by the Board to review and endorse remuneration policies of the Directors and the Senior Management in the light of current trends and business requirements, and to make recommendations to the Board as deemed necessary or to take approved action if within delegated authority.

董事會(續)

為加強獨立性、問責性及職能，主席之角色與行政總裁之角色已作區分。彼等之職能已清楚劃分並以書面列明。本年度，主席譚頌翔先生（於二零零六年八月十一日辭任）及熊思慧女士（於二零零六年八月十一日獲委任）負責確保董事會適當地履行其職能；而行政總裁梁榮邦先生則負責管理本集團之業務。董事會各成員間以及主席與行政總裁之間並無財政、業務、血緣或其他重大／相關關係。

各獨立非執行董事均擁有合適之專業資格，以負責其職能；就策略性發展向管理層提供意見，並確保董事會維持財務及其他法定報告方面之良好準則；以及進行足夠監察及平衡工作，保障股東及本公司之整體利益。

董事會已收到各獨立非執行董事就其獨立性年度書面確認函件，彼等並符合上市規則之獨立性規定。獨立非執行董事並非按任何特定任期委任，而須根據本公司之公司細則第87(1)條輪席告退。

薪酬委員會

| No of Meetings Held during the year | | Attendance Rate | |
|-------------------------------------|---|--------------------------|------|
| 本年度會議舉行次數 | | 出席率 | |
| Mr. Leung, Yun-fai (Chairman) | 1 | Mr. Lam, Yat-fai | 100% |
| Mr. Lam, Yat-fai | 1 | Dr. David Chain, Chi-woo | 100% |
| Dr. David Chain, Chi-woo | 1 | Average Attendance Rate | 100% |

薪酬委員會之成員由所有獨立非執行董事組成，並由董事會委任，而負責因應現行趨勢及業務需求檢討亦批准董事及高級管理層之薪酬政策，於其認為需要時向董事會作出建議，並行使其所獲賦與之權力進行經批准之行動。

REMUNERATION COMMITTEE (cont'd)

At the meeting the recent pay trend in Hong Kong was reviewed and noted as a reference for the recommendation on the remuneration policies of the Directors and the staff of the Group. Annual remuneration of HK\$10,000 and HK\$60,000 for each Executive Director and each Independent Non-executive Director respectively were recommended to the Board for approval in the annual general meeting.

The Company had adopted share option scheme on 15th February, 2002, which serves as an incentive to attract, retain and motivate talented eligible staff, including Directors. Details of the share option scheme are set out on note 26 to the financial statements.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of accounts which give a true and fair view of the state of affairs of the Group and of the profit and cash flow on a going concern basis. In preparing the accounts for the year ended 31st December, 2006, the Directors had selected suitable accounting policies and had applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made judgments and estimates that are prudent and reasonable. Please refer to the Auditors' Report for the responsibilities of the auditors.

INTERNAL CONTROL

The Directors are responsible for the maintaining an adequate system of internal control and have to review its effectiveness regularly. The internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from misappropriation, maintain proper accounts and ensure compliance with regulations. During the year, the Directors had conducted a preliminary review on the existing internal control system of the Company and considered that the system had effectively safeguard the assets of the Group. The Directors will continue to enhance the system to cope with the changes in business environment with reference to the recommendations of the Audit Committee.

薪酬委員會 (續)

會上，薪酬委員會檢討香港當時之薪酬趨勢，並將其定為就董事及本集團僱員之薪酬政策作出建議時之參考資料。薪酬委員會已向董事會建議，各執行董事及各獨立非執行董事之年度薪酬分別為10,000港元及60,000港元，以供於股東週年大會上批准。

本公司於二零零二年二月十五日採納一項購股權計劃，以作為吸引、挽留及鼓舞優秀合資格員工（包括董事）之獎勵。有關購股權計劃之詳情載於財務報表附註26。

問責及核數

董事負責按持續經營基準編製會計賬目，以真實及公平地反映本集團之狀況、溢利及現金流量。編製截至二零零六年十二月三十一日止年度之賬目時，董事已選用並貫徹採用合適會計政策，採納適當之香港財務報告準則及香港會計準則，以審慎及合理作出之判斷及估計。有關核數師之職責，請參閱核數師報告。

內部監控

董事負責維持有效之內部監控系統，並定期檢討其成效。內部監控系統包括組織完善、職權明確之架構，其設計目的在於保障資產免被挪用，保證賬目妥編製，並確保遵行有關規例。本年度，董事已初步檢討本公司現行內部監控系統，認為系統有效保障本集團之資產。董事將繼續提升系統質素，並參考審核委員會之建議，以應付營商環境之轉變。

AUDIT COMMITTEE

審核委員會

| Members | 成員 | No of Meetings Held during the year | Attendance Rate |
|-----------------------------|------------|---|-----------------|
| | | 本年度會議舉行次數 | 出席率 |
| Mr. Lam, Yat-fai (Chairman) | 林日輝先生 (主席) | 3 | 100% |
| Mr. Leung, Yun-fai | 梁潤輝先生 | 3 | 100% |
| Dr. David Chain, Chi-woo | 錢其武醫生 | 3 | 100% |
| Average Attendance Rate | 平均出席率 | | 100% |

The Audit Committee whose members have been composed by all Independent Non-executive Directors since May 2005. The roles of the Audit Committee are mainly: (i) to review financial statements of the Group; (ii) to oversee the internal control system; (iii) to review the Company's compliance with statutory, regulatory or legal requirement and the Listing Rules; and (iv) to monitor the works of the external auditors.

The Audit Committee met three in 2006 to review or discuss with the Senior Management: (i) the financial statements of the Group for the year ended 31st December, 2005 and for the six months ended 30th June, 2006 before submitting to the Board for approval; (ii) the Listing Rules and statutory compliance; (iii) the effectiveness of internal control system; (iv) the Company's external auditors on scope of audit and audit findings during the year end audit; and (v) to the term of new external auditor.

In order to enhance the independent reporting by the external auditors, part of the meeting held on 8th March, 2006 was attended only by the Audit Committee's members and the external auditors without senior management present. No irregularities on the financial statements have been noted from the external auditors and also no management letter has been issued to the Board.

During the year of 2006, the Audit Committee has performed the following works:

- (i) reviewed the financial statements for the year ended 31st December, 2005 and for the six months ended 30th June, 2006;
- (ii) reviewed the effectiveness of the internal control system;
- (iii) reviewed the Company's compliance with the statutory, regulatory or legal requirements and the Listing Rules;
- (iv) discussed with the external auditors on scope of audit and audit findings; and
- (v) reviewed and approved the term of new external auditor.

自二零零五年五月起，審核委員會之成員由所有獨立非執行董事組成。審核委員會之職責主要為：(i)審閱本集團之財務報表；(ii)監察內部監控系統；(iii)檢討本公司有否遵守法定、規管或法律規定及上市規則；及(iv)監察外聘核數師之工作。

審核委員會於二零零六年曾三次與高級管理層舉行會議以審閱或討論：(i)在提交董事會批准前本集團於截至二零零五年十二月三十一日止年度及截至二零零六年六月三十日止六個月之財務報表；(ii)有否遵守上市規則及法定規定；(iii)內部監控系統之成效；(iv)本公司之外聘核數師本年終審核之核數範圍及所得結果；及(v)新外聘核數師之年期。

為提高外聘核數師報告之獨立性，二零零六年三月八日舉行之會議部份時間僅得審核委員會成員及外聘核數師出席，並無高級管理層與會。外聘核數師並無發現財務報表有任何不尋常之地方，故亦無向董事會發出任何管理建議書。

於二零零六年度，審核委員會已進行以下工作：

- (i) 審閱截至二零零五年十二月三十一日止年度及截至二零零六年六月三十日止六個月之財務報表；
- (ii) 檢討內部監控系統之成效；
- (iii) 檢討本公司有否遵守法定、規管或法律規定及上市規則；
- (iv) 與外聘核數師討論核數範圍及所得結果；及
- (v) 審閱及批准新外聘核數師之年期。

AUDIT COMMITTEE (cont'd)

The Audit Committee is satisfied with the integrity of the financial statements of the Group and considers the existing internal control systems works effectively to safeguard the assets of the Group and will review regularly with the Board to enhance the system.

DELEGATION BY THE BOARD

The Board has formulated schedule of matters delegated to the management for routine executive of business transactions. The authority limit is clearly documented and will reserve to the Board for decision when exceeded. Clear directions have been given to management where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board has particularly reserved for its decision matters covering major acquisitions and disposals, approval of major capital transactions and other significant operational and financial matters. These arrangements will be reviewed on a periodic basis or revised and updated when there is change of management.

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Right

According to the clause 58 of the Company's Bye-laws, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meeting of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposits of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with provision of Section 75(3) of the Companies Act 1981 of Bermuda.

Specific enquiries by the shareholders requiring the Board's attention can be in writing to the Company Secretary at the Company's business address in Hong Kong. Other general enquires can be directed to the Company through the Group's Investor Relations Manager. Please refer to the Company's website for details of contact.

審核委員會 (續)

審核委員會信納本集團財務報表屬完整可靠，認為現行內部監控系統有效保障本集團之資產，並將定期協同董事會進行檢討，提升系統質素。

董事會進行之委任事宜

董事會已就委任管理層進行日常業務交易之事宜制訂目錄。有關權限已清楚列明，而將於超出權限時則保留於董事會以作決定。於管理層代表本集團作出決策或訂立任何承諾前，管理層須向董事會匯報及取得事先批准並已獲發出清晰指引。在有關重大收購及出售、批准重大資本交易及其他重要營運及財務事宜方面，董事會特別保留其決定權。此等安排將作定期檢討，或於管理層出現變動時作出修訂及更新。

與股東之溝通

股東權利

根據本公司之公司細則第58條，股東於任何時間內均有權向董事會或公司秘書遞交請求書，要求董事會就處理請求書所述業務交易召開股東特別大會，惟股東於遞交請求書當日須持有不少於十分之一之本公司已繳足資本（於本公司股東大會上具投票權者），而該大會須於請求書遞交日期後兩個月內舉行。倘董事會於請求書遞交日期起計21日內未有召開該大會，則該等請求者可按百慕達一九八一年公司法第75(3)條之規定自行召開大會。

股東如有須董事會注意之特定查詢，可以書面列出，遞交本公司之香港營業地址予公司秘書。其他一般查詢可交由本集團之投資者關係經理轉交本公司。聯絡詳情請參閱本公司之網站。

COMMUNICATION WITH SHAREHOLDERS (cont'd)

Communications with Shareholders and Investors

The board recognises the importance of good communications with all shareholders. The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. The Chairman of the Board as well as Chairman of the Audit and Remuneration Committee together with the external auditors is present to answer the shareholders' questions. An annual general meeting circular is distributed to all shareholders at least 21 days before the annual general meeting. It sets out the procedures for demanding and conducting a poll and other relevant information of the proposed resolutions. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the annual general meeting and (except where a poll is demanded) reveals how many proxies for and against have been filed in respect of each resolution. The results of the poll, if any, will be published in the newspapers and on the Company's website.

The corporate website as another channel to further promote effective communication is maintained to disseminate shareholder information and other relevant financial and non-financial information electronically on a timely basis.

CONCLUSION

The company believes enhancing corporate governance is essential to promote and develop an ethical and healthy corporate culture. The Company is continuously trying its best to maintain, strengthen and improve the current practices on the basis of our experience, regulatory changes and developments.

與股東之溝通（續）

與股東及投資者之溝通

董事會認為與全體股東保持良好溝通極為重要。本公司之股東週年大會乃董事會與股東直接溝通之重要渠道。董事會主席以及審核及薪酬委員會主席連同外聘核數師均會出席，解答股東之疑問。本公司會於舉行股東週年大會前最少21日向全體股東分發股東週年大會通函。當中載有要求進行表決及進行表決之程序，以及與提呈大會之決議案有關之其他資料。主席於股東週年大會開始時，會解釋要求進行表決及進行表決程序，並（除要求以投票方式表決外）宣佈就每項決議案已接獲受委代表之贊成及反對票數。表決結果（如有）將於報章及本公司網站刊載。

本公司之網站為進一步促進有效溝通之另一渠道，適時以電子方式提供股東資料及其他有關財務及非財務資料。

總結

本公司相信提升企業管治水平乃推動及發展道德及健康企業文化之要素。根據本公司之經驗、規例變動及發展，本公司將繼續盡力維持、加強及改善現有守則。



國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

TO THE SHAREHOLDERS OF G-PROP (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of G-Prop (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 71, which comprise the consolidated balance sheet as at 31st December, 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 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 Hong Kong Institute of Certified Public Accountants. 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.

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

致金匡企業有限公司股東

(於百慕達註冊成立之有限公司)

吾等已審核第30頁至第71頁所載金匡企業有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表。綜合財務報表包括於二零零六年十二月三十一日之綜合資產負債表、截至該日止年度之綜合收益表、綜合股本權益變動表及綜合現金流量表,以及主要會計政策概要及其他說明附註。

董事編製財務報表之責任

貴公司董事須遵照香港會計師公會頒布之香港財務報告準則以及香港公司條例之披露規定,負責編製並真實公平地呈列此等財務報表。此責任包括設計、實行及維持與編製並真實公平地呈列綜合財務報表有關之內部監控,以確保其並無重大錯誤陳述(不論其由欺詐或錯誤引起);選擇及應用適當會計政策;並在不同情況下作出合理之會計估算。

核數師之責任

吾等負責根據吾等之審核結果對綜合財務報表發表意見。本報告謹按照百慕達公司法第90條而僅向閣下編製,並不作其他用途。吾等不會就報告內容而向任何其他人士負責或承擔法律責任。

吾等按照香港會計師公會頒布之香港核數準則進行審核工作。該等準則要求吾等在策劃和進行審核工作時須符合道德規範,使吾等能就綜合財務報表是否存有重要錯誤陳述作合理之確定。

AUDITORS' RESPONSIBILITY (cont'd)

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, 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 auditors consider 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.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Group as at 31st 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 disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

Hong Kong, 8th March, 2007

核數師之責任(續)

審核範圍包括進程序以取得與綜合財務報表所載數額及披露事項有關之審核憑證。選用之程序須視乎核數師之判斷，包括評估綜合財務報表之重大錯誤陳述（不論其由欺詐或錯誤引起）之風險。在作出該等風險評估時，核數師將考慮與公司編製並真實公平地呈列綜合財務報表有關之內部監控，以為不同情況設計適當審核程序，但並非旨在就公司內部監控是否有效表達意見。審核範圍亦包括評估所用會計政策之恰當性，董事所作會計估算之合理性，並就財務報表之整體呈列方式作出評估。

吾等相信，就提出審核意見而言，吾等所獲審核憑證屬充分恰當。

意見

吾等認為，根據香港財務報告準則，綜合財務報表真實公平地反映 貴集團於二零零六年十二月三十一日之財務狀況以及 貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例之披露要求妥為編製。

國衛會計師事務所

英國特許會計師
香港執業會計師

香港，二零零七年三月八日

Consolidated Income Statement

For the year ended 31st December, 2006

綜合收益表

截至二零零六年十二月三十一日止年度

| | | Notes | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|---|--------------------|-------|-------------------------|-------------------------|
| Turnover | 營業額 | 6 | 3,512 | 4,698 |
| Direct costs | 直接成本 | | (1,689) | (2,037) |
| Gross profit | 毛利 | | 1,823 | 2,661 |
| Other operating income | 其他經營收入 | 8 | 2,409 | 1,042 |
| Administrative expenses | 行政開支 | | (3,293) | (2,913) |
| Finance costs | 財務費用 | 9 | - | (159) |
| (Loss)/gain on disposals of investment properties | 出售投資物業 之(虧損)/收益 | | (746) | 3,538 |
| Surplus arising on revaluation of investment properties | 重估投資物業產生 之盈餘 | | 5,318 | 5,047 |
| Profit before tax | 除稅前溢利 | 10 | 5,511 | 9,216 |
| Income tax expense | 所得稅開支 | 12 | (692) | (2,124) |
| Profit for the year | 本年度溢利 | | 4,819 | 7,092 |
| Dividends | 股息 | 13 | 7,941 | 7,941 |
| Earnings per share | 每股盈利 | 14 | | |
| Basic and diluted (HK cents) | 基本及攤薄(港仙) | | 0.6 | 0.9 |

The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表之一部份。

Consolidated Balance Sheet

At 31st December, 2006

綜合資產負債表

二零零六年十二月三十一日

| | | Notes 附註 | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|--|-----------------|-------------|-------------------------|-------------------------|
| Non-current assets | 非流動資產 | | | |
| Investment properties | 投資物業 | 16 | 35,600 | 107,720 |
| Intangible asset | 無形資產 | 17 | – | – |
| Interests in associates | 聯營公司權益 | 18 | – | – |
| Interests in jointly controlled entities | 共同控制機構權益 | 19 | – | – |
| Available-for-sale financial assets | 可供待售之金融資產 | 20 | 220 | 220 |
| | | | 35,820 | 107,940 |
| Current assets | 流動資產 | | | |
| Trade and other receivables | 貿易及其他應收款項 | 21 | 593 | 608 |
| Short-term loans receivable | 應收短期貸款 | 22 | – | – |
| Cash and cash equivalents | 現金及現金等同項目 | | 88,062 | 27,559 |
| | | | 88,655 | 28,167 |
| Assets classified as held for sale | 列為持作出售之資產 | 15 | 9,338 | – |
| | | | 97,993 | 28,167 |
| Current liabilities | 流動負債 | | | |
| Trade and other payables | 貿易及其他應付款項 | 23 | 3,229 | 3,132 |
| Amounts due to fellow subsidiaries | 應付同系附屬公司款項 | 24 | 185 | 146 |
| | | | 3,414 | 3,278 |
| Net current assets | 流動資產淨值 | | 94,579 | 24,889 |
| Total assets less current liabilities | 總資產減流動負債 | | 130,399 | 132,829 |
| Non-current liabilities | 非流動負債 | | | |
| Deferred tax liabilities | 遞延稅項負債 | 27 | 1,723 | 1,031 |
| | | | 1,723 | 1,031 |
| Total assets and liabilities | 總資產及負債 | | 128,676 | 131,798 |
| Capital and reserves | 股本及儲備 | | | |
| Share capital | 股本 | 25 | 7,940 | 7,940 |
| Share premium and reserves | 股份溢價及儲備 | | 120,736 | 123,858 |
| Total equity | 股本權益總額 | | 128,676 | 131,798 |

Approved by the Board of Directors on 8th March, 2007 and signed on its behalf by:

董事會已於二零零七年三月八日批准及由以下代表簽署：

Kong, Chi-ming
Director

江志明
董事

Leung, Wing-pong
Director

梁榮邦
董事

The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表之一部份。

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

綜合股本權益變動表

截至二零零六年十二月三十一日止年度

| | | Share capital 股本 HK\$'000 千港元 | Share premium 股份溢價 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 總額 HK\$'000 千港元 |
|--|-----------------------------|---|--|---|--|--------------------------------|
| At 1st January, 2005 | 於二零零五年一月一日 | 6,912 | — | 234 | 91,768 | 98,914 |
| Profit for the year | 本年度溢利 | — | — | — | 7,092 | 7,092 |
| Issue of new ordinary shares (Note 25) | 發行新普通股(附註25) | 1,028 | 25,186 | — | — | 26,214 |
| Transaction costs attributable to issue of new ordinary shares | 發行新股份之 交易成本 | — | (422) | — | — | (422) |
| At 31st December, 2005 and 1st January, 2006 | 於二零零五年十二月三十一日 及二零零六年一月一日 | 7,940 | 24,764 | 234 | 98,860 | 131,798 |
| Dividends paid | 已付股息 | — | — | — | (7,941) | (7,941) |
| Profit for the year | 本年度溢利 | — | — | — | 4,819 | 4,819 |
| At 31st December, 2006 | 於二零零六年十二月三十一日 | 7,940 | 24,764 | 234 | 95,738 | 128,676 |

The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表之一部份。

Consolidated Cash Flow Statement

For the year ended 31st December, 2006

綜合現金流量表

截至二零零六年十二月三十一日止年度

| | | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|---|----------------------|-------------------------|-------------------------|
| Operating activities | 經營業務 | | |
| Profit before tax | 除稅前溢利 | 5,511 | 9,216 |
| Adjustments for: | 按下列各項調整： | | |
| Interest income | 利息收入 | (1,846) | (429) |
| Surplus arising on revaluation of investment properties | 重估投資物業產生之盈餘 | (5,318) | (5,047) |
| Loss/(gain) on disposals of investment properties | 出售投資物業虧損／(收益) | 746 | (3,538) |
| Interest expenses | 利息支出 | — | 159 |
| Write back of allowance for bad and doubtful debts | 撥回呆壞賬準備 | (327) | (388) |
| Operating cash flows before movements in working capital | 營運資金變動前之經營現金流量 | (1,234) | (27) |
| Decrease in trade and other receivables | 貿易及其他應收款項減少 | 342 | 801 |
| Increase/(decrease) in trade and other payables | 貿易及其他應付款項增加／(減少) | 97 | (658) |
| Increase/(decrease) in amounts due to fellow subsidiaries | 應付同系附屬公司款項增加／(減少) | 39 | (206) |
| Cash used in operations | 經營活動所用現金額 | (756) | (90) |
| Income tax paid | 已付所得稅 | — | — |
| Net cash used in operating activities | 經營活動所用現金淨額 | (756) | (90) |
| Investing activities | 投資活動 | | |
| Interest received | 已收利息 | 1,846 | 429 |
| Proceeds from disposal of investment properties | 出售投資物業所得款項 | 67,354 | 8,945 |
| Net cash generated from investing activities | 投資活動所得現金淨額 | 69,200 | 9,374 |
| Financing activities | 融資活動 | | |
| Interest paid | 已付利息 | — | (159) |
| Repayment of borrowings | 償還借貸 | — | (23,149) |
| Net proceeds from issue of new ordinary shares | 發行新普通股所得款項淨額 | — | 25,792 |
| Dividends paid | 已付股息 | (7,941) | — |
| Net cash (used in)/generated from financing activities | 融資活動(所用)／所得現金淨額 | (7,941) | 2,484 |
| Net increase in cash and cash equivalents | 現金及現金等值項目增加淨額 | 60,503 | 11,768 |
| Cash and cash equivalents at the beginning of the year | 年初現金及現金等值項目 | 27,559 | 15,791 |
| Cash and cash equivalents at the end of the year | 年終現金及現金等值項目 | 88,062 | 27,559 |

The accompanying notes form an integral part of these financial statements.

隨附附註為財務報表之一部份。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its ultimate holding company is Chinese Estates Holdings Limited ("Chinese Estates"), a company incorporated in Bermuda with its shares listed on the Stock Exchange.

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

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in Notes 32, 33 and 34 respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (the "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 1st December, 2005 or 1st January, 2006. The new HKFRSs adopted by the Group in the consolidated financial statements are set out as follows:

| | |
|-------------------------------|--|
| HKAS 21 (Amendment) | The Effects of Changes in Foreign Exchange Rates |
| HKAS 39 (Amendment) | Cash Flow Hedge Accounting of Forecast Intragroup Transactions |
| HKAS 39 (Amendment) | The Fair Value Option |
| HKAS 39 & HKFRS 4 (Amendment) | Financial Guarantee Contracts |
| HKFRS – Int 4 | Determining whether an Arrangement contains a Lease |

1. 一般資料

本公司為一間於百慕達註冊成立之受豁免有限公司。本公司之股份在香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。其最終控股公司為Chinese Estates Holdings Limited（「華人置業」）。華人置業於百慕達註冊成立，其股份於聯交所上市。

綜合財務報表以港元呈列，而港元為本公司之功能貨幣。

本公司為投資控股公司，其主要附屬公司、聯營公司及共同控制機構之主要業務分別載於附註32、33及34。

2. 應用新訂及經修訂香港財務報告準則

於本年度，本集團首次應用香港會計師公會（「香港會計師公會」）頒布，並於二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效之若干新訂準則、修訂及詮釋（「新香港財務報告準則」）。本集團在綜合財務報表應用的新香港財務報告準則載列如下：

| | |
|-------------------------------------|--------------------------------|
| 香港會計準則第21號 （經修訂） | 匯率變動之影響 |
| 香港會計準則第39號 （經修訂） | 預測集團內公司間交易 之現金流量對沖 會計處理法 |
| 香港會計準則第39號 （經修訂） | 公平價值之選擇 |
| 香港會計準則第39號及 香港財務報告準則 第4號（經修訂） | 財務擔保合約 |
| 香港財務報告準則－ 詮釋第4號 | 釐定安排是否包括租賃 |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (cont'd)

The adoption of the above new HKFRSs has no material impact on the accounting policies and the results and financial position of the Group.

The Group has not early adopted the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

| | |
|--------------------|---|
| HKAS 1 (Amendment) | Capital Disclosures ¹ |
| HKFRS 7 | Financial Instruments: Disclosures ¹ |
| HK(IFRIC) – Int 8 | Scope of HKFRS 2 ² |
| HK(IFRIC) – Int 9 | Reassessment of Embedded Derivatives ³ |
| HK(IFRIC) – Int 10 | Interim Financial Reporting and Impairment ⁴ |

1. Effective for annual periods beginning on or after 1st January, 2007.
2. Effective for annual periods beginning on or after 1st May, 2006.
3. Effective for annual periods beginning on or after 1st June, 2006.
4. Effective for annual periods beginning on or after 1st November, 2006.

2. 應用新訂及經修訂香港財務報告準則 (續)

採納上述新香港財務報告準則並無對本集團之會計政策及業績及財政狀況產生重大變動。

本集團並無提早應用下列已頒布但尚未生效之新訂準則、修訂或詮釋。本公司董事預計，應用該等新準則、修訂或詮釋將不會對本集團之業績及財務狀況構成重大影響。

| | |
|--------------------------------|---------------------------------|
| 香港會計準則第1號 (經修訂) | 股本披露 ¹ |
| 香港財務報告準則 第7號 | 金融工具：披露 ¹ |
| 香港(國際財務報告 詮釋委員會)－詮釋 第8號 | 香港財務報告準則 第2號之範圍 ² |
| 香港(國際財務報告 詮釋委員會)－詮釋 第9號 | 重新評估內含衍生 工具 ³ |
| 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 ⁴ |

1. 於二零零七年一月一日或之後開始之年度期間生效。
2. 於二零零六年五月一日或之後開始之年度期間生效。
3. 於二零零六年六月一日或之後開始之年度期間生效。
4. 於二零零六年十一月一日或之後開始之年度期間生效。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations ("Ints") issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the consolidated financial statement is historical cost as modified by the revaluation of certain investment properties which are carried at fair value.

The preparation of the consolidated financial statements requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements were disclosed in note 5.

A summary of significant accounting policies followed by the Group and the Company in the preparation of the consolidated financial statements is set out below:

(a) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December, each year.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operation policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity.

3. 主要會計政策

編製此等綜合財務報表所採納之主要會計政策列載如下。除另有說明外，此等政策已貫徹應用於所有呈報年度。

綜合財務報表乃根據所有適用香港財務報告準則（「香港財務報告準則」）編製。香港財務報告準則為一個統稱，包括所有由香港會計師公會頒佈之個別適用香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋、香港公認會計原則及香港公司條例之披露規定，以及香港聯合交易所有限公司證券上市規則（「上市規則」）。

編製綜合財務報表時採用之計量基準為歷史成本法，並按重估若干以公平值列賬之投資物業而作出修訂。

編製綜合財務報表要求管理層於應用本公司之會計政策時作出判斷。需要較精密判斷和比較複雜的領域或涉及綜合財務報表關鍵假設和估計的領域於附註5披露。

本集團及本公司在編製綜合財務報表時奉行的重大會計政策概述如下：

(a) **綜合基準**

綜合財務報告包括本公司及其附屬公司每年截至十二月三十一日止之財務報表。

附屬公司

附屬公司指本集團有權監管其財務及經營政策之一切實體（包括為特殊目的經營的實體），通常擁有其過半數投票權。於評估本集團是否控制另一實體時，會考慮現時可行使或可轉換之潛在投票權之存在及影響。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Subsidiaries (cont'd)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All significant inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Interests in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's interests in associates includes goodwill (net of any impairment losses) identified in acquisition.

3. 主要會計政策 (續)

(a) 綜合基準 (續)

附屬公司 (續)

附屬公司自其控制權轉移予本集團當日起綜合入賬，並於控制權終止當日停止綜合入賬。

本集團採用收購會計法為本集團所收購之附屬公司列賬。收購成本按交換日期所獲資產之公平值、所發行之股本工具及所產生或所承擔負債，加上直接與收購事項有關的成本。業務合併中所購入之可識別資產、所承擔之負債及或然負債，均於收購當日按其公平價值初步計算，而不考慮任何少數股東權益之數額。收購成本超出集團應佔所購入可識別資產之公平價值之部分乃記錄為商譽。倘收購成本低於所購入附屬公司資產淨值之公平價值，則差額將直接於收益表確認。

所有重大之集團內公司之間交易、結餘及未變現盈利於綜合時予以抵銷。除非交易有證據顯示所轉讓資產出現減值，未變現虧損亦予以抵銷。本公司已在必要情況下對附屬公司之會計政策予以修訂，以確保與本集團所採納之政策一致。

聯營公司

聯營公司指本集團對其有重大影響力但不擁有控制權之一切實體，並通常擁有附有百分之二十至五十投票權的股權。於聯營公司之權益採用會計權益法列賬，並起初按成本確認。本集團於聯營公司之權益包括於收購時產生的商譽減除任何減值虧損。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Associates (cont'd)

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, interest in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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 associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest 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 the profit or loss and of changes in equity 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.

3. 主要會計政策 (續)

(a) 綜合基準 (續)

聯營公司 (續)

聯營公司之業績、資產及負債乃以會計權益法於該等財務報表內列賬。根據權益法，於聯營公司之投資乃按成本於綜合資產負債表中列賬，並就本集團應佔該聯營公司之損益及權益於收購後之變動作出調整，以及減去任何已鑒定之減值虧損。當本集團應佔某聯營公司之虧損相等於或超出其於該聯營公司之權益（其包括任何長期權益，而該長期權益實質上構成本集團於該聯營公司之投資淨額一部份），則本集團不再確認應佔之進一步虧損。作出額外應佔虧損撥備及確認負債僅以本集團已產生法律或推定責任或代表該聯營公司作出付款為限。

倘集團實體與本集團之聯營公司進行交易，則會以本集團於有關聯營公司之權益為限而撇銷損益。

共同控制機構

共同控制機構指以合資安排另行成立之獨立機構，其每名合資方擁有共同控制權。

共同控制機構之業績及資產與負債利用會計權益法計入綜合財務報表。根據權益法，於共同控制機構之投資以成本在綜合資產負債表內列賬，並經本集團應佔共同控制機構損益及權益變動之收購後變動而調整，減任何已識別折損列賬。倘本集團應佔共同控制機構之虧損相等於或高於其於該共同控制機構之權益（包括任何實質上構成本集團於該共同控制機構之淨投資一部分之任何長期權益），則本集團會終止確認其應佔之其他虧損。本集團會就額外應佔之虧損撥備，並會確認負債，惟僅以本集團已產生法定或推定責任或代表該共同控制機構付款為限。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Jointly controlled entities (cont'd)

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.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries, associates and jointly controlled entities at the date of acquisition. Goodwill on acquisitions of subsidiaries is presented separately in the balance sheet. Goodwill on acquisitions of associates or jointly controlled entities is included in interests in associates or jointly controlled entities and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment of the relevant associate.

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 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 income statement. An impairment loss for goodwill is not reversed in subsequent periods.

3. 主要會計政策 (續)

(a) 綜合基準 (續)

共同控制機構 (續)

倘某集團機構與本集團之共同控制機構進行交易，撇銷未變現之損益則會以本集團於有關共同控制機構之權益為限，惟倘未變現虧損證實已轉讓資產出現減值，則全數確認虧損。

(b) 商譽

商譽指收購之成本超出收購當日本集團應佔所收購附屬公司、聯營公司及共同控制機構可識別資產淨值之公平值之差額。收購附屬公司之商譽乃個別呈列於資產負債表中。收購聯營公司或共同控制機構之商譽乃納入於聯營公司或共同控制機構之權益，並以為整體結餘之一部分進行減值測試。分別確認之商譽乃每年評估減值，並按成本減累計減值虧損列賬。商譽之折損不會撥回。

收購附屬公司所產生之已撥充資本商譽乃於資產負債表分開呈列。收購聯營公司所產生之已撥充資本商譽包括在投資有關該聯營公司成本中。

就減值測試而言，收購產生之商譽會分配至各預期可受惠於收購之協同效益之有關現金產生單位或多組現金產生單位。商譽所屬之現金產生單位會每年及於有跡象顯示與商譽有關之現金產生單位可能出現減值時進行減值測試。就財政年度內收購所產生之商譽而言，商譽所屬之現金產生單位會於該財政年度結束前進行減值測試。倘現金產生單位之可收回金額低於其賬面值，則折損會先分配以調減該單位任何商譽之賬面值，其後則按該單位內各項資產之賬面值之比例分配至該單位之其他資產。任何商譽之折損會即時於收益表中確認。商譽之折損不會於其後期間撥回。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Goodwill (cont'd)

On subsequent disposal of a subsidiary, jointly-controlled entities and associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate.

(c) Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. The results of subsidiaries are accounted by the Company on the basis of dividend received or receivables.

(d) Revenue recognition

Rental income, including rental invoiced in advance from properties under operating leases, is recognised in income statement on a straight line basis over the period of the relevant lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

(e) 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. Any gain or loss arising from a change in the fair value of the investment properties is recognised directly in the income statement in which they arise.

(f) Patent

Patent is stated at cost less amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost of patent over its estimated useful life, using the straight line method.

3. 主要會計政策 (續)

(b) 商譽 (續)

於其後出售附屬公司、共同控制機構及聯營公司時，出售之收益或虧損均參考出售日期之資產淨值計算，包括任何仍未攤銷之應佔商譽及有關儲備（如適用）。

(c) 在附屬公司之投資

在附屬公司之投資乃按成本減任何已識別之折損列入本公司資產負債表。附屬公司之業績乃由本公司按已收及應收股息之基準列賬。

(d) 收入確認

租金收入（包括根據經營租約租出之物業預先發出發票之租金）以直線法按有關租約年期確認。

利息收入根據尚未償還之本金金額以適用利率按時間比例基準計算。

(e) 投資物業

於初步確認時，投資物業乃按成本（包括任何直接應佔之開支）計量。於初步確認後，投資物業利用公平值模型計量。投資物業公平值變動產生之損益會於產生期間計入收益表。

(f) 專利權

專利權按成本減攤銷及累積折損列賬。計算攤銷時乃按估計可用年期以直線法撇銷專利權之成本。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

3. 主要會計政策 (續)

(g) 資產減值

內外資訊於每個結算日審閱，以決定資產有否減值或是否有跡象顯示之前已確認之減值是否已不存在或減少。倘出現任何減值跡象，則須估計有關資產之可收回價值。倘資產之賬面值超逾其可收回價值，則確認其減值虧損。除非該資產以重估數額列賬，減值虧損方根據有關會計政策就該重估資產處理，否則任何減值虧損於產生當期之損益賬內扣除。

(i) 計算可收回價值

資產之可收回價值為其售價淨額及使用價值之較高者。淨售價指於公平交易出售資產所得款項之數額。可使用價值則按持續使用資產預期取得之估計未來現金流量之現值，加資產使用期屆滿後出售估計所得現金之現值而計算。倘資產並未能在大致獨立於其他資產下賺取現金流量，則釐訂可獨立賺取現金流量之最小組別資產（即賺取現金單位）之可收回價值。

(ii) 撥回減值虧損

就商譽以外之資產而言，倘用以釐訂可收回數額之估計出現轉變，則為撥回減值虧損。有關商譽之減值虧損乃因預期不會再發生屬非經常性質之特定外界事項所導致，而可收回數額之上升明顯因該特定事件之影響逆轉所致，始可撥回商譽減值虧損。減值虧損之撥回僅限於資產之賬面值（在以往年度內並無確認任何減值虧損之情況下原應已經釐定者）。減值虧損之撥回在確認撥回之年度內撥入收益表內處理。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) 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 income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to income statement 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.

(i) 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 exchange 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 income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement 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)

(h) 租約

凡租約條款規定將租賃資產擁有權之絕大部份風險及回報轉移至承租人之租約均列為財務租約。所有其他租約分類為經營租約。

本集團為出租人

經營租約之租金收入會以直線法按有關租約年期在收益表確認。磋商及安排經營租約時產生之初步直接成本會加入租賃資產之賬面值，並以直線法按租約年期確認為開支。

本集團為承租人

根據經營租約應付之租金會以直線法按有關租約年期在收益中扣除。作為訂立經營租約獎勵之已收及應收利益以直線法按有關租約年期確認為租金開支扣減。

(i) 外幣換算

在編製個別集團實體的財務報表時，以實體功能貨幣以外之貨幣（外幣）進行之交易按交易日通用之匯率以其功能貨幣（即該實體經營之主要經濟環境之貨幣）記錄。於各結算日，以外幣列值之貨幣項目以結算日通用之匯率重新換算。以外幣列值並按公平值列賬之非貨幣項目以釐定公平值當日通用之匯率重新換算。以外幣列值並以歷史成本計量之非貨幣項目不會重新換算。

結算貨幣項目及換算貨幣項目時產生之匯兌差額於產生之期間在收益表中確認。重新換算按公平值列賬之非貨幣項目產生之匯兌差額計入期內之收益表中，惟重新換算非貨幣項目產生之差額有關之損益直接於股本權益確認，在此情況下，匯兌差額亦會直接於股本權益中確認。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Foreign currencies (cont'd)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Company (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 income statement in the period in which the foreign operation is disposed of.

(j) 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 profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the 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 other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. 主要會計政策 (續)

(i) 外幣換算 (續)

為呈列綜合財務報表的目的，本集團境外業務的資產及負債均以結算日通用匯率換算為本公司的呈列貨幣（即港元），而其收入及開支則以本年度平均匯率予以換算。除非匯率於期內波動很大。在此情況下，以交易日通用之匯率換算。產生的匯兌差異確認為一個股本權益的獨立部分（換算儲備）。該匯兌差額於該境外業務被出售期間於收益表內確認。

(j) 稅項

所得稅支出指當期應付稅項及遞延稅項。

當期應付稅項按年度應課稅溢利計算。應課稅溢利與收益表所報純利不同，此乃由於其不包括在其他年度應課稅或可扣減之收入及支出項目，亦不包括收益表內永不課稅或扣減之項目。本集團結算日前制定或實際制定之稅率釐定當期稅項負債。

遞延稅項確認於就財務報表內資產及負債賬面值與用於計算應課稅溢利之相應稅基兩者之差異，並以資產負債表負債法處理。遞延稅項負債通常會就所有應課稅暫時差異確認，而遞延稅項資產則限於較可能於日後取得應課稅溢利，並可用以抵銷可扣減暫時差異時確認。若暫時差異因於一項既不影響應課稅溢利亦不影響會計溢利之交易（業務合併除外）中開始確認其他資產及負債而引致，則不會確認該等資產及負債。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) **Taxation (cont'd)**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised based on sales that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the 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.

(k) **Retirement benefits scheme contributions**

The pension cost charged in the income statement represents the contributions payable in respect of the current year to the defined contribution schemes.

(l) **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.

3. 主要會計政策 (續)

(j) **稅項 (續)**

除非本集團可控制有關暫時差異之回撥及暫時差異在可見將來不會回撥之情況下，由投資附屬公司、聯營公司及共同控制實體產生之應課稅暫時差異，其遞延稅項負債均予以確認。

遞延稅項資產之賬面值於每個結算日均作檢討，並在不大可能再有足夠應課稅溢利收回全部或部份資產時減少。

遞延稅項乃按預期於負債或資產根據於結算日前已採用或實際採用之銷售償還或變現期間之稅率計算。遞延稅項會扣自或計入收益表，惟有關直接扣自或計入股本權益之項目，其遞延稅項亦會於股本權益中處理。

(k) **退休福利計劃供款**

自收益表扣除之退休金成本指於本年度向定額供款計劃所作之供款。

(l) **金融工具**

當一家集團實體成為金融工具合約條文之一方，則於資產負債表內確認金融資產及金融負債。金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債直接應佔之交易成本（以公平值計量且公平值計入損益之金融資產及金融負債除外）乃於初步確認時加入金融資產或金融負債（如適用）之公平值，或從金融資產或金融負債之公平價值扣除。收購以公平值計量且公平值計入損益之金融資產或金融負債直接應佔之交易成本，即時於損益內確認。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) Financial instruments (cont'd)

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments 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 Group's major financial assets are trade and other receivables and club debentures which fall within the category of loans and receivables and available-for-sale financial assets respectively and the accounting policies adopted are set out below.

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, trade and other receivables 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)

(I) 金融工具 (續)

金融資產

本集團之金融資產分類為以下四個類別其中之一，包括以公平值計量且公平值計入損益之金融資產、貸款及應收款項、持有至到期之投資及可供出售金融資產。所有正常購買或銷售之金融資產，按交易日之基準確認及不予確認。正常購買或銷售金融資產是指按照市場規定或慣例須在一段期限內進行資產交付之金融資產買賣。本集團之主要金融資產為貿易及其他應收款項以及會籍債券，分別屬貸款及應收款項以及可供出售金融資產兩類，而所採納之會計政策載列如下。

貸款及應收款項

貸款及應收款項為並未於交投活躍之市場內報價而附帶固定或可議定付款之非衍生金融資產。於初步確認後之每個結算日，貸款及應收款項使用實際利率法按經攤銷成本減任何可識別折損列賬。當有客觀證據顯示資產已減值，則於損益賬確認折損，並以資產之賬面值與按原實際利率折現其估計未來現金流量之現值兩者之差額計量。當於確認減值後發生一項事件可以客觀地與資產可收回款項增加有關，折損於其後期間撥回，但以所撥回於減值日期資產之賬面值為限，不得超過該項資產原未確認減值之經攤銷成本。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial instruments (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories under HKAS 39. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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 asset of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Group's financial liabilities are mainly comprised of other financial liabilities which include secured borrowings from a fellow subsidiary, trade and other payables and amounts due to fellow subsidiaries which fall within the category of other financial liabilities. These financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3. 主要會計政策 (續)

(l) 金融工具 (續)

可供待售之金融資產

可供待售之金融資產為非衍生項目，無論是否劃分為香港會計準則第39號下之任何其他類別。於初步確認後之每個結算日，可供待售金融資產按公平值計量。公平值之變動於股本中確認，直至該金融資產被出售或釐定為已減值，屆時過往於股本中確認之累計收益或虧損會自股本中剔除，並於損益確認。可供待售之金融資產之任何折損於損益確認。可供待售股本投資之折損將不會於往後期間撥回。就可供待售債項投資而言，倘該投資之公平值增加可客觀地與確認折損後之事件有關，則折損將獲撥回。

金融負債及股本權益

集團實體發行之金融負債及股本工具乃根據所訂立合約安排之內容及金融負債與股本工具之定義予以分類。

股本工具為可證明於本集團資產經扣除其所有負債後之餘額權益之任何合約。本公司發行之股本工具乃按已收所得款項扣除直接發行成本後記錄。

本集團之金融負債主要包括其他金融負債（包括來自同系附屬公司之有抵押借貸、貿易及其他應付款項以及應付同系附屬公司款項（屬其他金融負債））。該等金融負債其後利用實際利率法按經攤銷成本計算。

(m) 現金及現金等項目

現金及現金等項目包括手頭現金、銀行通知存款及原到期日不超過三個月之其他高流動性短期投資。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) **Provision**

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

(o) **Share-based payment transactions**

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in equity (share option reserve) will be transferred to retained profits.

(p) **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or common significant influences.

A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

3. 主要會計政策 (續)

(n) **撥備**

倘本集團因過往事件而導致現時須承擔法律性或推定性責任，而履行該等責任時將可能需要資源外流，並可就有關責任之金額作出可靠之估計，則會確認撥備。倘貨幣時間價值之影響重大，則撥備金額為預計履行責任所需支出於結算日之現值。

(o) **以股份支付之交易**

以股權結算並以股份支付之交易

授予本公司僱員之購股權

已接獲服務之公平值參考於授出日期所授出購股權之公平值釐定，以直線法於歸屬日期支銷，並相應增加股本（購股權儲備）。

於行使購股權時，以往於購股權儲備確認之款項將撥入股份溢價。當購股權已沒收或於屆滿日期仍未行使時，以往於股權（購股權儲備）確認之款項將撥入保留溢利。

(p) **關連人士交易**

倘任何一方直接或間接控制另一方式在財務及營運決策上對其發揮重大影響力，則雙方視為有關連。倘任何人士均受同一人士控制或發揮重影響，則雙方亦視為有關連。

當關連人士之間發生資源或責任轉讓時，則該項交易被視為關連人士交易。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) *Assets classified as held for sale*

Assets 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 are available for immediate sale in its present condition.

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include borrowings, trade receivables and trade payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st 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. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt 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.

3. 主要會計政策（續）

(q) 列為持作出售之資產

倘非流動資產之賬面值主要由出售交易而非透過持續使用取得，將被列為持作出售之資產。僅於出售極有可能發生及資產能以現狀即時出售時方符合此條件。

列為持作出售之非流動資產以資產過往之賬面值及公平價值減出售成本之較低金額計算。

4. 財務風險管理目標及政策

本集團之主要金融工具包括借貸、貿易應收款項及貿易應付款項。該等金融工具之詳情披露於各附註內。該等金融工具附帶之風險及有關如何降低該等風險之政策載於下文。管理層管理及監察該等風險，確保能以有效方式及時實施適當之措施。

信貸風險

倘若交易對手無法履行彼等截至二零零六年十二月三十一日有關各類已確認金融資產之債項，本集團承受之最大信貸風險為綜合資產負債表內列示之該等資產之賬面值。為盡量降低信貸風險，本集團管理層已指派一組人員負責釐定信貸額度、信貸批核及其他監管程序，確保能採取跟進行動追收逾期貸款。此外，於每個結算日，本集團檢討每宗個別貿易債項之可收回款項，確保就無法收回款項作出足夠之減值虧損。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 3, the management has made the following judgement that have most significantly effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Income taxes

As at 31st December, 2006, a deferred tax asset has been recognised in relation to the unused tax losses of approximately HK\$2,077,000 (2005: HK\$1,140,000). The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

6. TURNOVER

Turnover represents the net amounts received and receivable from third parties and is summarised as follows:

| | |
|-----------------------------|------|
| Rental income | 租金收入 |
| Income from loans financing | 財務收入 |

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions – (i) investment and finance and (ii) properties investment. These divisions are the basis on which the Group reports its primary segment information. The business segments of energy saving machine (manufacturing and trading of energy saving machine) and other investments (trading of investments in securities) have not been presented because of these segments for the years did not have significant contribution to the Group.

5. 關鍵會計判斷及估計不確定性之主要來源

應用附註3所述本集團之會計政策時，管理層已作出下列判斷，對財務報表中確認之金額有最重大之影響（於下文處理涉及估計者除外）。

所得稅

於二零零六年十二月三十一日，有關未使用稅項虧損之遞延稅項資產約2,077,000港元（二零零五年：1,140,000港元）已經確認。遞延稅項資產能否變現主要視乎日後是否具有足夠之未來溢利或應課稅暫時差異。倘若未來之實際溢利低於預期，則可能產生重大之遞延稅項資產撥回，該項撥回將於出現撥回發生之期間內在收益表內確認。

6. 營業額

營業額為已收及應收第三者之款項淨額，茲概述如下：

| 2006 | 2005 |
|----------|----------|
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |
| 3,227 | 4,189 |
| 285 | 509 |
| 3,512 | 4,698 |

7. 業務及地區分類

業務分類

因應管理需要，本集團現將營運業務劃分為以下兩個部門－(i)投資與財務及(ii)物業投資。本集團乃按上述部門申報其主要之分類資料。由於能源節省器（製造及買賣能源節省器）及其他投資（買賣證券投資）等業務分類於本年度並無為本集團帶來重大貢獻，故並無呈報該等分類。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

Business segments (cont'd)

Principal activities are as follows:

| | |
|------------------------|--|
| Investment and finance | – investing and financing activities |
| Properties investment | – property rental and leasing of equipment and trading of properties held for resale |

Segment information about these businesses is presented below:

For the year ended 31st December, 2006

7. 業務及地區分類 (續)

業務分類 (續)

主要業務如下：

| | |
|-------|----------------------|
| 投資與財務 | – 投資及財務業務 |
| 物業投資 | – 租賃物業及租賃設備以及買賣待轉售物業 |

上述業務之分類資料呈列如下：

截至二零零六年十二月三十一日止年度

| | | Investment and finance 投資與財務 HK\$'000 千港元 | Properties investment 物業投資 HK\$'000 千港元 | Consolidated 綜合 HK\$'000 千港元 |
|---|---------------|---|---|---------------------------------------|
| Income statement: | 收益表： | | | |
| Turnover | 營業額 | | | |
| External sales | 外界銷售 | 285 | 3,227 | 3,512 |
| Segment result | 分類業績 | 612 | 6,264 | 6,876 |
| Interest income | 利息收入 | | | 1,846 |
| Unallocated corporate expenses | 未分攤公司開支 | | | (3,211) |
| Profit before tax | 除稅前溢利 | | | 5,511 |
| Income tax expense | 所得稅開支 | | | (692) |
| Profit for the year | 本年度溢利 | | | 4,819 |
| Balance sheet: | 資產負債表： | | | |
| Assets | 資產 | | | |
| Segment assets | 分類資產 | – | 44,679 | 44,679 |
| Unallocated corporate assets | 未分攤公司資產 | | | 89,134 |
| Consolidated total assets | 綜合總資產 | | | 133,813 |
| Liabilities | 負債 | | | |
| Segment liabilities | 分類負債 | – | 3,810 | 3,810 |
| Unallocated corporate liabilities | 未分攤公司負債 | | | 1,327 |
| Consolidated total liabilities | 綜合總負債 | | | 5,137 |
| Other segment information | 其他分類資料 | | | |
| Surplus arising on revaluation of investment properties | 重估投資物業產生之盈餘 | – | 5,318 | 5,318 |
| Impairment losses reversed in the income statement | 收益表內減值虧損撥回 | 327 | – | 327 |
| Other non-cash expenses | 其他非現金開支 | – | (12) | (12) |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

Business segments (cont'd)

For the year ended 31st December, 2005

Income statement:

| | |
|--------------------------------|---------|
| Turnover | 營業額 |
| External sales | 外界銷售 |
| Segment result | 分類業績 |
| Interest income | 利息收入 |
| Unallocated corporate expenses | 未分攤公司開支 |
| Finance costs | 財務費用 |
| Profit before tax | 除稅前溢利 |
| Income tax expense | 所得稅開支 |
| Profit for the year | 本年度溢利 |

Balance sheet:

Assets

| | |
|------------------------------|---------|
| Segment assets | 分類資產 |
| Unallocated corporate assets | 未分攤公司資產 |
| Consolidated total assets | 綜合總資產 |

Liabilities

| | |
|-----------------------------------|---------|
| Segment liabilities | 分類負債 |
| Unallocated corporate liabilities | 未分攤公司負債 |
| Consolidated total liabilities | 綜合總負債 |

Other segment information

| | |
|---|-------------|
| Surplus arising on revaluation of investment properties | 重估投資物業產生之盈餘 |
| Impairment losses reversed in the income statement | 收益表內減值虧損撥回 |

Geographical segments

The Group's operations are principally located in Hong Kong. All identifiable assets of the Group are located in Hong Kong. Accordingly, no geographical segments is presented.

7. 業務及地區分類 (續)

業務分類 (續)

截至二零零五年十二月三十一日止年度

| Investment and finance 投資與財務 HK\$'000 千港元 | Properties investment 物業投資 HK\$'000 千港元 | Consolidated 綜合 HK\$'000 千港元 |
|--|--|---------------------------------------|
| 509 | 4,189 | 4,698 |
| 897 | 10,744 | 11,641 |
| | | 429 |
| | | (2,695) |
| | | (159) |
| | | 9,216 |
| | | (2,124) |
| | | 7,092 |
| | | 108,866 |
| | | 27,241 |
| | | 136,107 |
| | | 3,104 |
| | | 1,205 |
| | | 4,309 |
| | | 5,047 |
| 388 | — | 388 |

地區分類

本集團之業務主要位於香港。本集團所有可識別資產均位於香港。因此，並無呈列地區分類。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

8. OTHER OPERATING INCOME

8. 其他經營收入

| | | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|--|---------------|-------------------------|-------------------------|
| Other operating income included the followings: | 其他經營收入包括以下項目： | | |
| Interest income | 利息收入 | 1,846 | 429 |
| Write back of allowance for bad and doubtful debts | 撥回呆壞賬撥備 | 327 | 388 |

9. FINANCE COSTS

9. 財務費用

| | | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|--|----------------------|-------------------------|-------------------------|
| Interest on bank and other borrowings not wholly repayable within five years | 毋須於五年內全數償還之銀行及其他借貸利息 | - | 159 |

10. PROFIT BEFORE TAX

10. 除稅前溢利

| | | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|---|---|-------------------------|-------------------------|
| Profit before tax have been arrived at after charging: | 除稅前溢利已扣除： | | |
| Staff costs: | 員工成本 | | |
| Directors' remuneration (Note 11) | 董事酬金(附註11) | 204 | 153 |
| Salaries and other benefits | 薪金及其他福利 | 1,066 | 976 |
| Retirement benefit scheme contributions excluding directors and after forfeited contribution of HK\$9,000 (2005: HK\$8,000) | 退休福利計劃供款，不包括董事並已扣除已沒收供款9,000港元(二零零五年：8,000港元) | 52 | 40 |
| | | 1,322 | 1,169 |
| Auditors' remuneration | 核數師酬金 | 300 | 460 |
| and after crediting: | 並已計入： | | |
| Property rental income, net of outgoings of HK\$965,000 (2005: HK\$1,103,000) | 物業租金收入－扣除開支965,000港元(二零零五年：1,103,000港元) | 2,262 | 3,086 |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The aggregate amount of emoluments payable to the directors of the Company during the year was HK\$204,000 (2005: HK\$153,000).

The remuneration of every director for the year ended 31st December, 2006 and 31st December, 2005 is shown as below:

11. 董事及僱員酬金

(a) 董事酬金

本年度應付本公司董事酬金總額為204,000港元(二零零五年: 153,000港元)。

截至二零零六年十二月三十一日及二零零五年十二月三十一日止年度各董事之酬金呈列如下:

| Name of directors | 董事姓名 | Directors' fees | | Salaries and other benefits | | Retirement scheme contributions | | Total | |
|--|----------------|-----------------|----------|-----------------------------|----------|---------------------------------|----------|------------|----------|
| | | 董事袍金 | | 薪金及其他福利 | | 退休福利計劃供款 | | 合計 | |
| | | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | | HK\$'000 | HK\$'000 | 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 | 千港元 | 千港元 |
| Executive directors | 執行董事 | | | | | | | | |
| Halina Hung, Shi-wei | 熊思慧 | 4 | — | — | — | — | — | 4 | — |
| Aaron Tam, Chong-cheong | 譚頌翔 | — | — | — | — | — | — | — | — |
| Leung, Wing-pong | 梁榮邦 | 10 | — | — | — | — | — | 10 | — |
| Kong, Chi-ming | 江志明 | 10 | — | — | — | — | — | 10 | — |
| | | 24 | — | — | — | — | — | 24 | — |
| Independent non-executive directors | 獨立非執行董事 | | | | | | | | |
| Leung, Yun-fai | 梁潤輝 | 60 | 52 | — | — | — | — | 60 | 52 |
| Lam, Yat-fai | 林日輝 | 60 | 51 | — | — | — | — | 60 | 51 |
| David Chain, Chi-woo | 錢其武 | 60 | 50 | — | — | — | — | 60 | 50 |
| | | 180 | 153 | — | — | — | — | 180 | 153 |
| | | 204 | 153 | — | — | — | — | 204 | 153 |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (cont'd)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2005: one) was independent non-executive director of the Company whose emoluments are included in (a) above. The emoluments of the remaining four (2005: four) individuals were as follows:

| | |
|---|----------|
| Salaries and other benefits | 薪金及其他福利 |
| Retirement benefit scheme contributions | 退休福利計劃供款 |

The emoluments of each individual were within the emolument band of less than HK\$1,000,000.

During the year ended 31st December, 2006 and 2005, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group. No directors waived any emoluments in the year ended 31st December, 2006 and 31st December, 2005.

12. INCOME TAX EXPENSE

The tax charge comprises:

| |
|---|
| Current tax of the Company and its subsidiaries |
| Deferred tax (Note 27) |

稅項支出包括：

| |
|----------------|
| 本公司及其附屬公司之當期稅項 |
| 遞延稅項(附註27) |

11. 董事及僱員酬金 (續)

(b) 僱員酬金

本集團五位最高薪酬僱員其中一位(二零零五年:一位)為本公司之獨立非執行董事,其酬金資料載列於上文(a)。餘下四位(二零零五年:四位)人士之酬金資料載列如下:

| 2006 | 2005 |
|----------|----------|
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |

| | |
|-------|-----|
| 1,125 | 976 |
| 52 | 41 |

| | |
|-------|-------|
| 1,177 | 1,017 |
|-------|-------|

每位人士之酬金為1,000,000港元以下之酬金級別。

於截至二零零六年及二零零五年十二月三十一日止年度內,本集團概無支付任何酬金予該五位最高薪酬僱員(包括董事)作為其加入或加入本集團時之報酬。截至二零零六年十二月三十一日及二零零五年十二月三十一日止年度內,並無董事放棄任何酬金。

12. 所得稅開支

| 2006 | 2005 |
|----------|----------|
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |

| | |
|-----|-------|
| - | - |
| 692 | 2,124 |

| | |
|-----|-------|
| 692 | 2,124 |
|-----|-------|

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

12. INCOME TAX EXPENSE (cont'd)

No provision for Hong Kong Profits Tax has been made as the group companies which are subject to Hong Kong Profits Tax either incurred tax losses for the year or have tax losses brought forward to set off assessable profit for the year.

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

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

| | | 2006 HK\$'000 千港元 | % | 2005 HK\$'000 千港元 | % |
|---|----------------------|-------------------------|--------|-------------------------|--------|
| Profit before tax | 除稅前溢利 | 5,511 | | 9,216 | |
| Tax 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 | 965 | 17.5 | 1,612 | 17.5 |
| Tax effect of income not taxable for tax purpose | 毋須課稅收入之稅務影響 | (1,264) | (22.9) | (2,523) | (27.4) |
| Tax effect of expenses not deductible for tax purposes | 稅務上不可扣減支出之稅務影響 | 977 | 17.7 | 714 | 7.7 |
| Tax effect of tax losses/deferred tax assets not recognised | 不予確認稅項虧損／遞延稅項資產之稅務影響 | 1,850 | 33.6 | 2,321 | 25.2 |
| Utilisation of tax losses previously not recognised | 動用先前未確認之稅務虧損 | (1,836) | (33.3) | - | - |
| Tax charge for the year | 年度稅項支出 | 692 | 12.6 | 2,124 | 23.0 |

Details of deferred tax are set out in note 27.

12. 所得稅開支 (續)

由於須繳付香港利得稅之集團公司於年內產生稅務虧損或有承前稅務虧損以抵銷年內之應課稅溢利，故該等集團公司並無為香港利得稅作出撥備。

其他司法權區之稅項乃按有關司法權區當時之稅率計算。

年度之稅項支出與綜合收益表之除稅前溢利對賬如下：

遞延稅項之詳情載於附註27。

13. DIVIDENDS

Proposed final dividend of HK\$ 0.01
(2005: HK\$0.01) per share

擬派末期股息每股0.01港元
(二零零五年: 0.01港元)

| 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|-------------------------|-------------------------|
| 7,941 | 7,941 |

The directors of the Company have resolved to recommend the payment of a final dividend of HK\$7,941,000 representing HK\$0.01 (2005: HK\$0.01) per share in respect of the year ended 31st December, 2006. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

The proposed final dividends for the year ended 31st December, 2005 of HK\$0.01 per share was approved by the shareholders in general meeting and paid during the year.

13. 股息

董事議決建議派發截至二零零六年十二月三十一日止年度之末期股息7,941,000港元，即每股0.01港元（二零零五年：0.01港元）。於結算日後建議之末期股息於結算日並未確認為負債。

截至二零零五年十二月三十一日止年度擬派末期股息每股0.01港元已在股東大會獲股東批准，並已於年內派付。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK\$4,819,000 (2005: HK\$7,092,000) and on the weighted average number of ordinary shares in issue of 794,057,800 shares during the year (2005: 781,383,827 shares).

For the year ended 31st December, 2006 and 2005, diluted earnings per share has been presented even though there were no diluting events during the years.

15. ASSETS CLASSIFIED AS HELD FOR SALE

On 27th December, 2006 and 8th December, 2006, Superkey Development Limited and Boria Enterprises Limited, indirect wholly owned subsidiaries of the Company, entered into two sale and purchase agreements with two independent third parties ("the Purchasers") in relation to the disposals of a car park located at No. 4106, 4/F., Bank of America Tower, 12 Harcourt Road, Hong Kong (the "Car Park") and a property located at 3rd Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the "Property") at considerations of HK\$538,000 and HK\$8,800,000 respectively. The Car Park was satisfied by the Purchasers in cash and the transaction was completed on 19th January, 2007. The Property shall be satisfied in cash and the transaction would be completed on or before 31st May, 2007. In accordance with HKFRS 5, the above investment properties have been presented as assets classified as held for sale in the balance sheet for the year ended 31st December, 2006.

14. 每股盈利

每股基本盈利按本年度溢利4,819,000港元(二零零五年: 7,092,000港元)及本年度已發行普通股加權平均股數794,057,800股(二零零五年: 781,383,827股)計算。

儘管截至二零零六年及二零零五年十二月三十一日止年度並無具潛在攤薄事項,惟仍然呈列每股攤薄盈利。

15. 列為持作出售之資產

於二零零六年十二月二十七日及二零零六年十二月八日,本公司之間接全資附屬公司偉祺發展有限公司及博永企業有限公司與兩名獨立第三方(「買方」)訂立兩份買賣協議,分別以代價538,000港元及8,800,000港元出售香港夏慤道12號美國銀行中心4樓4106號停車位(「停車位」)及位於香港新界葵涌梨木道63-71號中僑貨倉大廈3樓之物業(「物業」)。出售停車位已由買方於二零零七年一月十九日以現金支付及完成,出售物業則將由買方於二零零七年五月三十一日或之前以現金支付及完成。根據香港財務報告準則第5號,上述投資物業已於截至二零零六年十二月三十一日止年度之資產負債表內列為持作出售之資產。

16. INVESTMENT PROPERTIES

16. 投資物業

| | | HK\$'000 千港元 |
|---|-----------------------------|-----------------|
| Fair value | 公平值 | |
| At 1st January, 2005 | 於二零零五年一月一日 | 108,080 |
| Disposals | 出售 | (5,407) |
| Increase in fair value recognised in the income statement | 已於收益表確認之公平值增加 | 5,047 |
| | | <hr/> |
| At 31st December, 2005 and 1st January, 2006 | 於二零零五年十二月三十一日及 二零零六年一月一日 | 107,720 |
| Disposals | 出售 | (68,100) |
| Increase in fair value recognised in the income statement | 已於收益表確認之公平值增加 | 5,318 |
| Reclassification to assets classified as held for sale | 重新分類列為持作出售之資產 | (9,338) |
| | | <hr/> |
| At 31st December, 2006 | 於二零零六年十二月三十一日 | 35,600 |
| | | <hr/> <hr/> |

The Group's investment properties comprise land and buildings in Hong Kong as follows:

本集團在香港包括土地及樓宇之投資物業如下：

| | | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|--------------------|------|-------------------------|-------------------------|
| Long leases | 長期租約 | - | 620 |
| Medium-term leases | 中期租約 | 35,600 | 107,100 |
| | | <hr/> | <hr/> |
| | | 35,600 | 107,720 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The fair value of the Group's investment properties at 31st December, 2006, has been arrived at on the basis of a valuation carried out on the date by Norton Appraisals Limited, independent qualified professional surveyors not connected with the Group. Norton Appraisals Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conformed to The Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors was based on open market value basis.

本集團投資物業於二零零六年十二月三十一日之公平值按一家與本集團概無關連之獨立合資格專業測計師行普敦國際評估有限公司於該日進行之估值為基準而計算。普敦國際評估有限公司對於相關地點之同類型物業估值具有適合資格及近期之估值經驗。該項估值乃遵守香港測量師學會所頒布之物業估值準則（第一版），並按公開市值基準進行重估。

All of the Group's investment properties 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.

本集團所有根據經營租約持有以賺取租金或作資本增值用途之投資物業，乃以公平值模式計算，並分類及列作投資物業。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

17. INTANGIBLE ASSET

17. 無形資產

| | | Patent 專利權 HK\$'000 千港元 |
|--|--|--|
| Cost | 成本 | |
| At 1st January, 2005, 31st December, 2005 and 31st December, 2006 | 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 | 29,670 |
| Amortisation and impairment | 攤銷及減值 | |
| At 1st January, 2005, 31st December, 2005 and 31st December, 2006 | 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 | 29,670 |
| At 31st December, 2006 and 31st December, 2005 | 於二零零六年十二月三十一日及 二零零五年十二月三十一日 | - |

18. INTERESTS IN ASSOCIATES

18. 聯營公司權益

| | | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|-----------------------------------|------------|---------------------------------------|-------------------------|
| Share of net assets of associates | 攤佔聯營公司資產淨額 | - | - |

Details of the Group's associates at 31st December, 2006 are set out in note 33.

本集團聯營公司於二零零六年十二月三十一日之詳情載於附註33。

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

本集團聯營公司之財務資料概述如下：

| | | 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|--------------------------------------|----------|---------------------------------------|-------------------------|
| Turnover | 營業額 | 1,395 | - |
| Loss for the year | 本年度虧損 | (12,678) | (12,432) |
| Loss attributable to the Group | 本集團應佔虧損 | - | - |
| Total assets | 總資產 | 15,633 | 11,023 |
| Total liabilities | 總負債 | (75,196) | (65,875) |
| Net liabilities | 淨負債 | (59,563) | (54,852) |
| Net assets attributable to the Group | 本集團應佔淨資產 | - | - |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

19. 共同控制機構權益

| | | 2006 | 2005 |
|--|--------------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Share of net assets of jointly controlled entities | 攤佔共同控制機構資產淨額 | - | - |

Details of the Group's jointly controlled entities at 31st December, 2006 are set out in note 34.

本集團於二零零六年十二月三十一日之共同控制機構之詳情載於附註34。

The summarised financial information in respect of the Group's jointly controlled entities is set out below:

本集團共同控制機構之財務資料概述如下：

| | | 2006 | 2005 |
|--------------------------------------|----------|-----------------|-----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Turnover | 營業額 | - | - |
| Loss for the year | 本年度虧損 | (20) | (24) |
| Loss attributable to the Group | 本集團應佔虧損 | - | - |
| Total assets | 總資產 | 4,314 | 4,314 |
| Total liabilities | 總負債 | (160,497) | (160,485) |
| Net liabilities | 淨負債 | (156,183) | (156,171) |
| Net assets attributable to the Group | 本集團應佔淨資產 | - | - |

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

20. 可供待售之金融資產

| | | 2006 | 2005 |
|-----------------|------|-----------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Club debentures | 會藉債券 | 220 | 220 |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

21. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables of the Group are trade receivables of HK\$271,000 (2005: HK\$182,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings. Its aged analysis at the balance sheet date is as follows:

| | |
|----------------|--------|
| Within 30 days | 30日內 |
| 31-60 days | 31—60日 |
| Over 60 days | 超過60日 |

The Directors consider that the carrying amounts of the Group's trade and other receivables at 31st December, 2006 approximate to their fair values.

22. SHORT-TERM LOANS RECEIVABLE

| | |
|--|---------|
| Loans receivable | 應收貸款 |
| Less: Allowance for bad and doubtful debts | 減：呆壞賬準備 |

The Group maintained a defined credit policy in accordance with respective loan agreements. The age of loans receivable of the Group at the balance sheet date was over due.

21. 貿易及其他應收款項

本集團之貿易及其他應收款項已計入271,000港元（二零零五年：182,000港元）之應收貿易款項，主要為預先簽發之賬單而預期於收到賬單後會支付之應收租金。以下為於結算日之賬齡分析：

| 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|-------------------------|-------------------------|
| 215 | 172 |
| 38 | 3 |
| 18 | 7 |
| 271 | 182 |

董事認為本集團之貿易及其他應收款項於二零零六年十二月三十一日之公平值與其賬面值相約。

22. 應收短期貸款

| 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|-------------------------|-------------------------|
| 3,203 | 3,530 |
| (3,203) | (3,530) |
| — | — |

本集團因應個別之貸款協議而採用既定之信貸政策。本集團於結算日之應收貸款賬齡為已到期。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

23. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade creditors of HK\$10,000 (2005: HK\$146,000). Its aged analysis at the balance sheet date is as follows:

| | |
|----------------|--------|
| Within 30 days | 30日內 |
| 31-60 days | 31-60日 |
| Over 60 days | 超過60日 |

The Directors consider that the carrying amount of the Group's trade and other payables at 31st December, 2006 approximate to their fair values.

24. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, non-interest bearing and repayable on demand. The Directors consider that the carrying amounts of the Group's amounts due to fellow subsidiaries at 31st December, 2006 approximate to their fair values.

25. SHARE CAPITAL

Ordinary shares of HK\$0.01 each
Authorised:
At 31st December, 2006 and 2005

Issued and fully paid:

At 1st January, 2005

Issue of new ordinary shares (note)

At 31st December, 2006 and 2005

每股面值0.01港元之普通股

法定股本:

於二零零六年及二零零五年
十二月三十一日

已發行及繳足股本:

於二零零五年一月一日

發行新普通股(附註)

於二零零六年及
二零零五年十二月三十一日

23. 貿易及其他應付款項

本集團之貿易及其他應付款項已計入10,000港元(二零零五年:146,000港元)之應付貿易款項。以下為於結算日之賬齡分析:

| 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|-------------------------|-------------------------|
| 4 | 28 |
| - | 10 |
| 6 | 108 |
| 10 | 146 |

董事認為本集團之貿易及其他應付款項於二零零六年十二月三十一日之公平值與其賬面值相若。

24. 應付同系附屬公司款項

有關金額為無抵押、免息及按通知償還，董事認為本集團之應付同系附屬公司款項於二零零六年十二月三十一日之公平值與其賬面值相若。

25. 股本

| Number ordinary shares 普通股數目 | Amount 款項 HK\$'000 千港元 |
|------------------------------------|---------------------------------|
|------------------------------------|---------------------------------|

| | |
|----------------|---------|
| 80,000,000,000 | 800,000 |
| 691,257,800 | 6,912 |
| 102,800,000 | 1,028 |
| 794,057,800 | 7,940 |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

25. SHARE CAPITAL (cont'd)

Note:

Pursuant to a share placing agreement dated 1st February, 2005, the Company issued 102,800,000 ordinary shares at price of HK\$0.255 per share in February, 2005. The proceeds was mainly used to repay the secured borrowings from a fellow subsidiary. The new shares issued during the year rank pari passu with the then existing shares in all respect.

26. SHARE OPTION SCHEME

The Company has adopted a share option scheme on 15th February, 2002 (the "2002 Scheme") for the primary purpose of providing incentives to directors and eligible employees. Details are as set out below:

Pursuant to the terms of the 2002 Scheme which will expire on 14th February, 2012, the Company may grant options to directors and full time employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration of HK\$10 per grant. The subscription price for the shares under the 2002 Scheme shall be a price determined by the directors of the Company being at least the higher of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, or the average closing price of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant. Options granted are exercisable at any time during a period to be notified by the board of directors of the Company but limited to a maximum period of ten years after the date the options are granted. Options granted should be accepted within 21 days from date of offer.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and the other schemes shall not exceed 10% of the shares in issue at the date on which the 2002 Scheme becomes unconditional (the "Mandate Limit"). Options lapsed will not be counted for the purpose of calculating the Mandate Limit. For the avoidance of doubt, the share underlying the options which have been cancelled and have not lapsed will be counted as part of the Mandate Limit.

25. 股本 (續)

附註：

根據日期為二零零五年二月一日之股份配售協議，本公司於二零零五年二月按每股0.255港元之價格發行102,800,000股普通股。所得款項主要用於償還同系附屬公司之有抵押借貸。年內發行之所有新股在各方面均與當時之現有股份享有同等權益。

26. 認購股權計劃

本公司於二零零二年二月十五日採納一項認購股權計劃（「二零零二年計劃」），主要目的是獎勵董事及合資格僱員，詳情載列如下：

根據將於二零一二年二月十四日屆滿之二零零二年計劃，本公司可按10港元之代價向本公司或其附屬公司之董事及全職僱員授出可認購本公司股份之認購股權。二零零二年計劃之股份認購價由本公司董事決定，惟最低為股份於授出日期在聯交所每日報價表所示之收市價或股份於緊接授出日期前五個交易日在聯交所每日報價表所示之收市價平均值（以較高者為準）。已授出之認購股權於本公司董事會知會之期間內可隨時行使，惟該期間最多以認購股權授出日期起計十年為限。所授出之認購股權於提呈日期起計21天內可供接納。

因行使按二零零二年計劃及其他計劃將予獲授之所有認購股權而可予發行之股數上限，不得超過於二零零二年計劃成為無條件當日已發行股份之10%（「授權限額」）。於計算授權限額時，已作廢之認購股權不會計入。為免混淆，已註銷但未有作廢之認購股權涉及之股份，將計入作為授權限額之一部份。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

26. SHARE OPTION SCHEME (cont'd)

The Mandate Limit may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and the other share option schemes must not exceed 10% of the shares in issue at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the 2002 Scheme and the other share option schemes (including those outstanding, cancelled, lapsed in accordance with the 2002 Scheme and the other share option schemes of the Company or exercised options) will not be counted for the purpose of calculating the refreshed 10%.

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

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

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

No options were outstanding at 31st December, 2006 and 31st December, 2005 under the 2002 Scheme. No options were granted, exercised, cancelled or lapsed during the two years.

26. 認購股權計劃 (續)

授權限額經股東在股東大會上批准後可隨時更新，惟因行使按二零零二年計劃及其他認購股權計劃授出之所有認購股權可予發行之股份總數，不得超過取得上述股東批准當日之已發行股份之10%。為免混淆，過往按二零零二年計劃及其他認購股權計劃授出之認購股權（包括未行使、已註銷、按二零零二年計劃及本公司其他購股權計劃作廢之認購股權或已行使之認購股權），於計算更新之10%時不會計入。

本公司可在股東於股東大會批准之情況下，授出超過10%限額之認購股權，惟超過10%限額之認購股權只可授予本公司於尋求股東批准前列明之僱員。

除非按本文所述獲得股東批准，否則，因行使於任何十二個月期間內向各僱員授出之認購股權（包括已行使及未行使認購股權）而已獲及將獲發行之股份總數，不得超過本公司已發行股份之1%。如向任何僱員進一步授出認購股權會導致因其行使於截至進一步授出認購股權之日期（該日期包括在內）止之任何十二個月期間內經已及將會獲授之所有認購股權（包括已行使、已註銷及未行使之認購股權）而已獲及將獲發行之股份，合共超過已發行股份之1%，則進一步授出認購股權之事宜須在股東大會上獲股東另行批准，而有關僱員及其聯繫人士均不得投票。

然而，因行使本公司所有認購股權計劃授出之全部認購股權而可予發行之股份之整體限制，不得超過不時之已發行股份之30%。

於二零零六年十二月三十一日及二零零五年十二月三十一日，概無二零零二年計劃之認購股權尚未行使。該兩個年度內，概無認購股權授出、行使、註銷或失效。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

27. DEFERRED TAX LIABILITIES/(ASSETS)

The following are the major deferred tax liabilities/(assets) provided/(recognised) by the Group and movements thereon during the current and prior reporting periods:

27. 遞延稅項負債／（資產）

以下為本報告期間及上一個報告期間本集團提撥／（確認）之主要遞延稅項負債／（資產）及有關變動：

| | | Revaluation of investment properties 重估 投資物業 HK\$'000 千港元 | Accelerated tax depreciation 加速 稅項折舊 HK\$'000 千港元 | Tax losses 稅項虧損 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|--|----------------------|---|---|--|--------------------------------|
| At 1st January, 2005 | 於二零零五年一月一日 | (2,321) | 3,175 | (1,947) | (1,093) |
| Charge to the income statement for the year | 扣自本年度收益表 | 858 | 305 | 807 | 1,970 |
| Realised on disposal of investment property | 出售投資物業時變現 | 264 | (110) | — | 154 |
| At 31st December, 2005 | 於二零零五年十二月三十一日 | (1,199) | 3,370 | (1,140) | 1,031 |
| Charge to the income statement for the year | 扣自本年度收益表 | 945 | 130 | (937) | 138 |
| Realised on disposal of investment property | 出售投資物業時變現 | 1,514 | (960) | — | 554 |
| At 31st December, 2006 | 於二零零六年十二月三十一日 | 1,260 | 2,540 | (2,077) | 1,723 |

At 31st December, 2006, the Group has unused tax losses of HK\$709,818,000 (2005: HK\$709,059,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$11,869,000 (2005: HK\$6,516,000) of such losses. No deferred tax assets have been recognised in respect of the remaining tax losses of HK\$697,949,000 (2005: HK\$702,543,000) due to the unpredictability of future profit streams. All unused tax losses may be carried forward indefinitely.

於二零零六年十二月三十一日，本集團可用作對銷未來溢利但尚未動用之稅項虧損為709,818,000港元（二零零五年：709,059,000港元）。本公司已將11,869,000港元（二零零五年：6,516,000港元）之稅項虧損確認為遞延稅項資產。由於未能預測日後溢利來源，故本公司並無將餘下之697,949,000港元（二零零五年：702,543,000港元）之稅項虧損確認為遞延稅項資產。所有未動用之稅項虧損可無限期結轉。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

28. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Minimum lease payments paid
under operating leases

按經營租約支付之
最低租金

本集團(以承租人身份)

| 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|-------------------------|-------------------------|
| 56 | 42 |

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於結算日，本集團按不可撤銷經營租約之日後最低租金承擔之到期日如下：

Within one year

一年內

| 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|-------------------------|-------------------------|
| 59 | 7 |

Operating lease payments represent rentals payable by the Group for its office premises. Leases and rentals are negotiated for a fixed term of two years.

經營租約款項指本集團就辦公室物業應付之租金。租期及租金之有效期固定為兩年。

The Group as lessor

Property rental income earned during the year was HK\$3,227,000 (2005: HK\$4,189,000) with a rental yields of approximately 7.18% (2005: 3.89%). Certain properties have committed tenants for the next two years.

本集團(以出租人身份)

本年內賺取之物業租金收入為3,227,000港元(二零零五年: 4,189,000港元)，其租金收益率約為7.18%(二零零五年: 3.89%)。若干物業在未來兩年擁有已訂約之租戶。

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

於結算日，本集團與租戶已訂有租約之日後最低租金如下：

Within one year
In the second to fifth year inclusive

一年內
第二至第五年(包括首尾兩年在內)

| The Group 本集團 | |
|-------------------------|-------------------------|
| 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
| 2,334 | 1,627 |
| 632 | 455 |
| 2,966 | 2,082 |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

29. RETIREMENT BENEFIT SCHEMES

The Group operates defined contribution schemes for all eligible employees. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost charged to the consolidated income statement represents contributions payable to those schemes by the Group for the year.

The total cost charged to consolidated income statement of HK\$52,000 (2005: HK\$40,000) after forfeited contribution for HK\$9,000 (2005: HK\$8,000) represents contributions payable to these schemes by the Group for the year.

29. 退休福利計劃

本集團為所有合資格僱員設立定額供款計劃。該等計劃之資產由受託人控制之基金持有，並獨立於本集團之資產。退休福利費用自綜合收益表扣除，有關款額相當於本集團年內向該等計劃應付之供款。

沒收供款9,000港元（二零零五年：8,000港元）後於綜合收益表扣除之費用總額為52,000港元（二零零五年：40,000港元）乃本集團於年內向該等計劃作出之供款。

30. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions

During the year ended 31st December, 2006:

- (i) The Group paid interest of HK\$ Nil (2005: HK\$159,000) to Oriental Ford Finance Limited, a fellow subsidiary of the Company. This interest was charged at prevailing market rates based on outstanding balances during the year.
- (ii) The Group paid rent of HK\$56,000 (2005: HK\$42,000) to Chinese Estates, Limited, a fellow subsidiary of the Company, for the lease of office premises to the Group. The amount paid was based on terms agreed by both parties.
- (iii) The Group received rental income of HK\$118,000 (2005: HK\$118,000) from The House of Kwong Sang Hong Limited, an associated company of Chinese Estates. The rental was charged at a fixed amount of approximately HK\$10,000 per month, which was based on terms agreed by both parties.

30. 有關連人士交易及結餘

(a) 交易

於截至二零零六年十二月三十一日止年度：

- (i) 本集團向本公司之同系附屬公司 Oriental Ford Finance Limited 支付利息零港元（二零零五年：159,000港元）。該項利息按年內尚未償還餘款以通行市場利率計算。
- (ii) 本集團向本公司之同系附屬公司華人置業有限公司就租賃辦公室予本集團支付租金56,000港元（二零零五年：42,000港元）。已付之款額乃按雙方協定之年期計算。
- (iii) 本集團向華人置業之聯營公司廣生堂有限公司收取租金收入118,000港元（二零零五年：118,000港元）。該項租金乃按每月約10,000港元之固定款額收取，條款乃經雙方同意協定。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

30. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

(b) Compensation of key management personnel

Compensation for key management personnel, including amount paid to the Company's directors and the senior executives is as follows:—

| | |
|--|-----------|
| Salaries and other short-term benefits | 薪金及其他短期福利 |
| Pension scheme contributions | 退休計劃供款 |

Further details of directors' emoluments are included in note 11 to the consolidated financial statements.

(c) Balance

Details of balances with related parties at the balance sheet date are set out in the consolidated balance sheet.

30. 有關連人士交易及結餘 (續)

(b) 主要管理人員之薪酬

主要管理人員之薪酬，包括已付本公司董事及高級行政人員之款項呈列如下：

| 2006 HK\$'000 千港元 | 2005 HK\$'000 千港元 |
|-------------------------|-------------------------|
| 463 | 406 |
| 22 | 19 |
| 485 | 425 |

董事酬金之其他詳情載於綜合財務報表附註11。

(c) 結餘

於結算日之有關連人士交易結餘詳情載於綜合資產負債表。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

31. BALANCE SHEET OF THE COMPANY

The Company's balance sheet at the balance sheet dates are as follows:

| | | 附註 | 2006 千港元 | 2005 千港元 |
|---------------------------------------|-------------|-----|----------------|-------------|
| Non-current assets | 非流動資產 | | | |
| Interests in subsidiaries | 附屬公司權益 | | 59,057 | 89,309 |
| Club debenture | 會籍債券 | | 100 | 100 |
| | | | 59,157 | 89,409 |
| Current assets | 流動資產 | | | |
| Prepayment and other receivables | 預付款項及其他應收款項 | | 309 | 280 |
| Bank balances and cash | 銀行結存及現金 | | 86,995 | 26,575 |
| | | | 87,304 | 26,855 |
| Current liabilities | 流動負債 | | | |
| Accruals and other payables | 應計款項及其他應收款項 | | 467 | 487 |
| Amount due to a fellow subsidiary | 應付同系附屬公司款項 | | 122 | 109 |
| | | | 589 | 596 |
| Net current assets | 流動資產淨額 | | 86,715 | 26,259 |
| Total assets less current liabilities | 總資產減流動負債 | | 145,872 | 115,668 |
| Non-current liability | 非流動負債 | | | |
| Amounts due to subsidiaries | 應付附屬公司款項 | | 36,150 | 65 |
| Total assets and liabilities | 資產與負債總額 | | 109,722 | 115,603 |
| Capital and reserves | 股本及儲備 | | | |
| Share capital | 股本 | | 7,940 | 7,940 |
| Share premium and reserves | 股份溢價及儲備 | (a) | 101,782 | 107,663 |
| | | | 109,722 | 115,603 |

Note:

(a) Share premium and reserves

The Company

At 1st January, 2005
Shares placement
Profit for the year

At 31st December, 2005

Dividends

Profit for the year

At 31st December, 2006

本公司

於二零零五年一月一日
配售股份
本年度溢利

於二零零五年十二月三十一日

股息

本年度溢利

於二零零六年十二月三十一日

附註：

(a) 股份溢價及儲備

| Share premium 股份溢價 HK\$'000 千港元 | Retained profits 保留溢利 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|---|--|--------------------------------|
| — | 81,919 | 81,919 |
| 24,764 | — | 24,764 |
| — | 980 | 980 |
| 24,764 | 82,899 | 107,663 |
| — | (7,941) | (7,941) |
| — | 2,060 | 2,060 |
| 24,764 | 77,018 | 101,782 |

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

32. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st December, 2006 are as follows:

| Name of Subsidiary | Place of incorporation | Nominal value of issued and fully paid ordinary share capital 已發行及繳足 普通股本之面值 | Proportion of nominal value of issued share capital held by the Company | | Principal activity |
|--|-----------------------------------|--|--|------------------|-----------------------------|
| | | | 本公司所持已發行 股本面值比率 | | |
| 附屬公司名稱 | 註冊成立地點 | 普通股本之面值 | Directly 直接 | Indirectly 間接 | 主要業務 |
| Boria Enterprises Limited 博永企業有限公司 | Hong Kong 香港 | HK\$20 20港元 | — | 100% | Property investment 物業投資 |
| Gold Concept Limited 金朗有限公司 | Hong Kong 香港 | HK\$2 2港元 | — | 100% | Property investment 物業投資 |
| Great King Limited 東帝有限公司 | Hong Kong 香港 | HK\$2 2港元 | — | 100% | Property investment 物業投資 |
| Legend Power Ltd. (note) (附註) | British Virgin Islands 英屬維爾京群島 | US\$2,000 2,000 美元 | — | 100% | Investment holding 投資控股 |
| Superkey Development Limited 偉祺發展有限公司 | Hong Kong 香港 | HK\$2 2港元 | — | 100% | Property investment 物業投資 |

Note: Pursuant to the debt restructuring in July 2003, Koga Limited (a creditor of the Group previously) was granted a call option to acquire 50% interest in Legend Power Ltd., within the next 5 years from the date of the completion (January, 2004) of the transfer of the equity interest in Legend Power Ltd. from Koga Limited to the Group under the debt restructuring, at a consideration of the higher of HK\$150,000 and 50% of the consolidated net tangible assets of Legend Power Ltd. when the call option is exercised. Such option has not been exercised during the year.

All of the above subsidiaries operate in Hong Kong.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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

32. 主要附屬公司

本公司主要附屬公司於二零零六年十二月三十一日之詳情如下：

附註：根據於二零零三年七月進行之債務重組，Koga Limited（本集團之前債權人）獲授認購期權，於Koga Limited 根據債務重組完成向本集團完成轉讓Legend Power Ltd.股權（二零零四年一月）起計五年內，可於行使認購期權時以150,000港元或Legend Power Ltd.之綜合有形資產淨值50%（以較高者為準）之代價，購入Legend Power Ltd.之50%權益。

所有上述附屬公司均在香港營運。

上表所列為董事認為主要影響本集團業績或資產之本公司附屬公司。董事認為，詳列其他附屬公司之資料將令篇幅冗長。

目前概無附屬公司於年終時或年內任何時間擁有任何未償還債務證券。

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

33. ASSOCIATES

Details of the Group's associates which are held indirectly by the Company at 31st December, 2006 are as follows:

| Name of associate | Form of business and structure | Place of incorporation | Proportion of nominal value of issued share capital held 所持已發行股本面值比率 | Principal activity |
|----------------------------|--------------------------------|-----------------------------------|---|--|
| 聯營公司名稱 | 業務組建形式 | 註冊成立地點 | | 主要業務 |
| Legend GP (Canada) Limited | Incorporated 註冊成立 | British Virgin Islands 英屬維爾京群島 | 50% | Investment holding 投資控股 |
| Legend Power System Inc. | Incorporated 註冊成立 | Canada 加拿大 | 50% | Trading of energy saving machines 買賣能源節省器 |

33. 聯營公司

本公司間接持有之本集團主要聯營公司於二零零六年十二月三十一日之詳情如下：

34. JOINTLY CONTROLLED ENTITIES

Details of the Group's jointly controlled entities which are held indirectly by the Company at 31st December, 2006 are as follows:

| Name of jointly controlled entity | Form of business and structure | Place of incorporation | Proportion of nominal value of issued share capital held 所持已發行股本面值比率 | Principal activity |
|--|--------------------------------|-----------------------------------|---|-----------------------------|
| 共同控制機構名稱 | 業務組建形式 | 註冊成立地點 | | 主要業務 |
| Golden Royce Investment Limited 金萊斯投資有限公司 | Incorporated 註冊成立 | Hong Kong 香港 | 40% | Property investment 物業投資 |
| Top Grade Assets Limited | Incorporated 註冊成立 | British Virgin Islands 英屬維爾京群島 | 50% | Property investment 物業投資 |
| Upgrade Properties Limited | Incorporated 註冊成立 | British Virgin Islands 英屬維爾京群島 | 50% | Property investment 物業投資 |

34. 共同控制機構

本公司間接持有之本集團主要共同控制機構於二零零六年十二月三十一日之詳情如下：

Notes to the Financial Statements

For the year ended 31st December, 2006

財務報表附註

截至二零零六年十二月三十一日止年度

35. POST BALANCE SHEET EVENTS

- (a) On 27th December, 2006 and 8th December, 2006, Superkey Development Limited and Boria Enterprises Limited ("Boria"), indirect wholly owned subsidiaries of the Company, entered into two sale and purchase agreements with two independent third parties ("the Purchasers") in relation to the disposals of a car park located at No. 4106, 4/F., Bank of America Tower, 12 Harcourt Road, Hong Kong (the "Car Park") and a property located at 3rd Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the "Property") at considerations of HK\$538,000 and HK\$8,800,000 respectively. The Car Park was satisfied by the Purchasers in cash and the transaction was completed on 19th January, 2007. The Property shall be satisfied in cash and the transaction would be completed on or before 31st May, 2007. Details of the disposal of the Property was disclosed in the Company's announcement dated 12th December, 2006.
- (b) On 4th January, 2007 and 16th January, 2007, Boria further entered into two preliminary sale and purchase agreements with another two separately independent third parties in relation to the disposals of 11th Floor and 7th Floor to 10th Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at consideration of approximately HK\$5.18 million and HK\$20.66 million respectively, which shall be satisfied by the two purchasers in cash and completed on or before 25th July, 2007 and on 6th August, 2007 respectively. Details of the two disposals were disclosed in the Company's announcement dated 8th January, 2007 and 13th February, 2007.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

37. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 8th March, 2007.

35. 結算日後事項

- (a) 於二零零六年十二月二十七日及二零零六年十二月八日，本公司之間接全資附屬公司偉祺發展有限公司及博永企業有限公司（「博永」）與兩名獨立第三方（「買方」）訂立兩份買賣協議，分別以代價538,000港元及8,800,000港元出售香港夏慤道12號美國銀行中心4樓4106號停車位（「停車位」）及位於香港新界葵涌梨木道63-71號中僑貨倉大廈3樓之物業（「物業」），出售停車位已由買方於二零零七年一月十九日以現金支付及完成，出售物業則將由買方於二零零七年五月三十一日或之前以現金支付及完成。出售物業之詳情披露於本公司於二零零六年十二月十二日之公佈內。
- (b) 於二零零七年一月四日及二零零七年一月十六日，博永與另外兩名獨立第三方訂立兩項初步買賣協議，分別以代價約5,180,000港元及20,660,000港元出售位於香港新界葵涌梨木道63-71號中僑貨倉大廈11樓及7至10樓，買方須以現金分別於二零零七年七月二十五日或之前及於二零零七年八月六日支付代價及完成出售。兩項出售之詳情披露於本公司於二零零七年一月八日及二零零七年二月十三日之公佈內。

36. 比較數字

若干比較金額已重新分類以符合本年度之呈列方式。

37. 授權刊發財務報表

董事會已於二零零七年三月八日批准及授權刊發財務報表。

Summary of Investment Properties

For the year ended 31st December, 2006

投資物業概要

截至二零零六年十二月三十一日止年度

Particulars of the Group's properties, all of which are wholly-owned, at 31st December, 2006 are as follows:

本集團全資擁有之投資物業於二零零六年十二月三十一日之詳情如下：

Properties held for investment

持作投資物業

| Property 物業 | Term of lease 租約年期 | Purpose 用途 | Floor area 樓面面積 (Square metre) (平方米) |
|---|-----------------------|-----------------------------|---|
| 4th Floor (including the flat roof thereof), 5th Floor, 7th Floor, 8th Floor 9th Floor, 10th Floor, 11th Floor and car parking space No. 25 on Ground Floor Chung Kiu Godown Building 63 – 71 Lei Muk Road Kwai Chung New Territories Hong Kong 香港 新界 葵涌 梨木道63-71號 中僑貨倉大廈 4樓 (包括平台)、 5樓、7樓、8樓 9樓、10樓、11樓及 地下25號車位 | Medium-term 中期 | Godown and Parking 貨倉及車位 | 8,964 |

Summary of Investment Properties

For the year ended 31st December, 2006

投資物業概要

截至二零零六年十二月三十一日止年度

Assets classified as held for sale

列為持作出售之資產

| Property 物業 | Term of lease 租約年期 | Purpose 用途 | Floor area 樓面面積 (Square metre) (平方米) |
|---|-----------------------|---------------|---|
| Car Parking Space No.4106 on 4th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong 香港 中環 夏慤道12號 美國銀行中心 4樓4106號車位 | Long-term 長期 | Parking 車位 | 10.5 |
| 3rd Floor Chung Kiu Godown Building 63 – 71 Lei Muk Road Kwai Chung New Territories Hong Kong 香港 新界 葵涌 梨木道63-71號 中僑貨倉大廈 3樓 | Medium-term 中期 | Godown 貨倉 | 2,050 |



G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

金匡企業有限公司