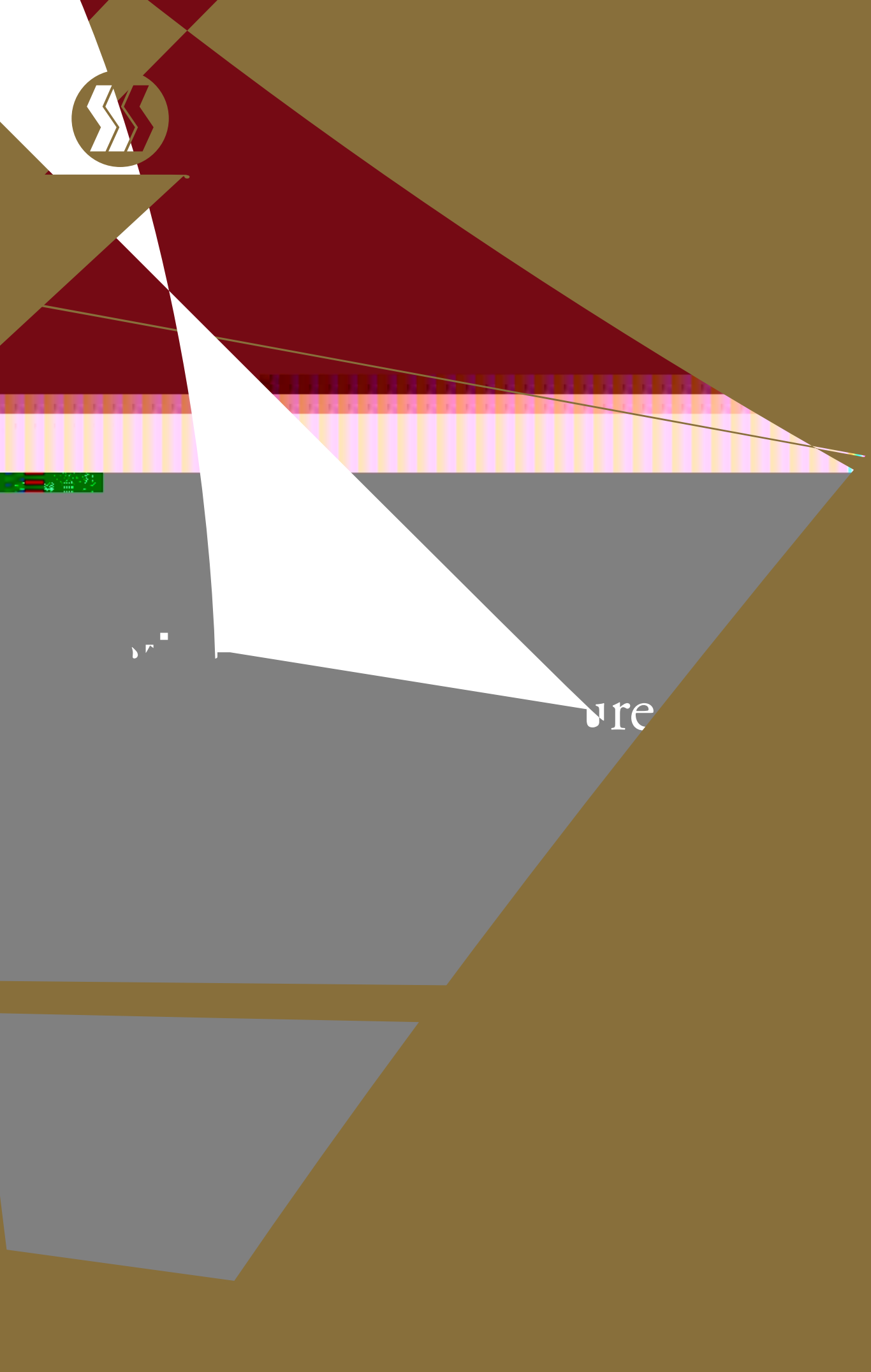


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Financial Highlights
財務摘要

		2005 二零零五年	2004 二零零四年 (Restated) (經重列)	Change 變動
		HK$'m *百萬港元*	*HK$'m* *百萬港元*	*%*
Turnover	營業額	**552**	685	(19%)
Profit Attributable to Equity Holders of the Company	本公司股本持有人應佔溢利	**724**	404	79%

Corporate Information
公司資料

Board of Directors

C en Xiaoz ou *(Chairman)*
Hui Xiao Bing *(Vice Chairman)*
Gao Jian Min *(Managing Director)*
Liu Tianni *(Deputy Managing Director)*
Gu Jianguo
C en Yongcun
C eung C ung Kiu
Yuen Wing ing
C ow Kwok Wai
Kang Dian*
Z ang Lu*
Hung Muk Ming*

Audit Committee

Kang Dian* *(Chairman)*
Z ang Lu*
Hung Muk Ming*

Remuneration Committee

REVIEW OF RESULTS

Basically, the principal business activities of the Group remain the same for both years 2005 and 2004. Turnover of the Group decreased by 19.5% from HK$685.2 million in 2004 to HK$551.8 million in 2005. In 2005, an insignificant amount of turnover was recorded in respect of sales of development properties comparing to a turnover of HK$152.2 million in 2004. The decrease in turnover of sales of development properties was the major reason leading to the decrease in the Group's turnover.

In 2005, turnover of dealings in distressed assets decreased by HK$15.7 million and turnover of investment increased by HK$25.4 million. The magnitudes of the former approximated to that of the later and thus did not have a material net effect to the movement of the Group's turnover.

Other income recorded an increase of HK$78.3 million. The reasons for the increase were firstly attributable to the increase in interest income in the amount of HK$41.4 million. The Group accumulated a cash balance in excess of HK$1.0 billion in the fourth quarter of 2004. Throughout the year 2005, the Group maintained a relatively high amount of average cash balances, which enabled the Group to earn extra interest income during a period of rising deposit interest rates. Secondly, there was an unrealized holding gain in the amount of HK$44.9 million in respect of investment in held-for-trading investments recorded only in the year.

Increase in administrative expenses of HK$7.2 million was mainly due to the increase in staffing cost of HK$10.9 million and payment of additional direct costs such as professional fees, legal fees and

Increase in finance costs amounted to HK$27.6 million. The increase in finance costs were due to the issuance of convertible notes with principal amount of HK$817.1 million in aggregate by the Group in November 2004. The convertible notes have interest charges for less than two months in 2004 but a whole year for 2005. Despite of the coupon interest rates of the convertible notes were 1.5% p.a., interest for one of the convertible notes was charged at 4.48% p.a. in accordance with the requirements of the new accounting policy.

In 2005, the Group increased its investment in Beijing East Gate Development Co., Ltd. ("East Gate") by acquiring an additional 7.99% equity interest of East Gate from a minority shareholder. The acquisition resulted in a discount on acquisition (previously known as negative goodwill) in the amount of HK$73.5 million and was recognized as income for the current year. There was no such income in last year.

During the year, the Group has increased its investment in East Gate by acquiring an additional equity interest of 7.99% from a minority shareholder of East Gate at a total consideration of HK$13.4 million. The acquisition resulted in a negative goodwill of HK$73.5 million and was recognized as income during the year. In the third quarter of 2005, agreements were entered between the Group and the remaining minority shareholders of East Gate to acquire the remaining equity interests in East Gate. The total consideration payable by the Group was HK$25.3 million. When the acquisition was completed, East Gate will become a wholly owned subsidiary of the Group. In addition, a

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Infrastructure Investments

For the year ended 31 December 2005, profit contribution from CII
was HK$80.6 million (2004: HK$87.8 million). The relative stable profit
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Financial Investment

Distressed Assets Business

The Macau Assets

Basically, the disposal of the Macau Assets has substantially been completed during the year. The Group received a further performance return in the amount of HK$100.0 million from the disposal of the Macau Assets. There is only a small amount of Macau Assets remained and are pending for further disposal. The Directors expect that there will only be nominal income generated from the disposal of the remaining Macau Assets.

The Cinda Portfolio

For the current year, the Cinda Portfolio has contributed HK$130.9 million interest income to the Group. Up to 31 December 2005, the principal amount of distressed assets in the Cinda Portfolio that has been disposed of was approximately HK$18.6 billion in aggregate, representing approximately 34.4% of total principal amount of the Cinda Portfolio. The amount of cash recovered was approximately HK$664.8 million in aggregate. The effective cash recovery rate was approximately 3.6%. The Group has set a target to complete the disposal of the Cinda Portfolio in the second quarter of 2007. To speed up the disposal of the Cinda Portfolio, the Directors of the Company and China Cinda have decided to break the Cinda Portfolio into smaller packages of distressed assets and to dispose of these packages of distressed assets by auctions or other possible means. However, if opportunity arises, the Directors and China Cinda will keep disposing of the Cinda Portfolio on an individual basis, which will have a higher cash recovery rate.

Strategic Partner

By the end of 2005, Citigroup Financial Products Inc. ("CFPI") and the Company strengthened their corporation in the aspects of investing in distressed assets through setting up a joint venture known as Platinum One Limited ("Platinum One"). CFPI and the Company owned Platinum One equally. Both CFPI and the Company have intention to utilize Platinum One as the investment vehicle for all the distressed assets deals identified in the future.

金融投資

不良資產業務

澳門資產

澳門資產之處置工作基本上已於年內完成。本集團從處置澳門資產額外收取100,000,000港元超收分成。現時只剩餘少量澳門資產仍待處置。董事預期處置餘下之澳門資產僅能產生有限收益。

信達資產包

於本年內，信達資產包為本集團貢獻130,900,000港元收益。截至二零零五年十二月三十一日，已處置之信達資產包不良資產本金金額累計總額約18,600,000,000港元，約相當於信達資產包本金總額之34.4%。累計處置回收現金約為664,800,000港元。折算所得之現金回收率約為3.6%；本集團已訂立目標在二零零七年二季度完成處置信達資產包。為加速處置信達資產包，董事會及中國信達已決定把信達資產包分割成為數額較少的債權資產小包並通過拍賣方式或其他可行方法處置該等小包。然而，若遇到合適機會，董事會及中國信達將會維持以單一債權方式處置信達資產包以求取的較高的現金回收率。

策略夥伴

於二零零五年年底，Citigroup Financial Products Inc.「CFPI」與本公司透過成立合營公司Platinum One Limited（Platinum One）加強雙方於不良資產投資領域的合作。CFPI與本公司共同擁有Platinum One。CFPI與本公司有意利用Platinum One作為投資於未來落實的不良資產項目的投資主體。

The Huarong Portfolio

On 22 November 2005, Platinum One entered into conditional agreements with China Huarong Asset Management Corporation ("China Huarong") to acquire from Huarong a portfolio of distressed assets in the principal amount of RMB36.4 billion (equivalent to HK$35.0 billion) including booked interests (the "Huarong Portfolio"). The Huarong Portfolio was acquired at a total consideration of RMB546.6 million (equivalent to approximately HK$525.6 million). The consideration represented 1.5% of the principal amount, including booked interests, of the Huarong Portfolio. At the same time, China Huarong was also appointed to assist Platinum One in servicing the collection of the Huarong Portfolio. Huarong in return is entitled to receive a management fee calculated as 10% of the cash recovered. Huarong is also entitled to share the profits generated from the disposal of the Huarong Portfolio according to a defined profit sharing scheme.

The Huarong Portfolio comprises a total of 11,126 borrowers located in a total of 27 provinces, directly administrated municipalities and autonomies in the PRC. The Group has set a target to complete the disposal of the Huarong Portfolio in two years' time.

Apart from the Huarong Portfolio, CFPI, the Company and Platinum One are actively searching for and are currently considering making investments in one or several distressed assets. Platinum One expects to conclude at least one of them in the near future.

Other Investments

The Group will utilize an appropriate portion of the temporarily idled funds to invest, on a medium term basis, in listed securities. The Directors will make judgment and will invest very selectively in listed securities with good capital appreciation potentials.

In 2005, the Group has conditionally agreed to invest in a 12% equity interest in a Chinese medicine manufacturer known as Tong Ji Tang at a total consideration of RMB100.0 million (equivalent to approximately HK$96,100 million). The Group has paid a deposit of RMB43.0 million (equivalent to approximately HK$41.3 million) during the year. The balance will be paid upon the fulfillment of certain condition precedents. The principal business of Tong Ji Tang is the manufacturing of a drug to cure osteoporosis. Tong Ji Tang has planned to seek listing on the Nasdaq and has commenced the pre-listing formalities. Tong Ji Tang expects to get listed in the third or fourth quarter of 2006. The Directors believe that investment in Tong Ji Tang will make good profit to the Group.

華融資產包

於二零零五年十一月二十二日，Platinum One與中國華融資產管理公司(「中國華融」)達成有條件協議，向中國華融收購一項本金額為364億人民幣(相等於350億港元)包括表內利息之不良資產組合(「華融資產包」)。華融資產包之收購總代價為546,600,00人民幣(相等於約525,600,000港元)。代價等於華融資產包本金額(包括表內利息)的1.5%。與此同時，中國華融亦受委託協助Platinum One處置回收華融資產包。中國華融有權收取按收回現金的10%計算之管理費作為報酬。中國華融同時亦有權根據一項事先協定的利潤分成機制，分享處置華融資產包產生的利潤。

華融資產包由分散於全國各地、共27個省、直轄市及自治區、總數11,126個債務人所組成。本集團已定立目標，於兩年之內完成處置華融資產包。

除了華融資產包外，CFPI、本公司及Platinum One正積極尋找並且目前正考慮投資於一個或多個不良資產。Platinum One期望於短期內最少落實一個投資決定。

其他投資

本集團將適當地利用部份臨時閒置之資金透過以中期持有方式投資於上市證券。董事會將作出判斷並會非常選擇性地投資於具有資本增值潛力的上市證券。

於二零零五年本集團有條件地同意以總代價人民幣100,000,000元(相等於96,100,000港元)投資持有一間以同濟堂名義從事中藥生產的企業的12%股份權益。本集團已於年內支付定金人民幣43,000,000元(相等於41,300,000港元)；餘款將於若干先決條件獲達成後支付。同濟堂的主要業務為生產一種專門醫治骨質疏鬆的藥物。同濟堂已計劃於美國納斯達克交易所尋求上市，並已展開了上市前的相關工作。同濟堂預期將可於二零零六年第三或第四季度取得上市地位。董事相信投資於同濟堂將可為本集團帶來良好回報。

GROWTH STRATEGIES

發展策略

The Group will continue to invest in the core business of properties, infrastructure investments and financial investments at a balanced pace. The business emphasis will be adjusted according to the prevailing economic environment and market growth trend. Regarding to financial investments, the current target is still to participate mainly in the distressed assets business. In light of favorable conditions brought about by the vigorously growing PRC economy, the Group will keep increasing its investment in distressed assets business, which is expected to bring significant returns to the shareholders. Since the eleventh Five-Years Plan of China is principally to encourage internal demand and expenditure, increased demand and expenditure will inevitably lead to price rises in properties. Therefore, the Group will also increase its investment in the business of property development with an emphasis on developing middle class and medium scale projects and/or "Si He Yuan" projects in principal.

FINANCIAL REVIEW

Exchange Exposure & Hedging

As at 31 December 2005, the Group had a USD denominated convertible notes in the principal amount of USD52.5 million (equivalent to HK$409.5 million).

Except for the above, the Group's principal assets, liabilities, revenue and payments are denominated in HKD and RMB. Recently the RMB exchange rate is appreciating gradually. The Directors believe that the RMB exchange rate will continue to appreciate gradually in the medium term but there is unlikely to have a sudden surge in the RMB exchange rate. In addition, HKD is pledged to the USD and such currency peg is unlikely to break in the foreseeable future. In this regard, the Directors believe that exposure to exchange rate fluctuations will not have material adverse effect on the Group.

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

Working Capital & Borrowings

The Group's total borrowings excluding convertible notes as at 31 December 2005 amounted to approximately HK$658.7 million of which approximately HK$651.8 million was short-term bank loan and bank overdraft and the remaining was long-term mortgage loan. Over 80% of the short-term bank loan was represented by the working capital loan to East Gate and the remaining was the current portion of a long-term mortgage loan and bank overdraft. Interest rate for the short-term bank loan was charged at floating rate and the prevailing applicable interest rate was between 4.13% and 5.58 % per annum. The interest rate for the long-term mortgage loan was charged at floating rate and the prevailing applicable interest rate was 5.375% per annum. The Group also has convertible notes with a total outstanding amount of approximately HK$866.1 million. Approximately 50% of the convertible notes were due within one year and the remaining were due after one year. The convertible notes have a coupon rate of 1.5% per annum but interest for one of the convertible note was charged to income at notional market rate of 4.48% per annum effective from 1 January 2005 in accordance with the new accounting policy.

The Company is negotiating with a local bank for a long-term loan facility in the amount of HK$600.0 million to HK$800.0 million for the purpose of replacing the existing RMB denominated working capital loan of East Gate. If concluded, the Group will have a better working capital structure on one hand and can also minimize a possible exchange loss caused by the appreciation of RMB on the other hand.

As at 31 December 2005, the cash and bank balances (net of bank overdraft) was HK$531.9 million and the net current assets amounted to HK$238.3 million. In December 2005, the Group paid approximately HK$527.4 million to acquire the Huarong Portfolio. In January 2006, the disposal of 50% equity interest in Platinum One, which holds the per annum. byennudith the new

Capital Structure

No new share was issued during the year. During the year, the Company repurchased a total number of 69,962,000 shares at a total consideration of HK$165.3 million in cash. The shares were repurchased on the Stock Exchange. Details of the repurchases are set out in note 39 to the financial statements.

As at 31 December 2005, the shareholders' fund of the Group was approximately HK$3,843.0 million, representing an increase of HK$359.3 million or 10.3% increment compared to that as at 31

Profile of Directors
董事簡介

EXECUTIVE DIRECTORS

Mr. CHEN Xiaozhou *Chairman*

Mr. Chen, aged 44, was appointed director of the Company and was elected Chairman of the board on 13 February 2006. He has been the Vice President of China Cinda Asset Management Corporation, a substantial shareholder of the Company ("China Cinda") since February, 2003. Mr. Chen obtained his Master of Economics from the Research Institute of the People's Bank of China in 1988 and obtained his Master of Commerce from the University of New South Wales, Australia in 2003. From April 1997 to April, 1999, he was the Deputy General Manager of Sales Department of Head Office of China Construction Bank. From April, 1999 to September, 2000, Mr. Chen was the supervisor of Investment Banking Department of China Cinda. From September, 2000 to February, 2003, Mr. Chen was the Assistant to President of China Cinda. Mr. Chen has over 13 years experience in banking and finance sectors. During the period from 7 June 2004 to 27 March 2005, Mr. Chen was a non-executive director of Aluminum Corporation of China Limited (Stock Code: 2600), the H shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and New York Stock Exchange, Inc.

Mr. HUI Xiao Bing *Vice-chairman*

Mr. Hui, aged 53, is a director of the Company and was appointed Vice-chairman of the board since 22 June 1993. Mr. Hui was the ex-Deputy Managing Director of China Everbright Financial Holdings Limited. Mr. Hui was also the ex-president of China Construction

Mr. LIU Tianni, *Deputy Managing Director*
Mr. Liu, aged 42, is the Deputy General Manager of the Company. Mr. Liu joined the Company in November 1994 and was appointed director of the Company since 26 May 2001. Mr. Liu is also the director of several Group companies. He graduated from Beijing Normal University with a Master Degree in Science. He has over 10 years experience in administrative management and trade businesses.

劉天倪先生 *董事副總經理*

Mr. GU Jianguo
Mr. Gu, aged 44, is a director of the Company since 25 May 1999. Mr. Gu previously worked with China Construction Bank and China Cinda Trust & Investment Corporation. He graduated from Zhejiang University with a bachelor degree in Engineering, a master degree and a Ph. D Degree in Economics. He has over 20 years' experiences in commercial and investment banking, business management, and financial accounting and management.

Mr. CHEN Yongcun
Mr. Chen, aged 41, is a director of the Company since 25 October 2000. Mr. Chen is the Assistant to General Manager of Well Kent International Limited. He previously worked with China Construction Bank and China Cinda. He graduated from Qing Hua University with a bachelor degree in engineering and a master degree in engineering. Mr. Chen has over 10 years experience in finance and investment.

Mr. CHEUNG Chung Kiu
Mr. Cheung, aged 41, is a director of the Company since 22 June 1993. Mr. Cheung set up Chongqing Industrial Limited in 1985, a company mainly engaged in the trading business in the PRC. He is the chairman and the founder of Yugang International Limited ("Yugang") (Stock Code: 613). He is also the chairman of Y. T. Realty Group Limited ("Y.T. Realty") (Stock Code: 75) and the chairman of Cross-Harbour (Holdings) Limited ("Cross-Harbour") (Stock Code: 32) and an executive director of Qualipak International Holdings Limited. (Stock Code: 1224). All of the aforesaid companies are public companies which shares are listed on the Stock Exchange.

Mr. YUEN Wing Shing
Mr. Yuen, aged 59, is a director of the Company since 22 June 1993. Mr. Yuen is also the Managing Director of Yugang. He is also an executive director of Y. T. Realty and Cross-Harbour. Mr. Yuen holds a diploma in management studies from the Hong Kong Polytechnic University. Prior to joining Yugang in 1992, he held a senior management position with a major bank in Hong Kong for over 20 years.

Mr. CHOW Kwok Wai
Mr. Chow, aged 39, is a Deputy General Manager and the Qualified Accountant of the Company. He is responsible for the finance and accounting matters of the Group. Mr. Chow joined the Company in October 1993 and was appointed executive director of the Company on 20 April 2004. Mr. Chow has worked in Price Waterhouse, which is now known as PriceWaterhouseCoopers and has accumulated valuable audit experience there. Mr. Chow received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990. Mr. Chow is a Fellow Member of the Association of Chartered Certified Accountants and a Fellow Member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 15 years experiences in accounting, financial management and corporate finance. Mr. Chow is also an independent non-executive director of Lijun International Pharmaceutical (Holding) Co., Ltd. (Stock Code: 2005) which H shares are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KANG Dian
Mr. Kang, aged 57, is an independent non-executive director of the Company since 8 May 1998. Mr. Kang is the Chairman of China Venture Capital Asset Management Limited. Mr. Kang is also the

Corporate Governance Report
公司管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and ensuring a standard of corporate governance that is consistent to market practices. The Company has applied the principles and has complied with all the applicable mandatory code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited ("Stock Exchange") for the year ended 31 December 2005 except for those deviations explained herein in this report.

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

The following paragraphs summarize the Company's key corporate governance practices and explain deviations, if any, from the CG Code.

BOARD OF DIRECTORS

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

The Company fulfilled, in the second half year, the requirement of CG Code A.2.1, which stipulates that the division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing and CG Code D.1.2 which stipulates that the company should formalize the functions reserved to the board and those delegated to management.

The Board is responsible for formulating the Group's long-term strategies, setting business development goals, assessing the results of management policies, monitoring management's performance and ensuring the existence of an effective internal control system. The independent non-executive directors serve an important function of ensuring and monitoring the basis for an effective corporate governance framework.

企業管治常規

本公司致力維持及確保一套符合市場慣例之企業管治標準。截至2005年12月31日止年度，除本報告所述的若干偏離事項外，本公司已採納香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四所載之企業管治常規守則(「常規守則」)的原則，及已遵從所有適用之強制性常規守則條文。

董事會將會不斷檢討及改善本公司的企業管治措施及準則，確保業務活動及決策過程受到適當及審慎之規管。

下文分段概括說明本公司之重要企業管制措施及就偏離事項(如有)的解說。

董事會

董事會(「董事會」或「董事」)由董事會主席領導，負責帶領本集團的業務發展方向；管理層由董事總經理(即本公司的行政總裁)領導，負責本集團的管理及經營運作。董事會主席和董事總經理有明確的分工並已在董事會的職責約章中作出明文規定；此外，董事會主席及董事總經理兩項功能已分離並分別由兩人擔任，以避免權力集中於單一人士。

本公司已於下半年內符合常規守則第A.2.1條要求主席與行政總裁的職務須予分開並須明確地以書面方式列名各自的責任及常規守則第D.1.2條要求本公司就保留於董事局的功能及下放管理層的功能正式劃分的規定。

董事會負責制定本集團的長期策略、訂立業務發展目標、評估管理措施之成效、監察管理層之表現及確保存在有效的內部監控系統。獨立非執行董事則對確保及監察企業管治架構是否行之有效起著重要作用。

BOARD OF DIRECTORS (C u)

The Board of the Company comprises:

Executive directors:

Mr. CHEN Xiaozhou (C a a)
(appointed on 13 February 2006)
Mr. ZHU Dengshan (E -c a a)
(resigned on 13 February 2006)
Mr. HUI Xiao Bing (V c -c a a)
Mr. GAO Jian Min (Ma a D c)
Mr. LIU Tianni (D u Ma a D c)
Mr. GU Jianguo
Mr. CHEN Yongcun
Mr. CHEUNG Chung Kiu
Mr. YUEN Wing Shing
Mr. CHOW Kwok Wai

Independent non-executive directors:

Mr. KANG Dian
Mr. ZHANG Lu
Mr. HUNG Muk Ming

The Board comprises of nine executive directors and three non-executive directors. All non-executive directors are also independent non-executive directors. The biographies of the Directors are given on page 14 to 17. Members of the Board possess the appropriate expertise and skills to discharge their duties. Save for the fact that Messrs. CHEN Xiaozhou, GU Jianguo, CHEN Yongcun and ZHU Dengshan are also directors and/or senior officers within the group of China Cinda Asset Management Corporation, which is a substantial shareholder of the Company, there is no relationship between members of the Board, in terms of financial, business, family or other

BOARD OF DIRECTORS (C u)

All directors are regularly updated on governance and regulatory matters. There is an established procedure for directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties.

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

During 2005, four regular board meetings were held and the individual attendance of each director is set out below:

Name of director 董事姓名	Number of meetings attended 出席董事會會議次數	Attendance rate 出席率
Mr. ZHU Dengshan 朱登山先生	2 out of 4 四次中出席二次	50%
Mr. HUI Xiao Bing 惠小兵先生	3 out of 4 四次中出席三次	75%
Mr. GAO Jian Min 高建民先生	4 out of 4 四次中出席四次	100%
Mr. LIU Tianni 劉天倪先生	4 out of 4 四次中出席四次	100%
Mr. GU Jianguo 顧建國先生	3 out of 4 四次中出席三次	75%
Mr. CHEN Yongcun 陳永存先生	4 out of 4 四次中出席四次	100%

BOARD OF DIRECTORS (C u)

According to Articles of Association of the Company, the Board has the power to appoint any person as a director either to fill a casual vacancy or as an addition to the Board.

Furthermore, in order to reinforce the accountability of directors, the Company will propose to pass a shareholders' resolution at the coming annual general meeting to be held on 25 May 2006 to amend the Company's Articles of Association. PuR84int to the ameneds Article,l
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AUDIT COMMITTEE

The Audit Committee was established in 1999 and its current members include:

Mr. KANG Dian *(C Ca a)*
Mr. ZHANG Lu
Mr. HUNG Muk Ming

All the Audit Committee members are independent non-executive directors. The composition and professional qualifications of the members of the Audit Committee complies with the requirements under Rules 3.21 of the Listing Rules. Written terms of reference which describe the authority and duties of the Audit Committee were adopted in 2004 and subsequently updated and amended in 2005 to conform to the provision of the CG Code.

The Company fulfilled, in the second half year, the requirements of CG Code C.3.3, which stipulates that the terms of reference of the Audit Committee should include all duties as stated in such CG Code.

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

The Audit Committee has reviewed with the management on the accounting principles and practices adopted by the Group and has discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2005.

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

審核委員會

審核委員會於1999年成立，目前的成員包括：

康典先生 *(委員會主席)*
張璐先生
洪木明先生

審核委員會全體成員均為獨立非執行董事。審核委員會的組成及成員的專業資格均符合上市規則第3.21條的要求。審核委員會的成文權責條款於2004年採納，其後於2005年更新及作出修訂以符合常規守則的條文。

本公司已於下半年內符合常規守則第C.3.3條要求審核委員會的職權應涵蓋該常規守則所列的全部職責的規定。

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

審核委員會已與管理層檢討過本集團所採納的會計原則及慣例，並討論內部監控及財務申報等事宜，包括審閱截至2005年12月31日止年度之財務報表。

審核委員會年內共召開三次會議，各成員之出席率詳列如下：

Name of director 董事姓名	Number of meetings attended 出席會議次數	Attendance rate 出席率
Mr. KANG Dian 康典先生	3 out of 3 三次中出席三次	100%
Mr. ZHANG Lu 張璐先生	3 out of 3 三次中出席三次	100%
Mr. HUNG Muk Ming 洪木明先生	3 out of 3 三次中出席三次	100%

AUDIT COMMITTEE *(C u)*

Remuneration Committee

The Remuneration Committee was established in 2005 and the current members include:

Mr. KANG Dian *(C C a a)*
Mr. ZHANG Lu

All Remuneration Committee members are independent non-executive

AUDIT COMMITTEE *(C u)*

Remuneration Committee *(C u)*

3. Share option

Share options to purchase shares in the Company are granted to employees from time to time at the discretion of the Board,

AUDITORS' REMUNERATION (C u)

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

核數師酬金 (續)

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements for each financial period, which give a true and fair view of the state of the affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2005, the Directors adopted suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and prepared the financial statements on the going concern basis. Up to the date of this report, the Directors are not aware of any material uncertainties that will seriously affect the going concern assumption of the Group.

董事關於賬目的責任聲明

董事負責編制各會計期間的財務報表,該等財務報表真確地反映本集團於該期間的事務、業績及現金流量。編制截至2005年12月31日之財務報表時,董事已採納適用的會計政策,並貫徹應用;採用適當的香港財務報告準則及香港會計準則;作出審慎及合理的調整估計;及按持續經營基準編制財務報表。截至本報告日止,董事並不獲悉任何將會嚴重影響持續經營基準的重大不確定因素。

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

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

COMMUNICATION WITH SHAREHOLDERS

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

與股東的溝通

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

COMMUNICATION WITH SHAREHOLDERS (C u)

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

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

與股東的溝通 (續)

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

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

The directors present their annual report and the audited financial statements for the year ended 31 December 200 .

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in property investment, other investment and distressed assets business. Details of the principal activities of the Company's subsidiaries and the Group's associates are set out in note 3 to the consolidated finaes ao

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 200 comprised the retained profits of approximately HK$268,7 9,000.

DIRECTORS

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

Executive directors

Hui Xiao Bing
Gao Jian Min
Liu Tianni
Gu Jianguo
Chen Yongcun

DIRECTORS' INTERESTS IN SHARES

董事之股份權益

At 31 December 200 , the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept under section 3 2 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange were as follows:

Long position in underlying shares of HK$0.20 each of the Company:

MAJOR SHAREHOLDERS *(Continued)*

Notes: (Continued)

2. This represents the interest in convertible note in the principal amount of HK$440,000,000 pursuant to which a total number of 200,000,000 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK$2.20 per share.

3. The following is a breakdown of the interests in shares of the Company held by China Cinda Asset Management Corporation:

Name of controlled corporation 受控法團名稱	Name of controlling shareholder 控權股東名稱	Percentage of control 控制百分比	Total interest in shares 股份權益總數 Direct interest 直接權益	Indirect interest 間接權益
Well Kent International Investment Company Limited 華建國際投資有限公司	China Cinda Asset Management Corporation 中國信達資產管理公司	100%	—	41,448,000
Catic Limited	Well Kent International Investment Company Limited 華建國際投資有限公司	100%	41,448,000	—

4. This represents the interest in convertible note in the principal amount of US$ 2, 00,000 pursuant to which a total of 138,813, 9 new shares will be issued upon full exercise of the conversion rights attaching thereto at the initial conversion price of HK$2.9 per share.

Other than as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 200 .

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

主要股東 *(續)*

附註：(續)

2. 此等為本金總額440,000,000港元之可換股票據項下之權益，據此按每股2.20港元之初步換股價全面行使可換股票據所附帶之換股權後，將會發行合共200,000,000股新股份。

3. 以下為中國信達資產管理公司所持有本公司之股份權益細節：

4. 此等為本金總額為 2, 00,000美元之可換股票據項下之權益，據此按每股2.9 港元之初步換股價全面行使可換股票據所附帶之換股權後，將會發行合共138,813, 9股新股份。

除上文所披露者外，根據證券及期貨條例第336條規定須予備存的登記冊所示，本公司並無接獲任何有關於二零零五年十二月三十一日在本公司股份及相關股份中擁有權益或淡倉的申報。

委任獨立非執行董事

本公司已取得各獨立非執行董事根據聯交所證券上市規則第3.13條規定每年確認其獨立地位之確認函。本公司認為全體獨立非執行董事之地位是獨立的。

CONNECTED TRANSACTION

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

關連交易

於二零零四年十二月二十八日高建民先生(「高先生」)與本公司簽訂一份服務協議。根據該協議所載之條款及條件，本公司同意聘請高先生而高先生同意受聘出任本公司董事總經理職務，任期由二零零四年十二月二十八日至二零零七年十二月二十七日止，為期三年，為本公司提供服務協議內所列之服務，其任期將有效直至任何一方決定在給予對方不少於三個月之事先書面通知為止。

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

During the year, the Company has repurchased HK$14.0 million ordinary shares at a consideration of approximately HK$16 .3 million. The above shares were cancelled upon repurchase. Details of such repurchases are set out in note 39 to the financial statements.

Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

購回、出售或贖回本公司之上市證券

年內，本公司以約16 ,300,000港元之代價回購14,000,000港元之普通股。上述股份於回購後註銷。有關回購詳情載於財務報表附註39。

除上文所披露者外，年內，本公司或其任何附屬公司概無購回、出售或贖回本公司任何上市證券。

EMOLUMENT POLICY

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

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 40 to the financial statements.

酬金政策

本集團僱員之酬金政策由薪酬委員會按其功績、資歷及能力制定。

本公司董事之酬金由薪酬委員會經考慮本公司之經營業績、個人表現及可資比較市場統計數字後決定。

本公司採納一項購股權計劃，作為董事及合資格僱員之獎勵，計劃詳情載於財務報表附註40。

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float of more than 2 % of the Company's issued shares as required under the Listing Rules.

公眾持股量之足夠性

根據本公司取得的公開資料及就董事所知悉，於本報告日，本公司已發行股份有足夠並超上市規則規定2 %之公眾持股量。

MAJOR CUSTOMERS AND SUPPLIERS

Auditors' Report
核數師報告

To the shareholders of
Silver Grant International Industries Limited
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Silver Grant International Industries Limited (the "Company") and its subsidiaries (the "Group") on pages 37 to 122 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

致
銀建國際實業有限公司列位股東
(在香港註冊成立之有限公司)

本核數師行已完成審核載於第37頁至第122頁銀建國際實業有限公司(「貴公司」)及其附屬公司(「貴集團」)按照香港普遍採納之會計原則編製之綜合財務報表。

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those consolidated financial statements and to report our opinion solely to you, as a body, in accordance with Section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

董事及核數師之個別責任

公司條例規定董事須編製真實與公平之綜合財務報表。在編製該等綜合財務報表時，董事必須貫徹採用合適之會計政策。

本行之責任是根據本行審核工作之結果，對該等綜合財務報表表達獨立之意見，並根據香港公司條例第141條僅向全體股東作出報告，且不作其他用途。本行概不會就本報告的內容向任何其他人士負責或承擔任何責任或義務。

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of unting polical that approlevant circumial[(esessment Group,applied consition of)]0 -貴公司之[0.0586]T[c0.0225]T[alectednanp

意見之基礎

本行是按照香港會計師公會頒布之香港核數準則進行審核工作。審核範圍包括以抽查方式查核與綜合財務報表所載數額及披露事項有關之憑證，亦包括評估董事於編製該等綜合財務報表時所作之重大估計和判斷、所釐定之會計政策是否適合貴公司與貴集團之情況，以及是否貫徹應用並足夠披露該等會計政策。

本行在策劃及進行審核工作時，均以取得一切本行認為必需之資料及解釋為目標，使本行能獲得充分之憑證，就該等綜合財務報表是否有重要錯誤陳述，作出合理之確定。在表達意見時，本行亦已衡量該等綜合財務報表所載之資料在整體上是否足夠。本行相信，本行之審核工作已為下列意見建立合理之基礎。

Auditors' Report
核數師報告

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

意見

本行認為上述之綜合財務報表均真實及公平地反映　貴集團於二零零五年十二月三十一日之財務狀況及　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妥善編製。

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 April 2006

德勤・關黃陳方會計師行
執業會計師
香港

二零零六年四月二十四日

Consolidated Balance Sheet

綜合資產負債表

At 31 December 2005

於二零零五年十二月三十一日

		Notes 附註	2005 二零零五年 HK$'000 千港元	2004 二零零四年 HK$'000 千港元 (restated) (經重列)
ASSETS	**資產**			
Non-current assets	**非流動資產**			
Investment properties	投資物業	19	**2,105,385**	1,935,559
Property, plant and equipment	物業、廠房及設備	20	**122,340**	109,540
Goodwill	商譽	21	**1,467**	
able-for-sale investments	可出售投資	26	**2,206**	—
st in distressed assets	不良資產權益	27	**204,681**	456,027
it paid for acquisition	已付收購投資之			
nvestments	按金	28	**44,499**	—
it paid for acquisition of	已付收購不良資產			
ressed assets	之按金	29	**263,723**	—
ed tax assets	遞延稅項資產	43	**1,336**	18,500
asset	其他資產	30	**4,113**	5,484
			4,292,563	3,757,327
Current assets	**流動資產**			
I9 0 T8 8 —c3 , at cost				

Consolidated Balance Sheet

綜合資產負債表

At 31 December 2005

於二零零五年十二月三十一日

		Notes 附註	2005 二零零五年 HK$'000 千港元	2004 二零零四年 HK$'000 千港元 (restated) (經重列)
EQUITY	**股本**			
Capital and reserves	資本及儲備			
Share capital	股本	*39*	**337,742**	351,734
Reserves	儲備		**3,505,280**	3,131,988
Equity attributable to equity holders of the Company	本公司股本持有人應佔股本		**3,843,022**	3,483,722
Minority interests	少數股東權益		**55,669**	136,180
Total equity	股本總值		**3,898,691**	3,619,902
LIABILITIES	**負債**			
Non-current liabilities	非流動負債			
Borrowings	借貸	*41*	**6,900**	8,050
Convertible notes	可換股票據	*42*	**437,280**	817,124
Deferred tax liabilities	遞延稅項負債	*43*	**187,979**	101,676
			632,159	926,850
Current liabilities	流動負債			
Bank overdraft	銀行透支	*41*	**79,241**	—
Trade payables	應付賬款	*44*	**19,175**	55,036
Accrued charges, rental deposits and other payables	應計費用、租務按金及其他應付款	*45*	**369,587**	208,020

Consolidated Statement of Changes in Equity

綜合權益變動報表

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

	Attributable to equity holders of the Company 本公司股本持有人應佔股本												
	Share capital 股本 HK$'000 千港元	Share premium 股份溢價 HK$'000 千港元	Convertible notes equity reserve 可換股票據股本儲備 HK$'000 千港元	Investment properties revaluation reserve 投資物業重估儲備 HK$'000 千港元	Asset revaluation reserve 資產重估儲備 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Negative goodwill 負商譽 HK$'000 千港元	Other reserve 其他儲備 HK$'000 千港元	Translation reserve 匯兌儲備 HK$'000 千港元	Accumulated profits 累積溢利 HK$'000 千港元	Total 合計 HK$'000 千港元	Minority interests 少數股東權益 HK$'000 千港元	Total equity 股本總額 HK$'000 千港元
1 J 200 , 於二零零四年一月一日結餘, 原本呈列	2 2,	1,210,7 7		1 ,5 2	1 ,170		12,2	05	1,99	721,27	2,2 9,018	12 ,21	2, ,2 1
h 會計政策變動之影響				(10,07)							(10,07)		(10,07)
經重列	2 2,	1,210,7 7		, 89	1 ,170		12,2	05	1,99	721,27	2,228,9 5	12 ,21	2, 5 ,158
重估樓宇產生之收益				1,971	10, 0						72, 1	,5	78,99
重估樓宇產生之遞延稅項負債				(15,7)	(8)						(1 ,181)	(2,1)	(18, 7)
h 於出售租賃物業時轉撥至累積溢利					(12, 19)					12, 19			
直接於股本確認之收入淨額				,2 8	(2, 07)					12, 19	5 ,250	, 97	0, 7
R 於出售投資物業時變現				9							9		9
h 年內溢利										0 , 0	0 , 0	12, 2	1 ,28
年內確認之總收入及支出				,	(2, 07)					1 ,079	0,00	17,021	77,027
R 確認可換股票據之股本部分			2 , 2								2 , 2		2 , 2
確認可換股票據之股本部分產生之遞延稅項負債			(,27)								(,27)		(,27)
h 發行股本	89,290	7 8,50									857,79		857,79
h 股份發行費用		(21, 8)									(21, 8)		(21, 8)
股息										(1, 89)	(1, 89)		(1, 89)
收購一間附屬公司												,7 0	,7 0
出售一間附屬公司												(11,78)	(11,78)
h 會計政策變動之影響				(9,82)			(12,2)			(81,5 1)	(1 ,587)		(1 ,587)
經重列	51,7	1,957,757	20,150		1 ,7			05	1,99	99 ,1 2	, 0,1 5	1 ,180	, 7 , 15
h 換算海外業務產生之匯兌差額									22,1		22,1	1,291	2 ,
重估樓宇產生之收益					5,						5,		5,
重估樓宇產生之遞延稅項負債					(5 9)						(5 9)		(5 9)
h 攤佔聯營公司儲備									,801		,801		,801
直接於股本確認之收入淨額					5,12				2 ,9		2,0 8	1,291	, 59
h 年內溢利													
– 轉讓						1 ,992				(1 ,992)			
股息										(87,9)	(87,9)		(87,9)
收購一間附屬公司之額外股本權益												(8 ,91)	(8 ,91)
1 2005 於二零零五年十二月三十一日	7,7 2	1,957,757	20,150		18,887	1 ,992		05	28,9 8	1, ,951	,8 ,022	55, 9	,898, 91

Consolidated Cash Flow Statement

綜合現金流量報表

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

		Note 附註	2005 二零零五年 HK$'000 千港元	2004 二零零四年 HK$'000 千港元 (restated) (經重列)
Operating activities	**經營業務**			
Profit before taxation	除稅前溢利		**818,445**	451,121
Adjustments for:	調整：			
Share of results of associates	攤佔聯營公司業績		**(82,237)**	(88,[illegible])
Amortisation of goodwill	商譽攤銷		**—**	5,587
Release of negative goodwill	負商譽回撥		**—**	(3,711)
Repairs and maintenance fund expensed	維修及保養基金支出		**1,371**	1,371

Consolidated Cash Flow Statement

綜合現金流量報表

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

		Note 附註	2005 二零零五年 HK$'000 千港元	2004 二零零四年 HK$'000 千港元 (restated) (經重列)
Operating cash flows before movements in working capital	營運資金變動前之經營業務現金流量		**275,327**	274,771
Deposit paid for acquisition of distressed assets	已付收購不良資產之按金		**(527,446)**	—
Net decrease (increase) in distressed assets	不良資產減少(增加)淨額		**80,643**	(530,585)
(Increase) decrease in inventories	存貨(增加)減少		**(107)**	80[illegible]
Cost incurred in stock of properties	物業存貨產生之成本		**(191,637)**	(147,7[illegible]4)
Decrease (increase) in trade receivables	應收賬款減少(增加)		**11,966**	(8,2 [illegible])
(Increase) decrease in deposits, prepayments and other receivables	按金、預付款及其他應收款(增加)減少		**(15,221)**	122,485
Increase in held-for-trading investments/investments in securities	持作買賣投資／證券投資增加		**(263,023)**	(48,1 7)
(Decrease) increase in trade payables	應付賬款(減少)增加		**(35,861)**	3[illegible]27
Increase in accruals for management fee to holding company of a shareholder	應付一名股東之控股公司應計管理費增加		**47,344**	18,537
Increase in restricted bank balance	監管戶口結餘增加		**(84,231)**	(185,3 [illegible])
Increase (decrease) in accrued charges, rental deposits and other payables	應計費用、租務按金及其他應付款增加(減少)		**161,567**	(25, 5)
Cash used in operations	經營業務所用現金		**(540,679)**	(48[illegible]311)
Interest paid	已付利息		**(47,840)**	(3 ,100)
PRC Enterprise income tax paid	已付中國企業所得稅		**(772)**	(,[illegible]13)
Net cash used in operating activities	經營業務所用現金淨額		**(589,291)**	(532,324)
Investing activities	**投資業務**			
Proceeds on disposal of investment properties	出售投資物業所得款項		**10,700**	34,37
Purchase of property, plant and equipments	購入物業、廠房及設備		**(5,722)**	(5, [illegible]5)
Dividend received from associates	已收聯營公司股息		**50,000**	—
Interest received	已收利息		**53,395**	11,[illegible]48
Deposit paid for acquisition of investments	已付收購投資之按金		**(44,499)**	—
Advance to an associate	墊支予聯營公司款		**(206,478)**	—
Advance of loan receivable	墊支應收貸款		**(29,930)**	—
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項		**456**	3,40[illegible]

Consolidated Cash Flow Statement

綜合現金流量報表

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

		Notes 附註	2005 二零零五年 HK$'000 千港元	2004 二零零四年 HK$'000 千港元 (restated) (經重列)
Decrease in pledged bank deposits	抵押銀行存款減少		**1,700**	1,100
Purchase of club/other debentures	購入會所／其他債券		**(730)**	—
Proceeds on disposal of an associate	出售一間聯營公司所得款項		**5,000**	421
Acquisition of investments in associate	收購聯營公司投資		**(36,190)**	(25,282)
Acquisition of additional equity interest in a subsidiary	收購一間附屬公司額外股本權益		**(13,438)**	—
Proceeds on disposal of a subsidiary	出售一間附屬公司所得款項	*48*	—	84,247
Net cash (used in) generated from investing activities	投資業務(所用)所得現金淨額		**(215,736)**	104,524
Financing activities	**融資業務**			
Net proceeds on issue of convertible notes	發行可換股票據所得款項淨額		—	840,0[illegible]3
(Repurchase of ordinary shares) net proceeds from issue of	(回購普通股)發行新股所得		所得款項淨額	**(2**
			(215,736)	

1. GENERAL

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

The consolidated financial statements are presented in Hong Kong dollars while the functional currency is Renminbi. The reason for selecting Hong Kong dollars as its presentation currency because the Company is a public company incorporated in Hong Kong with the shares listed in the Stock Exchange.

The Company is an investment holding company and engaged in property investment, securities trading and provision of agency service of dealing in distressed assets in Macau. The Company and its subsidiaries are principally engaged in property investment, other investments and distressed assets business. Details of the principal activities of the Company's subsidiaries and the Group's associates are set out in note 53.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting years are prepared and presented:

1. 一般事項

本公司乃在香港註冊成立之公眾有限公司，其股份在香港聯合交易所有限公司(「聯交所」)上市。本公司註冊辦事處及主要營業地點之地址於年報之引言內披露。

本綜合財務報表乃以港元呈列，而功能貨幣則為人民幣。選用港元為本公司之呈列貨幣乃由於本公司為一間於香港註冊成立之公眾公司，而其股份於聯交所上市。

本公司為投資控股公司，從事物業投資、證券買賣及於澳門提供處置不良資產之顧問服務。本公司及其附屬公司之主要業務為物業投資、其他投資及不良資產業務。本公司各附屬公司及本集團各聯營公司之主要業務詳情載於附註53。

2. 應用香港財務報告準則

在本年度，本集團首次應用香港會計師公會新頒佈之若干香港財務報告準則(「香港財務報告準則」)、香港會計準則(「香港會計準則」)及詮釋(在下文統稱「新香港財務報告準則」)。該等準則適用於二零零五年一月一日或之後開始之會計期間。應用新香港財務報告準則導致綜合收入報表、綜合資產負債表以及綜合權益變動報表的呈列方式有所改變，尤其是有關少數股東權益及應佔聯營公司稅項的呈列方式，該等呈列方式的改變已追溯應用。採納新香港財務報告準則導致本集團在以下範疇之會計政策有所改變，並對本會計年度及過往會計年度之編製及呈列方式構成影響：

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Business combinations

In the current year, the Group has applied HKFRS 3 Business Combinations. The principal effects of the application of HKFRS 3 to the Group are summarised below:

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Business combinations *(Continued)*

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1 January 2001 was held in reserves, and negative goodwill arising on acquisitions after 1 January 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognised all negative goodwill on 1 January 2005 (of which negative goodwill of HK$12,233,000 was previously recorded in reserves and of HK$59,376,000 was previously presented as a deduction from assets). A corresponding adjustment to the Group's accumulated profits of HK$71,609,000 has been made. During the year ended 31 December 2005, the Group recognised approximately HK$73,476,000 of discount on acquisition of additional equity interest in a subsidiary (see Note 3 for the financial impact).

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects of the application of HKAS 32 and HKAS 39 to the Group are summarised below:

2. 應用香港財務報告準則 *(續)*

業務合併 *(續)*

本集團應佔所收購公司可識別資產、負債及或然負債之公平值淨額高於成本的差額(前稱「負商譽」)

根據香港財務報告準則第3號，本集團應佔所收購公司的可識別資產、負債及或然負債之公平值淨額高於收購成本的差額(「收購折讓」)，應於進行收購的期間即時確認為溢利或虧損。在以往期

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Financial instruments *(Continued)*

Derecognition

HKAS 39 provides more rigorous criteria for the derecognition of financial assets than the criteria applied in previous periods. Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied the relevant transitional provisions and applied the revised accounting policy prospectively to transfers of financial assets from 1 January 2005 onwards. As a result, the Group's distressed assets of HK$219,238,000 which were derecognised prior to 1 January 2005 due to partial disposal and recoveries have not been restated.

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

2. 應用香港財務報告準則 *(續)*

金融工具 *(續)*

不再確認

香港會計準則第39號規定，有關不再確認金融資產採納之準則較以往期間所採用者更為嚴格。根據香港會計準則第39號，金融資產僅會於資產現金流量之合約權利到期時，或資產已轉讓及有關轉讓根據香港會計準則第39號符合資格不再確認時，方會不再確認。混合風險及回報及控制測試之方式乃用以決定有關轉讓是否符合不再確認之資格。本集團已由二零零五年一月一日起就轉讓金融資產應用相關過渡條文及應用經修訂之會計政策。因此，本集團因部分出售及收回而於二零零五年一月一日前不再確認之不良資產219,238,000港元並無重列。

金融資產及金融負債的分類及計量

本集團已就香港會計準則第39號所界定之金融資產及金融負債範圍內，應用有關分類及計量的過渡條文。

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Financial instruments *(Continued)*

Debt and equity securities previously accounted for under benchmark treatment of SSAP 24

By 31 December 2004, the Group classified and measured its

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Financial instruments *(Continued)*

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. The change in this accounting policy has had no material effect on results and financial position of the Group except for the interest in distressed assets as described below.

Interest in distressed assets

Prior to 1 January 2005, the Group measured the interest in distressed assets at cost less any subsequent identified impairment loss. The gain or loss arising on the disposal of all or part of the interest in distressed assets was determined as the difference between the sales proceeds and the allocated cost of the assets disposed of and is recognised in the income statement. The income from recoveries of the interest in distressed assets was determined as amount recovered from the individual debtors in excess of the allocated costs and were recognised in the income statement.

From 1 January 2005 onwards, interest in distressed assets which is reclassified as loans and receivables under HKAS 39, is stated at amortised cost using effective interest rate method less impairment allowance. The interest income from interest in distressed assets is accrued on a time basis by reference to the estimated future cashflows and at original effective interest rate. The original effective interest rate is the rate that exactly discounts the estimated future cash inflows arising from recoveries or collection, net of estimated future cash outflows arising from directly attributable costs such as management fee and incentive bonus through the expected life of the distressed assets, to the consideration paid. The impairment allowances are made on loans and receivables when there is objective evidence of impairment as a result of the occurrence of certain loss events that will impact on the estimated future cash flows discounting using the original effective interest rate.

2. 應用香港財務報告準則 *(續)*

金融工具 *(續)*

債務及股本證券以外之金融資產及金融負債

自二零零五年一月一日起，本集團根據香港會計準則第39號之規定將其債務及股本證券以外之金融資產及金融負債(過往不屬會計實務準則第24號之範圍)分類及計量。誠如上文所述，金融資產根據香港會計準則第39號分類為「於損益表按公平值處理的金融資產」、「可出售金融資產」、「貸款及應收款項」或「持有至到期日金融資產」。金融負債一般分類為「於損益表按公平值處理的金融負債」或「其他金融負債」。於損益表按公平值處理的金融負債按公平值計量，公平值變動直接於損益表確認。其他金融負債於初步確認後採用實際利率法按攤銷成本列賬。除下述不良資產權益外，此會計政策變動對本集團之業績及財務狀況並無重大影響。

不良資產權益

於二零零五年一月一日前，本集團按成本減任何其後已識別之減值虧損計量不良資產權益。出售全部或部分不良資產權益產生之盈虧乃按出售所得款項與所出售資產獲分配成本之差額釐定，並於收入報表內確認。回收不良資產權益的收入按個別應收債項回收之金額超出獲分配成本之差額釐定，並於收入報表內確認。

自二零零五年一月一日起，根據財務報告準則第39號規定重新分類為貸款及應收款項之不良資產權益採用實際利率法以攤銷成本扣減減值撥備列賬。不良資產權益利息收入經參照未償還本金及估計之未來現金流量及原實際利率以時間基準計算，原實際利率為透過不良資產之預計年期，準確貼現從回收或收集產生之估計未來現金流入並扣除管理費及獎金等直接應佔成本後產生之現金流出至等於已收代價之利率。倘有客觀證據證明因發生若干會對採用原實際利率貼現之估計未來現金流量構成影響之損失事件而出現減值，則會對貸款及應收款項作出減值撥備。

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Financial instruments *(Continued)*

Interest in distressed assets *(Continued)*

This change has resulted in increase in interest in distressed assets of HK$48,263,000 calculated by using effective interest rate method, deferred tax liability of HK$14,479,000, and the esse

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Financial instruments *(Continued)*

Convertible note at fair value through profit or loss

Under HKAS 32, a convertible option should only be classified as equity instruments if the conversion option embedded in the convertible notes will be settled by exchange of a fixed amount of cash for a fixed number of the equity instruments. For other embedded options that will be settled other than by the exchange of a fixed amount of cash for a fixed number of the equity instruments, the embedded options would be classified as financial liability. In accordance with HKAS 39, such embedded options are treated as separate derivatives when their economic risks and characteristics are not closely related to those of the host contract (the liability component) and the host contract is not carried a0 -1.2267 TD0.039 Tc0.0458 Tw(thaTj2249.0733 TD530498 Tc070249 TwOn/F6Ja(Anryber 2

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Owner-occupied leasehold interest in land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the revaluation model. In the current year, the Group has applied HKAS 17 Leases. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment. The adoption of this standard has had no material effect on how the results for the current or prior accounting years are prepared and presented.

Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 Investment Property. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor Standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation surplus subsequently

with revaluation sura9(gard hahCr9w570dj,dM5Ku7110Se has ha1eoL2aO02aO02aO02aO02aOG82D3A2l 173 aars)re0.0'lanc

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Investment properties *(Continued)*

Deferred taxes related to investment properties

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described above on the results for the current and prior years are as follows:

3. 會計政策變動影響概要

上述會計政策變動對本年度及先前年度業績之影響如下：

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元*
Turnover	**營業額**		
Increase in interest income from interest in distressed assets	不良資產權益利息收入增加	**130,912**	—
Decrease in income from recoveries of interest in distressed assets	回收不良資產權益的收入減少	**(183,165)**	—
Direct operating expenses	**直接經營費用**		
Decrease in management fee expenses for interest in distressed assets	不良資產權益管理費減少	**34,168**	—
Other income	**其他收入回撥**		
Decrease in negative goodwill released to income statement	至收入報表之負商譽減少	**(3,711)**	—
Other operating expenses	**其他經營費用**		
Non-amortisation of goodwill	不攤銷商譽	**5,587**	—
Increase in fair value of investment properties	**投資物業之公平值增加**		
Increase in fair value of investment properties recognised in income statement	於收入報表確認之投資物業公平值增加	**148,687**	—
Gain on convertible note at fair value through profit or loss	**於損益表按公平值處理的可換股票據之收益**	**199,756**	—
Finance costs	**財務費用**		
Increase in effective interest expense on the liability component of convertible note	可換股票據負債部分之實際利息增加	**(12,001)**	(1,259)
Discount on acquisition of additional equity interest in a subsidiary	**收購一間附屬公司額外股本權益之折讓**		
Recognition of discount on acquisition of additional equity interest in a subsidiary in income statement	於收入報表確認收購一間附屬公司額外股本權益之折讓	**73,476**	—
Share of results of associates	**攤佔聯營公司業績**		
Share of taxation attributable to associates	攤佔聯營公司應佔稅項	**(4,745)**	(257)
Taxation	**稅項**		
Increase in deferred tax on interest income of interest in distressed assets	不良資產權益利息收入之遞延稅項增加	**5,426**	—
Increase in deferred tax relating to convertible note	可換股票據相關遞延稅項增加	**2,100**	220
Share of taxation attributable to associates	攤佔聯營公司應佔稅項	**4,745**	257
Increase in deferred tax relating to investment properties	投資物業相關遞延稅項增加	**(45,698)**	—
Increase (decrease) in profit for the year	年內溢利增加(減少)	**355,537**	(1,039)

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(Continued)*

The cumulative effects of the application of the new HKFRSs at 31 December 2004 and 1 January 2005 are summarised below:

3. 會計政策變動影響概要 *(續)*

應用新香港財務報告準則對二零零四年十二月三十一日及二零零五年一月一日之累計影響概述如下：

		As at 31 December 2004 (originally stated) 於二零零四年十二月三十一日（原本呈列） *HK$'000 千港元*	Adjustments 攝ᦐ *HK$'000 千港元*	As at 31 December 2004 (restated) 於二零零四年十二月三十一日（經重列） *HK$'000 千港元*	Adjustments 懼 *HK$'000 千港元*	As at 1 January 2005 (restated) 於二零零五年一月一日（經重列） *HK$'000 千港元*
Negative goodwill	負商譽	(59,376)	—	(59,376)	59,376	—
Convertible notes	可換股票據	(840,289)	23,165	(817,124)	(236,747)	(1,053,871)
Deferred tax liabilities	遞延稅項負債	(87,273)	(14,403)	(101,676)	(14,479)	(116,155)
Interest in distressed assets	不良資產權益	584,362	—	584,362	48,263	632,625
Investments in securities	證券投資	57,594	—	57,594	(57,594)	—
Available-for-sale investments	可出售投資	—	—	—	1,467	1,467
Held-for-trading investments	持作買賣投資	—	—	—	56,127	56,127
Total effects on assets and liabilities	**對資產及負債之影響總額**	(344,982)	8,762	(336,220)	(143,587)	(479,807)
Accumulated profits	累積盈利	(1,076,978)	1,315	(1,075,663)	81,531	(994,132)
Convertible notes equity reserve	可換股票據之股本儲備	—	(20,150)	(20,150)	—	(20,150)
Negative goodwill	負商譽	(12,233)	—	(12,233)	12,233	—
Investment properties revaluation reserve	投資物業重估儲備	(49,823)	—	(49,823)	49,823	—
Minority interests	少數股東權益	—	(136,180)	(136,180)	—	(136,180)
Total effects on equity	**對股本之影響總額**	(1,139,034)	(155,015)	(1,294,049)	143,587	(1,150,462)
Minority interests	少數股東權益	(136,180)	136,180	—	—	—

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(Continued)*

The financial effects of the application of the new HKFRSs to the Group's equity as at 1 January 2004 are summarised below:

3. 會計政策變動影響概要 *(續)*

應用新香港財務報告準則對二零零四年一月一日本集團股本之財務影響概述如下：

		As originally stated 原本呈列 *HK$'000 千港元*	Adjustment 調整 *HK$'000 千港元*	As restated 經重列 *HK$'000 千港元*
Investment properties revaluation reserve	投資物業重估儲備	13,562	(10,073)	3,489
Total effects on equity	對股本之影響總額	13,562	(10,073)	3,489

The Group has not early applied the following new standards interpretations and amendments that have been issued but are not yet effective as at 31 December 2005. The directors of the Company anticipate that the application of these standards, interpretations and amendments will have no material impact on the financial statements of the Group except for HKAS 39 and HKFRS 4 (Amendments) Financial guarantee contracts which requires financial guarantee contracts within the scope of HKAS 39 to be initially measured at fair value. The Group has already commenced an assessment of the impact of these new standards but is not yet in a position to state the impact.

本集團並未提早採納以下已頒佈但尚未於二零零五年十二月三十一日生效之準則、詮釋及修訂本。本公司董事預期，應用該等準則、詮釋及修訂本將不會對本集團之財務報表構成重大影響，惟香港會計準則第39號及香港財務報告準則(修訂本)第4號《財務擔保合約》除外，有關準則規定屬香港會計準則39號範疇內之財務擔保合約初步按公平值計量。本集團已開始評估該等新準則之影響，惟尚未能達致可列出有關影響之地步。

HKAS 1 (Amendment)	Capital disclosure [1]	香港會計準則第1號(修訂本) 《資本披露》[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures [2]	香港會計準則第19號(修訂本) 《精算盈虧、集團計劃及披露》[2]
HKAS 21 (Amendment)	Net investment in a foreign operation [2]	香港會計準則第21號(修訂本) 《海外業務之投資淨額》[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions [2]	香港會計準則第39號(修訂本) 《預測集團內部交易之現金流量對沖會計法》[2]
HKAS 39 (Amendment)	The fair value option [2]	香港會計準則第39號(修訂本) 《公平值選擇》[2]
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts [2]	香港會計準則第39號及香港財務報告準則第4號(修訂本) 《財務擔保合約》[2]
HKFRS 6	Exploration for and evaluation of mineral resources [2]	香港財務報告準則第6號 《開採及評估礦物資源》[2]
HKFRS 7	Financial instruments: Disclosures [1]	香港財務報告準則第7號 《金融工具：披露》[1]
HK(IFRIC) — INT 4	Determining whether an arrangement contains a lease [2]	香港(IFRIC) — 詮釋第4號 《釐定一項安排是否包含租賃》[2]

綜合財務報表附註

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill arising on acquisitions on or after 1 January 2005 *(Continued)*

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

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

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of a subsidiary or acquisition of additional interest in a subsidiary for which an agreement date is on or after 1 January 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination or consideration. Discount on acquisition is recognised immediately in profit or loss.

As explained in Note 3 above, all negative goodwill as at 1 January 2005 has been derecognised with a corresponding adjustment to the Group's accumulated profits.

4. 主要會計政策 *(續)*

二零零五年一月一日或之後因收購所產生之商譽 *(續)*

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

於其後出售附屬公司時，資本化之商譽之應佔金額會用以釐定出售損益之金額。

收購公司應佔所收購公司之可識別資產、負債及或然負債之公平值淨額高於成本之差額(「收購折讓」)

因收購附屬公司或收購附屬公司之額外權益(其協議日期為二零零五年一月一日或以後)所產生之收購折讓乃指所收購公司之可識別資產、負債及或然負債之公平值淨額高於業務合併成本或代價之差額。收購折讓即時確認為溢利或虧損。

誠如上文附註3所闡釋，本集團已於二零零五年一月一日不再確認所有負商譽，並相應調整累積溢利。

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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

Investment properties

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

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

Property, plant and equipment

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

4. 主要會計政策 *(續)*

聯營公司投資

聯營公司之業績、資產及負債乃採用權益會計法載入該等財務報表。根據權益法，聯營公司投資乃以成本就本集團於收購後應佔溢利或虧損變動以及聯營公司股本變動作出調整，並扣減任何已識別減值虧損，在綜合資產負債表中列賬。倘本集團應佔聯營公司虧損相等於或高於其於該聯營公司之權益(包括任何實際屬於本集團對聯營公司淨投資之長期權益)，本集團將不再確認其額外應佔虧損。本集團只會在本身產生法律或推定責任或代表該聯營公司付款時，方會就額外應佔虧損計提撥備並確認負債。

集團實體與本集團之聯營公司進行交易時，損益僅在本集團應佔相關聯營公司之權益範圍內對銷。

投資物業

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

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

物業、廠房及設備

物業、廠房及設備按成本或公平值減累積折舊及已識別減值虧損入賬。

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

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

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

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

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

Non-current assets held for sales

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

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

4. 主要會計政策 *(續)*

物業、廠房及設備

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

重估土地及樓宇所產生之任何盈餘均計入資產重估儲備，但若該同一資產先前保留一項重估減值而被確認為一項支出，則在此情況下此盈餘中相當於先前被扣除之虧損會列入收入報表內。因重估資產而產生之賬面值淨額之減少超逾與以往重估該資產有關之資產重估儲備結餘(如有)，則須於收入報表內扣減。其後出售或報廢重估資產時，應佔重估盈餘將撥為累積溢利。

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

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

物業、廠房及設備項目於出售時或當預期持續使用資產不會產生未來經濟利益時不再確認。任何不再確認資產所產生之損益(以出售所得款項淨額與項目賬面值之差額計算)於不再確認項目年度計入收入報表。

持作銷售非流動資產

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Stock of properties

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Revenue recognition

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

In prior period, the income from recoveries of interest in distressed assets was recognised in the income statement, on individual distressed asset basis, which was determined as amount recovered from the individual debtors in excess of the allocated costs. The gain or loss arising on the disposal of all or part of the interest in distressed assets was determined as the difference between the sales proceeds and allocated the cost of the assets disposed of and is recognised in the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables — Interest in distressed assets (Continued)

Where the actual future net cash inflows are more than expected, the revised cashflow will be discounted using the effective interest rate. The difference between the carrying amounts will be adjusted to reflect the revised estimated cash flows discounted using the original effective rate. The adjustment is recognized in the income statement.

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.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short term deposits with an original maturity of not more than three months, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank balances and short term deposits are subsequently measured at amortized cost using the effective interest rate method.

4. 主要會計政策 *(續)*

金融工具 *(續)*

金融資產 *(續)*

貸款及應收款項 — 不良資產權益 (續)

倘實際未來現金流入淨額超出預期，則經修訂之現金流量將採用實際利率貼現。賬面值間之差額將予以調整，以反映以採用原實際利率貼現之估計經修訂現金流量。調整於收入報表確認。

可出售金融資產

可出售金融資產為非衍生工具，被指定為此類別或並無分類為根據香港會計準則第39號之任何其他類別(載於上文)。於初步確認後每一結算日，可出售金融資產以公平值計量。公平值變動於股本確認，直至該項金融資產出售或釐定出現減值為止，屆時，先前於股本確認之累計盈虧將自股本剔除，並於損益確認。可出售金融資產之任何減值虧損均於損益確認。可出售股本投資之減值虧損將不會於繼後期間撥回。就可出售債務投資而言，倘投資公平值之增幅客觀地與確認減值虧損後所發生之事件有關，減值虧損其後方會撥回。

就沒有活躍市場報價及其公平值不能可靠地計量之可出售股本投資，及與該等無報價股本投資掛鈎並須以交付該等股本投資結算之衍生工具而言，乃於初步確認後每一結算日按成本扣除任何已識別減值虧損計量。倘有客觀證據證明資產出現減值，則減值虧損會於損益表確認。減值虧損金額乃按資產賬面值與按類似金融資產之現行市場回報率貼現之估計未來現金流量之現值兩者之差額計量。減值虧損於繼後期間不予撥回。

現金及現金等值

現金及現金等值包括手頭現金、原到期日為不多於三個月之短期存款及其他可兌換為已知數額現金且價值變動風險不大之短期高流動性投資。銀行結餘及短期存款其後採用實際利率法以攤銷成本計量。

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

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

The transaction costs that are directly attributable to borrowings are included in the carrying amount on the initial recognition. The difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized using effective interest rate method.

Equity instruments

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

4. 主要會計政策 *(續)*

金融工具 *(續)*

金融負債及股本

由集團實體發行之金融負債及股本工具根據所訂立合約安排之內容，以及金融負債及股本工具之定義分類。

股本工具乃證明本集團於扣減其所有負債後之資產剩餘權益之任何合約。本集團之金融負債一般分類為於損益表按公平值處理的金融負債及其他金融負債。所採納與金融負債及股本工具有關之會計政策載於下文。

於損益表按公平值處理的金融負債

於損益表按公平值處理的金融負債有兩個次分類，包括持作買賣金融負債及於初步確認時指定為於損益表按公平值處理的金融負債。於初步確認後每一結算日，於損益表按公平值處理的金融負債以公平值計量，公平值變動直接確認於產生期間之損益。

其他金融負債

其他金融負債(包括應付賬款、按金、其他付款、應付一名股東之控股公司應計管理費、應付聯營公司款及銀行借貸)其後採用實際利率法以攤銷成本計量。

借貸直接應佔之交易成本於初步確認時計入賬面值。所得款項(扣除交易成本)與清償或贖回借貸之差異採用實際利率法確認。

股本工具

由本公司發行之股本工具乃按已收取所得款項減直接發行費用記錄。

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity *(Continued)*

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is

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4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Group as lessee

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

Retirement benefit costs

Payments to the state-managed retirement benefit schemes for staff in the People's Republic of China, excluding Hong Kong and Macau (the "PRC") and to the Mandatory Provident Fund Scheme for staff in Hong Kong are charged as expense as they fall due.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 December 2005, the carrying amount of goodwill is approximately HK$33,525,000. Details of the recoverable amount calculated are disclosed in note 21.

Impairment allowances of loans and receivables

The policy for impairment of loans and receivables of the Group is based on the evaluation of expected future cash flows on management's judgment. A considerable amount of judgment is required in estimating the expected future cash flows. If the future estimated cash flows are less than expected, additional allowances may be required.

4. 主要會計政策 *(續)*

本集團作為承租人

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

退休福利成本

為中華人民共和國，不包括香港及澳門(「中國」)員工之國家管理退休福利計劃及香港員工之強制性公積金計劃作出之供款，乃於到期時以支出入賬。

5. 重要會計判斷及主要不確定估計來源

估計商譽減值

釐定商譽是否出現減值時須估計商譽所獲分配之現金產生單位使用價值。本集團計算使用價值時需就預期源自該現金產生單位之未來現金流量及合適之貼現率作出估計，以計算現值。於二零零五年十二月三十一日，商譽之賬面值約為33,525,000港元。可收回金額之計算詳情於附註21披露。

貸款及應收款項減值撥備

本集團之貸款及應收款項減值政策乃根據評估預期未來現金流量之管理層判斷而制定。於評估預期未來現金流量時，需要作大量判斷。倘估計未來現金流量低於預期，則可能需作出額外撥備。

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, interest in distressed assets, loans receivables, held-for-trading investments, trade receivables, deposits and other receivables, amounts due from associates, restricted bank balance, pledged bank deposit, bank balances and cash, assets classified as held for sale, trade payables, rental deposits and other payables, amount due to associates, accruals for management fee to holding company of a shareholder, borrowings, convertible note and convertible note at fair value through profit or loss. 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 31 December 2005 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 directors continuously monitor the level of exposure to ensure that follow-up action and/or corrective actions are taken promptly to lower exposure or even to recover overdue debts. In addition, the Group reviews the recoverable amount of each significant individual loan and interest in distressed asset at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counter parties are banks with high credit ratings assigned by international credit-rating agencies and state owned banks with good reputation. The Group has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

6. 財務風險管理目的及政策

本集團之主要金融工具包括可出售投資、不良資產權益、應收貸款、持作買賣投資、應收賬款、按金及其他應收款、應收聯營公司款、銀行監管賬戶結餘、抵押銀行存款、銀行結餘及現金、列作持作出售之資產、應付賬款、租務按金及其他應付款、應付聯營公司款、應付一名股東之控股公司應計管理費、借貸、可換股票據及於損益表按公平值處理的可換股票據。該等金融工具之詳情於相關附註中披露。與該等金融工具相關之風險及如何減低該等風險之政策載於下文。管理層會管理及監察該等風險，以確保及時與有效地採取適當措施。

信貸風險

於二零零五年十二月三十一日，本集團就交易對手未能履行其責任而按各類已確認金融資產面對之最高信貸風險，為綜合資產負債表所述該等資產之賬面值。為盡量減低信貸風險，董事持續監察風險水平，確保能即時採取跟進行動及／或更正行動，以減低風險，或甚至收回逾期債項。此外，本集團會於每一結算日檢討各重大個別貸款及不良資產權益之可收回金額，以確保就不可收回金額計提足夠減值虧損。就此而言，本公司董事認為，本集團之信貸風險已大幅減少。

在流動資金方面之信貸風險有限，原因是交易對手大部分為獲國際評級機構指定為高信貸評級之銀行及信譽良好之國有銀行。由於多個交易對手及客戶分散風險，故本集團並無重大信貸風險集中情況。

7. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(A) Business segments

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

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

7. 營業額及分類資料 *(續)*

(A) 業務分類

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

(i) 本集團營業額按業務分類的分析如下：

		Distressed assets business 不良資產業務 HK$'000 千港元	Investments 投資 HK$'000 千港元	Sales of properties 物業銷售 HK$'000 千港元	Property leasing 物業租賃 HK$'000 千港元	Property management 物業管理 HK$'000 千港元	Consolidated 綜合 HK$'000 千港元
Year ended 31 December 2005	**截至二零零五年十二月三十一日止年度**						
Turnover	營業額	**230,912**	**154,588**	**895**	**76,346**	**89,037**	**551,778**
Result	業績						
Segment result	分部業績	**231,569**	**67,685**	**(6,022)**	**63,506**	**(315)**	**356,423**
Interest income	利息收入						**53,395**
Surplus on revaluation of leasehold properties	租賃物業之重估盈餘						**8,949**
Increase in fair value of investment properties	投資物業之公平值增加	**–**	**–**	**–**	**148,687**	**–**	**148,687**
Gain on convertible note at fair value through profit or loss	於損益表按公平值處理的可換股票據之收益						**199,756**
Unallocated corporate expenses	未予分配公司費用						**(44,637)**
Finance costs	財務費用						**(59,841)**
Share of results of associates	攤佔聯營公司業績						**82,237**
Discount on acquisition of additional equity interest in a subsidiary	收購一間附屬公司額外股本權益之折讓						**73,476**
Profit before taxation	除稅前溢利						**818,445**
Taxation	稅項						**(89,279)**
Profit for the year	年內溢利						**729,166**
Year ended 31 December 2004 (restated)	截至二零零四年十二月三十一日止年度(經重列)						
Turnover	營業額	246,612	129,209	152,249	75,004	82,149	685,223
Result	業績						
Segment result	分部業績	228,056	(6,209)	22,871	59,331	2,313	306,362
Interest income	利息收入						11,948
Surplus on revaluation of leasehold properties	租賃物業之重估盈餘						13,675
Unallocated corporate expenses	未予分配公司費用						(38,269)
Finance costs	財務費用						(32,246)
Share of results of associates	攤佔聯營公司業績						88,996
Gain on partial disposal of interest in distressed assets	出售部分不良資產權益產生之收益	53,777	–	–	–	–	53,777
Gain on disposal of a subsidiary	出售一間附屬公司產生之收益						46,696
Gain on disposal of an associate	出售一間聯營公司產生之收益						182
Profit before taxation	除稅前溢利						451,121
Taxation	稅項						(34,837)
Profit for the year	年內溢利						416,284

7. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(A) Business segments *(Continued)*

(ii) Other information

7. 營業額及分類資料*(續)*

(A) 業務分類*(續)*

(ii) 其他資料

		Distressed assets business 不良資產業務 HK$'000 千港元	Investments 投資 HK$'000 千港元	Sales of properties 物業銷售 HK$'000 千港元	Property leasing 物業租賃 HK$'000 千港元	Property management 物業管理 HK$'000 千港元	Corporate 企業 HK$'000 千港元	Consolidated 綜合 HK$'000 千港元
Year ended 31 December 2005	**截至二零零五年十二月三十一日止年度**							
Capital additions — property, plant and equipment	資本添置 — 物業、廠房及設備	—	—	264	2,230	1,982	1,246	5,722
Depreciation	折舊	—	—	199	2,865	1,633	2,462	7,159
Gain on disposal of investment properties	出售投資物業產生之收益	—	—	—	—	—	209	209
Loss on disposal of property, plant and equipment	出售物業、廠房及設備產生之虧損	—	—	—	98	2	—	100
Year ended 31 December 2004 (restated)	截至二零零四年十二月三十一日止年度(經重列)							
Capital additions — property, plant and equipment	資本添置 — 物業、廠房及設備	—	—	892	3,571	1,100	132	5,695
Depreciation	折舊	—	—	328	1,828	1,287	2,225	5,668
Amortisation of goodwill	商譽攤銷	—	—	—	—	5,587	—	5,587
Release of negative goodwill	負商譽回撥	—	—	—	3,711	—	—	3,711
Unrealised holding loss on other investments	其他投資未變現持有虧損	—	1,545	—	—	—	—	1,545
Gain on disposal of investment properties	出售投資物業產生之收益	—	—	—	3,785	—	—	3,785
Gain on disposal of property, plant and equipment	出售物業、廠房及設備產生之收益	—	—	—	—	—	629	629

綜合財務報表附註

截至二零零五年十二月三十一日止年度

7. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(B) Geographical segments

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

7. 營業額及分類資料*(續)*

(B) 地域分類

(i) 本集團營業額按照客戶的地域位置劃分的分析如下：

Turnover 營業額
ẋøŵŀ,ẋ:£ẋ

8. OTHER INCOME

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元*
Other income includes the following income:	**其他收入包括下述收入：**		
Interest income	利息收入	**53,395**	11,948
Change of fair value of held-for-trading			

10. FINANCE COSTS

10. 財務費用

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元* (restated) (經重列)
Interest on bank borrowings	銀行借款利息		
— wholly repayable within five years	— 須於五年內悉數償還	**(32,605)**	(32,294)
— not wholly repayable within five years	— 無須於五年內悉數償還	**(296)**	(261)
Interest on other loans wholly repayable within five years	須於五年內悉數償還之其他貸款利息	**(2,111)**	(2,199)
Interest on convertible note at fair value through profit or loss	於損益表按公平值處理的可換股票據之收益	**(6,228)**	—
Amortisation of direct issue cost of convertible note	可換股票據之直接發行成本攤銷	**—**	(196)
Effective interest expense on convertible notes	可換股票據實際利息支出	**(18,601)**	(2,605)
Total borrowing costs	借貸費用總額	**(59,841)**	(37,555)
Less: Amount capitalised in properties under development	*減：*已於在建物業資本化之金額	**—**	5,309
		(59,841)	(32,246)

Borrowing costs capitalised during last year arose on the general borrowing pool and was calculated by applying a capitalisation rate of 5% per annum to expenditure on qualifying assets.

11. DISCOUNT ON ACQUISITION OF ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY

The amount represents discount on acquisition of additional 7.99% equity interest in Beijing East Gate Development Co. Ltd., ("Beijing East Gate") a subsidiary of the Company, from

13. DIRECTORS' REMUNERATION

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

13. 董事酬金

已付或須付予各董事之酬金如下：

Name of director 董事姓名	2005 二零零五年					
	Fees 袍金	Salary 薪酬	MPF contribution 強積金供款	Other benefits 其他福利	Performance bonus 表現獎金	Total 合計
	HK$'000 千港元	*HK$'000 千港元*	*HK$'000 千港元*	*HK$'000 千港元*	*HK$'000 千港元*	*HK$'000 千港元*

14. EMPLOYEES' REMUNERATION

The five highest paid individuals of the Group included three directors, details of whose emoluments are set out in note 13 above. The emoluments of the remaining two individuals are as follows:

14. 僱員酬金

本集團五名最高薪人士包括3名董事，彼等的酬金詳情載於上文附註13。其餘2名人士的酬金如下：

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元*
Salaries and other benefits	薪金及其他福利	**1,664**	3,906
Performance related incentive payments	按表現發放之獎金	**2,000**	6,600
Retirement benefit costs	退休福利成本	**24**	24
		3,688	10,530

Their emoluments are within the following bands:

彼等之酬金介乎下列款額：

		Number of employees 僱員人數 2005 二零零五年	2004 二零零四年
HK$1,500,001 to HK$2,000,000	1,500,001港元至2,000,000港元	**1**	—
HK$2,000,001 to HK$2,500,000	2,000,001港元至2,500,000港元	**1**	1
HK$8,000,001 to HK$8,500,000	8,000,001港元至8,500,000港元	**—**	1
		2	2

15. TAXATION

15. 稅項

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元* (restated) (經重列)
The charge comprises:	**稅項支出包括：**		
Company and subsidiaries	本公司及附屬公司		
Hong Kong Profits Tax	香港利得稅		
— overprovision in prior year	— 前年度超額提撥	**—**	53
PRC Enterprises Income Tax	中國企業所得稅	**(830)**	(8,315)
		(830)	(8,262)
Deferred taxation *(note 43)*	遞延稅項 *(附註43)*	**(88,449)**	(26,575)
Taxation attributable to the Company and its subsidiaries	本公司及附屬公司所屬稅項	**(89,279)**	(34,837)

15. TAXATION *(Continued)*

No tax is payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. The tax losses carried forward amounts to approximately HK$83,394,000 (2004: HK$106,030,000).

The taxation charge of the PRC Enterprise Income Tax for the year has been made based on the Group's estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the subsidiaries in the PRC.

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

15. 稅項 *(續)*

由於應課稅溢利已由承前稅項虧損全數抵銷，故毋須就香港產生之年內溢利繳付稅項。承前稅項虧損約為83,394,000港元(二零零四年：106,030,000港元)。

本年度之中國企業所得稅乃本集團於中國之附屬公司及聯營公司以本集團估計的應課稅溢利按適用的所得稅法例計算所得之稅項支出。

年內稅項支出可與綜合收入報表中除稅前溢利對賬如下：

		2005 **二零零五年** ***HK$'000*** ***千港元***	2004 二零零四年 *HK$'000* *千港元* (restated) (經重列)
Profit before taxation	除稅前溢利	**818,445**	451,121
Tax at the Hong Kong Profits Tax of 17.5%	按香港利得稅稅率17.5%計算的稅項	**(143,228)**	(78,946)
Tax effect of expense not deductible for tax purpose	就稅務用途不得扣減開支的稅務影響	**(5,605)**	(2,534)
Tax effect of income not taxable for tax purpose	就稅務用途毋須應課稅收入的稅務影響	**75,872**	40,777
Tax effect on share of results of associates	攤佔聯營公司業績的稅務影響	**14,391**	15,574f results of

16. PROFIT FOR THE YEAR

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元*
Profit for the year has been	年內溢利已扣除：		



17. EARNINGS PER SHARE *(Continued)*

Impact of changes in accounting policies:

17. 每股盈利 *(續)*

會計政策變動影響：

		Impact on basic earnings per share 對每股基本盈利之影響		Impact on diluted earnings per share 對每股攤薄盈利之影響	
		2005 二零零五年 *HK cents 港仙*	2004 二零零四年 *HK cents 港仙*	**2005 二零零五年 *HK cents 港仙***	2004 二零零四年 *HK cents 港仙*
Figures before adjustments	調整前數字	**21.1**	26.1	**18.1**	24.8
Adjustments arising from changes in accounting policies	會計政策變動產生之調整	**20.4**	(0.1)	**7.9**	—
As reported/restated	經呈報／重列	**41.5**	26.0	**26.0**	24.8

18. DIVIDEND

18. 股息

		2005 二零零五年 *HK$'000 千港元*	2004 二零零四年 *HK$'000 千港元*
Final dividend of HK 6 cents (2004: HK 5 cents) per share, proposed	建議派付末期股息每股6港仙（二零零四年：5港仙）	**101,323**	87,934

The final dividend of HK 6 cents (2004: HK5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

董事建議派付每股6港仙末期股息（二零零四年：5港仙），須待股東在股東大會上批准。

19. INVESTMENT PROPERTIES

19. 投資物業

		THE GROUP 本集團	
		2005 二零零五年 *HK$'000 千港元*	2004 二零零四年 *HK$'000 千港元*
VALUATION	**估值**		
At the beginning of the year	於年初	**1,935,559**	1,897,520
Exchange adjustment	匯兌調整	**31,630**	—
Disposals	出售	**(10,491)**	(30,495)
Increase in fair value during the year	年內之公平值增加	**148,687**	68,534
At the end of the year	於年末	**2,105,385**	1,935,559

19. INVESTMENT PROPERTIES *(Continued)*

At 31 December 2005, the legal titles of Group's investment properties at carrying value of HK$15,147,000 (2004: HK$14,516,000) situated in the PRC have not been passed to the Group.

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

19. 投資物業 *(續)*

於二零零五年十二月三十一日，本集團位於中國賬面值為15,147,000港元（二零零四年：14,516,000港元）之投資物業之產權尚未過戶予本集團。

於結算日，投資物業之賬面值包括：

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元*
Held under long term leases/land used rights: —	以長期租約／土地使用權形式持有： —		



20. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At 31 December 2005, the legal titles of the Group's properties at carrying value of HK$21,424,000 (2004: HK$20,531,000) situated in the PRC have not been passed to the Group.

The carrying value of the leasehold properties comprises:

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元*
Long term leasehold properties situated in Hong Kong	位於香港的長期租賃物業	**82,350**	72,200
Properties under long term land use rights situated in the PRC	位於中國的長期土地使用權物業	**229**	224
Properties under medium term land use rights situated in the PRC	位於中國的中期土地使用權物業	**25,900**	24,737
		108,479	97,161

The professional valuations of the leasehold properties of the Group at 31 December 2005 were carried out by Vigers Appraisal & Consulting Limited and A-Plus Surveyors Limited, independent property valuers, on an open market value basis. The valuation which conforms to International Valuation Standards, was carried at by reference to market evidence of transaction prices for similar properties.

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

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

	HK$'000 *千港元*
Cost	

20. 物業、廠房及設備 *(續)*

於二零零五年十二月三十一日，本集團位於中國賬面值為21,424,000港元（二零零四年：20,531,000港元）之物業之產權尚未過戶予本集團。

租賃物業之賬面值包括：

本集團之租賃物業於二零零五年十二月三十一日之專業估值是由獨立物業估值師行威格斯資產評估顧問有限公司及恆信測量師行有限公司按公開市值基準進行評估所得。估值符合國際估值準則，並經參考類似物業之交易價之市場憑證後進行。

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

倘租賃物業未予重估，則該等物業會以歷史成本法按下列款額入賬：

43.5.9) 425.44352 Tc 47.58 S BT /E10 147.58 S 0 9.855 Tm 0.0352 Tc 34805N-1 book1 22 TDwere carried out by0Tf 1

21. GOODWILL 21. 商譽

		HK$'000 千港元
COST	**成本**	
At 1 January 2004 and 31 December 2004	於二零零四年一月一日及二零零四年十二月三十一日	55,874
Elimination of accumulated amortisation upon the adoption of HKFRS 3 *(see note 2)*	於採納香港財務報告準則第3號時撇銷累積攤銷 *(見附註2)*	(22,349)
At 1 January 2005 and 31 December 2005	於二零零五年一月一日及二零零五年十二月三十一日	33,525
AMORTISATION	**攤銷**	
At 1 January 2004	於二零零四年一月一日	16,762
Amortisation for the year	年度攤銷	5,587
At 31 December 2004	於二零零四年十二月三十一日	22,349
Elimination of accumulated amortisation upon the adoption of HKFRS 3 *(see note 2)*	於採納香港財務報告準則第3號時撇銷累積攤銷 *(見附註2)*	(22,349)
At 1 January 2005 and 31 December 2005	於二零零五年一月一日及二零零五年十二月三十一日	—
NET BOOK VALUE	**賬面淨值**	
At 31 December 2004 and 31 December 2005	於二零零四年十二月三十一日及二零零五年十二月三十一日	33,525

Until 31 December 2004, goodwill arising on acquisition of subsidiaries had been amortised over the estimated useful life

22. NEGATIVE GOODWILL

22. 負商譽

		HK$'000 *千港元*
GROSS AMOUNT	**毛額**	
At 1 January 2004 and 31 December 2004	於二零零四年一月一日及二零零四年十二月三十一日	74,220
RELEASED TO INCOME	**回撥至收入**	
At 1 January 2005	於二零零五年一月一日	11,133
Released in the year	年度回撥	3,711
		14,844
At 31 December 2004	於二零零四年十二月三十一日	59,376
Derecognised and adjusted to retained profits upon the application of HKFRS 3 *(see note 3)*	於應用香港財務報告準則第3號時不再確認及對保留溢利作出調整*(見附註3)*	(59,376)
At 1 January 2005	於二零零五年一月一日	—

As explained in note 3, all negative goodwill arising on acquisitions prior to 1 January 2005 was derecognised as a result of the application of HKFRS 3.

誠如附註3所闡釋，所有於二零零五年一月一日前因收購所產生之商譽已因應用香港財務報告準則第3號而不再確認。

23. INTERESTS IN ASSOCIATES

23. 聯營公司權益

		2005 **二零零五年** ***HK$'000*** ***千港元***	2004 二零零四年 *HK$'000* *千港元*
Cost of investment in associates — unlisted	聯營公司投資成本 — 非上市	**923,196**	892,006
Share of post acquisition profits, reserves and net of dividend received	攤佔收購溢利、儲備及已收股息淨額		

23. INTERESTS IN ASSOCIATES *(Continued)*

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

24. AMOUNTS DUE FROM ASSOCIATES *(Continued)*

The directors consider the carrying amount approximates their fair value.

24. 應收聯營公司款 *(續)*

董事認為，賬面值與其公平值相若。

25. INVESTMENTS IN SECURITIES

Investment securities and other investments as at 31 December 2004 are set out below. Upon the application of HKAS 39 on 1 January 2005, investment securities and other investments were reclassified to appropriate categories under HKAS 39:

25. 證券投資

於二零零四年十二月三十一日之證券投資及其他投資載列如下。於二零零五年一月一日應用香港會計準則第39號後，證券投資及其他投資重新分類為香港會計準則第39號項下之適當類別：

		Investment securities 證券投資 *HK$'000 千港元*	Other investments 其他投資 *HK$'000 千港元*	Total 合計 *HK$'000 千港元*
Equity securities listed in Hong Kong	於香港上市之權益證券	—	56,127	56,127
Unlisted debt securities	非上市債務證券	1,467	—	1,467
Market value of listed securities	上市證券市值	—	56,127	56,127
Carrying amount analysed for reporting purposes as:	賬面值就呈報用途的分析為：			
Non-current	非流動	1,467	—	1,467
Current	流動	—	56,127	56,127
		1,467	56,127	57,594

26. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31 December 2005 comprise:

26. 可出售投資

於二零零五年十二月三十一日之可出售投資包括：

		2005 二零零五年 *HK$'000 千港元*
Unlisted investments:	非上市投資：	
Unlisted shares, at cost	非上市股份，按成本	**2,070**
Club debentures, at cost	會所債券，按成本	**1,730**
Other debentures, at cost	其他債券，按成本	**476**
		4,276
Less: Impairment loss recognised	*減：*已確認減值虧損	**(2,070)**
Total	合計	**2,206**

26. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

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

The directors reviewed the carrying amounts of available-for-sale investments and identified that they were impaired. Accordingly, an impairment loss of HK$2,070,000 was recognised in the financial statements to write down the carrying amount of the investments due to substantial loss incurred by the investee company, the directors are in the opinion that the invested amount are not recoverable.

27. INTEREST IN DISTRESSED ASSETS

		2005 **二零零五年** ***HK$'000*** ***千港元***	2004 二零零四年 *HK$'000* *千港元*
At the beginning of the year	於年初	**584,362**	—
Effect on adoption of HKAS 39	採納香港會計準則第39號之影響	**48,263**	—
As restated	經重列	**632,625**	—
Acquired during the year	年內購入	**—**	803,600
Partial disposal *(note 12)*	部分出售 *(附註12)*	**—**	(160,720)
Interest income recognised	已確寫窖 \ 竜皰膩엥@汾眼皓 x 誄譸옂殿千飹탵沪饗1貳2		若已確幡剅쵝偏

27. INTEREST IN DISTRESSED ASSETS *(Continued)*

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

SGIAM appointed China Cinda to manage the NPL. China Cinda is entitled to a management fee equal to 10% of the gross amount recovered from the NPLs. In the event that more than

*GP(Contin-8.953 Tequivn

29. DEPOSIT PAID FOR ACQUISITION OF DISTRESSED ASSETS

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

As at the balance sheet date, the Group had paid approximately RMB546,000,000 (equivalent to approximately HK$527,446,000) to Huarong Asset Management Corporation for the acquisition of the NPL Portfolio. Pursuant to the conditional sale and purchase agreement dated 23 November 2005, entered into between the Company and CFPI, the Company conditionally agreed to sell and CFPI conditionally agreed to purchase 50% of interest in the Platinum One Limited. Subsequent to the balance sheet date, pursuant to the extraordinary general meeting of the Company held on 5 January 2006, the Company has disposed of 50% of its interest in Platinum One Limited to CFPI at cost. As a result, 50% of the deposits amounting to approximately HKD263,723,000 was classified as assets held for sale. The directors consider that the carrying values of assets held for sale at the balance sheet date approximate their fair values.

30. OTHER ASSET

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

31. STOCK OF PROPERTIES

The amount comprises the cost incurred for the development of certain property projects in the PRC, including the payment in respect of compensation for resettlement and use of land in relation to the property development project. For the year ended 31 December 2004, the interest capitalised in the properties under development amounted to approximately HK$5,309,000. In the opinion of the directors, the properties under development as at 31 December 2005 will be completed, ready for sales and can be recovered within one year from the balance sheet date.

31. 物業存貨

該筆款項乃若干於中國之物業發展項目所產生之成本，當中包括就該物業發展項目支付之拆遷賠償金及土地使用款項。截至二零零四年十二月三十一日止年度，在建物業已資本化利息為數約5,309,000港元。董事認為，於二零零五年十二月三十一日的在建物業將可於結算日起計的一年內完成並準備好發售及可收回。

32. LOAN RECEIVABLES

32. 應收貸款

		2005 **二零零五年** ***HK$'000*** ***千港元***	2004 二零零四年 *HK$'000* *千港元*
Fixed-rate loan receivables	定息應收貸款	**144,216**	112,150
Carrying amount analysed for reporting purposes:	賬面值就呈報用途的分析為：		
Current assets (receivable within 12 months from the balance sheet date)	流動資產(於結算日起12個月內應收)	**144,216**	112,150

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

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

The loan receivables as at 31 December 2004 represented advance of a loan of RMB120,000,000 (equivalent to approximately HK$112,150,000) of which the effective interest rate is 8% per annum.

於二零零四年十二月三十一日之應收貸款指一筆為數人民幣120,000,000元（相等於約112,150,000港元）之貸款，該筆貸款之實際年利率為8%。

As at 31 December 2005 and 31 December 2004, the fair values of the loan receivables were approximately the same as the respective carrying amounts.

於二零零五年十二月三十一日及二零零四年十二月三十一日，應收貸款之公平值與各自之賬面值相若。

36. RESTRICTED BANK BALANCE

The amount represents the bank balance kept in a bank account under the name of China Cinda in the PRC for the purpose of dealing with the funds recovered from the distressed assets. The bank account is jointly controlled by SGIAM and China Cinda that a mutual consent has to be obtained from SGIAM and China Cinda for the withdrawal of fund in the bank account. The restricted bank balance carries interest at prevailing market rate and with original maturity of three months or less. The directors consider the carrying amount of restricted balance approximates its fair value.

36. 監管戶口結餘

金額為一個以中國信達名義於中國開設的銀行賬戶的銀行結餘，目的旨在存入處置不良資產回收所得資金。該銀行賬戶的資金提取由銀建資產管理及中國信達共同監管並需要得到雙方同意。監管戶口結餘以現行市場利率計息，而原到期日為三個月或以下。董事認為，監管戶口結餘之賬面值與其公平值相若。

37. PLEDGE OF ASSETS

At 31 December 2005, the Group has pledged certain investment properties and leasehold properties which have an aggregate carrying value at the balance sheet date of approximately HK$1,855,100,000 (2004: HK$1,674,300,000) and HK$78,900,000 (2004: HK$68,900,000) respectively to secure general banking facilities granted to the Group.

At 31 December 2004, the Group pledged a fixed deposit of HK$1,700,000 carried interest at prevailing market rate to a bank in respect of the credit facilities granted by this bank to the Company.

37. 資產抵押

於二零零五年十二月三十一日，本集團已將若干於結算日賬面總額分別1,855,100,000港元(二零零四年：1,674,300,000港元)及78,900,000港元(二零零四年：68,900,000港元)之投資物業及租賃物業抵押作為本集團所獲取一般性銀行融資之條件。

於二零零五年十二月三十一日，本集團已將1,700,000港元定期存款(按現行市場利率計息)抵押作為該銀行向本公司授出相關信貸額度。

38. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at prevailing market rate. The directors consider that the carrying amount of these assets approximate their fair value.

38. 銀行結餘及現金

銀行結餘及現金包括本集團所持現金及原到期日為三個月或以下按現行市場利率計息之短期銀行存款。董事認為，該等資產之賬面值與其公平值相若。

39. SHARE CAPITAL

39. 股本

		Number of shares 股份數目		Nominal value 票面值	
		2005 二零零五年 *In thousand 千股*	2004 二零零四年 *In thousand 千股*	**2005 二零零五年 *HK$'000 千港元***	2004 二零零四年 *HK$'000 千港元*
Ordinary shares of HK$0.20 each	每股面值0.20港元之普通股				
Authorised	*法定股本*				
At the beginning of the year	於年初	**4,000,000**	2,000,000	**800,000**	400,000
Increase on 2 November 2004	於二零零四年十一月二日增加	**—**	2,000,000	**—**	400,000
At the end of the year	於年末	**4,000,000**	4,000,000	**800,000**	800,000
Issued and fully paid	*已發行及繳足股本*				
At the beginning of the year	於年初	**1,758,672**	1,312,222	**351,734**	262,444
Issue of new shares on 27 January 2004 *(note a)*	於二零零四年一月二十七日發行的新股份*(附註a)*	**—**	165,000	**—**	33,000
Issue of new shares on 24 November 2004 *(note b)*	於二零零四年十一月二十四日發行的新股份*(附註b)*	**—**	169,450	**—**	33,890
Exercise of share options	行使購股權	**—**	112,000	**—**	22,400
Shares repurchased *(note c)*	回購股份*(附註c)*	**(69,962)**	—	**(13,992)**	—
At the end of the year	於年末	**1,688,710**	1,758,672	**337,742**	351,734

Notes:

(a) On 14 January 2004, the Company entered into a subscription agreement with Catic Limited, a shareholder of the Company, pursuant to which Catic Limited has conditionally agreed to subscribe for 165,000,000 new shares of the Company of HK$0.20 each at subscription price of HK$2.00 per share, representing a discount of 7.0% to the closing market price of the Company's shares on 13 January 2004. The proceeds have been used for the acquisition of non-performing loans by

39. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(b) On 5 November 2004, the Company entered into a subscription agreement with CGML, pursuant to which CGML has conditionally agreed to subscribe for 169,450,000 new shares of the Company of HK$0.20 each at a subscription price of HK$2.63 per share, representing a discount of 19.7% to the closing market price of the Company

40. SHARE OPTIONS *(Continued)*

emplo購股權1 (續)st0.

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

根據舊計劃，本公頗臉鬄烸鮒뉇權於採納日期後十年內任何時間，授予本公綜ｓ裬蛅昦嫈鞪鬉頗臉髊←裸◥曠卅瀼膻襞暕袞鬉綿Ｗ暩亢灰腓崴骹祤杌認芽曠權授出日期前五個交易日本公榣股份平均收市價之80%或本公榣股份之面值(以較高者為準)。有關根據舊計劃授出之購股權可認購之最高股份數目，乃以不超過好饥滊螛墫섷亢珼襯抌艏苺瘥10%為限。

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

按照新計劃，本公頗臉鬄烸鮒뉇權於採納日期後十年內任何時間，授予本公綜ｓ裬蛅昦嫈鞪鬉頗臉髊←裸◥曠卅瀼膻襞暕袞鬉綿Ｗ暩亢灰腓崴骹祤輒뇫腕醣耟好饥珼姑瘥猪瓗綠玨板靇懿珼權授出日期前五個交易日本公榣珼姑蠪灉猪瓗綠滜礸髻股份之面值(以較高者為準)。有關根據新計劃授出之購股權可認購之最都珼贊籤ロ炕蛸簥滊헇瞬礸髻不時已發行股本總面值之30%為限。

At 31 December 2005, the number of shares in respect of which options had been granted and remained outstanding under the Old Scheme and the New Scheme, representing 1.3% and 0.6% (2004: 1.3% and 0.6%), respectively, of the shares of the Company in issue at that date.

於二零零五年十二月三十一日，蠪璀杰腴앙礟룟腴앙墫韇齬廂沄躠亢棬瘞懿斑鏖鯪惕懿瘥珼贊籤獑爐鑇娚鴣鞤챊好饥墫섷亢珼份之1.3%及0.6%(二零零四年：1.3%及0.6%)。

No consideration was paid for the share options granted. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded in the share premium account.

授出購股權不會收取任何代價。亢梳懿斑鏖稰炕礸髻會將因此寬섷亢瘥珼姑窟珼姑艏苺轆焯綺額外股本，而每股行使價高出股份面值之差額則會記錄於股份溢價賬內。

There is no financial impact on the results of the Group in current and prior years upon application of HKFRS 2 as all the option were granted and vested before 7 November 2002.

因所有購股權是於二零零二年十菙瞨葨燰监韇藟磢斗珼炕筈沍＊香港財務報告準則第2號對本集團本年度及上年年度之業績概無構成財務影響。

40. SHARE OPTIONS *(Continued)*

Movements during the year of share options under the Old Scheme and the New Scheme are set out below:

40. 購股權 *(續)*

年內根據舊計劃及新計劃授出之購股權之變動載列如下：

Subscription price per share 每股認購價	Exercisable period 可予行使期間	Number of share options 購股權數目 Outstanding at 1.1.2004 於二零零四年一月一日之尚餘數目	Granted during 2004 於二零零四年授出之數目	Exercised during 2004 於二零零四年行使之數目	Lapsed during 2004 於二零零四年失效之數目	Outstanding at 31.12.2004 and 31.12.2005 於二零零四年十二月三十一日及二零零五年十二月三十一日之尚餘數目
HK$ 港元						
Old Scheme 舊計劃						
0.967	9.1.1997 — 8.1.2007	30,000,000	—	(15,000,000)	—	15,000,000
0.900	27.7.1999 — 26.7.2009	20,000,000	—	(16,000,000)	(2,000,000)	2,000,000
0.535	25.7.2001 — 24.7.2011	26,000,000	—	(21,000,000)	—	5,000,000
		76,000,000	—	(52,000,000)	(2,000,000)	22,000,000
New Scheme 新計劃						
0.700	7.6.2002 — 6.6.2012	70,000,000	—	(60,000,000)	—	10,000,000
		146,000,000	—	(112,000,000)	(2,000,000)	32,000,000

The market price of the Company's shares at date of exercise of share options during the year ended 31 December 2004 ranged between HK$2.45 and HK$3.95.

於截至二零零四年十二月三十一日止年度，購股權獲行使當日的本公司股份收市價介乎2.45港元至3.95港元。

40. SHARE OPTIONS *(Continued)*

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

40. 購股權 *(續)*

上表所包括年內董事所持購股權之變動如下：

Subscription price per share 每股認購價	Exercisable period 可予行使期間	Number of share options 購股權數目 Outstanding as at 1.1.2005 於二零零五年一月一日之尚餘數目	Granted during the year 年內授出之數目	Exercised during the year 年內行使之數目	Lapsed during the year 年內失效之數目	Outstanding as at 31.12.2005 於二零零五年十二月三十一日之尚餘數目
HK$ 港元						
Old Scheme 舊計劃						
0.967	9.1.1997 — 8.1.2007	**15,000,000**	**—**	**—**	**—**	**15,000,000**
0.900	27.7.1999 — 26.7.2009	**2,000,000**	**—**	**—**	**—**	**2,000,000**
0.535	25.7.2001 — 24.7.2011	**2,000,000**	**—**	**—**	**—**	**2,000,000**
		19,000,000	**—**	**—**	**—**	**19,000,000**
New Scheme 新計劃						
0.700	7.6.2002 — 6.6.2012	**10,000,000**	**—**	**—**	**—**	**10,000,000**
		29,000,000	**—**	**—**	**—**	**29,000,000**

Subscription price per share 每股認購價	Exercisable period 可予行使期間	Number of share options 購股權數目 Outstanding as at 1.1.2004 於二零零四年一月一日之尚餘數目	Granted during the year 年內授出之數目	Exercised during the year 年內行使之數目	Lapsed during the year 年內失效之數目	Outstanding as at 31.12.2004 於2004年十二月三十一日之尚餘數目
HK$ 港元						
Old Scheme 舊計劃						
0.967	9.1.1997 — 8.1.2007	15,000,000	—	—	—	15,000,000
0.900	27.7.1999 — 26.7.2009	4,000,000	—	(2,000,000)	—	2,000,000
0.535	25.7.2001 — 24.7.2011	5,000,000	—	(3,000,000)	—	2,000,000
		24,000,000	—	(5,000,000)	—	19,000,000
New Scheme 新計劃						
0.700	7.6.2002 — 6.6.2012	15,000,000	—	(5,000,000)	—	10,000,000
		39,000,000	—	(10,000,000)	—	29,000,000

40. SHARE OPTIONS *(Continued)*

The market price of the Company's shares at the date of exercise of share options during the year ended 31 December 2004 was HK$2.73.

41. BANK OVERDRAFT/BORROWINGS

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元*
Bank overdraft — secured	銀行透支 — 有抵押	**79,241**	—
Bank loans — secured	銀行貸款 — 有抵押	**579,478**	588,639
		658,719	588,639
Carrying amount repayable:	應償還之賬面值：		
On demand or within one year	應要求或一年內	**651,819**	580,589
More than one year, but not exceeding two years	一年以上但不超過二年		

42. CONVERTIBLE NOTE *(Continued)*

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

As the functional currency of the Company is Hong

42. CONVERTIBLE NOTE *(Continued)*

(b) Convertible note

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

Because the Binomial model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

On 23 November 2004, the Company issued a convertible note in the principal amount of HK$440 million to Catic Limited, a shareholder of the Company, in accordance with a convertible note subscription agreement dated 20 September 2004 entered into between the Company and Catic Limited. The interest

42. CONVERTIBLE NOTES *(Continued)*

(b) Convertible note *(Continued)*

The convertible note contains two components, liability and equity elements. Upon the application of HKAS 32 Financial Instruments: Disclosure and Presentation (see Note 3 for details), the convertible notes were separated into the liability and equity components, on a retrospective basis. The equity component is presented in equity heading "convertible notes equity reserve". The effective interest rate of the liability component is 4.48% per annum.

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

42. 可換股票據 *(續)*

(b) 可換股票據 *(續)*

可換股票據含有負債與股本兩部分。於應用香港會計準則第32號《金融工具：披露及呈列》(詳情見附註3)後，可換股票據按追溯基準分拆為負債與股本兩個獨立部分。股本部分於股本之「可換股票據股本儲備」呈列。負債部分之實際利率為4.48%。

本年度可換股票據負債部分之變動載列如下：

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元*
Liability component at the beginning of the year/on issuance of convertible notes	負債部分年初／發行可換股票據時	**416,835**	415,576
Interest charge	利息支出	**18,601**	1,968
Interest paid	已付利息	**(6,600)**	(709)
Liability at the end of the year	於年終之負債	**428,836**	416,835
Less: Amount due within in one year shown under current liabilities	減：一年內到期並列為流動負債之金額	**428,836**	—
		—	416,835

The interest charged for the year was calculated at an effective interest rate of 4.48% per annum to liability component which was determined when the notes were issued.

本年度之利率支出乃按負債部分之實際年利率4.48%計算，該利率乃於發行票據時釐定。

The directors consider that the carrying amount of convertible note approximates to their fair value.

董事認為，可換股票據賬面值與其公平值相若。

43. DEFERRED TAXATION

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

43. 遞延稅項

以下為本年度及以前年度已確認之主要遞延稅項資產(負債)及其變動：

		Accelerated tax depreciation 加速稅務折舊 HK$'000 千港元	Revaluation of properties 物業重估 HK$'000 千港元	Convertible notes 可換股票據 HK$'000 千港元	Distressed assets 不良資產 HK$'000 千港元	Tax losses 稅務虧損 HK$'000 千港元	Total 合計 HK$'000 千港元
At 1 January 2004, as originally stated	二零零四年一月一日，按原先呈列	(555)	(35,203)	—	—	11,851	(23,907)
Effects of changes in accounting policies (see Note 3)	會計政策變動之影響(見附註3)	—	(10,073)	—	—	—	(10,073)
At 1 January 2004, as restated	二零零四年一月一日，經重列	(555)	(45,276)	—	—	11,851	(33,980)
Credit (charge) to income for the year	於本年度收入計入(扣除)	500	(1,505)	220	(32,494)	6,704	(26,575)
Charge to equity for the year	於本年度權益扣除	—	(18,347)	(4,274)	—	—	(22,621)
At 31 December 2004	於二零零四年十二月三十一日	(55)	(65,128)	(4,054)	(32,494)	18,555	(83,176)
Effect of changes in accounting policies (see Note 3)	會計政策變動之影響(見附註3)	—	—	—	(14,479)	—	(14,479)
At 1 January 2005, as restated	於二零零五年一月一日，經重列	(55)	(65,128)	(4,054)	(46,973)	18,555	(97,655)
Credit (charge) to income for the year	於本年度收入計入(扣除)	—	(47,314)	2,100	(39,274)	(3,961)	(88,449)
Charge to equity for the year	於本年度權益扣除	—	(539)	—	—	—	(539)
At 31 December 2005	於二零零五年十二月三十一日	(55)	(112,981)	(1,954)	(86,247)	14,594	(186,643)

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

就資產負債表呈報用途，若干遞延稅項資產及負債已互相抵銷。以下為就財務呈報用途之遞延稅項結餘分析：

		2005 二零零五年 HK$'000 千港元	2004 二零零四年 HK$'000 千港元 (restated) (經重列)
Deferred tax assets	遞延稅項資產	**1,336**	18,500
Deferred tax liabilities	遞延稅項負債	**(187,979)**	(101,676)
		(186,643)	(83,176)

46. AMOUNTS DUE TO ASSOCIATES

The amounts are unsecured, non-interest bearing and repayable on demand. The directors consider the carrying amount of the amounts due to associates approximates their fair values.

46. 應付聯營公司款

有關金額為無抵押、免息及須於要求時償還。董事認為，應付聯營公司款之賬面值與其公平值相若。

47. ACCRUALS FOR MANAGEMENT FEE TO HOLDING COMPANY OF A SHAREHOLDER

47. 應付一名股東之控股公司應計管理費

48.

48. DISPOSAL OF A SUBSIDIARY *(Continued)*

After the disposal of the subsidiary, the amount due from the subsidiary disposed of, amounting to HK$110,295,000, was reclassified to deposits, prepayments and other receivables.

49. OPERATING LEASE ARRANGEMENTS

綜合財務報表附註

115 <105d007b>G3 1F01.310 01T1067(1.09( )G3 1 5.310 0sc 38.2 1.09 T11020.02<008a04ad0

52. RELATED PARTY TRANSACTIONS

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

52. 關聯人士交易

年內，本集團與關聯人士進行下述交易：

		2005 二零零五年 *HK$'000* *千港元*	2004 二零零四年 *HK$'000* *千港元* (restated) (經重列)
Interest income from an associate *(note a)*	收取一間聯營公司之利息收入 *(附註b)*	**16,002**	—
Property management fee income from an associate *(note b)*	收取一間聯營公司之物業管理費收入 *(附註a)*	**65**	64
Rental income from an associate *(note b)*	收取一間聯營公司之租金收入 *(附註b)*	**178**	175
Consultancy fee paid to an associate *(note c)*	支付一間聯營公司之諮詢費 *(附註c)*	**1,483**	2,991
Commission income and performance return received from a fellow subsidiary of a shareholder *(note c)*	收取一名股東之集團附屬公司之佣金收入及超收分成 *(附註c)*	**100,000**	119,761
Management fee payable to a holding company of a shareholder *(note c)*	應付一名股東之控股公司之管理費 *(附註c)*	**54,454**	18,537
Interests on convertible notes issued to shareholders *(note d)*	支付發行予一名股東之可換股票據利息 *(附註d)*	**24,829**	2,801

Notes:

(a) Interest is charged based on the interest rate agreed by both parties.

(b) The transaction price was determined and agreed between the Group and the related parties on the basis of estimated costs incurred.

(c) The transaction was carried out in accordance with the terms of relevant agreement.

(d) Interest is charged at 1.5% and 4.48% per annum.

Details of balances with related companies and other transactions with related parties are set out in the balance sheets and in notes 23, 24, 36, 42, 46 and 47.

附註：

(a) 利息以根據雙方同意之利率計算。

(b) 交易之價格乃經本集團與關聯人士根據估計的成本基礎釐定及認可。

(c) 交易乃根據相關的協議書條款進行。

(d) 利息以年利率1.5%及4.48%計算。

與關聯公司之結餘及與關聯人士之其他交易詳情已載於資產負債表及附註23、24、36、42、46及47。

53. PARTICULARS OF SUBSIDIARIES AND ASSOCIATES

(a) Particulars of the Company's subsidiaries at 31 December 2005 are as follows:

53. 附屬公司及聯營公司摘要

(a) 本公司各附屬公司於二零零五年十二月三十一日之詳情如下：

Name of company 公司名稱	Place of incorporation/ establishment 註冊成立／成立地點	Nominal value of issued ordinary share capital/ registered capital 已發行普通股本／註冊資本面值	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Company 本公司所持有已發行普通股本／註冊資本面值比例		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Beijing East Gate Development Co., Ltd. ("Beijing East Gate") 北京東環置業有限公司（「東環置業」）	PRC 中國	US$100,413,500 100,413,500美元	—	95.89% *(Note i)* *(附註i)*	Property development and investment 物業發展及投資
Beijing Yinda Property Management Limited ("Yinda") 北京銀達物業管理有限責任公司（「銀達」）	PRC 中國	RMB10,000,000 人民幣10,000,000元	—	90% *(Note ii)* *(附註ii)*	Property management 物業管理
Shenyang East Gate Development Co., Ltd. ("Shenyang East Gate") 沈陽東環置業有限公司（「沈陽東環」）	PRC 中國	US$10,150,000 10,150,000美元	—	98.5% *(Note iii)* *(附註iii)*	Property development and investment 物業發展及投資
East Gate Development (H.K.) Limited 東環置業(香港)有限公司	Hong Kong 香港	HK$100 100港元	100%	—	Investment holding 投資控股
Silver Grant International Assets Management Limited ("SGIAM") 銀建國際資產管理有限公司（「銀建資產管理」）	Hong Kong 香港	HK$10,000 10,000港元	100%	—	Distressed assets business 不良資產業務

53. PARTICULARS OF SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) Particulars of the Company's subsidiaries at 31 December 2005 are as follows: *(Continued)*

53. 附屬公司及聯營公司摘要*(續)*

(a) 本公司各附屬公司於二零零五年十二月三十一日之詳情如下：*(續)*

Name of company 公司名稱	Place of incorporation/ establishment 註冊成立／成立地點	Nominal value of issued ordinary share capital/ registered capital 已發行普通股本／註冊資本面值	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Company 本公司所持有已發行普通股本／註冊資本面值比例 Directly 直接	Indirectly 間接	Principal activities 主要業務
Greenhill Property Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Investment holding 投資控股
Likesway Limited 利時威有限公司	Hong Kong 香港	HK$2 2港元	100%	—	Property holding and and investment 持有物業及投資
Platinum One Limited	Mauritius 毛里裘斯	US$10,000 10,000美元	100%	—	Distressed assets business 不良資產業務
Real China Development Limited 泰景發展有限公司	Hong Kong 香港	HK$2 2港元	100%	—	Property holding and investment 持有物業及投資
Silver Grant Department Store (BVI) Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Investment holding 投資控股
Silver Grant Hainan Investment (BVI) Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Inactive 暫無業務
Silver Grant Infra-Structure Investment (BVI) Limited	British Virgin Islands 英屬處女群島	US$1 1美元	100%	—	Investment holding 投資控股
Silver Grant International Department Store Limited 銀建國際百貨有限公司	Hong Kong 香港	HK$10 10港元	—	100%	Property investment 物業投資

53. PARTICULARS OF SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) *(Continued)*

Notes:

(i) Beijing East Gate is a sino-foreign co-operative joint venture company established in the PRC. Under the joint venture agreement, the Group is responsible for contributing US$96,598,000 to the registered capital of Beijing East Gate and share 95.89% of the profits and losses of Beijing East Gate.

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

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

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

Other than the convertible notes issued by the Company as explained in note 39, no loan capital has been issued by the Company and any of its subsidiaries.

53. 附屬公司及聯營公司摘要*(續)*

(a) *(續)*

附註：

(i) 北京東環是一家於中國成立之中外合作合營企業。根據合作合同，本集團負責出資96,598,000美元作為北京東環之註冊資本，並且有權分享北京東環95.89%損益。

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

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

除於英屬處女群島註冊成立之投資控股公司外(其並無主要營業地點)，以及銀建資產管理、東環置業、銀達及沈陽東環是主要於中國營運外，所有附屬公司均在香港經營為主。

除本公司發行之可換股票據(見附註39)外，本公司及其任何附屬公司概無發行任何資本債務。

54. POST BALANCE SHEET EVENTS

54. 結算日後事項

(a) 於二零零五年九月二十日，本集團與獨立第三方訂立協議(「收購協議」)，以收購北京東環全部餘下4.11%之股本權益，代價約為人民幣26,559,000元(相等於約25,295,000港元)。北京東環為本集團之附屬公司，其主要從事物業發展及投資業務。於結算日，根據收購協議，本集團以現金支付按金3,200,000港元，並承諾支付代價餘額約22,095,000港元，以收購北京東環。收購程序已於二零零六年二月六日完成。

(b) 於二零零六年三月二十一日，本公司接獲Catic之兌換通知，行使權利按換股價每股2.20港元兌換本金金額為220,000,000港元之部份可換股票據，兌換為100,000,000股股份，分別佔本公司於發行兌換股份前之已發行股本約5.91%及本公司經發行兌換股份後擴大之已發行股本約5.58%。

(c) 於二零零五年十一月二十二日，本公司之全資附屬公司Platinum One Limited與中國華融資產管理公司(「中國華融」)訂立協議，以代價人民幣約546,000,000元(相等於約525,600,000港元)購買不履約貸款(「不履約貸款」)組合。不履約貸款之尚未償還本金總額(包括表內利息約人民幣3,430,000,000元)約為人民幣36,440,000,000元(相等於約35,040,000,000港元)。於結算日，本集團已向中國華融支付人民幣546,000,000元(相等於約527,446,000港元)作為收購不履約貸款之按金。根據本公司與CFPI於二零零五年十一月二十三日訂立之有條件買賣協議，本公司有條件同意出售而CFPI有條件同意購買本公司向Platinum One Limited提供之貸款之50%權益。

於結算日後，根據本公司於二零零六年一月五日舉行之股東特別大會，本公司向CFPI出售其於Platinum One Limited之50%權益。

Financial Summary

財務概要表

For the year ended 31 December 2005

截至二零零五年十二月三十一

lion	HK$ Million	HK$ Million	HK$ Million	**HK$ Million**	二
	百萬港元	*百萬港元*	*百萬港元*	*百萬港元* (restated) (經重列)	***百萬港元***

Summary of Investment Properties and Stocks of Properties
投資物業及物業存貨概覽

For the year ended 31 December 2005
截至二零零五年十二月三十一日止年度

The following is a list of the Group's investment properties and stocks of properties at 31 December 2005:

下列為本集團於二零零五年十二月三十一日之投資物業及物業存貨名單：

INVESTMENT PROPERTIES IN HONG KONG

位於香港之投資物業

	Location 地點	Lease term 租約期限	Purpose 用途	Gross area 建築面積 *Sq. ft.* *平方呎*
1.	Certain properties at Tung Shun Hing Building, No. 22 Chi Kiang Street, To Kwa Wan, Kowloon. 九龍土瓜灣浙江街22號同順興大廈若干物業。	Medium term lease 中期	Commercial 商業	19,934
2.	Certain properties at Admiralty Centre, No. 18 Harcourt Road, Hong Kong. 香港夏慤道18號海富中心若干物業。	Long lease 長期	Commercial 商業	2,076
3.	Certain properties at Winfield Building, Nos. 1-5 Ventris Road, Happy Valley, Hong Kong. 香港跑馬地雲地利道1-5號雲暉大廈若干物業。	Long lease 長期	Residential 住宅	4,791
4.	Certain properties at Beverly Hill, No.6 Broadwood Road, Hong Kong. 香港樂活道6號比華利山駿ヲ욈腰鸙畈멵뫔硨恫　腒彀搭灂훕誚餯。贊膴麠	Long lease 長期	Residential 住宅	1,738

INVESTMENT PROPERTIES IN THE PRC *(Continued)* 位於中國之投資物業 *(續)*

	Location 地點	Lease term 租約期限	Purpose 用途	Gross area 建築面積 *Sq. ft.* *平方呎*
7.	Portions of Level 1-6 (on the retail podium), Jiali Plaza, Zhongshan Avenue, Jiangan District, Wuhan, Hubei Province, the PRC. 中國湖北省武漢市江岸區中山大道佳麗廣場第一至六層(零售商場)部分。	Medium term lease 中期	Commercial 商業	188,531
8.	Basement 1, Basement 2, Level 0 and Level 1 to 3 of East Gate Plaza, 19 Dongzhong Street, Dongcheng District, Beijing, the PRC. 中國北京市東城區東中街19號東環廣場地庫1層、地庫2層、夾層及1層至3層。	Medium term lease 中期	Commercial 商業	700,427
9.	Level 4 to 31, South Apartment Tower, East Gate Plaza, 39 Dongzhong Street, Dongcheng District, Beijing, the PRC. 中國北京市東城區東中街39號東環廣場南座公寓樓第四至三十一層。	Long lease 長期	Residential 住宅	339,993
10.	Level 4 to 31, North Apartment Tower, East Gate Plaza, 19 Dongzhong Street, Dongcheng District, Beijing, the PRC. 中國北京市東城區東中街19號東環廣場北座公寓樓第四至三十一層。	Long lease 長期	Residential 住宅	339,739
11.	Portions of Level 2-5, 6 and 8, Hua Bo Lau, No. 28 Dong Zhong Jie Jia, Dongcheng District, Beijing, the PRC. 中國北京市東城區東中街甲28號華波樓第二至五、六及八層部分。	Medium term lease *(note)* 中期 *(附註)*	Commercial 商業	10,540

INVESTMENT PROPERTIES IN THE PRC *(Continued)*

位於中國之投資物業 *(續)*

	Location 地點	Lease term 租約期限	Purpose 用途	Gross area 建築面積 *Sq. ft.* *平方呎*
12.	Certain properties at Yin Tong International Centre, C5 World Trade Avenue, Haikou City, Hainan Province, the PRC. 中國海南省海口市世貿大道C5銀通國際中心若干物業。	Long lease 長期	Commercial 商業	153,882
13.	Certain properties on various level of Block 4 at Yinhe Garden, Diahua Road, Haidian Island East, Development District the 3rd Southern Zone, Haikou, Hainan Province, the PRC. 中國海南省海口市海甸島東部開發區南三區甸花路頤和花園小區4幢多層若干物業。	Long lease 長期	Residential 住宅	9,052
14.	A unit located on Block 6, Yinhe Garden, Diahua Road, Haidian Island East, Development District the 3rd Southern Zone, Haikou, Hainan Province, the PRC. 中國海南省海口市海甸島東部開發區南三區甸花路頤和花園小區6棟一單元。	Long lease 長期	Residential 住宅	6,637
15.	Carparking space No. 6 & 8 on Level 1 of Block 3, Yinhe Garden, Diahua Road, Haidian Island East, Development District the 3rd Southern Zone, Haikou, Hainan Province, the PRC 中國海南省海口市海甸島東部開發區南三區甸花路頤和花園小區3棟第一層6及8號車庫	Long lease 長期	Car parking 車位	464

INVESTMENT PROPERTIES IN THE PRC *(Continued)* 位於中國之投資物業 *(續)*

	Location 地點	Lease term 租約期限	Purpose 用途	Gross area 建築面積 Sq. ft. 平方呎
16.	Unit 502 on Level 5 of Block 16, No. 2 Longkum Road North, Haikou, Hainan Province, the PRC 中國海南省海口市龍昆北路2號16棟第五層502號	Long lease 長期	Residential 住宅	1,162
17.	Units 401 & 501 on Level 4 & 5 of Block 10, No. 2 Longkun Road North, Haikou, Hainan Province, the PRC 中國海南省海口市龍昆北路2號10棟第四及五層401及501號	Long lease 長期	Residential 住宅	2,015
18.	An office unit located on the Eastern Portion of Level 15, CMEC Building, Guomao Main Road, Haikou, Hainan Province, the PRC 位於中國海南省海口市國貿大道CMEC大廈十五層東區辦公室單元部分	Long lease 商業	Commercial	6,079
19.	Villa No. 8 of Block D, Shannei Garden, No. 258 Wenming Road East, Haikou, Hainan Province the PRC. 中國海南省海口市文明東路258號山內花園D型別墅8號	Long lease 長期	Residential 住宅	3,118

Note: The legal title of the properties have not been passed to the Group at 31 December 2005.

附註： 此等物業之產權於二零零五年十二月三十一日尚未過戶予本集團。