

NH 新澤控股有限公司 New Heritage Holdings Ltd.

(於開曼群島註冊成立之有限公司)

(Incorporated in the Cayman Islands with limited liability)



香港聯交所上市編號: 95 HKSE Stock Code: 95

Annual Report 年報
2006

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Corporate Information

公司資料

Directors

Executive Directors

Mr. TAOCHAIFU Choofuang (*also known as CF Tao*) (*Chairman*)
Mr. TAO Richard (*Vice Chairman*)
Mr. TAO Paul (*also known as TAOCHAIFU Porn*) (*Managing Director*)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

Non-Executive Director

The Hon. CHAN Bernard Charnwut

Independent Non-Executive Directors

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

Audit Committee

Mr. WONG Gary Ka Wai (*Chairman*)
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

Nomination Committee

Mr. CHAN Norman Enrique (*Chairman*)
Mr. SUN Leland Li Hsun
Mr. TAO Paul

Remuneration Committee

Mr. SUN Leland Li Hsun (*Chairman*)
Mr. CHAN Norman Enrique
Mr. TAO Richard

Authorised Representatives

Mr. YIM Chun Leung
Ms. CHAN Meily

Company Secretary

Ms. CHAN Meily *MBA, ACS, ACIS*

Qualified Accountant

Mr. LAU Kam Kwok, Dickson *CPA*

Auditors

Grant Thornton

董事

執行董事

陶哲甫先生 (別名CF Tao) (主席)
陶家祈先生 (副主席)
陶錫祺先生 (別名TAOCHAIFU Porn) (董事總經理)
江森森先生
嚴振亮先生

非執行董事

陳智思先生

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

審核委員會

王家偉先生 (主席)
孫立勳先生
陳樂文先生

提名委員會

陳樂文先生 (主席)
孫立勳先生
陶錫祺先生

薪酬委員會

孫立勳先生 (主席)
陳樂文先生
陶家祈先生

授權代表

嚴振亮先生
陳美莉女士

公司秘書

陳美莉女士 *MBA, ACS, ACIS*

合資格會計師

劉金國先生 *CPA*

核數師

均富會計師行

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Room 2301, 23/F
Fortis Bank Tower
77-79 Gloucester Road
Wanchai, Hong Kong

Legal Advisers

Appleby Hunter Bailhache
Grandall Legal Group (Shanghai)
Sidley Austin Brown & Wood

Principal Bankers

Bank of China Limited (Suzhou Branch)
China Construction Bank Corporation (Suzhou Branch)
Bank of Communications Co., Ltd. Hong Kong Branch
The Bank of East Asia Limited
Public Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Principal Share Registrar and Transfer Office

Appleby Corporate Services (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

HKSE Stock Code

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Website

www.nh-holdings.com

註冊辦事處

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

總辦事處及香港主要營業地點

香港灣仔
告士打道77-79號
華比富通大廈
23樓2301室

法律顧問

Appleby Hunter Bailhache
國浩律師集團(上海)事務所
盛德律師事務所

主要往來銀行

中國銀行股份有限公司(蘇州分行)
中國建設銀行股份有限公司(蘇州分行)
交通銀行股份有限公司香港分行
東亞銀行有限公司
大眾銀行(香港)有限公司
恒生銀行有限公司
渣打銀行(香港)有限公司

主要股份過戶登記處

Appleby Corporate Services (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東28號
金鐘匯中心26樓

香港聯交所股份代號

95

公司網址

www.nh-holdings.com

Chairman's Statement

主席報告



Mr. TAOCHAIFU Choofuang 陶哲甫先生
Chairman 主席

To Our Shareholders

We are pleased to present our second annual report to the shareholders.

2006 continued to see a very active property market in Suzhou, China, particularly in the New District area. Due to the substantial growth of the Chinese economy, property developers are seeing a promising trend of more and more homebuyers today. With this kind of demand from consumers in the property market, there is a tremendous boost to the property development business in Suzhou. At New Heritage, we are poised to take advantage of the aforementioned trend, building further on our product branding to maximise our returns generated from the Suzhou property market.

The prevailing increasing prices of residential homes in Suzhou are having a positive impact on the revenues of property development companies. Our reputation as a quality developer, coupled with a favourable market environment, continued to produce good margins on our revenues in spite of intensified competition among players in the market. Against this backdrop, the establishment of our listed company in 2005 has, without doubt, provided the Group with the platform to fuel its further growth, maximise value for and deliver returns to its shareholders.

Our strategy of focusing in property development and investment in Suzhou and other cities of Jiangsu Province as well as Beijing has enabled us to extend the best value and quality of properties to even more customers. Ongoing land bank expansion plans culminated in the successful acquisition of approximately 131,445 square metres of land situated in Guangfu Town of Wuzhong District, Suzhou, subsequent to the year ended 31 December 2006.

Results & Dividends

For the year ended 31 December 2006, New Heritage's revenue and profit attributable to the equity holders of the Company were approximately HK\$208.0 million and HK\$73.3 million respectively. Earnings per share was 11.1 HK cents.

The Directors have recommended the payment of a final dividend of 1HK cent per ordinary share for the year ended 31 December 2006, which will be satisfied by allotment of new shares of Company, by way of scrip dividend, with an alternative to shareholders to elect to receive such final dividend (or part thereof) in cash in lieu of such allotment. The Directors also propose to make a bonus issue of one new ordinary share of HK\$0.01 credited as fully paid for every 50 ordinary shares in issue held on the Register of Members on 1 June 2007.

致本公司股東

本集團欣然向股東提呈第二份年報。

於二零零六年，中國蘇州房地產市場持續暢旺，其中新區方面的發展尤其活躍。隨著中國經濟強勁增長，內地的住宅準買家群正不斷壯大。市場對房地產的需求愈益殷切，為蘇州的房地產發展提供強而有力的支持。新澤必乘此增長勢頭，進一步鞏固並強化集團品牌，以於蘇州房地產市場獲得最大的回報。

蘇州住房價格上揚，自然為房地產發展商的業務營運帶來正面影響。作為業內優秀的精品物業發展商，新澤良好的商譽配合利好的市況，讓集團從容面對激烈市場競爭，更持續取得令人滿意的利潤。背靠此基礎，本公司於二零零五年上市，無疑開創更新平台，為集團帶來源源不絕的增長動力之餘，更為股東創優增值，提供更佳回報。

集團專注在蘇州、江蘇省其他城市及北京進行房地產發展及投資，讓我們可著力提升物業的價值及質素，藉以吸引更多客戶。持之以恆的土地儲備擴展計劃取得進展，截至二零零六年十二月三十一日止年度後，我們成功購入位於蘇州吳中區光福鎮一幅約131,445平方米的土地。

業績及股息

截至二零零六年十二月三十一日止年度，新澤的收入及本公司權益持有人應佔純利分別約為208,000,000港元及73,300,000港元。每股盈利為11.1港仙。

董事會建議派付截至二零零六年十二月三十一日止年度的末期股息每股普通股1港仙，將透過以股代息方法配發本公司新股份支付。股東亦可選擇以現金收取該等末期股息（或其部份）以代替有關配發。董事亦建議按二零零七年六月一日股東名冊上每持有50股普通股，發行一股普通股每股0.01港元之繳足股本新紅股。

Chairman's Statement

主席報告

Outlook

New Heritage has maintained and further refined its strategy of consolidating and strengthening its property businesses in Suzhou, Jiangsu Province and Beijing. Backed by a reputable and well-funded strategic investor, New Heritage will continue to apply its seasoned experience and extensive exposure to stay at the forefront of the China property market as a top quality and niche developer.

The Chinese economy in 2006 saw a rise in per capita disposable income for urban households in Suzhou from RMB16,230 to RMB18,530, and in Beijing from RMB17,648 to RMB19,978, respectively. Undoubtedly, this would fuel potential homebuyers' appetite for higher quality housing and property investment opportunities in the foreseeable future.

The successful sellout of units in the of Suzhou Garden Towers project, the last phase of our legendary Suzhou Garden Villa residential complex, underscored the fulfilled promise of Suzhou's mid- to high-end residential market demands. The well-built twin high-rise residential towers with a carefully planned retail podium element had certainly justified the premium in value for housing developments of its kind. The Group looks forward to the turnover associated with expanding market demands for its reknown branded residential projects in vibrant, up-and-coming districts such as the Wuzhong District.

The completion of the renovation and extension of the Group's retail investment property, SGV Plaza, is now bearing fruit. Leasing takeup has been brisk and the property is now at a healthy occupancy level, ready to capitalise further on the promising retail sector in Suzhou.

The return on the Group's investment activities in Beijing, in particular its Beijing Landmark Towers joint venture, was fully booked in 2006. It will give a strong indication of the profit contribution from a quality property investment which the Group was instrumental in conceiving, designing, developing and managing. The proven earning ability of the project, which comprises two office towers, a hotel, service apartments and a multi-function conference centre, will continue to draw much interest from potential joint venture partners in hopes of replicating such an asset in their own property portfolios.

Having now been a publicly listed company for a complete year in 2006, our Group has not only continued to concentrate in what it does best in building quality homes for the evergrowing number of homebuyers in Suzhou, but has extended its scope further to Jiangsu Province and Beijing to consider the merits of medium and longer term projects in those respective regions. Attractive sites and projects have been sourced, which are currently in the process of feasibility and strategic analysis in light of the continued challenges from Central Government policies. Where there was risk experienced by the distressed parties, there is also potentially reward for our Group by managing and overcoming the risks.

In closing, I would once again like to extend my sincerest gratitude to fellow directors for their patience and diligence, and all our hardworking staff for their loyalty and dedication.

TAOCHAIFU Choojuang (CF Tao)
Chairman

Hong Kong, 30 March 2007

展望

新澤的策略為繼續專注於鞏固及進一步加強其於蘇州、江蘇省及北京的房地產業務。背靠國際知名及實力雄厚的策略性投資者的支持，新澤將繼續以其豐富經驗及廣泛知識，穩踞中國房地產行業的前列，成為優質頂尖的精品物業發展商。

於二零零六年，中國經濟持續向好，蘇州市城市戶口人均可動用收入由人民幣16,230元增至人民幣18,530元，而北京市城市戶口人均可動用收入則由人民幣17,648元增至人民幣19,978元。此無疑為潛在準住宅買家打下強心針，驅動他們在不久將來尋求優質的住房及物業投資機會。

集團出售旗下錦昌苑項目，即錦華苑小區內最後一項住宅項目，取得空前成功，標誌著蘇州中高檔住宅物業市場需求持續樂觀。該優質雙幢高層住宅物業，連同一個精密規劃的零售平台，確信可為有關物業發展帶來升值潛力。集團預期，隨著市場對嶄新住宅項目品牌的需求增加，集團可望在吳中區等蓬勃新興發展區取得不俗營業額。

集團旗下零售投資物業錦華商業廣場的翻新及擴建工程已經竣工，現正步入收成期。租務情況理想，加上物業出租率亦處於健康水平，集團定能把握蘇州零售市道暢旺所帶來的商機，再創佳績獲取豐厚盈利。

集團於北京的房地產投資活動，尤其是北京亮馬河大廈合營項目的回報，已於二零零六年全數入賬。此一佳績正好說明了集團一手創構、設計及開發管理的優質物業投資的可觀利潤貢獻。這個包括兩幢辦公大樓、一幢酒店、服務式公寓及一座多功能會議中心的項目的盈利能力，將繼續吸引更多希望在本身物業組合依樣創造佳績的潛在合作夥伴。

二零零六年上市一整年後，集團除了專注在蘇州為不斷增長的準住房買家群建造優質住房的強項外，更著眼江蘇省及北京等其他城市，計劃開展各有關地區的、長期項目。集團已物色得具吸引力地點及項目，並因應涉及中央政府政策的種種挑戰，現正進行可行性及策略性分析。只要審慎從事，監控得當並克服當中風險，集團當可獲得潛在的回報。

總結前，本人謹藉此向董事同寅的耐心及努力，以及全體員工的克盡職守和努力不懈，致以衷心致謝。

香港，二零零七年三月三十日

主席
陶哲甫

Management Discussion & Analysis

管理層討論與分析

Review of Operation

Our focus on the strategy of engaging in property development and investment businesses in the cities of Suzhou and Beijing has successfully served to enable us to deliver the best value and quality in properties to our customers.

In 2006, New Heritage reported a revenue of approximately HK\$208.0 million, up 40% from the corresponding period last year on the back of an increase in the number of residential units sold, primarily at Suzhou Garden Towers, which were completed and handed over to customers before the end of the year.

Total gross floor area of development properties sold and delivered amount to 29,517 square metres (which included units in Suzhou Garden Towers), representing an increase of 52% as compared to a total of 19,398 square metres of development properties sold a year earlier.

The Average selling price per square metre in 2006 was approximately RMB6,700.

Property Development

Most of our land reserves in Suzhou are residential sites, allowing us to fulfill our commitment to providing quality housing for our customers. During 2006, the Group sold approximately HK\$201.1 million worth of properties in Suzhou.

Status of Major Projects Under Development

Suzhou Garden Towers commenced construction in 2005 and comprised a total of 212 apartments. During the year under review, 202 apartments were sold and delivered to buyers. Most of the remaining units were subsequently sold and at present, there is only 3 remaining unsold apartments with a floor area of 686 square metres. Designed as twin towers of high-rise apartments erected over a retail commercial podium, Suzhou Garden Towers is a metropolitan style residential and commercial complex with shops for added convenience to dynamic city dwellers.



Suzhou Garden Towers
錦昌苑

業務回顧

我們專注在蘇州及北京從事房地產發展及投資的策略，為客戶提供最物有所值及最具質素的物業項目。

於二零零六年，新澤錄得約208,000,000港元營業額，較去年同期增長40%，此乃由於主要出售錦昌苑之住宅單位增加所致，該等物業已於年結前竣工並交付客戶。

已出售及交付的發展物業總樓面面積共29,517平方米(包括錦昌苑單位)，較上年同期出售的發展物業總面積共19,398平方米增加52%。

二零零六年每平方米的平均售價約為人民幣6,700元。

物業發展

新澤在蘇州的大多數土地儲備都是住宅用地，令集團能夠實現為客戶提供優質住宅的目標。於二零零六年度，本集團於蘇州售出總值約為201,100,000港元的物業。

主要發展物業的情況

錦昌苑發展項目於二零零五年始動工，提供合共212個公寓單位。於回顧年內，集團共向買家售出202個公寓單位。大部份餘下單位均已先後售出，現下只剩3個未售單位，樓面面積為686平方米。雙幢高層公寓配合多元化零售區平台，錦昌苑乃大都會式的優質住宅屋苑典範，當中的商舖配套更為活躍多采的城市生活提供各式便利。



A Show Flat
示範單位

Management Discussion & Analysis

管理層討論與分析

Wuzhong District Project (Named as Wuzhong Garden Court) in Suzhou

The construction work of Wuzhong Garden Court project commenced in November 2006.

The project comprises residential apartments and a commercial arcade of gross floor area of 44,784 square metres and 16,700 square metres respectively. The residential apartments of the project come with nine buildings ranging from six- to eleven-storeys, a club house and basement car parks. Moreover, the commercial complex is planned to accommodate a variety of retail shops and amenities for people living in the vicinity.

The First pre-sale programme of the residential apartments is scheduled for launch in May 2007.



Wuzhong Garden Court
錦悅苑

Land Bank

Subsequent to the year ended 31 December 2006, the Group has successfully acquired land of approximately 131,445 square metres situated at Guangfu Town of Wuzhong District, Suzhou. The Group intends to use the land for low-rise residential property development.

Nanjing Project

In September 2006, New Heritage released an announcement on a discloseable transaction involving its participation through a 36% associated company called China Malls Limited, which in turn is the 60% shareholder of a joint venture company, for the application of master developer status for an "old commercial street" district in Nanjing City, Jiangsu Province.

Property Investment

SGV Plaza

The refurbishment of SGV Plaza, a two-storey retail podium with gross floor area of 11,023 square metres integrated into the retail podium of Suzhou Garden Towers, was completed in December 2006. This shopping mall is now fully leased with a total annual rental income of approximately RMB4.1 million, for a term of three years renewable for another 2 or 3 years subject to mutual consent. These leases serve to enhance the investment income of the Group's property investment portfolio.

蘇州吳中區項目(命名為錦悅苑)

錦悅苑項目於二零零六年十一月動工。

整個項目包括總樓面面積達44,784平方米的住宅公寓，以及面積達16,700平方米的商場。該項目的住宅公寓包括九座六至十一層高的樓宇、一個會所及地庫停車場。此外，其商業綜合樓擬包括形式式的零售店鋪及滿足附近居民的居住需求。

住宅公寓的首期預售，將於二零零七年五月進行。



Wuzhong Garden Court apartments
錦悅苑公寓樓

土地儲備

截至二零零六年十二月三十一日年度過後，本集團已成功收購一幅位於蘇州市吳中區光福鎮面積約131,445平方米的土地。本集團擬將該幅土地用作發展低密度住宅物業。

南京項目

於二零零六年九月，新澤公佈一項須予披露交易，表示透過中國商城有限公司(一間持有36%權益之聯營公司，由此並為持有一間合資公司60%權益之股東)，參與申請於江蘇省南京市中心舊商業街區之一級開發商資格。

物業投資

錦華商業廣場

錦華商業廣場乃與錦昌苑相連的兩層高零售商場，總樓面面積達11,023平方米，廣場的翻新工程已於二零零六年十二月完成。該商場的鋪位已悉數出租，每年租金總收入約為人民幣4,100,000元，租期為三年，經雙方同意可再續租兩年或三年。該等租賃有助提升集團的物業投資組合的投資收入。

Management Discussion & Analysis

管理層討論與分析

Garden Court Plaza

Located within another completed project complex, Suzhou Garden Court, Garden Court Plaza comprises the first, second and third floors of commercial space in a 6-storey commercial/residential complex. Currently, the whole of the third floor and approximately 47% of the gross floor area of the first and second floors have been leased, generating a total annual rental income of approximately RMB1.6 million.

Apartments

During the year under review, Suzhou Garden Villa Development & Management Co., Ltd., a subsidiary of the Group, owned a total of 18 apartments (with a gross floor area of 2,706 square metres) in Phases 1, 2 and 3 of Suzhou Garden Villa for rental purpose. During the year, the shareholders of the Company also approved acquisition of 82 residential apartments which comprised 68 apartments of Jin Xing Tower, 6 apartments of Jin Bon Tower, and 8 apartments of Jin Guo Tower. The asset acquisition



Suzhou Garden Villa apartments
錦華苑公寓樓

was approved by independent shareholders at an extraordinary general meeting and the entire asset acquisition process is expected to be completed by the end of 2007. All 82 apartments with a gross floor area of 13,543 square metres will then be added to our investment portfolio. Upon completion of the asset acquisition (the company will issue not more than 90,017,210 new shares to the vendors), the Group will have a total of 100 apartments in Phases 1, 2 and 3 of Suzhou Garden Villa. Expected annual rental income generated from this will reach around RMB10.0 million on the basis that all apartments are fully leased out.

Investment in an associate (Beijing Landmark Towers Co., Ltd.)

During the year, Beijing Landmark Towers Co., Ltd., an associate of the Group, contributed to the bottom line a profit of approximately HK\$19.1 million, which comprises rental and operational returns derived from its office towers, service apartments, business hotel and retail podium.

錦麗商業廣場

坐落於另一落成之大型項目錦麗苑內的六層高商住物業發展項目錦麗商業廣場，其首三層為商用區。目前，第三層全層及第一、二層的47%總樓面面積經已租出，每年租金總收入約為人民幣1,600,000元。

公寓

於回顧年內，集團的附屬公司蘇州錦華苑建設發展管理有限公司原先擁有錦華苑第一期、第二期及第三期內合共18個公寓單位（總樓面面積達2,706平方米）作出租用途。年內，本公司股東另批准了收購82個住宅公寓，包括錦興樓68個公寓單位、錦邦樓6個公寓單位及錦國樓8個公寓單位。資產收購於特別股東大會獲獨立股東批准及整個資產收購過程預期可於二零零七年年底完成，總樓面面積合計



Suzhou Garden Villa apartments
錦華苑公寓樓

達13,543平方米的全部82個公寓單位將計進集團的投資組合內。資產收購完成以後（本公司將發行不多於90,017,210股新股予賣方），集團將擁有錦華苑第一期、第二期及第三期內合共100個公寓單位。倘物業均獲全數租出，預期將產生的年租收入將站穩在人民幣10,000,000元左右。

於聯營公司的投資（北京亮馬河大廈有限公司）

年內，集團的聯營公司北京亮馬河大廈有限公司貢獻約19,100,000港元溢利，其中包括來自寫字樓、服務式公寓、商務酒店及零售商場的租金及經營收入。

Management Discussion & Analysis

管理層討論與分析

During the year, the Group had received approximately HK\$14.2 million cash dividend from the Beijing Landmark Towers Co., Ltd.



Beijing Landmark Towers complex (left) and arcade lobby (right)

年內，北京亮馬河大廈有限公司為本集團帶來約14,200,000港元的現金股息。



北京亮馬河大廈綜合大樓(左)及商場大堂(右)

The revenue growth for year 2006 is 13% as compared to the previous financial year, partly as a result of the completion of renovation of multi-function conference hall and a portion of the existing hotel rooms.

Beijing Landmark Towers is expected to further benefit from higher occupancy and rental rates for both its office towers and hotel rooms following China's accession to the World Trade Organization and the forthcoming 2008 Olympic Summer Games which will be held in Beijing. We believe a particularly higher than usual turnout of tourists are bound to take this opportunity to participate in this memorable event as well as explore the many wonders in and around, the capital city of China.

Strategic Partnership with Spinnaker Capital Group

In September 2006, Spinnaker Capital Group ("Spinnaker"), the manager of more than US\$4 billion of funds targeting emerging markets, became a 9.11% shareholder when it subscribed 65,000,000 new shares of the Company, raising approximately HK\$39 million for the Group. Furthermore, Spinnaker's commitment to investing in 40% of one of the Group's wholly owned subsidiaries for the purpose of developing a residential project in the up and coming Wuzhong District reflects the confidence of the investor community of New Heritage's property development philosophy.

Subsequent to the year ended 31 December 2006, the Group has successfully acquired land of approximately 131,445 square metres situated at Guangfu Town of Wuzhong District, Suzhou. In March 2007, the Group has also entered into an agreement with Spinnaker to jointly develop the project which will be held as to 60.8% by the Group and as to 39.2% by Spinnaker. The Group intends to use the land for low-rise residential property development.

二零零六年營業額較上一財政年度增長13%，部份原因因為完成多功能會議中心及現有酒店房間的翻新。

中國加入世貿組織後，以及北京即將主辦二零零八年奧運會，寫字樓的出租率及酒店房間入住率預期會進一步上升，北京亮馬河大廈當可因而受惠。我們相信，相較於平日更多遊客會趁此機會參與這盛事，從而一睹中國首都北京的風采。

與Spinnaker Capital Group之策略性聯盟

二零零六年九月，Spinnaker Capital Group (「Spinnaker」) (以新興市場為目標對象的基金管理公司，旗下管理資產逾40億美元) 認購了65,000,000股本公司新股並成為持有9.11%股權的股東，為集團集資約39,000,000港元。此外，Spinnaker承諾對集團一家全資附屬公司作出40%的股本投資，聯手於正在冒起的吳中區發展一住宅物業項目，充份體現投資界對新澤房地產發展理念的認同及信心。

截至二零零六年十二月三十一日止年度過後，本集團已成功收購一幅位於蘇州市吳中區光福鎮面積約131,445平方米的土地。於二零零七年三月，本集團再與Spinnaker訂立協議以共同發展該項目，其中60.8%權益將由本集團持有，而39.2%權益將由Spinnaker持有。本集團將該幅土地用作發展低密度住宅物業。

Management Discussion & Analysis

管理層討論與分析

FINANCIAL REVIEW

Overall Performance

In 2006, the Group's total gross floor area of development properties sold and delivered stood at 29,517 square metres. Gross profit margin was 37.5% this year as compared to 47.4% last year. This is mainly due to majority of property sold in 2006 comprised of high rise apartments, the profit margin of which were comparatively lower than villas. Even though the austerity measures implemented by the Chinese authorities have exerted an impact on the market, our prudent cost management and good risk management allowed the Group to continue to maintain its EBITDA margin and net profit margin at relatively high levels. The Group established and maintained a sound financial structure and healthy cash flow. Basic earnings per share was 11.1 HK cents.

Operating Results

During 2006, turnover of the Group was approximately HK\$208.0 million (2005: HK\$149.0 million). The increase in turnover was mainly attributable to an increase in revenues generated from the sales of properties. In 2006, the Group sold over 202 apartments and 61 carparks in Suzhou Garden Towers which generated revenues of approximately HK\$201.1 million.

Due to prevailing market conditions and effective cost control measures, the Group managed to achieve a gross profit margin of 37.5% (2005: 47.4%).

In 2006, the profit attributable to the equity holders of the Company was approximately HK\$73.3 million (2005: HK\$55.9 million).

Liquidity, Financial Resources and Gearing

Since there is on-going competition of property development in China, we have to further strengthen our financial resources to cope with future expansion. Additional banking facility was obtained during 2006 and our intention is to continue to obtain more facilities for our future projects. As a result, the gearing ratio will be increased but still within the safety level of below 50%.

Cash and cash equivalents as at 31 December 2006 amounted to approximately HK\$132.1 million (2005: HK\$84.8 million).

The Group had total borrowings of approximately HK\$45.3 million as at 31 December 2006 (2005: HK\$103.4 million). The borrowings to be repayable within one year were approximately HK\$25.3 million (2005: HK\$78.5 million), and the Group's gearing ratio as at 31 December 2006 was 9.8% (2005: 31.1%), which was calculated based on interest bearing borrowings to total shareholders' funds.

As at 31 December 2006, the Group had current assets of approximately HK\$269.5 million (2005: HK\$243.2 million) and current liabilities of approximately HK\$83.8 million (2005: HK\$122.0 million). The Group had total assets of approximately HK\$599.7 million and total liabilities of approximately HK\$130.5 million, representing a debt ratio (total liabilities over total assets) of 21.7% as at 31 December 2006 (2005: 30.9%).

財務回顧

整體表現

於二零零六年，本集團已出售及已交付的發展物業總樓面面積為29,517平方米。本年度之毛利率為37.5%而去年則為47.4%。主要由於二零零六年所出售之大部份物業為多層式公寓，其毛利相對於別墅為低。雖然中國政府的宏觀調控政策為市場帶來影響，然而集團採納審慎成本管理及良好風險管理的舉措，讓我們成功將未計折舊、利息、稅項、攤銷前的利潤率及純利率保持在相對較高的水平。本集團建立及維持良好的財務架構及穩健的現金流量。每股基本盈利為11.1港仙。

經營業績

於二零零六年期間，本集團的營業額約為208,000,000港元（二零零五年：149,000,000港元）。營業額增加主要由於出售物業收入增加所致。於二零零六年，本集團售出錦昌苑202間公寓單位及61個停車位，產生收入約為201,100,000港元。

由於當前市況堅挺及採取有效的成本控制措施，本集團得以實現37.5%的毛利率（二零零五年：47.4%）。

於二零零六年，本公司權益持有人應佔純利約為73,300,000港元（二零零五年：55,900,000港元）。

流動資金、財務資源及資產負債比率

由於中國房地產市場競爭激烈，公司必須進一步強化財務資源，以應付未來擴張所需。公司於二零零六年內取得額外銀行融資，並打算繼續為未來項目物色更多融資機會。故此，資產負債比率將上升但仍維持低於50%之合理水平。

於二零零六年十二月三十一日，現金及現金等價物約為132,100,000港元（二零零五年：84,800,000港元）。

於二零零六年十二月三十一日，本集團的借貸總額約為45,300,000港元（二零零五年：103,400,000港元）。須於一年內償還的借貸約為25,300,000港元（二零零五年：78,500,000港元），而本集團於二零零六年十二月三十一日的資本負債比率（按附息借貸除以股東資金總額計算）為9.8%（二零零五年：31.1%）。

於二零零六年十二月三十一日，本集團擁有流動資產約269,500,000港元（二零零五年：243,200,000港元）及流動負債約83,800,000港元（二零零五年：122,000,000港元）。本集團的總資產及總負債分別約為599,700,000港元及130,500,000港元，即於二零零六年十二月三十一日的負債比率（總負債除以總資產）為21.7%（二零零五年：30.9%）。

Management Discussion & Analysis

管理層討論與分析

Management is confident that when opportunities of land bank acquisition arise in future and require additional funding, the Group is able to utilise its internal reserve and debt financing to satisfy necessary funding requirement. In view of the current gearing position, management also believes that the Group is in a good position to obtain debt financing on favourable terms.

Charge on Assets

As at 31 December 2006, bank overdrafts of approximately HK\$15.2 million was secured by the Group's certain bank deposits of approximately HK\$18.0 million.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, US dollars and Renminbi. During the year, there was no significant fluctuation in the exchange rates of the Hong Kong dollars and US dollars. The appreciation in the currency value of the Renminbi contributed positively to the Group's bottom line. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposure in 2006.

Contingent Liabilities

As at 31 December 2006, the Group had no material contingent liabilities.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Employees

As at 31 December 2006, the Group had a staff force of 110, of this 90 employees were based in the China Mainland and 20 employees in Hong Kong. The remuneration of employees was in line with the market trend and commensurate to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives. Total staff costs incurred in 2006 was approximately HK\$31 million.

管理層深信，如果日後有收購土地儲備的機會出現，而本集團需要額外資金，本集團能夠利用內部資源及債務融資滿足必要的資金需求。鑒於目前本集團的資本負債比率不高，管理層亦相信本集團具備優勢而獲得有利的融資條款。

對資產的抵押

於二零零六年十二月三十一日，銀行透支約15,200,000港元由本集團約18,000,000港元的若干銀行存款作為抵押。

匯率波動風險及有關對沖

本集團的貨幣資產、貸款和交易主要以港元、美元及人民幣計值。年內，港元與美元的匯率並沒有重大波動。人民幣的幣值升值對本集團的純利有正面貢獻。本集團並沒有參與任何衍生工具活動，於二零零六年亦沒有使用任何金融工具以對沖資產負債表的風險。

或然負債

於二零零六年十二月三十一日，本集團沒有重大的或然負債。

財資政策及資本結構

本集團就其財資政策及資本結構取態審慎，並專注於風險管理及與本集團的相關業務有直接關係的交易。

僱員

於二零零六年十二月三十一日，本集團擁有110名員工。其中90名員工長駐中國內地，香港則僱有20名員工。僱員的薪酬與市場趨勢一致，可與業內的薪酬水平相比。本集團僱員的薪酬包括基本薪金、花紅及長期獎勵。於二零零六年，員工成本總額約31,000,000港元。

Biographical Details of Directors and Senior Management

董事及高級管理人員之履歷

Executive Directors

Mr. TAOCHAIFU Choofuang (also known as CF Tao), 84, is an Executive Director, Chairman of the Company and a founder of the Group. He is responsible for determining the overall business strategies of the Group. He graduated from Nanjing University 南京大學 with a Bachelor of Science degree in mechanical engineering. Mr. Taochaifu had played a significant role in property investment and property development activities in the PRC since 1978. One of the most important PRC projects that Mr. Taochaifu participated in was the development of Nanjing Jinling Hotel (南京金陵飯店) in Nanjing, one of the earliest 5 star hotels built in the PRC following the “opening up” of the PRC to the outside world in 1978. He was appointed as a director of New Heritage Investments Limited (“NH Investments”) in 1984. He was involved in establishing and supervising 北京亮馬河大廈有限公司 (Beijing Landmark Towers Co., Ltd.) (“BLTCL”), the joint venture with Beijing Tourism Administration to develop the Beijing Landmark Towers complex. Mr. Taochaifu is the deputy chairman and an executive director of BLTCL. He was appointed as a director of New Heritage Development Limited (“NH Development”) in 1991. From 1991 onwards, he was responsible for forming 蘇州錦華苑建設發展管理有限公司 (Suzhou Garden Villa Development and Management Co., Ltd.) (“SGVDM”) and supervising the overall development of Suzhou Garden Villa and Suzhou Garden Court. He is also the chairman of SGVDM. Mr. Taochaifu was accredited as an Honorary Citizen by the municipal government of Suzhou in 1995. He was also a former independent non-executive director of Jiangsu Expressway Company Limited, a company listed on the Main Board. Mr. Taochaifu is the Honorary President of Hong Kong Federation of Overseas Chinese Associations Limited. Mr. Taochaifu was appointed as an executive director of the Company on 23 December 2004 and is the father of Mr. TAO Richard and Mr. TAO Paul.

Mr. TAO Richard, 45, is an Executive Director and Vice Chairman of the Company. He is responsible for the strategic planning and corporate development of the Group. Mr. Tao has a Bachelor of Science (First Class Honours) from the University of Newcastle Upon Tyne, and two Masters Degrees from the Massachusetts Institute of Technology. He was appointed as a director of NH Development, NH Investments and SGVDM in 2000, 2001 and 2004 respectively. He was appointed as an executive director of the Company on 23 December 2004. In 28 November 2006, he was appointed as a non-executive director to Japan Opportunities Fund II Limited, a Japan property fund. He is a son of Mr. TAOCHAIFU Choofuang and the brother of Mr. TAO Paul.

Mr. TAO Paul (also known as TAOCHAIFU Porn), 39, is the Managing Director of the Company. He graduated from the University of Cambridge, England with a Master of Arts degree. He also holds a Master of Science degree in Real Estate from the University of Greenwich, England and participated in the Program for Management Development at the Graduate School of Business Administration, Harvard University, USA. Mr. Tao has been actively involved in property development and investment in the PRC for over 10 years since joining the Group. Mr. Tao was initially responsible for the sales and marketing activities for the projects in Suzhou, and latterly in general management. He is a member of The 11th Committee of Suzhou City, Jiangsu Province Chinese People's Political Consultative Conference 中國人民政治協商會議江蘇省蘇州市第十一屆委員會委員. Mr. Tao is also a qualified solicitor in Hong Kong. He was appointed as a director of NH Development, SGVDM and NH Investments in 1997, 1999 and 2001 respectively. He was appointed as an executive director of the Company on 23 December 2004. He is a son of Mr. TAOCHAIFU Choofuang and the brother of Mr. TAO Richard.

執行董事

陶哲甫先生 (別名CF Tao)，現年84歲，本公司執行董事兼主席，為本集團創辦人。彼負責釐定本集團的整體業務策略。彼畢業於南京大學，取得機械工程理學士學位。自一九七八年以來，陶先生一直在中國物業投資及物業發展業務上舉足輕重。南京市南京金陵飯店（為於一九七八年中國對外「開放」後中國最早期的五星級酒店項目之一）為陶先生曾參與的最重要中國項目之一。一九八四年，彼獲委任為新繼企業有限公司（「新繼企業」）董事。彼曾參與成立與北京市旅遊管理局合組的合營企業北京亮馬河大廈有限公司（「北京亮馬河」），並負責監督工作，以發展北京亮馬河綜合項目。陶先生現為北京亮馬河副主席兼執行董事。一九九一年，彼獲委任為新繼發展有限公司（「新繼發展」）董事。自一九九一年起，彼負責成立蘇州錦華苑建設發展管理有限公司（「錦華苑建設」）及監督錦華苑及錦麗苑的整體發展。此外，彼亦兼任錦華苑建設主席。一九九五年，陶先生獲蘇州市市政府加許為榮譽市民。彼亦為江蘇寧滬高速公路股份有限公司（一間於聯交所主板上市的公司）前獨立非執行董事。陶哲甫先生現為香港僑界社團聯會之名譽會長。二零零四年十二月二十三日，陶先生獲委任為本公司執行董事。彼乃陶家祈先生及陶錫祺先生的父親。

陶家祈先生，現年45歲，本公司執行董事兼副主席。彼負責本集團的策略規劃及企業發展。陶先生於紐卡索大學取得（一級榮譽）理學士學位，以及於美國麻省理工學院取得兩個碩士學位。彼分別於二零零零年、二零零一年及二零零四年獲委任為新繼發展、新繼企業及錦華苑建設的董事。二零零四年十二月二十三日，彼獲委任為本公司執行董事。於二零零六年十一月二十八日，彼獲委任為Japan Opportunities Fund II Limited（日本房地產基金）的非執行董事。彼乃陶哲甫先生的兒子及陶錫祺先生的胞兄。

陶錫祺先生 (別名TAOCHAIFU Porn)，現年39歲，本公司董事總經理。彼畢業於英國劍橋大學，取得文學碩士學位。彼亦持有英國格林威治大學房地產理學碩士學位，曾參加美國哈佛大學工商管理研究院開辦的管理發展課程。陶先生自十年前加盟本集團以來，一直積極於中國從事物業發展及投資業務。陶先生初期負責本集團蘇州市各項目所有營銷及市場推廣活動，其後負責整體管理。彼現為中國人民政治協商會議江蘇省蘇州市第十一屆委員會委員。陶先生亦為香港合資格律師。一九九七年、一九九九年及二零零一年，彼分別獲委任為新繼發展、錦華苑建設及新繼企業的董事。二零零四年十二月二十三日，彼獲委任為本公司執行董事。彼乃陶哲甫先生的兒子及陶家祈先生的胞弟。

Biographical Details of Directors and Senior Management

董事及高級管理人員之履歷

Executive Directors (Cont'd)

Mr. KONG Mui Sum Lawrence, 58, is an Executive Director of the Company. He graduated in 1970 from the University of Hong Kong with a Bachelor of Social Sciences degree with honours majoring in Economics and Accounting. He is a fellow of the Institute of Chartered Shipbrokers, being qualified in 1977. He joined Ocean Shipping & Enterprises Limited in 1970 and has over 20 years of senior management experience. He joined the Group's associated companies in November 1999 and has been actively involved in the business planning and development of the Group's business in PRC, including but not limited to contract negotiations with third party professionals and contractors as well as project management. He was appointed as an executive director of the Company on 23 December 2004.

Mr. YIM Chun Leung, 45, is an Executive Director of the Company. Mr. Yim is a fellow member of The Chartered Association of Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Yim has more than 20 years' experience in auditing, accounting and finance fields. Since 1994, Mr. Yim has worked for several listed companies, including Tysan Holdings Limited and Sinolink Worldwide Holdings Limited as finance director and chief financial officer respectively. Mr. Yim was appointed as an executive director of the Company on 23 December 2004 and is responsible for corporate finance matters of the Group. Currently, Mr. Yim is also an independent non-executive director of Era Information & Entertainment Limited, a company listed on the Growth Enterprise Market of the Stock Exchange.

Non-Executive Director

The Hon. CHAN Bernard Charnwut, 42, is a Non-Executive Director of the Company. Mr. Chan is a non-official member of the Executive Council and a member of the Legislative Council of Hong Kong. Mr. Chan is a graduate of Pomona College in California, USA. He holds the positions of President of Asia Financial Holdings Ltd., a company listed on the Main Board, and Asia Insurance Company Limited. Mr. Chan serves as the Deputy Chairman of the Lingnan University. He is also a member of the Insurance Advisory Committee, the Antiquities Advisory Board and Greater Pearl River Delta Business Council. In addition, Mr. Chan also serves as the Advisor of Bangkok Bank Ltd., Hong Kong Branch, The Chairman of the Hong Kong-Thailand Business Council and the Chairperson of The Hong Kong Council of Social Service. He was appointed as a non-executive director of the Company on 14 November 2005.

Independent Non-Executive Directors

Mr. WONG Gary Ka Wai, 45, is an Independent Non-Executive Director of the Company. Mr. Wong graduated from The University of British Columbia with a Master Degree of Business Administration in Finance and Management Information Systems, and a Degree of Bachelor of Applied Science in Electrical Engineering. He is a member of the Association of Certified General Accountants' Association of Canada. Mr. Wong has been working for a number of international financial institutions and has numerous experiences in the banking industry. Currently, he is a manager in Standard Chartered Bank (Hong Kong) Limited in Hong Kong. He has internal controls and financial reporting experience. Mr. Wong was appointed as an independent non-executive director of the Company on 14 November 2005.

執行董事 (續)

江森森先生，現年58歲，本公司執行董事。彼於一九七零年畢業於香港大學，取得社會科學榮譽學士學位，主修經濟及會計學。彼現為船務經紀專業學會資深會員，於一九七七年已取得專業資格。彼於一九七零年加盟海德船務航運企業有限公司，已積逾二十年任職高級管理人員經驗。彼於一九九九年十一月加盟本集團多間聯營公司，並一直積極於中國從事本集團的業務策劃及業務發展，包括惟不限於與第三方專業人士及承建商就合約進行磋商，以及項目管理。二零零四年十二月二十三日，彼獲委任為本公司執行董事。

嚴振亮先生，現年45歲，本公司執行董事。嚴先生為特許公認會計師公會資深會員及香港會計師公會執業會計師。嚴先生在核數、會計及財務方面已積逾二十年經驗。自一九九四年以來，嚴先生曾任職多家上市公司，包括分別曾為泰昇集團控股有限公司及百仕達控股有限公司之財務董事及財務總監。二零零四年十二月二十三日，嚴先生被獲委任為本公司執行董事，負責本集團的企業融資事務。嚴先生現時亦為年代資訊影視有限公司（一間於聯交所創業板上市的公司）的獨立非執行董事。

非執行董事

陳智思先生，現年42歲，本公司非執行董事。陳先生現為香港行政會議非官方委員及立法會成員。陳先生畢業於美國加州Pomona College。彼現任亞洲金融集團（控股）有限公司（一間於主板上市的公司）及亞洲保險有限公司的總裁職位。陳先生擔任嶺南大學副主席。彼亦為保險業諮詢委員會委員、古物諮詢委員會委員及大珠三角商務委員會委員。此外，陳先生亦擔任盤谷銀行有限公司（香港分公司）顧問、港泰商會主席，以及香港社會服務聯會主席。二零零五年十一月十四日，彼獲委任為本公司非執行董事。

獨立非執行董事

王家偉先生，現年45歲，本公司獨立非執行董事。王先生畢業於卑詩省大學，取得金融及管理資訊系統系工商管理碩士以及電子工程系應用科學學士學位。彼為加拿大註冊會計師協會會員。王先生任職於多家國際金融機構，並在銀行業積累廣泛經驗。目前，彼於渣打銀行（香港）有限公司任職經理，彼具有內部監控及財務申報的經驗。二零零五年十一月十四日，王先生獲委任為本公司獨立非執行董事。

Biographical Details of Directors and Senior Management

董事及高級管理人員之履歷

Mr. SUN Leland Li Hsun, 45, is an Independent Non-Executive Director of the Company. Mr. Sun graduated from the University of California, Los Angeles with a Master Degree of Business Administration in 1986. Mr. Sun is the Chief Executive Officer and a founder of Pan Asian Mortgage Company Limited, a mortgage securitization conduit. Mr. Sun has over 20 years of secondary mortgage market experience in Asia and the United States, directly involved in the structuring, trading and distribution of mortgage-backed securities globally. In 1997, Mr. Sun was appointed by the Financial Secretary of the Hong Kong SAR government as the first Chief Operating Officer of The Hong Kong Mortgage Corporation and was entrusted with managing this 100% government-owned company. Previously, Mr. Sun was an Executive Director in the Fixed Income International Sales Department of GS (Asia) Securities Limited and was employed by Goldman Sachs from July 1986 to October 1994. He was also a Senior Managing Director of the Emerging Markets Fixed Income Sales Department with Bear Stearns Asia Limited from October 1994 to February 1996. He was appointed as an independent non-executive director of the Company on 14 November 2005.

Mr. CHAN Norman Enrique, 46, is an Independent Non-Executive Director of the Company. He was an Adjunct Assistant Professor of the Chinese University of Hong Kong from September 2001 to January 2002. He has experience in architectural design. Currently, he is a director of BTR Workshop Limited, an architectural and design company based in Hong Kong. He was appointed as an independent non-executive director of the Company on 14 November 2005.

孫立勳先生，現年45歲，本公司獨立非執行董事。孫先生在一九八六年畢業於加州大學洛杉磯分校，取得工商管理系碩士學位。孫先生乃宏亞按揭證券有限公司（一間按揭證券化公司）的行政總裁兼創辦人。孫先生於亞洲及美國第二按揭市場已積逾二十年經驗，直接參與環球按揭證券的架構設計、交易及分銷工作。一九九七年，孫先生獲香港特區政府財政司司長委任為香港按揭證券有限公司首位行政總監，負責營運成立這間政府全資擁有的公司。過去，孫先生於一九八六年七月至一九九四年十月期間，獲高盛僱用，並在GS (Asia) Securities Limited的Fixed Income International Sales Department出任執行董事。一九九四年十月至一九九六年二月期間，彼在貝爾斯登亞洲有限公司的Emerging Markets Fixed Income Sales Department出任高級董事總經理。二零零五年十一月十四日，彼獲委任為本公司獨立非執行董事。

陳樂文先生，現年46歲，本公司獨立非執行董事。彼於二零零一年九月至二零零二年一月期間曾任香港中文大學兼任助理教授，擁有建築設計方面經驗。目前，彼為香港一間建築設計公司BTR Workshop Limited的董事。二零零五年十一月十四日，彼獲委任為本公司獨立非執行董事。

Directors' Report

董事會報告

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2006.

Principal Activities

The Group is principally engaged in property development and property investment businesses in Suzhou, the PRC and through investment in an associated company, in property investment business in Beijing, the PRC.

Results and Appropriations

The results of the Group for the year ended 31 December 2006 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 34 to 87.

The Directors have recommended the payment of a final dividend of 1 HK cent per share for the year ended 31 December 2006, which will be satisfied by allotment of new shares of the Company, by way of scrip dividend, with an alternative to shareholders of the Company to elect to receive such final dividend (or part thereof) in cash in lieu of such allotment.

The Directors also propose to make a bonus issue of one new ordinary share of HK\$0.01 credited as fully paid for every 50 ordinary shares held on the Register of Members on 1 June 2007.

Share Capital

Details of the movements in the share capital of the Company are set out in note 26 to the financial statements.

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in note 28 to the financial statements.

Distributable reserves

At 31 December 2006, the Company's reserves available for distribution, amounted to approximately HK\$21.1 million, of which approximately HK\$7.1 million has been proposed as a final dividend for the year. In addition, the Company's share premium account of approximately HK\$223.6 million, may be distributed in the form of fully paid bonus shares.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

Principal Properties

Details of the principal properties for investment purposes and under development are set out on pages 89 to 92.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

董事欣然提呈其年報連同截至二零零六年十二月三十一日止年度之經審核財務報表。

主要業務

本集團主要在中國蘇州市從物業發展及物業投資業務，以及透過投資於一間聯營公司在中國北京市從物業投資業務。

業績及分派

本集團截至二零零六年十二月三十一日止年度的業績及本公司於該日的業務狀況載於第34至87頁的財務報表。

董事會建議派付截至二零零六年十二月三十一日止年度的末期股息每股1港仙，將透過以股代息方法配發本公司新股支付。本公司股東亦可選擇以現金收取該等末期股息（或其部份）以代替有關配發。

董事亦建議按二零零七年六月一日股東名冊上每持有50股普通股，發行一股普通股0.01港元之繳足股款新紅股。

股本

本公司股本的變動詳情載於財務報表附註26。

儲備

本集團及本公司之儲備於年內之變動情況乃載於財務報表附註28。

可供分派儲備

於二零零六年十二月三十一日，本公司之可供分派儲備達約21,100,000港元，其中約7,100,000港元已作末期股息宣派。此外，本公司約223,600,000港元之股份溢價帳，可以繳足股款之紅股方式分派。

物業、廠房及設備

本集團之物業、廠房及設備的變動詳情載於財務報表附註13。

主要物業

作投資用途的主要物業及發展中物業之詳情載於第89至92頁。

優先購股權

本公司的組織章程細則或開曼群島法例並無有關優先購買權的條文，規定本公司須按比例向現有股東發售新股份。

Directors' Report

董事會報告

Group Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 88.

Purchase, Sale or Redemption of Securities

The Company has not redeemed any of its shares during the year. Other than the issue of 73,196,818 shares (including 8,196,818 shares issued as scrip dividend) by the Company during the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Directors

The directors of the Company during the year were as follows:

Executive Directors

Mr. TAOCHAIFU Choofuang (*also known as CF Tao*) (Chairman)
Mr. TAO Richard (Vice Chairman)
Mr. TAO Paul (*also known as TAOCHAIFU Porn*) (Managing Director)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

Non-Executive Director

The Hon. CHAN Bernard Charnwut

Independent Non-Executive Directors

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

In accordance with the Company's articles of association, Mr. TAOCHAIFU Choofuang, Mr. TAO Paul and Mr. WONG Gary Ka Wai will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company considers such Directors to be independent.

Biographical Details of Directors and Senior Management

Biographical details of the Directors and senior management are set out on pages 12 to 14.

Directors' Service Contracts

Each of the executive directors of the Company has entered into a service contract with the Company for an initial term of two years commencing on 1 December 2005 (the "Commencement Date"), which will continue thereafter provided that either the Company or the executive director may, after 6 months of the Commencement Date, terminate the appointment of the executive director by giving to the other party not less than 3 months' written notice of termination or by payment in lieu of such notice.

集團財務摘要

本集團過去五個財政年度之業績以及資產及負債摘要載於第88頁。

購回、出售或贖回上市證券

本公司於本年內並無贖回本公司任何股份，除本公司於本年內發行73,196,818股股份(包括8,196,818股就以股代息而發行之股份)外，本公司及其附屬公司於本年內並無買入或出售本公司任何股份。

董事

年內任職的董事如下：

執行董事

陶哲甫先生(別名CF Tao)(主席)
陶家祈先生(副主席)
陶錫祺先生(別名TAOCHAIFU Porn)(董事總經理)
江森森先生
嚴振亮先生

非執行董事

陳智思先生

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

根據本公司之組織章程細則，陶哲甫先生、陶錫祺先生及王家偉先生將於應屆股東週年大會輪席告退，惟彼符合資格並願意膺選連任。

本公司已取得每位獨立非執行董事根據香港聯合交易所有限公司(「聯交所」)證券上市規則之規定作出之年度獨立性確認函，由此本公司視該等董事為獨立董事。

董事及高級管理層之履歷

董事及高級管理層之履歷詳情載於第12至14頁。

董事之服務合約

各執行董事已與本公司訂立服務合約，初步任期為二年，由二零零五年十二月一日開始(「開始日期」)，於開始日期的六個月後，本公司或執行董事可終止其執行董事的任命，其中一方可向另外一方發出不少於三個月的書面通知或代通知金。

Directors' Report

董事會報告

The non-executive director and each of the independent non-executive directors of the Company has entered into letters of appointment with the Company for a term of three years commencing on 14 November 2005 and may be terminated by either party by giving one month's written notice.

Save as disclosed above, none of the directors of the Company has a contract of service with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

Directors' Interests in Contracts

Details of Directors' interests in contracts of significance in relation to the Group's business are set out in the section headed "Connected Transaction and Exempt Continuing Connected Transaction" in this report.

Directors' and Chief Executives' Interests in the Shares and Underlying Shares of the Company

As at 31 December 2006, the Directors had the following interests in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to section 352 of the Securities and Futures Ordinance (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 Issuers of the Rules Governing the Listing of Securities of the Stock Exchange ("Listing Rules"):

(A) Long position in shares and underlying shares under equity derivatives of the Company

本公司之非執行董事及各獨立非執行董事已與本公司訂立服務合約，任期由二零零五年十一月十四日起計，任期為三年，若終止其服務合約，其中一方可向另外一方發出一個月的書面通知。

除上文披露者外，本公司之董事與本公司或其附屬公司之間並無訂立任何於毋須賠償(法定賠償除外)情況下可於一年內終止之服務合約。

董事的合約權益

董事的合約權益與本集團業務有關重大合約的詳情載於本年報內「關連交易及獲豁免持續關連交易」一節中。

董事及主要行政人員於本公司的股份及相關股份中擁有的權益

於二零零六年十二月三十一日，按本公司根據證券及期貨條例(「證券及期貨條例」)第352條所置存的登記冊所示，董事於本公司的股份及相關股份中擁有的權益，或根據聯交所證券上市規則(「上市規則」)所載董事進行證券交易的標準守則須以其他方式知會本公司及聯交所的權益如下：

(A) 本公司權益衍生項目下普通股及相關股份之好倉

Name of Director 董事姓名	Number of shares 股份數目			Underlying shares (under equity derivatives of the Company) (本公司權益衍生 項目下) 相關 股份數目	Aggregate Interests 權益總額	Approximate percentage of the issued share capital of the Company 本公司已 發行股本之 概約百分比
	Personal Interest 個人權益	Family Interest 家族權益	Corporate Interest 公司權益			
Mr. TAOCHAIFU Choofuang 陶哲甫先生	Nil 無	Nil 無	320,713,896 (Note 1) (附註1)	5,800,000 (Note 2) (附註2)	326,513,896	40.63
Mr. TAO Richard 陶家祈先生	6,767,029	Nil 無	Nil 無	6,400,000 (Note 2) (附註2)	13,167,029	1.85
Mr. TAO Paul 陶錫祺先生	6,767,029	Nil 無	Nil 無	6,400,000 (Note 2) (附註2)	13,167,029	1.85
Mr. KONG Mui Sum Lawrence 江森森先生	1,691,423	Nil 無	Nil 無	6,400,000 (Note 2) (附註2)	8,091,423	1.13
Mr. YIM Chun Leung 嚴振亮先生	822,000	Nil 無	Nil 無	6,400,000 (Note 2) (附註2)	7,222,000	1.01

Directors' Report

董事會報告

Directors' and Chief Executives' Interests in the Shares and Underlying Shares of the Company (Cont'd)

(A) Long position in shares and underlying shares under equity derivatives of the Company (Cont'd)

Notes:

- The shares include the 55,915,750 new shares to be issued and allotted to Belbroughton Limited ("Belbroughton") pursuant to the subscription of new shares by the vendors according to the master transfer agreement dated 17 October 2006 ("Subscriptions") and entered into between certain connected persons of the Company and the Company in relation to the transfers of certain properties in Suzhou Garden Villa and the Subscriptions. Belbroughton is the legal and beneficial owner of 320,713,896 shares. Belbroughton is wholly-owned by Seal United Investments Limited ("Seal United"), the entire issued share capital of which is owned by Mr. TAOCHAIFU Choofuang ("Mr. CF Tao") and his spouse, Mrs. TAO POON Lai Yew Nancy ("Mrs. Nancy Tao") in equal proportion. Accordingly, Seal United as well as Mr. CF Tao and Mrs. Nancy Tao are deemed to be interested in 320,713,896 shares held by Belbroughton.
- Share options were granted on 4 April 2006. Details of share options granted to the Directors of the Company are set out in part (B) of this section.

(B) Long position in underlying shares — share options

Under the share option scheme of the Company, share option may be granted to certain participants including the Directors and employees of the Company and its subsidiaries to subscribe for the shares of the Company. Details of share options granted to Directors of the Company are as follows:

董事及主要行政人員於本公司的股份及相關股份中擁有的權益 (續)

(A) 本公司權益衍生項目下普通股及相關股份之好倉 (續)

附註：

- 該等股份包括根據賣方按本公司若干關連人士及本公司就轉讓蘇州錦華苑之若干物業以及認購事項而於二零零六年十月十七日訂立之主要轉讓協議而認購之55,915,750股新股，而將發行及配發予Belbroughton Limited (「Belbroughton」)之新股份(「認購事項」)。Belbroughton為320,713,896股股份的合法實益擁有人。Belbroughton乃由Seal United Investments Limited (「Seal United」)全資擁有，其全數已發行股本為陶哲甫先生(「陶哲甫先生」)及陶潘麗瑤女士(「陶潘麗瑤女士」，為陶哲甫先生的配偶)按相等比例擁有。因此，Seal United連同陶哲甫先生及陶潘麗瑤女士被視為於Belbroughton所持有之該等320,713,896股股份擁有權益。
- 購股權乃於二零零六年四月四日授出。授予本公司董事之購股權詳情乃載於本節(B)項下。

(B) 相關股份之好倉—購股權

根據本公司之購股權計劃，購股權可授予若干參與人(包括董事及本公司及其附屬公司之職員)以認購本公司之股份。授予本公司董事之購股權詳情如下：

Name of Director	Date of grant	Exercisable Period	Number of share options 購股權數目			Subscription price per share HK\$
			Balance at 1 January 2006	Exercised during the year	Balance at 31 December 2006	
董事名稱	授出日期	行使期間	於 二零零六年 一月一日 之餘額	於年內 行使	於 二零零六年 十二月 三十一日 之餘額	每股之 認購價 港元
Mr. TAOCHAIFU Choofuang 陶哲甫先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年四月十日至 二零零九年四月九日	Nil 無	Nil 無	5,800,000 5,800,000	0.86 0.86
Mr. TAO Richard 陶家祈先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年四月十日至 二零零九年四月九日	Nil 無	Nil 無	6,400,000 6,400,000	0.86 0.86
Mr. TAO Paul 陶錫祺先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年四月十日至 二零零九年四月九日	Nil 無	Nil 無	6,400,000 6,400,000	0.86 0.86
Mr. KONG Mui Sum Lawrence 江森森先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年四月十日至 二零零九年四月九日	Nil 無	Nil 無	6,400,000 6,400,000	0.86 0.86
Mr. YIM Chun Leung 嚴振亮先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年四月十日至 二零零九年四月九日	Nil 無	Nil 無	6,400,000 6,400,000	0.86 0.86

Directors' Report

董事會報告

Directors' and Chief Executives' Interests in the Shares and Underlying Shares of the Company (Cont'd)

(B) Long position in underlying shares — share options (Cont'd)

Save as disclosed above, none of the Company's Directors, chief executives and their associates, had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO at the date of this report.

Substantial Shareholders' Interests in Shares and Underlying Shares of the Company

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2006, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

Long position in shares

Name	Personal interest	Corporate interest	Total	Approximate percentage of the Company's issued share capital
名稱	個人權益	公司權益	總計	本公司已發行股本之概約百分比
Belbroughton Limited (Note 1)	Nil	320,713,896	320,713,896	39.91%
Belbroughton Limited (附註1)	無	320,713,896	320,713,896	39.91%
Seal United Investments Limited (Note 1)	Nil	320,713,896	320,713,896	39.91%
Seal United Investments Limited (附註1)	無	320,713,896	320,713,896	39.91%
Mrs. TAO POON Lai Yew Nancy (Note 1)	Nil	320,713,896	320,713,896	39.91%
陶潘麗瑤女士 (附註1)	無	320,713,896	320,713,896	39.91%
Mr. TAO Shing Pee (Note 2)	148,257,660	Nil	148,257,660	18.45%
陶欣伯先生 (附註2)	148,257,660	無	148,257,660	18.45%
Oriental Pearl International Inc. (Note 3)	Nil	41,003,200	41,003,200	5.75%
Oriental Pearl International Inc. (附註3)	無	41,003,200	41,003,200	5.75%
Mr. KINOSHITA James Hajime (Note 3)	Nil	41,003,200	41,003,200	5.75%
木下一先生 (附註3)	無	41,003,200	41,003,200	5.75%
Mrs. KINOSHITA CHEUNG Yuen Shiu Lana (Note 3)	Nil	41,003,200	41,003,200	5.75%
木下張婉笑女士 (附註3)	無	41,003,200	41,003,200	5.75%
Spinnaker Capital Limited (Note 4)	Nil	65,000,000	65,000,000	9.11%
Spinnaker Capital Limited (附註4)	無	65,000,000	65,000,000	9.11%
Spinnaker Asset Management — SAM Limited (Note 4)	Nil	65,000,000	65,000,000	9.11%
Spinnaker Asset Management-SAM Limited (附註4)	無	65,000,000	65,000,000	9.11%

董事及主要行政人員於本公司的股份及相關股份中擁有的權益 (續)

(B) 相關股份之好倉 — 購股權 (續)

除上文披露者外，本公司之董事、主要行政人員或彼等之聯繫人概無於本公司或其任何相聯法團之股份及相關股份擁有任何權益或淡倉，而需按證券及期貨條例第352條於本報告日期予以記錄。

主要股東於本公司的股份及相關股份中擁有的權益

根據證券及期貨條例第XV部第336條須予存置的登記冊所示，於二零零六年十二月三十一日，本公司之主要股東（為本公司之發行股本的5%或以上）已通知本公司有關之權益，詳情如下：

股份之好倉

Directors' Report

董事會報告

Substantial Shareholders' Interests in Shares and Underlying Shares of the Company (Cont'd)

Long position in shares (Cont'd)

Notes:

1. The shares include the 55,915,750 new shares to be issued and allotted to Belbroughton pursuant to the Subscription. Belbroughton is the legal and beneficial owner of 320,713,896 shares. Belbroughton is wholly-owned by Seal United, the entire issued share capital of which is owned by Mr. CF Tao and his spouse, Mrs. Nancy Tao in equal proportion. Accordingly, Seal United as well as Mr. CF Tao and Mrs. Nancy Tao are deemed to be interested in 320,713,896 shares held by Belbroughton.
2. The shares include the 34,101,460 new shares to be issued and allotted to Mr. TAO Shing Pee pursuant to the Subscriptions. Mr. TAO Shing Pee is the brother of Mr. CF Tao.
3. Oriental Pearl International Inc. is the legal and beneficial owner of 41,003,200 shares, which is owned by Mr. KINOSHITA James Hajime and Mrs. KINOSHITA CHEUNG Yuen Shiu Lana in equal proportion. Accordingly, Mr. KINOSHITA James Hajime and Mrs. KINOSHITA CHEUNG Yuen Shiu Lana, both being independent third parties, are deemed to be interested in 41,003,200 shares.
4. Spinnaker Capital Limited and Spinnaker Asset Management — SAM Limited are investment managers and each of them is deemed to be interested in the shares held by Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited, which holds approximately 4.55%, 1.91% and 2.64% interests in the shares, respectively.
5. The percentage of Belbroughton, Seal United, Mrs. Nancy Tao and Mr. TAO Shing Pee takes into account the aggregate of 90,017,210 new shares to be issued and allotted to Belbroughton and Mr. TAO Shing Pee pursuant to the Subscriptions while that of Oriental Pearl International Inc., Mr. KINOSHITA James Hajime, Mrs. KINOSHITA CHEUNG Yuen Shiu Lana, Spinnaker Capital Limited and Spinnaker Asset Management — SAM Limited does not take into account the new shares to be issued and allotted pursuant to the Subscriptions.

Share Options

Details of the Company's share option scheme are set out in note 27 to the financial statements.

Major Suppliers and Customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	46%
— five largest suppliers combined	79%
Sales	
— the largest customer	2%
— five largest customers combined	7%

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

主要股東於本公司的股份及相關股份中擁有的權益 (續)

股份之好倉 (續)

附註：

1. 該等股份包括55,915,750股根據認購事項而將發行及配發予Belbroughton之新股份。Belbroughton為320,713,896股股份的合法實益擁有人。Belbroughton乃由Seal United全資擁有，其全數已發行股本為陶哲甫先生及其配偶陶潘麗瑤女士按相等比例擁有。因此，Seal United連同陶哲甫先生及陶潘麗瑤女士被視為於Belbroughton所持有之該等320,713,896股股份擁有權益。
2. 該等股份包括34,101,460股根據認購事項而將發行及配發予陶欣伯先生之新股份。陶欣伯先生乃陶哲甫先生的胞兄。
3. Oriental Pearl International Inc.為41,003,200股股份的合法實益擁有人，其由木下一先生及木下張婉笑女士按相等比例擁有。因此，獨立第三方木下一先生及木下張婉笑女士被視為於該等41,003,200股股份擁有權益。
4. Spinnaker Capital Limited及Spinnaker Asset Management — SAM Limited及投資經理，彼等各視作於Spinnaker Global Emerging Markets Fund Limited、Spinnaker Global Opportunity Fund Limited及Spinnaker Global Strategic Fund Limited所持有之股份中享有權益，其享有權益之比率分別約為4.55%、1.91%及2.64%。
5. Belbroughton、Seal United、陶潘麗瑤女士及陶哲甫先生之比率已計及合共90,017,210股根據認購事項將發行及配發予Belbroughton及陶欣伯先生之新股份，而Oriental Pearl International Inc.、木下一先生、木下張婉笑女士、Spinnaker Capital Limited及Spinnaker Asset Management — SAM Limited之比率並未計及根據認購事項將予發行及配發之新股份。

購股權

有關本公司之購股權計劃詳情載於財務報表附註27。

主要供應商及客戶

本集團主要供應商及客戶所佔採購及銷售百分率如下：

採購額	
— 最大供應商	46%
— 五大供應商合併計算	79%
銷售額	
— 最大客戶	2%
— 五大客戶合併計算	7%

概無本公司董事或其任何聯繫人士或任何股東(就董事所知擁有本公司已發行股本5%以上)於本年度任何時間擁有本集團五大客戶之實益權益。

Directors' Report

董事會報告

Connected Transaction

During the year, the Group had the following connected transaction, certain details of which are disclosed in compliance with the requirements of the Listing Rules.

Acquisition of certain properties in Suzhou and subscription of new shares

On 17 October 2006, certain connected parties (including Ms. TAO Miriam (daughter of the Chairman), Mr. TAO Richard (the Vice Chairman), Ms. HON Hing Tong Patricia (spouse of the Managing Director), Ms. TAO Yi Hou Mildred (niece of the Chairman), Ms. ONG Ker Shing (daughter of Ms. TAO Yi Hou Mildred), Eastside Properties Limited (owned by Ms. TAO Miriam in trust for Mrs. TAO POON Lai Yew Nancy), Cosmopolitan Group Limited (owned by Ms. TAO Miriam), Lakeside Consultants Limited (owned by Mr. TAO Richard) and Lanick Group Limited (owned by Mr. TAO Paul, the Managing Director) as vendors entered into a master transfer agreement with the Company pursuant to which the vendors agreed to transfer a total of 82 units in Suzhou Garden Villa ("Suzhou Properties") to the Group for an aggregate consideration of RMB87,975,000, which is to be satisfied in cash in full (the "Master Transfer Agreement"). Pursuant to the Master Transfer Agreement, the vendors also agreed to subscribe for not more than an aggregate of 90,017,210 shares at the consideration of HK\$0.6405 per share. Up to 55,915,750 new shares and 34,101,460 new shares will be issued and allotted to Belbroughton and Mr. TAO Shing Pee, respectively, as directed by the vendors.

Exempt Continuing Connected Transaction

1. Fitness club agreement

In November 2004, SGVDM entered into an agreement with 上海克拉克海奇健身有限公司 (Clark Hatch Fitness Centers (Shanghai) Ltd.) ("Clark Hatch Shanghai") (Mr. TAO Paul, the Managing Director, has indirect interest) (which was subsequently supplemented by a supplemental agreement dated 18 September 2005 made between the same parties) (collectively, the "Fitness Club Agreement"), pursuant to which SGVDM provides Clark Hatch Shanghai with the sports and fitness club house with facilities located on the 3rd Floor, Block 11, Suzhou Garden Court (the "Club House"), and Clark Hatch Shanghai provides cleaning, maintenance, repair, operation and janitorial services for the Club House, for a term of 3 years commencing on 1 January 2005. During the term, Clark Hatch Shanghai is required to pay SGVDM a monthly rental in a sum (i) of RMB60,000 or (ii) equal to 30% of the monthly gross revenues (before taxes) received by Clark Hatch Shanghai from the operation of Club House, whichever is higher.

關連交易

年內，以下為本集團之關連交易，其某些詳情已遵守上市規則的規定披露。

收購蘇州之若干物業及認購新股份

於二零零六年十月十七日，若干關連人士(包括陶蘊怡女士(主席之女兒)、陶家祈先生(副主席)、韓慶棠女士(董事總經理之配偶)、TAO Yi Hou Mildred女士(主席之姪女)、ONG Ker Shing女士(TAO Yi Hou Mildred女士之女兒)、東方物業有限公司(由陶蘊怡女士以信託方代陶潘麗瑤女士全資擁有)、世界性集團有限公司(由陶蘊怡女士擁有)、湖濱諮詢有限公司(由陶家祈先生擁有)及朗利集團有限公司(董事總經理陶錫祺先生擁有))作為賣方，與本公司訂立一項物業轉讓框架協議(「物業轉讓框架協議」)，據此，賣方同意轉讓蘇州錦華苑合共82個單位(「蘇州物業」)，總代價為人民幣87,975,000元，並將全數以現金支付。根據物業轉讓框架協議，賣方亦同意按每股0.6405港元之代價，認購合共不超過90,017,210股股份。根據賣方之指示，將發行及配發予Belbroughton及陶欣伯先生之新股份最多分別為55,915,750股及34,101,460股。

獲豁免持續關連交易

1. 健身會所協議

二零零四年十一月，錦華苑建設與上海克拉克海奇健身有限公司(「上海克拉克」)(由董事總經理陶錫祺先生擁有間接權益)簽訂一份協議(該協議其後由上述協議雙方所訂立日期為二零零五年九月十八日的補充協議補充)(統稱「健身會所協議」)；據此，錦華苑建設向上海克拉克提供位於錦麗苑11座3樓的體育及健身會所連設施(「會所」)；而上海克拉克則為會所提供清潔、保養、維修、營運及庶務服務，由二零零五年一月一日開始，為期三年。於年內，上海克拉克須向錦華苑建設支付月租金合共(i)人民幣60,000元或(ii)相等於上海克拉克於經營會所所得每月總收益(除稅前)30%(以較高者為準)。

Directors' Report

董事會報告

Exempt Continuing Connected Transaction (Cont'd)

1. Fitness club agreement (Cont'd)

As disclosed in the Prospectus, based on the consideration and analysis of the budget provided by Clark Hatch Shanghai for the revenues of the Club House for each of the 3 years ending 31 December 2007, the Directors then anticipated that the annual caps for the annual rental to be received by the Group from Clark Hatch Shanghai under the Fitness Club Agreement for the 3 years ending 2007 will be RMB864,000, RMB1,369,500 and RMB1,503,900 respectively. The transactions contemplated under the Fitness Club Agreement for the year ending 31 December 2005 was exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. However, in respect of the maximum annual rental then anticipated to be received from Clark Hatch Shanghai for each of the 2 years ending 31 December 2007, the transactions contemplated under the Fitness Club Agreement for each of the 2 years ending 31 December 2007 are subject to the reporting and announcement requirements under the Listing Rules. In 2005, the Company has applied to the Stock Exchange for and the Stock Exchange has granted a waiver from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules in respect of the transactions contemplated under the Fitness Club Agreement for the 2 years ending 31 December 2007.

Since the total annual rental received and receivable by the Group from Clark Hatch Shanghai under the Fitness Club Agreement for the year ending 31 December 2006 was RMB752,544 (subject to further adjustment of not more than RMB50,000 (if necessary) pending for the finalization of 2006 audited accounts of Clark Hatch Shanghai (Suzhou Branch)), therefore the transactions contemplated under the Fitness Club Agreement for the year ending 31 December 2006 was exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The independent non-executive directors have confirmed that the above continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the above relevant agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. The auditors of the Company have also confirmed that (i) the above continuing connected transaction has been approved by the Board of Directors of the Company; (ii) the transaction was entered into at amounts consistent with the pricing policies as stated in the Company's prospectus dated 22 November 2005; (iii) on terms no less favourable than those available to or from independent third parties; and (iv) the aggregate amount of the transaction has not exceeded the relevant caps in the financial year ended 31 December 2006.

2. Motor vehicle lease agreement

On 1 February 2005, New Heritage Management Limited ("NH Management"), an indirect wholly-owned subsidiary of the Company, entered into a motor vehicle lease agreement with HY Automotive Holdings Limited (beneficially owned by Mr. CF Tao and his family members) for the lease of two private motor vehicles for a term of one year commencing from 1 February 2005 at an aggregate rental of HK\$16,000 per month. The lease agreement was terminated with effect from 1 February 2006.

獲豁免持續關連交易 (續)

1. 健身會所協議 (續)

誠如招股章程所披露，根據該代價及上海克拉克就會所截至二零零七年十二月三十一日止三個年度各年收益所提供的預算分析，董事當時預期，本集團根據健身會所協議向上海克拉克收取截至二零零七年止三個年度的每年租金的上限將分別為人民幣864,000元、人民幣1,369,500元及人民幣1,503,900元。根據上市規則，截至二零零五年十二月三十一日止年度健身會所協議項下進行的交易獲豁免遵守上市規則有關申報、公佈及獲得獨立股東批准的規定。然而，就截至二零零七年十二月三十一日止兩個年度各年當時預期向上海克拉克收取每年租金的最高額而言，截至二零零七年十二月三十一日止兩個年度各年健身會所協議項下進行的交易須遵守上市規則有關申報及公佈的規定。於二零零五年，本公司已向聯交所申請，而聯交所亦已豁免本公司截至二零零七年十二月三十一日止兩個年度各年健身會所協議項下進行的交易，須嚴格遵守上市規則第14A.47條有關申報的規定。

由於本集團根據健身會所協議於截至二零零六年十二月三十一日止年度自上海克拉克已收及應收年租共人民幣752,544元(待上海克拉克(蘇州分店)二零零六年經審核賬目定案後，將進一步作不超過人民幣50,000元之調整(如有需要))，故此，截至二零零六年十二月三十一日止年度，根據健身會所協議進行之交易已獲豁免遵守上市規則有關申報、公佈及獲得獨立股東批准的規定。

獨立非執行董事已確認上述持續關連交易乃(i)本集團之日常及一般業務過程；(ii)按一般商業條款，或向本集團提供之條款不遜於向獨立第三者或由獨立第三者提供之條款；及(iii)根據上述有關協議按公平合理，且符合本公司股東整體利益之條款訂立。本公司之核數師亦已確認(i)上述持續關連交易已獲本公司董事會批准；(ii)該交易乃根據本公司於二零零五年十一月二十二日刊發之招股章程內之定價政策；(iii)不遜於向獨立第三者或由獨立第三者提供之條款；以及(iv)於截至二零零六年十二月三十一日財務年度，該交易之總額並無超過相關上限。

2. 汽車租賃協議

二零零五年二月一日，本公司之間接全資附屬公司新澤管理有限公司(「新澤管理」)與HY Automotive Holdings Limited(由陶哲甫先生及其家庭成員實益擁有)，就租賃兩輛私家汽車簽訂一份汽車租賃協議。租期由二零零五年二月一日開始，為期一年，每月租金合共16,000港元。該租賃協議已於二零零六年二月一日終止。

Exempt Continuing Connected Transaction (Cont'd)

3. Tenancy agreement of Hong Kong office

On 21 March 2005, NH Management as tenant entered into a tenancy agreement with Fontwell Holdings Limited (beneficially owned by Mr. CF Tao and his family members) as landlord for the lease of Room 2301, 23rd Floor, Fortis Bank Tower, Nos.77-79 Gloucester Road, Hong Kong and Nos.117-119 Jaffe Road, Hong Kong for the use by the Group at a monthly rental of HK\$49,000, exclusive of government rates and management fees, for a term of one year commencing on 1 February 2005 and expiring on 31 January 2006. On 25 January 2006, the tenancy agreement was renewed at a monthly rental of HK\$72,000, exclusive of government rates and management fees, for a term of one year commencing on 1 February 2006 and expiring on 31 January 2007. On 25 January 2007, the tenancy agreement was further renewed at a monthly rental of HK\$78,000, exclusive of government rates and management fees, for a term of one year commencing on 1 February 2007 and expiring on 31 January 2008.

4. Licence agreement

On 21 March 2005, NH Management as licensee entered into a licence agreement with Fontwell Holdings Limited as licensor for obtaining the licence to use by the Group of car parking spaces nos. 28 and 51 on the 2nd Floor of Fortis Bank Tower, Nos.77-79 Gloucester Road, Hong Kong and Nos.117-119 Jaffe Road, Hong Kong at a monthly licence fee of HK\$7,000, exclusive of government rates and management fees, for a term of one year commencing from 1 February 2005 to 31 January 2006. On 25 January 2006, the above licence agreement was renewed at a monthly licence fee of HK\$7,000, exclusive of government rates and management fees, for a term of one year commencing on 1 February 2006 and expiring on 31 January 2007. On 25 January 2007, the licence agreement was further renewed at a monthly licence fee of HK\$5,000, exclusive of government rates and management fees, for a term of one year commencing from 1 February 2007 to 31 January 2008.

5. Two tenancy agreements of residential property developed by the Group

On 2 November 2004, through an agent, Mr. TAO Richard, one of the executive directors, as landlord entered into a tenancy agreement with Suzhou Garden Villa Development and Management Co., Ltd., ("SGVDM"), a subsidiary of the Company, pursuant to which SGVDM has leased from Mr. TAO Richard the premises developed by SGVDM known as Unit 8B, Jin Shing Apartment, No. 38 Shi Shan Road, New District, Suzhou, the PRC at a monthly rental of RMB14,904, exclusive of all outgoings, for a term of 2 years commencing on or before 4 December 2004.

On the same day, through the same agent, Mr. TAO Richard as landlord entered into another tenancy agreement with SGVDM, pursuant to which SGVDM has leased from Mr. TAO Richard the premises developed by SGVDM known as Unit 8D, Jin Shing Apartment, No. 38 Shi Shan Road, New District, Suzhou, the PRC for a monthly rental of RMB12,420, exclusive of all outgoings, for a term of 2 years commencing on or before 4 December 2004.

獲豁免持續關連交易 (續)

3. 香港辦事處之租賃協議

二零零五年三月二十一日，新澤管理（作為承租人）與Fontwell Holdings Limited（陶哲甫先生及其家庭成員最終實益擁有）（作為業主）就租賃香港告士打道77-79號及香港謝斐道117-119號華比富通大廈23樓2301室以供本集團使用而簽訂一份租賃協議，月租49,000港元，不包括政府差餉及管理費，租期由二零零五年二月一日開始，至二零零六年一月三十一日屆滿，為期一年。於二零零六年一月二十五日，該租賃協議已被續期，月租72,000港元，不包括政府差餉及管理費，租期由二零零六年二月一日開始，至二零零七年一月三十一日屆滿，為期一年。於二零零七年一月二十五日，該租賃協議已被再次續期，月租78,000港元，不包括政府差餉及管理費，租期由二零零七年二月一日開始，至二零零八年一月三十一日屆滿，為期一年。

4. 特許協議

於二零零五年三月二十一日，新澤管理（作為特許用人）與Fontwell Holdings Limited（作為特許人）就領取香港告士打道77-79號及香港謝斐道117-119號華比富通大廈2樓第28及51號泊車位的許可證以供本集團使用而簽訂一份特許協議，許可證月費為7,000港元，不包括政府差餉及管理費，由二零零五年二月一日開始，至二零零六年一月三十一日屆滿，為期一年。於二零零六年一月二十五日，上述特許協議已被續期，許可證月費為7,000港元，不包括政府差餉及管理費，租期由二零零六年二月一日開始，至二零零七年一月三十一日屆滿，為期一年。於二零零七年一月二十五日，該特許協議已獲再次續期，許可證月費為5,000港元，不包括政府差餉及管理費，由二零零七年二月一日開始，至二零零八年一月三十一日屆滿，為期一年。

5. 由本集團發展之住宅物業的兩項租賃協議

二零零四年十一月二日，其中一位執行董事陶家祈先生（作為業主）透過一名代理與本公司一間附屬公司蘇州錦華苑建設發展管理有限公司（「錦華苑建設」）簽訂一份租賃協議；據此，錦華苑建設已向陶家祈先生租入位於中國蘇州市新區獅山路38號錦興樓8B室的物業，月租為人民幣14,904元，不包括所有開支，租期於二零零四年十二月四日或之前開始，為期兩年。

同日，陶家祈先生（作為業主）透過同一名代理與錦華苑建設簽訂另一份租賃協議；據此，錦華苑建設已向陶家祈先生租入位於中國蘇州市新區獅山路38號錦興樓8D室的物業，月租為人民幣12,420元，不包括所有開支，租期於二零零四年十二月四日或之前開始，為期兩年。

Directors' Report

董事會報告

Exempt Continuing Connected Transaction (Cont'd)

6. Landscaping and maintenance contract

On 1 January 2006, SGVDM entered into a landscaping and maintenance contract with 蘇州新繼園林綠化有限公司 (Suzhou New Heritage Trees & Landscaping Co., Ltd.) ("SNHTL") (Mr. CF Tao and Mr. TAO Paul, two of the executive directors, have indirect interest) pursuant to which SNHTL provides landscaping and maintenance services to SGVDM in respect of phases 2 and 3 and commercial centre of Suzhou Garden Villa for an annual fee of RMB44,000 for a period of one year commencing on 1 January 2006 to 31 December 2006.

7. Lease management agreements

On 9 October 2006, 蘇州錦華苑建設發展管理有限公司物業管理分公司 (the property management unit of SGVDM) entered into a total of 48 lease management agreements with certain connected parties (including Ms. TAO Miriam (daughter of the Chairman), Mr. TAO Richard (the Vice Chairman), Ms. HON Hing Tong Patricia (spouse of the Managing Director), Cosmopolitan Group Limited (owned by Ms. TAO Miriam), Eastside Properties Limited (owned by Ms. TAO Miriam in trust for Mrs. TAO Poon Lai Yew Nancy, spouse of the Chairman), Lakeside Consultants Limited (owned by Mr. TAO Richard) and Lanick Group Limited (owned by Mr. TAO Paul, the Managing Director)) (collectively the "Connected Parties") in respect of the provision of services relating to lease management of 48 units in Suzhou Garden Villa, the property developed by SGVDM and owned by the Connected Parties. Under the lease management agreements, SGVDM is entitled to receive a monthly service fee of RMB400 in relation to the lease management services provided by SGVDM for the tenancy agreements (if any) entered into by the Connected Parties with the tenants on or after 1 December 2005.

During the year, service fee amounting to RMB112,800 have been received by SGVDM pursuant to the above lease management agreements.

Directors' Interest in Competing Business

Mr. CF Tao, Chairman of the Company, and his family members (including Mr. TAO Richard, Vice Chairman and Mr. TAO Paul, Managing Director) are interested in certain properties in PRC which may constitute a competing business to the Group including, 48 apartments in Suzhou Garden Villa (which form part of the Suzhou Properties) and two villas in Suzhou Garden Court developed by SGVDM.

Pursuant to the non-competition deed dated 16 November 2005 signed by Mr. CF Tao and his spouse ("Mr. and Mrs. Tao") in favour of the Company (the "Deed"), Mr. and Mrs. Tao have undertaken to the Company to make necessary arrangements as stated in the Deed to avoid competing the business of the Group. Details of such arrangements have already been disclosed in the Prospectus.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 26 to 31 of this report.

獲豁免持續關連交易 (續)

6. 美化及保養合約

二零零六年一月一日，錦華苑建設與蘇州新繼園林綠化有限公司(「新繼園林綠化」)(兩位執行董事陶哲甫先生及陶錫祺先生擁有間接權益)簽訂一份美化及保養合約；據此，新繼園林綠化向錦華苑建設提供錦華苑二期及三期以及商業中心的美化及保養服務，年費為人民幣44,000元，於二零零六年一月一日開始，至二零零六年十二月三十一日屆滿，為期一年。

7. 租賃管理安排

於二零零六年十月九日，蘇州錦華苑建設發展管理有限公司物業管理分公司(錦華苑建設之物業管理單位)與若干關連人士(包括陶蘊怡女士(主席之女兒)、陶家祈先生(副主席)、韓慶棠女士(董事總經理之配偶)、世界性集團有限公司(由陶蘊怡女士擁有)、東方物業有限公司(由陶蘊怡女士以信託方代陶潘麗瑤女士全資擁有)、湖濱諮詢有限公司(由陶家祈先生擁有)及朗利集團有限公司(董事總經理陶錫祺先生擁有))(統稱為「關連人士」)訂立之合共48項租賃管理安排，內容有關就蘇州錦華苑內48個單位之租賃管理安排所提供之服務，其由錦華苑建設所發展，並由關連人士持有。根據租賃管理安排，錦華苑建設可根據關連人士與承租人於二零零五年十二月一日或以後訂立之租賃協議(如有)，由其提供租賃管理服務，並按月收取人民幣400元之服務費。

於本年度，錦華苑建設已根據上述租賃管理安排已收取人民幣112,800元之服務費。

董事於競爭業務之權益

陶哲甫先生(本公司主席)及其家庭成員(包括副主席陶家祈先生及董事總經理陶錫祺先生)乃於中國某些物業持有權益，其可能構成與本集團競爭業務，其中包括由錦華苑建設發展的錦華苑48間公寓(構成蘇州物業之一部份)及蘇州錦麗苑兩間別墅。

根據日期為二零零五年十一月十六日由陶哲甫先生及其配偶(「陶先生及陶太太」)簽訂之不競爭契約(「契約」)，陶先生及陶太太已向本公司承諾採取契約內訂明之必要安排以避免與本集團業務競爭。該項安排之詳情已於招股章程內披露。

企業管治

本公司所採納的主要企業管治常規的報告，載於本年報第26至31頁。

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Subsequent Events

Details of the subsequent events of the Group are set out in note 36 to the financial statements.

Auditors

The Company's auditors, Grant Thornton retire and, being eligible, offer themselves for re-appointment. A resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

TAOCHAIFU Choofuang
Chairman

Hong Kong, 30 March 2007

足夠的公眾持股量

根據本公司可從公開途徑取得的資料及就本公司董事所知，於本年報日期，本公司已發行股份之公眾持股量為不少於25%。

結算日後事項

本集團之結算日後事項之詳情載於財務報表附註36。

核數師

本公司核數師均富會計師行將任滿告退，彼符合資格並願膺選連任。有關續聘均富會計師行為本公司核數師之決議案將於應屆股東週年大會提呈。

代表董事會

主席
陶哲甫

香港，二零零七年三月三十日

Corporate Governance Report

企業管治報告

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

Throughout the year ended 31 December 2006, the Group has complied with the code provisions (the "Code Provisions") set out in Appendix 14, the Code of Corporate Governance Practices, of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the "Stock Exchange").

The Board will continue to monitor and review the Group's corporate governance practices to ensure compliance with the Code Provisions.

Board Composition

The Board comprises five executive directors, one non-executive director and three independent non-executive directors. All five executive directors are members of the executive committee of the Company responsible for dealing with the business of the Company in accordance with all applicable rules and regulations, including, but not limited to, the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules"). All Directors (including independent non-executive directors) have been consulted on all major and material matters of the Company.

The Board members for the year ended 31 December 2006 were:

Executive Directors

Mr. TAOCHAIFU Choofuang (*also known as CF TAO*) (Chairman)
Mr. TAO Richard (*Vice Chairman*)
Mr. TAO Paul (*also known as TAOCHAIFU Porn*) (Managing Director)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

Non-executive Director

The Hon. CHAN Charnwut Bernard

Independent Non-executive Directors

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

The numbers of independent non-executive directors have met the requirements under the Listing Rules and Mr. WONG Gary Ka Wai has appropriate accounting professional qualification. The Company has appointed a Managing Director instead of a chief executive officer.

The positions of the Chairman and the Managing Director are held separately by two executive directors to ensure their respective independence, accountability and responsibility. The Chairman is responsible for determining overall business strategies of the Group. The duty of the Chairman is to work closely with audit, nomination and remuneration committee of the Company and to ensure that all key and appropriate issues are discussed by the Board in a timely and constructive manner. The Managing Director is responsible for general management of the Group. The Managing Director is also responsible to work closely with the executive committee of the Company to ensure management strategies, plans and performance of the Group are appropriately represented to the Board and to provide guidance to the Board on major issues.

本公司致力建立良好之企業管治慣例及程序，本公司之企業管治原則著重優秀之董事局、透明度及向本公司所有股東問責。

截至二零零六年十二月三十一日止年度，本集團已遵守香港聯合交易所有限公司（「聯交所」）之證券上市規則所載的附錄十四企業管治常規守則所載之守則條文（「守則條文」）。

董事會將繼續監察及審核本集團之企業管治常規，以確保符合守則條文之規定。

董事局之組成

董事局由五名執行董事、一名非執行董事及三名獨立非執行董事組成，所有五名執行董事均為執行委員會成員，負責按照所有適用的規則及條例，其中包括，但不限於聯交所之證券上市規則（「上市規則」）處理本公司之業務。所有董事（包括獨立非執行董事）在本公司所有主要及重大事項上均被諮詢。

截至二零零六年十二月三十一日止年度之董事局成員為：

執行董事

陶哲甫先生（別名CF Tao）（主席）
陶家祈先生（副主席）
陶錫祺先生（別名TAOCHAIFU Porn）（董事總經理）
江淼森先生
嚴振亮先生

非執行董事

陳智思先生

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

獨立非執行董事之數目已符合上市規則規定及王家偉先生亦具備適當之會計專業資格。本公司已委任一位董事總經理，代替委任一位行政總裁。

主席及董事總經理之職位分別由兩位執行董事出任，以確保其各自之獨立性、問責性及責任承擔。主席負責決定本集團之整體業務策略。主席之職責乃與本公司之審核委員會、提名委員會及薪酬委員會緊密合作，並確保董事會能夠就所有重要及適當事宜，進行及時和具建設性之討論。董事總經理負責本集團之一般管理。董事總經理亦須與本公司之行政委員會緊密合作，以確保管理策略，計劃及表現於董事會中獲得適當的代表，並就主要議題向董事會提供指導。

Corporate Governance Report

企業管治報告

Board Composition (Cont'd)

The Board is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specially delegated by the Board to the management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Mr. TAOCHAIFU Choofuang, the Chairman of the Company, is the father of Mr. TAO Richard, the Vice Chairman of the Company, and Mr. TAO Paul, Managing Director of the Company. Further details of the Directors are set out on pages 12 to 14 under the section headed “Biographical Details of Directors and Senior Management” of this report.

Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The non-executive director and all the independent non-executive directors have contracts with the Company for a period of three years commencing from 14 November 2005 which may be terminated by either party by giving one month's written notice and subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company.

All the minutes of the Board meeting are kept by the company secretary and are available for inspection by the Directors and auditors of the Company.

Attendance Record at Board Meetings

For the year ended 31 December 2006, four Board meetings were held to review the business of the Group and to approve the financial results of the Group and the attendance of individual members at the meetings of the Board are set out as follows:—

董事局之組成 (續)

董事會負責企業策略、年度及中期業績、繼承計劃、風險管理、重大收購、出售及資本交易，及其他主要營運及財務事宜。董事會特別委託管理層執行之主要企業事宜包括籌備年度及中期賬目，以供董事會於對外公佈前批核、執行董事會所採納之業務策略及措施、推行妥善內部監控制度及風險管理程序以及遵守有關法定規定、規則與規例。

陶哲甫先生(本公司主席)，為陶家祈先生(本公司副主席)及陶錫祺先生(本公司董事總經理)之父親。有關董事之詳情載於本年報內第12至14頁「董事及高級管理層之履歷」一節中。

各獨立非執行董事已根據上市規則第3.13條之規定提交年度獨立性確認書。本公司認為，所有獨立非執行董事均符合上市規則第3.13條所載之獨立性指引，並根據指引之條款屬獨立人士。本公司之非執行董事及各獨立非執行董事已與本公司訂立合約，任期由二零零五年十一月十四日起計，任期為三年，若終止其服務合約，其中一方可向另外一方發出一個月的書面通知及根據本公司之組織章程細則，其均須至少每三年於股東週年大會上輪值告退。

董事會會議之所有會議記錄由公司秘書保存及可供本公司之董事及核數師審閱。

董事會會議出席記錄

截至二零零六年十二月三十一日止年度，本集團共召開四次會議以審議本集團之業務及批准本集團之財務業績，董事會之會議中個別成員之出席情況列載如下：—

Meetings attended/Number of Meeting held 出席會議次數／舉行會議次數

Executive Director

Mr. TAOCHAIFU Choofuang (Chairman)
Mr. TAO Richard (Vice Chairman)
Mr. TAO Paul (Managing Director)
Mr. KONG Mui Sum Lawrence
Mr. YIM Chun Leung

執行董事

陶哲甫先生(主席)
陶家祈先生(副主席)
陶錫祺先生(董事總經理)
江森森先生
嚴振亮先生

3/4
4/4
3/4
4/4
4/4

Non-Executive Director

The Hon. CHAN Charnwut Bernard

非執行董事

陳智思先生

4/4

Independent Non-Executive Director

Mr. WONG Gary Ka Wai
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

獨立非執行董事

王家偉先生
孫立勳先生
陳樂文先生

4/4
2/4
2/4

Corporate Governance Report

企業管治報告

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The obligation to follow the Listing Rules are set out in the terms of the service contracts of each executive director and the letters of appointment of the non-executive director and each independent non-executive director. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2006.

Audit Committee

The Company established an Audit Committee on 14 November 2005 with terms of reference in compliance with the Code Provisions. The Audit Committee consists of independent non-executive directors only.

The members of the Audit Committee are as follows:

Mr. WONG Gary Ka Wai (*Chairman*)
Mr. SUN Leland Li Hsun
Mr. CHAN Norman Enrique

Mr. WONG Gary Ka Wai, who possesses a professional accounting qualification and relevant accounting experience, is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditors of the Company.

The primary duties of the Audit Committee are to review and approve the financial reporting process and internal control systems of the Group. The Group's final results for the year ended 31 December 2006 have been reviewed by the members of the Audit Committee before submission to the Board for approval. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Since the establishment of the Audit Committee on 14 November 2005, four meetings of the Audit Committee were held. The attendance of each member is set out as follows:

Name of member

成員名稱

Meetings attended/Number of Meeting held

出席會議次數／舉行會議次數

Mr. WONG Gary Ka Wai	王家偉先生
Mr. SUN Leland Li Hsun	孫立勳先生
Mr. CHAN Norman Enrique	陳樂文先生

4/4

4/4

4/4

Nomination Committee

The Company established a Nomination Committee on 14 November 2005 with terms of reference in compliance with the Code Provisions. The members of the Nomination Committee consist of one executive director and two independent non-executive directors.

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易之標準守則（「標準守則」），作為其董事進行證券交易之操守守則。各執行董事之服務合約條文及非執行董事及各獨立非執行董事之委任信件中已載有遵守上市規則之責任。經本公司向全體董事作出特定查詢後，全體董事確認，彼等於截至二零零六年十二月三十一日一直遵守標準守則所規定標準。

審核委員會

本公司於二零零五年十一月十四日成立審核委員會，並根據常規守則制訂職權範圍。審核委員會成員只包括獨立非執行董事。

審核委員會成員如下：

王家偉先生（主席）
孫立勳先生
陳樂文先生

王家偉先生，彼具有專業會計資格及相關會計經驗，乃審核委員會主席。概無任何審核委員會之成員乃本公司之前任或現任核數師。

審核委員會的主要職務為檢討及批准本集團的財務申報程序及內部監控制度。本集團截至二零零六年十二月三十一日止年度之業績於提呈董事會批准前已獲審核委員會審閱。審核委員會認為是次業績之籌備乃遵守適用之會計準則及已作出適當的披露。

自審核委員會於二零零五年十一月十四日成立以來，審核委員會共召開四次會議。每位成員之出席情況載列如下：

提名委員會

本公司於二零零五年十一月十四日成立提名委員會，並根據常規守則制訂職權範圍。提名委員會成員包括一名執行董事及兩名獨立非執行董事。

Corporate Governance Report

企業管治報告

Nomination Committee (Cont'd)

The members of the Nomination Committee are as follows:

Mr. CHAN Norman Enrique (*Chairman*)
Mr. SUN Leland Li Hsun
Mr. TAO Paul

The primary duty of the Nomination Committee is making recommendations to the Board on appointment and removal of directors and management of Board succession.

The Nomination Committee has considered the past performance, qualification, general market conditions and the Company's articles of association in selecting and recommending directors for retirement rotation.

The Nomination Committee resolved that all the existing directors should be recommended to be retained by the Company. Further, in accordance with the Company's articles of association, Mr. TAOCHAIFU Choofuang, Mr. TAO Paul and Mr. WONG Gary Ka Wai would retire, and being eligible, would offer themselves for re-election at the forthcoming annual general meeting of the Company.

Since the establishment of the Nomination Committee on 14 November 2005, two meetings of the Nomination Committee were held. The attendance of each member is set out as follows:

Name of member 成員名稱		Meetings attended/Number of Meeting held 出席會議次數／舉行會議次數
Mr. CHAN Norman Enrique	陳樂文先生	2/2
Mr. SUN Leland Li Hsun	孫立勳先生	2/2
Mr. TAO Paul	陶錫祺先生	2/2

Remuneration Committee

The Company established a Remuneration Committee on 14 November 2005 with terms of reference in compliance with the Code Provisions. The members of the Remuneration Committee consist of one executive director and two independent non-executive directors.

The members of the Remuneration Committee are as follows:

Mr. SUN Leland Li Hsun (*Chairman*)
Mr. CHAN Norman Enrique
Mr. TAO Richard

The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management including the recommendation to the Board on the granting of share options to Directors pursuant to the share option scheme adopted by the Company.

The Remuneration Committee has considered and reviewed the existing terms of remunerations of all the directors. The Remuneration Committee has considered factors including salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration. The Remuneration Committee considered that the existing terms of remunerations of the directors were fair and reasonable.

提名委員會 (續)

提名委員會成員如下：

陳樂文先生 (主席)
孫立勳先生
陶錫祺先生

提名委員會的主要職務為就委任董事及罷免董事以及管理董事會繼承事宜向董事會提出建議。

提名委員會已考慮以往的表現、資格、一般市場環境及本公司之組織章程細則以甄選及推薦董事輪值告退。

提名委員會決議推薦所有現任董事在本公司留任。再者，根據本公司之組織章程細則，陶哲甫先生、陶錫祺先生及王家偉先生將於應屆股東週年大會上告退，惟彼符合資格並願意膺選連任。

自提名委員會於二零零五年十一月十四日成立以來，提名委員會共召開兩次會議。每位成員之出席情況載列如下：

薪酬委員會

本公司於二零零五年十一月十四日成立薪酬委員會，並根據常規守則制訂職權範圍。薪酬委員會成員包括一名執行董事及兩名獨立非執行董事。

薪酬委員會成員如下：

孫立勳先生 (主席)
陳樂文先生
陶家祈先生

薪酬委員會的主要職務為檢討及釐定應付予董事及高級管理人員的薪酬福利條款、花紅及其他報酬，包括向董事會建議按照公司採納的購股權計劃而向董事授出購股權。

薪酬委員會考慮及檢討所有董事現時的薪酬條款。薪酬委員會考慮之因素包括可比較公司之薪金水平、各董事所投入之時間及職責、集團其他的聘用條件及以表現為準則的薪酬條件。薪酬委員會認為現時董事的薪酬條款乃公平合理。

Corporate Governance Report

企業管治報告

Remuneration Committee (Cont'd)

Since the establishment of the Remuneration Committee on 14 November 2005, three meetings of the Remuneration Committee were held. The attendance of each member is set out as follows:

Name of member 成員名稱

Meetings attended/Number of Meeting held 出席會議次數／舉行會議次數

Mr. SUN Leland Li Hsun	孫立勳先生
Mr. CHAN Norman Enrique	陳樂文先生
Mr. TAO Richard	陶家祈先生

3/3
3/3
3/3

Internal Control

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to the management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

During the year, the Company has initiated a project to review the internal control. The Company has engaged an external professional adviser to assist in conducting a gap analysis with the reference to the COSO (The Committee of Sponsoring Organizations of the Treadway Commission, 1994) internal control framework and to perform the review of the effectiveness of its system of internal control. Relevant applicable recommendations made by such consultant would be implemented by the Group in stages to further enhance its internal control policies, procedures and practices.

Investor Relationship and Communication

The Company endeavors to maintain a high level of transparency in communicating with shareholders and the investment community at large. Briefings and meetings with institutional investors and analysts are conducted regularly. The Company is committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information on its business in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive directors and designated senior executives according to established practices and procedures of the Company. The Company has announced its annual results of the year under review in a timely manner, which is well before the time limits set out in the Listing Rules.

薪酬委員會 (續)

自薪酬委員會於二零零五年十一月十四日成立以來，薪酬委員會共召開三次會議。每位成員之出席情況載列如下：

內部監控

董事會對本公司內部監控系統及對檢討其效率承擔整體責任。董事會致力落實有效及良好的內部監控系統，以保障股東利益及本集團資產。董事已委派管理層落實內部監控系統，並檢討已建立的架構內的所有相關財務、營運、遵守規例監控及風險管理效能。

公司於年內啟動一項計劃，旨在檢討內部監控。公司已外聘專業顧問，協助公司參照COSO(The Committee of Sponsoring Organization of the Treadway Commission, 1994)內部控制框架進行缺口分析，以評估集團之內部控制系統之成效。該顧問提出的相關適用推薦意見將獲本集團分階段實行以進一步改進其內部監控政策、程序和慣例。

與投資者的關係及溝通

本公司與股東及投資界溝通時，一直盡量保持高透明度。本公司定期為機構投資者及分析家舉行簡報會及會議。本公司致力按照有關監管規定，繼續維持公開及有效的投資者溝通政策，並及時向投資者提供最新的業務資料。為確保與投資者及分析家維持有效、清晰而準確的溝通渠道，所有企業通訊事宜均按照本公司的既定慣例及程序，由執行董事及專責高級行政人員處理。本公司已於回顧年度內按時宣佈其年度業績及中期業績，宣佈時間遠早於上市規則規定的時間。

Corporate Governance Report

企業管治報告

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is the responsibility of the auditors to form an independent opinion, based on their audit, on those financial statements and to report their opinion to the members of the Company, as a body, and for no other purpose. The auditors do not assume responsibility towards or accept liability to any other person for the contents of the independent auditors' report.

The Directors acknowledge their responsibilities for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2006, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standard and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors also ensure the timely publication of the financial statements of the Group.

Auditors' Remuneration

During the year, the fees charged to the financial statements of the Group for the statutory audit was HK\$728,000 (2005 – HK\$680,000) and the independent auditors of the Company, Grant Thornton, did not perform non-statutory audit services to the Group.

董事及核數師就財務報表承擔之責任

董事須負責編製真實而公正之財務報表。在編製該等財務報表時，董事必須貫徹選擇及採用合適之會計政策。

核數師之責任是根據審核工作之結果，對該等財務報表作出獨立意見，將此意見僅向本公司成員報告，不作其他用途。核數師並不就獨立核數師報告書之內容向任何其他人士負上責任或承擔法律責任。

董事確認，其職責為就每個財政期間編製可真實公平地反映本集團業務狀況及該期間之業績及現金流量之財務報表。編製截至二零零六年十二月三十一日止年度之財務報表時，對已挑選及貫徹應用合適之會計政策，採納適當的香港財務報告準則及香港會計準則、審慎及合理地作出調整及估計，並以持續營運基準準備財務報表。董事亦確保準時刊發本集團之財務報表。

核數師酬金

於本年度，就法定審計而於本集團財務報表中入帳的費用款項為728,000港元(二零零五年：680,000港元)，本公司獨立核數師，均富會計師行，並無提供任何非審計服務予本集團。

Independent Auditors' Report

獨立核數師報告

Certified Public Accountants
Member of Grant Thornton International

Grant Thornton 
均富會計師行

To the members of New Heritage Holdings Ltd.
(incorporated in Cayman Islands with limited liability)

致新澤控股有限公司各股東
(於開曼群島註冊成立的有限公司)

We have audited the consolidated financial statements of New Heritage Holdings Ltd. (the "Company") set out on pages 34 to 87, which comprise the consolidated and Company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

吾等已完成審核載於第34至87頁新澤控股有限公司(「貴公司」)的綜合財務報表，包括於二零零六年十二月三十一日的綜合及公司資產負債表，以及截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他解釋性附註。

Directors' responsibility for the financial statements

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

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例編製及真實而公平地列報該等財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況作出合理的會計估計。

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

核數師的責任

吾等的責任是根據吾等的審核對該等財務報表作出意見。吾等僅向整體股東報告。除此以外，吾等的報告書不可用作其他用途。吾等概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

吾等已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求吾等遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

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

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

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

吾等相信，吾等所獲得的審核憑證是充足和適當地為吾等的審核意見提供基礎。

Independent Auditors' Report

獨立核數師報告

Opinion

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

Grant Thornton

Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

30 March 2007

意見

吾等認為，財務報表已按照香港財務報告準則真實與公平地反映 貴公司及 貴集團於二零零六年十二月三十一日的財務狀況及 貴集團截至該日止年度的盈利和現金流量，並已按照香港公司條例的披露規定適當編製。

均富會計師行

執業會計師
香港
皇后大道中15號
置地廣場
告羅士打大廈13樓

二零零七年三月三十日

Consolidated Income Statement

綜合收益表

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

		Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Revenue	收益	5	207,957	149,089
Cost of sales	銷售成本		(129,927)	(78,416)
Gross profit	毛利		78,030	70,673
Other income	其他收入	5	4,141	6,702
Selling expenses	銷售開支		(3,121)	(1,582)
Administrative expenses	行政開支		(31,735)	(12,925)
Other operating income	其他經營收入		50,620	17,331
Finance costs	融資成本	7	(5,180)	(3,219)
Share of results of associates	應佔聯營公司業績		19,147	8,018
Profit before taxation	除稅前盈利	8	111,902	84,998
Taxation	稅項	9	(34,752)	(26,086)
Profit for the year	本年度盈利		77,150	58,912
Attributable to:	以下人士應佔：			
Equity holders of the Company	本公司權益持有人		73,316	55,934
Minority interests	少數股東權益		3,834	2,978
			77,150	58,912
Dividends	股息	10	7,135	11,526
Earnings per share	每股盈利	11		
— Basic (HK cents)	— 基本 (港仙)		11.1	24.6
— Diluted	— 攤薄		N/A不適用	N/A不適用

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2006
於二零零六年十二月三十一日

		Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Goodwill	商譽	12	37,048	37,048
Property, plant and equipment	物業、廠房及設備	13	15,442	14,106
Investment properties	投資物業	14	180,475	110,073
Interests in associates	聯營公司的權益	16	97,223	87,760
			330,188	248,987
Current assets	流動資產			
Properties held under development	發展中物業	17	82,956	51,694
Properties held for sale	待售物業	18	20,109	1,838
Inventories	存貨	19	115	282
Deposits paid, prepayments and other receivables	已付按金、預付款項及其他應收款項	20	11,087	37,787
Amount due from a director	一名董事欠款	21	—	2,725
Pledged bank deposits	已抵押銀行存款	29	25,776	44,371
Cash at banks and in hand	銀行結存及現金	30	129,472	104,551
			269,515	243,248
Current liabilities	流動負債			
Accounts payable	應付賬款	22	15,960	6,747
Accruals, deposits received and other payables	應計費用、已收按金及其他應付賬款	23	24,682	21,658
Provision for tax	稅項撥備		17,792	15,175
Borrowings	貸款	24	25,327	78,458
			83,761	122,038
Net current assets	流動資產淨值		185,754	121,210
Total assets less current liabilities	總資產減流動負債		515,942	370,197
Non-current liabilities	非流動負債			
Borrowings	貸款	24	20,000	24,960
Deferred taxation	遞延稅項	25	26,782	5,052
			46,782	30,012
Net assets	淨資產		469,160	340,185
EQUITY	權益			
Capital and reserves attributable to the equity holders of the Company	本公司權益持有人應佔股本及儲備			
Share capital	股本	26	7,135	6,403
Reserves	儲備	28(a)	444,236	314,280
Proposed final dividend	擬派末期股息	28(a)	7,135	11,526
			458,506	332,209
Minority interests	少數股東權益		10,654	7,976
Total equity	總權益		469,160	340,185

TAO Richard
陶家祈
Director
董事

TAO Paul
陶錫祺
Director
董事

Balance Sheet

資產負債表

As at 31 December 2006
於二零零六年十二月三十一日

		Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (restated) (重列)
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司的投資	15 (a)	119,176	116,267
Current assets	流動資產			
Prepayments	預付款項		896	281
Amount due from subsidiaries	附屬公司欠款	15 (b)	127,539	60,617
Cash at banks and in hand	銀行結存及現金		22,013	16,371
			150,448	77,269
Current liabilities	流動負債			
Accruals and other payables	應計費用及其他應付款項		1,568	6,248
Amount due to a subsidiary	結欠一家附屬公司賬款	15 (b)	—	2
Financial guarantee contracts	財務擔保合約	34	8,500	6,500
			10,068	12,750
Net current assets	流動資產淨值		140,380	64,519
Net assets	資產淨值		259,556	180,786
EQUITY	權益			
Capital and reserves attributable to the equity holders of the Company	本公司權益持有人應佔股本及儲備			
Share capital	股本	26	7,135	6,403
Reserves	儲備	28(b)	245,286	162,857
Proposed final dividend	擬派末期股息	28(b)	7,135	11,526
Total equity	總權益		259,556	180,786

TAO Richard
陶家祈
Director
董事

TAO Paul
陶錫祺
Director
董事

Consolidated Cash Flow Statement

綜合現金流量表

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

	Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Cash flows from operating activities	經營活動的現金流量		
Profit before taxation	除稅前盈利	111,902	84,998
Adjustments for:	調整項目：		
Depreciation	折舊	735	611
Loss on disposal of property, plant and equipment	出售物業、廠房 及設備的虧損	1,425	116
Gain on fair value adjustments on investment properties	投資物業公允值調整 的收益	(50,620)	(21,105)
Share of result of associates	應佔聯營公司業績	(19,147)	(8,018)
Write off of an investment property upon re-development	於重新發展時撇銷 一項投資物業	—	3,774
Write back of accounts payable	撥回應付賬款	—	(5,147)
Employee share-based payment expenses	以股份支付的僱員開支	7,628	—
Interest income	利息收入	(3,322)	(704)
Interest expenses	利息開支	5,180	3,219
Operating profit before working capital changes	未計營運資金變動前經營盈利	53,781	57,744
Increase in properties held under development	發展中 物業增加	(158,396)	(58,700)
Decrease in properties held for sale	待售物業減少	104,027	68,985
Decrease in inventories	存貨減少	167	120
Decrease/(Increase) in deposits paid, prepayments and other receivables	已付按金、預付款項及 其他應收款項減少／(增加)	26,700	(20,784)
Decrease in amounts due from a director	一名董事欠款減少	2,725	24,149
Increase/(Decrease) in accounts payable, accruals, deposits received and other payables	應付賬款、應計費用、已收 按金及其他應付賬款 增加／(減少)	12,237	(84,620)
Decrease in amounts due to related parties	結欠關連人士款項減少	—	(8,469)
Increase in amounts due (from)/to associates	(應收)／應付聯營公司款項增加	(545)	3
Decrease/(Increase) in pledged bank deposits	已抵押銀行存款 減少／(增加)	19,177	(24,706)
Cash generated from/(used in) operations	經營活動產生／(所用)現金	59,873	(46,278)
Interest paid	已付利息	(5,180)	(3,219)
Income taxes paid	已付所得稅	(10,816)	(11,205)
Net cash from/(used in) operating activities	經營活動產生／(所用)現金淨額	43,877	(60,702)
Cash flows from investing activities	投資活動的現金流量		
Purchase of property, plant and equipment	購置物業、廠房及設備	(3,674)	(2,455)
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備 所得款項	6	244
Additions to investment properties	添置投資物業	(6,783)	—
Capital injection to an associate	注資於一家聯營公司	(180)	—
Dividends received from an associate	收自一家聯營公司的股息	14,210	—
Proceeds from disposal of investment in securities	出售證券投資 所得款項	—	156
Acquisition of subsidiaries, net of cash acquired	收購附屬公司(扣除 購入現金)	—	(6,982)
Interest received	已收利息	3,322	704
Net cash generated from/(used in) investing activities	投資活動產生／ (所用)現金淨額	6,901	(8,333)
Cash flows from financing activities	融資活動的現金流量		
Proceeds from issuance of share capital	發行股份所得款項	39,000	97,446
Share issue expenses	發行股份開支	(1,446)	(15,536)
Bank borrowings raised	籌集銀行貸款	30,000	50,741
Repayment of bank borrowings	償還銀行貸款	(66,306)	—
Dividends paid to Company's equity holders	已付本公司權益持有人股息	(6,411)	—
Dividends paid to minority shareholders	已付少數股東股息	(1,346)	—
Net cash (used in)/generated from financing activities	融資活動(所用)／產生 的現金淨額	(6,509)	132,651
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	44,269	63,616
Effect of foreign exchange difference	匯兌差額的影響	3,019	(693)
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物	84,832	21,909
Cash and cash equivalents at 31 December	於十二月三十一日的現金及現金等價物	132,120	84,832

Consolidated Statement of Changes in Equity

綜合權益變動表

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

		Equity attributable to the equity holders of the Company 本公司權益持有人應佔權益												
		Share capital	Share premium	Share option reserves	Merger reserve	Hotel property, plant and equipment revaluation reserve 酒店物業、廠房及設備重估儲備	Exchange reserve	Statutory reserve	Retained profits	Proposed dividend	Total	Minority interests	Total	
		股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	購股權儲備 HK\$'000 千港元	合併儲備 HK\$'000 千港元	重估儲備 HK\$'000 千港元	匯兌儲備 HK\$'000 千港元	法定儲備 HK\$'000 千港元	保留盈利 HK\$'000 千港元	擬派股息 HK\$'000 千港元	總計 HK\$'000 千港元	少數股東權益 HK\$'000 千港元	總計 HK\$'000 千港元	
Balance at 1 January 2005	於二零零五年一月一日結餘	—	—	—	—	—	(21,550)	—	18,451	—	(3,099)	4,998	1,899	
Net income/(expense) recognised directly in equity	於權益直接確認的淨收入／(開支)	—	—	—	—	—	—	—	—	—	—	—	—	
— Translation	— 折算	—	—	—	—	—	1,749	—	—	—	1,749	—	1,749	
— Share of associate's translation reserve	— 應佔聯營公司折算儲備	—	—	—	—	—	1,906	—	—	—	1,906	—	1,906	
— Share of associate's revaluation deficit	應佔聯營公司重估虧絀	—	—	—	—	(2,326)	—	—	—	—	(2,326)	—	(2,326)	
Profit for the year	本年度盈利	—	—	—	—	—	—	—	55,934	—	55,934	2,978	58,912	
Total recognised income and expense for the year	本年度確認的總收入及開支	—	—	—	—	(2,326)	3,655	—	55,934	—	57,263	2,978	60,241	
Shares issued during the year	年內已發行股份	6,403	—	—	—	—	—	—	—	—	6,403	—	6,403	
Arising from reorganisation	因重組而產生	—	—	—	89,936	—	—	—	—	—	89,936	—	89,936	
Share of associate's statutory reserve	應佔聯營公司法定儲備	—	—	—	—	—	(68)	68	—	—	—	—	—	
Proposed final dividend	擬派末期股息	—	—	—	—	—	—	—	(11,526)	11,526	—	—	—	
Arising from acquisition of subsidiaries	因收購附屬公司而產生	—	106,158	—	—	—	—	—	—	—	106,158	—	106,158	
Arising from capitalisation issue	因資本化發行而產生	—	(4,676)	—	—	—	—	—	—	—	(4,676)	—	(4,676)	
Arising from issue of shares by initial public offering	因透過首次公開招股發行股份而產生	—	95,760	—	—	—	—	—	—	—	95,760	—	95,760	
Share issue expenses	股份發行開支	—	(15,536)	—	—	—	—	—	—	—	(15,536)	—	(15,536)	
Balance at 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日結餘	6,403	181,706	—	89,936	(2,326)	(17,963)	68	62,859	11,526	332,209	7,976	340,185	
Net income recognised directly in equity	於權益直接確認的淨收入	—	—	—	—	—	—	—	—	—	—	—	—	
— Translation	— 折算	—	—	—	—	—	10,173	—	—	—	10,173	426	10,599	
— Share of associate's translation reserve	— 應佔聯營公司折算儲備	—	—	—	—	—	3,801	—	—	—	3,801	—	3,801	
Profit for the year	本年度盈利	—	—	—	—	—	—	—	73,316	—	73,316	3,834	77,150	
Total recognised income and expense for the year	本年度確認的總收入及開支	—	—	—	—	—	13,974	—	73,316	—	87,290	4,260	91,550	
Transfer	轉撥	—	—	—	—	—	—	4,717	(4,481)	—	236	(236)	—	
Share of associate's statutory reserve	應佔聯營公司法定儲備	—	—	—	—	—	—	1,561	(1,561)	—	—	—	—	
Employee share-based compensation (note 27)	以股份支付的僱員賠償(附註27)	—	—	7,628	—	—	—	—	—	—	7,628	—	7,628	
Dividend relating to 2005 paid	有關二零零五年已付股息	—	—	—	—	—	—	—	—	(11,526)	(11,526)	—	(11,526)	
Proposed final dividend	擬派末期股息	—	—	—	—	—	—	—	(7,135)	7,135	—	—	—	
Arising from issue of shares as 2005 scrip dividend (note 26(h))	因二零零五年以股代息計劃發行股份而產生(附註26(h))	82	5,033	—	—	—	—	—	—	—	5,115	—	5,115	
Arising from issue of shares on subscription (note 26(i))	因認購事項發行股份而產生(附註26(i))	650	38,350	—	—	—	—	—	—	—	39,000	—	39,000	
Share issue expenses	股份發行開支	—	(1,446)	—	—	—	—	—	—	—	(1,446)	—	(1,446)	
Dividend paid to minority shareholders	已付少數股東的股息	—	—	—	—	—	—	—	—	—	—	(1,346)	(1,346)	
Balance at 31 December 2006	於二零零六年十二月三十一日結餘	7,135	223,643	7,628	89,936	(2,326)	(3,989)	6,346	122,998	7,135	458,506	10,654	469,160	

Notes to the Financial Statements

財務報表附註

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

1. Corporate Information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The address of the Company's registered office and principal place of business are Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands and Room 2301, 23/F, Fortis Bank Tower, 77-79 Gloucester Road, Wanchai, Hong Kong respectively.

The principal activity of the Company is investment holding and the principal activities of the subsidiaries are set out in note 15.

The financial statements on pages 34 to 87 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements for the year ended 31 December 2006 were approved by the directors on 30 March 2007.

2. Adoption Of New And Amended HKFRSs

Adoption of new and amended HKFRSs effective on or after 1 January 2006

From 1 January 2006, the Company and its subsidiaries (collectively known as the "Group") have adopted all the new and amended HKFRSs which are first effective on 1 January 2006 and relevant to the Group. The adoption of these HKFRSs has resulted in changes in the Group's accounting policies on financial guarantee contracts.

HKAS 39 & HKFRS 4 (Amendment) Financial Instruments: Recognition and Measurement and Insurance Contracts — Financial Guarantee Contracts

The amendments to HKAS 39 require an entity to account for certain financial guarantee contracts in accordance with that standard. To comply with the requirements of the amended HKAS 39, the Group has adopted a new accounting policy to recognise financial guarantee contracts. On initial recognition, these contracts are measured at fair value and they are subsequently stated at the higher of:

- the amount initially recognised less where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies; and
- the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets" ("HKAS 37").

1. 公司資料

本公司於開曼群島註冊成立為一間獲豁免有限公司。本公司股份於香港聯合交易所有限公司（「聯交所」）主板上市。

本公司註冊辦事處及主要營業地點分別為Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands及香港灣仔告士打道77-79號華比富通大廈23樓2301室。

公司的主要業務為投資控股，附屬公司的主要業務載於附註15。

載於第34至87頁之財務報表乃根據香港財務報告準則（「香港財務報告準則」）編製，此乃統稱，包括香港會計師公會頒佈的所有適用個別香港財務報告準則、香港會計準則及詮釋。財務報表包括聯交所證券上市規則的適用披露規定，以及香港公司條例之披露要求。

截至二零零六年十二月三十一日止年度之財務報表已獲董事於二零零七年三月三十日通過。

2. 採納新訂及經修訂香港財務報告準則

於二零零六年一月一日或以後生效之新訂及經修訂香港財務報告準則

自二零零六年一月一日起，本公司及其附屬公司及聯營公司（統稱為「本集團」）已採納所有與本集團相關並自二零零六年一月一日起生效之新訂及經修訂香港財務報告準則。採納此等香港財務報告準則對本集團財務擔保合約會計政策造成變動。

香港會計準則第39號及香港財務報告準則第4號（修訂本）：金融工具：確認及估量及保險合約—財務擔保合約

香港會計準則第39號要求實體按照該準則將若干財務擔保合約入帳。為符合經修訂香港會計準則第39號之要求，本集團已採納一項新訂會計政策，以確認財務擔保合約。初始確認時，此等合約乃按公允值計量，並按以下較高者入帳：

- 首次確認的金額減（如合適）根據收益確認政策確認；及
- 根據香港會計準則第37號「撥備、或然負債及或然資產」（「香港會計準則第37號」）釐定之合約下須承擔數額

Notes to the Financial Statements

財務報表附註

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

2. Adoption Of New And Amended HKFRSs (Cont'd)

Adoption of new and amended HKFRSs effective on or after 1 January 2006 (Cont'd)

Details of this new accounting policy are set out in note 3(r).

Prior to this new accounting policy, the Group disclosed the financial guarantees issued as contingent liabilities in accordance with HKFRS 4 "Insurance Contracts" and HKAS 37. Provisions for the Group's liabilities under the financial guarantee contracts were made when it was more likely than not that the guaranteed party would default and the Group would incur outflow of resources embodying economic benefits.

This new accounting policy has been applied retrospectively to the extent that the financial guarantee contracts were in existence at 1 January 2005. These financial guarantee contracts were recognised in the Company's balance sheet according to the accounting policies (see note 3(r)) with the corresponding adjustments to the opening adjustment to the opening balance of retained profits of the Company at 1 January 2005. Comparatives of the Company's balance sheet were restated.

The effects of adoption of accounting policies for the year ended 31 December 2005 and 2006 are summarised below:

Balance sheet — Company

Increase in assets and (liabilities)	資產及(負債)增加
— Investment in subsidiaries	— 於附屬公司的投資
— Financial guarantee contracts	— 財務擔保合約

Other than the above, the adoption of these new and amended HKFRSs did not result in any significant changes in the Group's and Company's accounting policies.

New or amended HKFRSs that have been issued but not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments — Disclosures ¹
HK(IFRIC) — Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) — Int 8	Scope of HKFRS 2 ³
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions ⁶

2. 採納新訂及經修訂香港財務報告準則(續)

於二零零六年一月一日或以後生效之新訂及經修訂香港財務報告準則(續)

此新訂會計政策之詳情乃載於附註3(r)。

根據此新訂會計政策，本集團根據香港財務報告準則第4號「保險合約」及香港會計準則第37號披露作或然負債發行之財務擔保。倘擔保方出現極可能違約之情況，致使本集團須承擔附有經濟利益之資源外流之後果，本集團將根據財務擔保合約作出負債撥備。

此新訂會計政策已追溯至二零零五年一月一日財務擔保合約出現起採用。此等財務擔保合約乃根據本集團之會計政策(見附註3(r))於資產負債表確認，並已因應本公司於二零零五年一月一日之保留盈利期初餘額所作之期初調整，作出相應調整。本公司資產負債表之比較數據已獲重列。

截至二零零五年及二零零六年十二月三十一日止年度所採納之會計政策及其變動之影響概述如下：

資產負債表 — 本公司

At 31 December 於十二月三十一日	
2006 HK\$'000 千港元	2005 HK\$'000 千港元
8,500	6,500
(8,500)	(6,500)

除上文所載者外，採納此等新訂及經修訂香港財務報告準則並未對本集團及本公司之會計政策造成任何重大轉變。

已刊發但未獲採用之新訂或經修訂香港財務報告準則

本集團並無提前採納下列經已頒布但尚未生效之香港財務報告準則。本公司董事預期，採納該等香港財務報告準則不會導致本集團會計政策產生重大變動。

香港會計準則第1號 (修訂本)	資本披露 ¹
香港財務報告準則第7號 香港(國際財務報告 詮釋委員會) — 詮釋 第7號	財務工具 — 披露 ¹ 按香港會計準則第29號「嚴重 通脹經濟中的財務報告」應 用重列方法 ²
香港(國際財務報告詮釋 委員會) — 詮釋第8號	香港財務報告準則第2號的 範圍 ³
香港(國際財務報告詮釋 委員會) — 詮釋第9號	重估內在衍生工具 ⁴
香港(國際財務報告準則 詮釋委員會) — 詮釋 第10號	中期財務報告及減值 ⁵
香港(國際財務報告準則 詮釋委員會) — 詮釋 第11號	香港財務報告準則第2號 — 集團及庫存股份交易 ⁶

Notes to the Financial Statements

財務報表附註

2. Adoption Of New And Amended HKFRSs (Cont'd)

New or amended HKFRSs that have been issued but not yet effective (Cont'd)

- 1 Effective for annual periods beginning on or after 1 January 2007
- 2 Effective for annual periods beginning on or after 1 March 2006
- 3 Effective for annual periods beginning on or after 1 May 2006
- 4 Effective for annual periods beginning on or after 1 June 2006
- 5 Effective for annual periods beginning on or after 1 November 2006
- 6 Effective for annual periods beginning on or after 1 March 2007

Adoption of other accounting standards during the year

HKFRS 2 Share-based payment

During the year, share options were granted to the employees of the Group and the Group adopted the accounting policy on such share-based employee compensation. HKFRS 2 requires all goods and services received in the course of share-based payment transactions to be measured at fair value and recognised in the financial statements with a corresponding credit to equity, unless the transaction is settled in cash. When applied to employee share-based compensation, this leads to the recognition of share options which have been granted and are expected to vest as an expense in profit or loss.

Details of the new accounting policy are set out in note 3(s)(i).

The effects of adoption of accounting policies for the year ended 31 December 2006 is summarised below:

(a) Consolidated income statement

		HK\$'000 千港元
Increase in administrative expenses	行政開支增加	
— Employee share-based payment expense	— 以股份支付僱員開支	(7,628)
Total decrease in profit	盈利減少	(7,628)
Attributable to:	以下人士應佔	
Equity holders of the Company	本公司權益持有人	(7,628)
Decrease in basic earnings per share (HK cents)	每股基本盈利減少 (港仙)	(1.15)

(b) Balance sheet

		Group 本集團 HK\$'000 千港元	Company 本公司 HK\$'000 千港元
Increase in net assets	資產淨值增加		
— Investment in subsidiaries	— 於附屬公司之投資	—	909
Increase/(Decrease) in equity	權益增加/(減少)		
— Share option reserves	— 購股權儲備	7,628	7,628
— Retained profits	— 保留盈利	(7,628)	(6,719)

2. 採納新訂及經修訂香港財務報告準則 (續)

已刊發但未獲採用之新訂或經修訂香港財務報告準則 (續)

- 1 於二零零七年一月一日或以後開始的年度期間生效
- 2 於二零零六年三月一日或以後開始的年度期間生效
- 3 於二零零六年五月一日或以後開始的年度期間生效
- 4 於二零零六年六月一日或以後開始的年度期間生效
- 5 於二零零六年十一月一日或以後開始的年度期間生效
- 6 於二零零七年三月一日或以後開始的年度期間生效

年內採納其他會計準則

香港財務申報準則第2號以股份支付支出

年內已向本集團僱員授予購股權，而本集團亦已採納以股份支付支出之相關會計政策。香港財務申報準則第2號規定，於以股份支付支出之交易過程中接獲之所有貨品及服務須按公平價值計量，並於財務報表內確認，並相應計入權益，除非該項交易乃以現金結算。當應用於以股份支付之僱員賠償時，這導致該等已獲授出及預期歸屬之購股權於損益賬內作為一項開支被確認。

此新訂會計政策之詳情乃載於附註3(s)(i)。

截至二零零六年十二月三十一日止年度所採納之會計政策及其變動之影響概述如下：

(a) 綜合收益表

		Group 本集團 HK\$'000 千港元	Company 本公司 HK\$'000 千港元
Increase in net assets	資產淨值增加		
— Investment in subsidiaries	— 於附屬公司之投資	—	909
Increase/(Decrease) in equity	權益增加/(減少)		
— Share option reserves	— 購股權儲備	7,628	7,628
— Retained profits	— 保留盈利	(7,628)	(6,719)

Notes to the Financial Statements

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the significant accounting policies set out below. The financial statements have been prepared on the historical cost basis except for the revaluation of investment properties, hotel properties and certain financial assets and liabilities. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(b) Basis of consolidation

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

(c) Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less accumulated impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

3. 主要會計政策概要

(a) 編製基準

財務報表乃根據下文所載的會計政策編製。財務報表乃按歷史成本慣例編製，並就投資物業、酒店物業及若干金融資產及負債的重估作出修訂。

惟須注意，編製財務報表時採用了會計預測及假設。儘管此等預測乃根據管理層對現行事務及行動之最佳知識而作出，實際結果可能與此等預測大相徑庭。

(b) 綜合基準

綜合財務報表包括本公司及其附屬公司截至每年十二月三十一日止的財務報表。

(c) 附屬公司

附屬公司指本集團有權控制其財務及經營政策的所有企業，以從業務中取利。現時可予行使的潛在表決權之存在及影響，已於評估本集團有否控制另一個實體時考慮到。附屬公司乃於控制權轉移予本集團當日起計全數綜合於賬目內，並於終止控制日期起計不再綜合有關賬目。

業務合併(除合併共同控制下的實體外)採用收購會計法入帳。此須對該附屬公司之可識別資產及負債(包括附屬公司之或然負債)於收購日按公平價進行重估(無論該等項目於收購前是否已計入該附屬公司之財務報表)。於初步確認時，附屬公司之資產及負債以其重估值計入綜合資產負債表，並以此之作為日後按本集團之會計政策進行計量之基準。

集團各成員公司間的交易、交易結餘及未變現收益均予對銷。除非有關交易可證明所轉讓資產出現減值，否則未變現虧損亦作對銷。

於本公司的資產負債表內，附屬公司乃按成本值扣除減值虧損入賬。本公司根據於結算日的已收及應收股息將附屬公司的業績列賬。

Notes to the Financial Statements

財務報表附註

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(c) Subsidiaries (Cont'd)

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results.

(d) Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture. In consolidated financial statements, investment in associates is initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (Note 3(p)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

3. 主要會計政策概要 (續)

(c) 附屬公司 (續)

少數股東權益指於非本集團擁有實益權益以及按非本集團金融負債入帳之損益帳及附屬公司淨資產部份。

少數股東權益乃於綜合資產負債表中，按獨立於本公司權益持有人應佔權益之權益入帳。少數股東應佔損益乃於綜合收益表中作為本集團業績配置獨立呈列。

(d) 聯營公司

聯營公司是指本集團對其有重大影響，通常持有其20%至50%投票權而既非附屬公司亦非合資企業之實體。綜合財務報表中，聯營公司之投資初期以成本值確認及期後按權益會計法入賬。根據權益會計法，本集團於聯營公司之權益乃按本集團應佔聯營公司淨資產於收購後之轉變作調整，除非已分類為持作出售用途（或包括在分類為持作出售已出售集團之內）。綜合收益表包括本集團應佔聯營公司收購後除稅後之年度業績，包括任何年內確認之於聯營公司投資相關商譽之減值虧損。

當本集團應佔聯營公司虧損相等於或超過其於該聯營公司的權益時，本集團不再確認進一步的虧損，惟其代表該聯營公司產生責任或支付款項則除外。就此而言，本集團於聯營公司之權益乃為按權益會計法所作投資之帳面值，以及任何實質上構成本集團於該共同控制實體之淨投資一部分之任何長期權益。

本集團與其聯營公司進行交易的未變現收益，以本集團於聯營公司的權益為限進行對銷。除非該項交易有證據證明所轉讓的資產出現減值，否則未變現虧損亦予以對銷。

(e) 商譽

商譽是指企業合併的成本或於聯營公司的投資超過本集團在被收購方的可辨別資產、負債和或有負債的公平價值淨額中所佔份額的部分。

商譽是按成本減去累計減值虧損後列賬。商譽會分配至現金產出單元，並且每年接受減值測試（附註3(p)）。

本集團在被收購方的可辨別資產、負債和或然負債的公平價值淨額中所佔份額，超過企業合併的成本或於聯營公司的投資部分，會即時在損益賬中確認。

Notes to the Financial Statements

財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(e) Goodwill (Cont'd)

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

(f) Property, plant and equipment

(i) Depreciation

Depreciation is provided to write off the cost or valuation of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Buildings	2%
Leasehold improvements	10% – 20%
Motor vehicles	20%
Operating and office equipment	5% – 20%
Furniture and fixtures	20%
Hotel properties	Period of the lease terms

The assets' useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

(ii) Measurement bases

Property, plant and equipment, other than hotel properties, are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Hotel properties held by an associate of the Company are stated at valuation determined by external professional valuers.

Changes in the value of hotel properties are dealt with as movements in the hotel property, plant and equipment revaluation reserve. If the balance of this reserve is insufficient to cover a deficit, the excess of the deficit is charged to the consolidated income statement.

When assets are sold or retired, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is recognised in the consolidated income statement.

3. 主要會計政策概要 (續)

(e) 商譽 (續)

隨後出售附屬公司之所得商譽，乃作為釐定出售之盈虧多寡之用。

(f) 物業、廠房及設備

(i) 折舊

物業、廠房及設備乃按其估計可使用年期以直線法按下列年率撇銷成本或估值計提折舊：

樓宇	2%
租賃物業裝修	10% – 20%
汽車	20%
營業及辦公室設備	5% – 20%
傢俬及裝置	20%
酒店物業	租賃年期

資產的尚餘價值及可使用年期於每個結算日檢討，並於適當時作出調整。

(ii) 計算基準

物業、廠房及設備(除酒店物業外)乃按成本減累計折舊及減值虧損列賬。資產成本包括其購買價及將該資產達致其營運狀況及運送至某地點作其擬定用途的任何直接相關成本。其後的成本僅會於與該項目有關的未來經濟利益可能流入本集團，而該項成本能可靠計算的情況下計入資產的賬面值，或確認為一項獨立資產(倘適用)。所有其他成本(包括維修及保養)乃於產生期間內在綜合收益表支銷。

本公司一間聯營公司所持有的酒店物業，乃按估值列賬。估值由外聘專業估值師釐定。

酒店物業價值的變動，乃作為酒店物業、廠房及設備估值的變動處理。若該估值的結餘不足以抵扣虧損，所超出的虧損額將於公司的綜合收益表內支銷。

於資產被出售或廢棄時，出售的任何損益(即出售所得款項淨額與資產賬面值的差額)於綜合收益表確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(g) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment properties comprise land held under operating lease and building held under finance lease. Land held under operating lease is classified and accounted for as investment property on a property-by-property basis. Such land held under operating lease is accounted for as if it was a finance lease.

Investment properties are measured initially at its cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are carried at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated balance sheet reflect the prevailing market conditions at the balance sheet date.

Any gain or loss resulting from either a change in fair value or the sale of investment properties is immediately recognised in the consolidated income statement for the period in which they arise.

(h) Properties held under development

Properties held under development for future sale are included in current assets and comprise land held under operating lease (note 3(j)(ii)) and aggregate cost of development, materials and supplies, wages and other expenses ("Development cost"). Development costs are stated at the lower of cost and net realisable value less any impairment losses. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated selling expenses.

(i) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

The cost of properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bring the inventories to their present location and condition.

3. 主要會計政策概要 (續)

(g) 投資物業

持作長期租金收益或資本增值或上述兩者的物業分類為投資物業。投資物業包括根據經營租約持有的土地及根據融資租約持有的樓宇。根據經營租約持有的土地按每項物業的基準以投資物業入帳；根據經營租約持有的該等土地則按猶如融資租約的方法入帳。

投資物業最初按其成本(包括任何直接應佔開支)計算。初步確認後，投資物業按公允值列賬。公允值乃由具足夠經驗的外聘專業估值師就投資物業的所在地及類別釐定。於綜合資產負債表確認的賬面值反映結算日的當時市況。

公允值變動或出售投資物業產生的任何損益於其產生時於綜合收益表內確認。

(h) 發展中物業

發展中物業列為流動資產，包括根據經營租約持有的土地(附註(3)(j)(ii))及發展成本總額、物料及供應、工資及其他費用(「發展成本」)。發展成本按成本或可變現淨值(以較低者為準)減任何減值虧損列賬。其他開支包括：(a)將發展中物業達致其現時所在地及狀況所產生的成本；及(b)就發展物業產生並有系統地分配的固定間接開支。固定間接開支為持續較為穩定的間接成本，不論發展項目的規模或數量。

可變現淨值為日常業務過程中的估計售價減任何估計銷售開支。

(i) 待售物業

待售物業乃按成本或可變現淨值(以較低者為準)列賬。倘本集團完成發展之物業，成本乃透過攤分未售物業佔發展項目之發展成本總額予而釐定。已變現淨值為日常業務過程中的估計售價減任何估計銷售開支。

待售物業之成本乃由全部購買成本以及兌換成本及將存貨運至現址及於現況儲存所產生之成本所構成。

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財務報表附註

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(j) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Operating lease charges as the lessee

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated income statement on a straight line basis over the lease terms. Lease incentives received are recognised in the consolidated income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated income statements in the period in which they are incurred.

(ii) Classification of assets leases to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

Leasehold interests in land are up-front payments to acquire the land use rights. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis to write off the up-front payments over the lease terms.

Leasehold interest in land is included in properties held under development and properties held for sale, of which the amortisation of prepaid land lease is capitalised as part of the building costs during the development period but charged to the consolidated income statement for completed properties.

Properties leased out under operating leases are included in investment properties in the consolidated balance sheet. The recognition of rental income is set out in note 3(u).

(k) Inventories

Inventories comprise consumable stores for own consumption which are stated at cost. Cost is determined using the weighted average method.

3. 主要會計政策概要(續)

(j) 租賃

如本集團認為，一項安排賦予於一段協定期間內使用某一指定資產的權利，並以付款或連串付款作為交換，該項安排(包括交易或連串交易)為或包涵一項租賃。本集團經評估該項安排的實際內容後，釐定上述決定，並不會考慮該項安排是否屬租賃的法定形式。

(i) 以經營租賃方式持有的資產

如果本集團是以經營租賃獲得資產的使用權，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額在綜合收益報表中列支。租賃所涉及的激勵措施均在綜合收益表中確認為租賃淨付款總額的組成部分。或有租金在其產生的會計期間內在綜合收益表中列支。

(ii) 本集團之資產租賃分類

對於本集團以租賃持有的資產，如果租賃使所有權的絕大部分風險和回報轉移至本集團，有關的資產便會劃歸為以融資租賃持有；如果租賃不會使所有權的絕大部分風險和回報轉移至本集團，則劃歸為經營租賃；但下列情況除外：

土地租賃權益指購入土地使用權的首筆支付款項。該等款項乃按成本減累計攤銷及任何減值虧損列賬。首筆支付款項按租期以直線法計算攤銷予以撇銷。

發展中物業及待售物業包括土地租賃權益，當中的預繳土地租賃費攤銷會撥充發展期間的部份樓宇成本，但落成物業則會在綜合收益表內扣除。

經營租約項下租出的物業於綜合資產負債表列為投資物業。租金收入的確認方法載於附註3(u)。

(k) 存貨

存貨包括供本身消耗的消耗品庫存材料，按加權平均法以成本列賬。

Notes to the Financial Statements

財務報表附註

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

(I) Financial assets

Financial assets of the Group are loans and receivables, and cash at banks. All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each balance sheet date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised as follows:

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3. 主要會計政策概要 (續)

(I) 金融資產

本集團之金融資產乃分類為貸款及可收款項及銀行結存。當本集團成為工具合約條文之一方，金融資產於資產負債表內確認。

倘收取投資現金流量之權利屆滿或轉讓，而所有權絕大部分風險及回報轉讓時終止確認。本公司於每個結算日評估金融資產是否出現減值之客觀證據。倘出現該等客觀證據，公司將釐定減值虧損，並按照金融資產之分類予以確認。

貸款及應收款項均設有固定或可確定付款金額而非衍生工具的金融資產，以及不會在活躍市場掛牌。貸款及應收款項初步按公允值確認，其後使用實際利率法按攤銷成本計量。攤銷成本已計及任何收購折讓或溢價，以及作為實際利率及交易成本一部份之費用。

本公司於每個結算日評估貸款及應收款項是否出現減值之客觀證據。倘出現該等客觀證據，減值虧損將根據以下方式計量及予以確認：

如果有客觀跡象表明貸款、應收款項或持有至到期日投資等以攤餘成本計量的金融工具已經出現了減值損失，資產的賬面價值與估算未來的現金流量（不包括未來出現信貸虧損）以原始有效利率折現的現值之間差額確認減值虧損。有關的賬面值可通過直接沖減資產賬面價值。有關虧損於減值產生期間在損益表中確認。

如果在以後的會計年度，減值虧損的金額減少，且這種減少客觀上與減值虧損確認時發生的事項相關聯，則先前確認的減值虧損可轉回，惟有關轉回不應當使該項金融資產於虧損減值轉回時的賬面價值超過其未確認減值的攤餘價值。有關虧損於減值產生期間在損益表中確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2006
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(m) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets or liabilities of the foreign entity and translated into Hong Kong dollar, at the closing date.

All resulting exchange differences are recognised as a separate component of equity.

3. 主要會計政策概要 (續)

(m) 外幣

(i) 功能及呈列貨幣

本集團每個實體各自之財務報表中所列的項目均按該實體營運所在的主要經濟環境的貨幣(「功能貨幣」)計算；綜合財務報表則以港元(本公司的功能及呈列貨幣)呈列。

(ii) 交易及結餘

外幣交易均按交易日期當時的匯率折算為功能貨幣。結算有關交易及以外幣為單位的貨幣資產及負債按年終匯率折算而產生的外匯匯兌盈虧，於綜合收益表內確認。

非現金項目乃按未兌換外幣列值之歷史成本計算。

(iii) 集團公司

功能貨幣與呈列貨幣存在差異的所有集團實體(各實體均無持有極高通脹率經濟地區的貨幣)的業績及財務狀況，乃按下列方式折算為呈列貨幣：

- (1) 每份資產負債表呈列的資產及負債均按結算日的收市匯率折算；
- (2) 每份收益表的收入及開支均按平均匯率折算(除非該平均值並不合理地接近於交易日當時匯率的累積影響；在此情況下，收入及開支於交易日折算)；及
- (3) 收購一家外國實體所產生之商譽及公允值調整已作為外國實體之資產或負債處理，並於截止日期換算為港元。

所有匯兌差異乃獨立確認為權益成份。

Notes to the Financial Statements

財務報表附註

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(n) Income tax

Income tax comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

Deferred tax assets and liabilities are not discounted. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Most changes in deferred tax is charged or credited to the consolidated income statement. Only changes in deferred tax assets and liabilities that relate to a change in value of assets and liabilities that is charged directly to equity are charged or credited directly to equity.

(o) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, deposits pledged against bank overdrafts less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(p) Impairment of assets

Goodwill, property, plant and equipment and investments in subsidiaries and interests in associates are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

3. 主要會計政策概要 (續)

(n) 所得稅

所得稅包括即期及遞延稅項。

即期稅項為按結算日施行的稅率計算本年度應課稅收入的預期應繳稅項，以及過往年度應繳稅項的任何調整。

遞延稅項乃財務報表中資產及負債的賬面值與計算應課稅盈利的相應稅基的差額而預期應繳或可收回的稅項，並以資產負債表負債法入賬。所有應課稅暫時差額一般確認為遞延稅項負債；遞延稅項資產則於有可能取得應課稅盈利及利用暫時差額時確認。倘暫時差額乃基於資產及負債在首次確認時於不影響應課稅盈利及會計盈利的交易而產生，則不會確認有關資產及負債。

遞延稅項資產的賬面值均於每個結算日作審閱，並調減至不再可能有足夠應課稅盈利讓全部或部份資產得以收回。倘有可能獲足夠應課稅盈利，則任何調減均予以撥回。

遞延稅項資產及負債均不會折減至現值。遞延稅項乃按於負債清償或資產變現期間預期適用的稅率計算。遞延稅項的變動多自綜合收益表中扣除或抵免，僅於涉及資產及負債價值變化之有關遞延稅項資產及負債的變動，才直接自權益中扣除或計入。

(o) 現金及現金等價物

現金及現金等價物包括銀行結存及現金，已抵押銀行存款減按要求償還之銀行透支，乃為本集團現金管理之一部份。

(p) 資產減值

本集團的商譽、物業、廠房及設備，附屬公司的投資及聯營公司的權益須進行減值測試。

商譽無論是否出現減值跡象，均須至少每年進行減值測試一次。其他所有個別資產，於出現任何跡象顯示賬面值可能不可收回時進行減值測試。

Notes to the Financial Statements

財務報表附註

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(p) Impairment of assets (Cont'd)

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the rise specific to the asset. For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflow independently (i.e. cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Financial liabilities

Financial liabilities include bank loans and overdrafts, accruals, accounts and other payables and amount due to a subsidiary. They are included in balance sheet line items under current or non-current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3. 主要會計政策概要(續)

(p) 資產減值(續)

資產的賬面值較其可收回金額超出數額部份須確認減值虧損。可收回金額為反映市況的公允價值減出售成本與使用價值兩者的較高者。評估使用價值時，是以除稅前之折扣率計算預計未來之現金流量的現值，而該折扣率反映當時市場對金錢價值之評估及該項資產的特有風險。如某類資產產生之現金流量不能獨立於其他資產所產生之現金流量，可收回金額按最細資產組金(即產生現金之單元)所產生之獨立現金流量計算。因此，部份資產個別進行減值測試；部份則以現金產生單位的水平進行測試。商譽特別分配至預期可從相關業務合併的協同效益中帶來獲得利益的現金產生單位，為就內部管理用途監控商譽下相關現金流量的最低水平。

就獲分配商譽的現金產生單位所確認的減值虧損初步計入商譽的賬面值。任何剩餘減值虧損按比例自現金產生單位的其他資產中扣除，惟資產賬面值將不會扣至低於其個別公允價值減出售成本，或使用價值(如可釐定)。

商譽減值虧損於其後期間並未撥回。就其他資產而言，若果並無減值虧損曾被確認，減值虧損於用作釐定之資產可收回價值(扣除任何折舊或攤銷)出現有利變動時撥回，惟資產賬面值不得超過釐定之賬面值。

(q) 金融負債

本集團之金融負債包括銀行貸款及透支、應計費用、貿易及其他應付款項以及應收附屬公司款項。此等金融負債已計入資產負債表，作為流動或非流動負債項下之項目。

金融負債在本集團成為票據合約協議一方時確認。所有與利息相關之支出均於收益表中確認為融資成本開支。若合約所指定的責任被解除、取消或終止時，金融負債即被取消確認。

Notes to the Financial Statements

財務報表附註

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

(q) Financial liabilities (Cont'd)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Accounts and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(r) Financial guarantee issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group or the Company issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable for a financial guarantee issued to lender in respect of borrowing to a third party, an immediate expense is recognised in profit or loss on initial recognition of any deferred income. Where no consideration is received or receivable for a financial guarantee issued by the Company to lenders in respect of borrowings to its subsidiaries, the amount is recognised in investments in subsidiaries as deemed capital contribution from the Company on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3. 主要會計政策概要 (續)

(q) 金融負債 (續)

金融負債最初乃按公允值(扣除已產生的交易成本)確認。金融負債其後按經攤銷成本列帳,如扣除交易成本之後的收益和贖回價值出現差額,則於借貸期內以實際利率法在收益表內確認。

應付帳款及其他應付款項乃按公允值初始確認,隨後以實際利率法按攤銷成本計算。

除非本集團有權無條件將金融負債結算日期遞延至結算日後至少十二個月,否則金融負債將被劃分為流動負債。

(r) 財務擔保合約

財務擔保合約為因指定債務人未能按債務工具的原有或經修改條款如期付款時,發行人(或擔保人)需支付指定金額予持有人以補償其所遭受損失的合約。

倘本集團或本公司發出財務擔保予第三者時,該擔保的公允值最初確認為其他應付款內的遞延收入。倘在發行該擔保時收取或可收取代價,該代價則根據適用於該類資產的本集團政策。倘就借款予第三者向借款人發出之財務擔保概無任何代價尚未收取或應予收取,於最初確認任何遞延收入時,即時開支於損益表內確認。倘就借款予其附屬公司而向借款人發出之財務擔保並無任何已收取或應收取代價,金額乃於初步確認任何遞延收入時當作本公司之出資,於附屬公司的投資中確認。

最初確認為遞延收入的擔保款額按擔保年期於損益內攤銷為所發出的財務擔保收入。此外,倘擔保持有人有可能省視擔保下的集團,及該集團的申索款額預期超過現時帳面值(即最初確認的金額減累計攤銷(如適用)),擔保則予以確認。

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財務報表附註

For the year ended 31 December 2006
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(s) Employee benefits

(i) Employee share-based payment transactions

The Group operates an equity-settled, share-based compensation plan.

All employee services received in exchange for the grant of any share-based compensation are measured at fair value. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in consolidated income statement with a corresponding increase in equity share option reserve. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of share options expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are vested than originally estimated.

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

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences are not recognised until the time of leave.

3. 主要會計政策概要 (續)

(s) 僱員福利

(i) 僱員以股份支付交易

本集團設立權益結算以股份支付補償計劃。

所有為換取授予以股份支付補償的僱員服務乃按其公允值計量。此乃參考所獲購股權多少而間接釐定，其價值於授出日期評值並排除一切非市場歸屬條件的影響(例如，盈利率及銷售增長目標)。

所有以股份支付之僱員補償最終於綜合收益表支銷，而購股權儲備則作相應調高。如歸屬期或其他歸屬條件適用，則按對預期歸屬之購股權數目的最佳估計於歸屬期支銷。作出有關預期變成可行使購股權的數目之假設時，會將非市場歸屬條件納入考慮。如有跡象顯示預期歸屬的購股權數目與原估計有出入，則於其後修訂估計。如最終行使的購股權數目少於原估計，則不就往期支銷作出調整。

行使購股權時，購股權先前確認之款項將轉撥至股份溢價帳。倘購股權於到期日已被放棄或仍未獲行使，先前確認之購股權儲備將轉撥至保留溢利。

(ii) 僱員休假應享權利

僱員應享的年假權利於應計予僱員時確認。因僱員於截至結算日止提供服務而產生的年假的估計負債計提撥備。

非累計補假於支取時確認。

Notes to the Financial Statements

財務報表附註

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont'd)

(s) Employee benefits (Cont'd)

(iii) Pension obligations

The Group contributes to a defined contribution retirement benefit scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which are available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are calculated as percentages of employees' basic salaries. The retirement benefit scheme cost charged to the consolidated income statement represents contributions payable by the Group to the MPF Scheme.

Pursuant to the relevant regulations in the People's Republic of China ("PRC"), the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of a subsidiary in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The Group's contributions to the Schemes are expensed as incurred.

The assets of the MPF Scheme and the Scheme are held separately from those of the Group in independently administered funds.

(t) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value shares that have been issued. Any transaction costs associated with the issue of shares are deducted from equity (net of any related income tax benefits) to the extent that they are incremental costs directly attributable to the equity transaction.

(u) Revenue recognition

Revenue arising from sale of properties held for sale are recognised when the significant risks and rewards of ownership of these properties held for sale have been transferred to the purchasers and the Group retains neither continuing involvement to the degree usually associated with ownership nor effective control over properties held for sale. The transfer of risks and rewards of ownership is evidenced by the passing of possession of properties to the buyer when the property hand-over confirmation is executed by the Group and the buyer. Deposits and instalments received from purchasers prior to this stage and pre-sale are included in current liabilities and are not recognised as revenue.

3. 主要會計政策概要 (續)

(s) 僱員福利 (續)

(iii) 退休金責任

本集團遵照強制性公積金計劃條例的規定，對可供其香港僱員參與的定額供款退休福利計劃（「強積金計劃」）供款。本集團及各僱員對強積金計劃的供款乃按各僱員底薪百分比計算。自綜合收益表內扣除的退休福利計劃金即本集團對強積金計劃的應繳供款。

根據中華人民共和國（「中國」）相關規例，本集團已參與一項地方市政府退休福利計劃（「該計劃」）；據此，本集團須對該計劃就其僱員底薪作出若干百分比的供款，以作為彼等的退休福利基金。該地方市政府承諾對中國一間附屬公司旗下全部現有及未來退休僱員承擔退休福利責任。本集團對該計劃的唯一責任，為按上述該計劃規定持續供款。本集團對該計劃的供款於產生時支銷。

強積金計劃及該計劃的資產與本集團獨立管理基金中的資產分開持有。

(t) 股本

普通股已分類為權益。股本乃按已發行股份之面值釐定。與發行股份相關之交易成本乃自權益（減任何相關所得稅利益）扣減，以至成為直接撥入權益交易之成本增加。

(u) 收益確認

銷售待售物業產生的收益，於該等待售物業擁有權的風險及回報經已大部份轉移至買家，而本集團不再繼續涉及一般與待售物業有關的擁有權，亦不再對待售物業具有實際控制權時確認。當本集團與買家簽立物業轉手確認書時將物業的管有權轉交買家，即屬轉移擁有權的風險及回報的憑證。於此階段及預售前向買家收取的訂金及分期付款項列為流動負債，且不會確認為收益。

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For the year ended 31 December 2006
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Revenue recognition (Cont'd)

Rental income receivable under operating leases is recognised as revenue in the consolidated income statement in equal instalments over the accounting periods covered by the lease terms. Lease incentives granted are recognised in the consolidated income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the period in which they are earned.

Management fee income, club house income and laundry service income are recognised as revenue when the agreed services are provided.

Dividend income is recognised as revenue when the right to receive payment is established.

Interest income is recognised as revenue on a time proportion basis using the effective interest method.

(v) Borrowing costs

All borrowing costs are expensed as incurred.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated fair value of investment properties

The investment properties of the Group were stated at fair value in accordance with the accounting policy stated in note 3(g). The fair value of the investment properties are determined by a firm of independently qualified professional surveyors and the fair value of investment properties as at respective year end are set out in note 14. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet dates and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

3. 主要會計政策概要 (續)

(u) 收益確認 (續)

經營租約項下的應收租金收入，按租期涵蓋的會計期間以平均分期款項於綜合收益表內確認為收益。經營租約涉及的獎勵金於綜合收益表內確認，作為支付總租金費用淨額的組成部份。或然租金在期內賺取時確認為收入。

管理費收入、會籍收入及雜項服務收入於提供協定服務時確認為收益。

股息收入於收取派付款項的權利獲確立時確認為收益。

利息收入按時間比例以實際利率法確認為收益。

(v) 借貸成本

所有借貸成本乃於產生時列作支出。

4. 重要會計估計及判斷

估計及判斷須持續進行評估，並根據過往經驗其他因素，包括因應情況相信為合理的對未來事件的期望作出調整。

(a) 重要會計估計及假設

本集團就未來作出估計及假設。從推算所得的會計估計通常有別於相關實際結果。以下論述有關導致資產及負債的賬面值於下個財政年度出現重大調整的重大風險估計及假設：

(i) 投資物業公允值估計

本集團的投資物業乃根據附註3(g)所列的會計政策按公允值列賬。投資物業的公允值經由一間獨立合資格專業測量師行釐定，有關投資物業於各年度結算日的公允值載於附註14。有關估值乃根據若干假設釐定，惟受不確定因素所限，並可能與實際結果出現重大差異。

於作出判斷時，已考慮到主要根據於結算日當時市況及合適的資本化比率釐定的假設。有關估計會定期與實際市場數據及本集團訂立的實際交易比較。

Notes to the Financial Statements

財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(Cont'd)

(a) Critical accounting estimates and assumptions (Cont'd)

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy. The recoverable amounts of cash-generating unit have been determined based on value-in-use calculations. These calculations require the use of estimates. Details of the assumption used are set out in note 12.

(iii) Net realisable value of properties held for sale and properties held under development

Management determines the net realisable value of completed properties held for sale by using prevailing market data such as most recent sale transactions and market survey reports available from independent qualified professional surveyors, and internal estimates of costs based on quotes by suppliers.

Management's assessment of net realisable value of properties held under development requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates requires judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(b) Critical judgements in applying the entity's accounting policies

(i) Revenue recognition

The Group has recognised revenue from sale of properties held for sale during the year as disclosed in note 5. The assessment of when an entity has transferred the significant risks and rewards of ownership to a buyer requires examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer. The Group believes that its recognition basis of sales as set out in note 3(u) is appropriate and is in line with the current practice adopted in the PRC.

4. 重要會計估計及判斷 (續)

(a) 重要會計估計及假設 (續)

(ii) 商譽減值

本集團按照會計政策每年一次測試商譽有否出現減值。現金產生單位的可收回額按在用值計算釐定。該等計算須作估計。所使用假設的詳情載於附註12。

(iii) 待售物業及發展中物業的可變現淨值

管理層採用最新成交個案、獨立物業估值師提供市場調查報告等市場數據，及由內部以供應商提供之成本編製估算而釐定待出售之建成物業的可變現淨值。

管理層對待發展中物業的可變現淨值之評估須應用經調整風險折現率藉此估計此等物業未來現金流量。此等估算須根據近期附近銷售交易、新物業銷售率、推廣費用(包括促銷的價格折讓)及有關預計完成物業之費用，法律和監管架構及一般市況，從而計算出預期的銷售價值。

(b) 應用實體會計政策的重要判斷

(i) 收益確認

本集團已確認來自本年度銷售待售物業及投資物業的收益，並於附註5披露。在實體已將擁有權的風險及回報大部份轉移予買家的情況下，評估時須對交易情況進行審查。在許多情況下，轉移擁有權的風險及回報的同時亦向買家轉交法定所有權或移交管有權。本集團相信，其銷售確認基準(見附註3(u))乃屬適當，並符合中國現時採納的常規。

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5. REVENUE AND OTHER INCOME

Revenue, which includes the Group's turnover, other revenue and other income recognised during the year are as follows:

Revenue	收益	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Turnover	營業額		
Proceeds from sale of properties held for sale	出售待售物業所得款項	201,135	141,749
Rental income	租金收入	1,293	1,724
Management fee income	管理費收入	5,363	5,319
		207,791	148,792
Other revenue	其他收益		
Club house income	會所收入	—	101
Laundry service income	洗衣服務收入	166	196
		166	297
		207,957	149,089
Other income	其他收入		
Interest income	利息收入	3,322	704
Write back of accounts payable	撥回應付賬款	—	5,147
Exchange gain	匯兌收益	—	592
Others	其他	819	259
		4,141	6,702

6. SEGMENT INFORMATION

Property development and investment is the only business segment of the Group throughout the year. No geographical segment analysis is presented as less than 10% of the Group's revenue and contribution to operating profit is attributable to markets located outside the PRC for the year. Accordingly, no separate business and geographical segment information is prepared.

5. 收益及其他收入

收益包括本集團於本年度確認的營業額、其他收益及其他收入如下：

6. 分類資料

物業發展及投資乃本集團於本年度的唯一業務分類。由於本集團本年度少於10%的收益及經營盈利貢獻來自中國以外的市場，故並無呈列地域分類分析。因此，並無編製任何獨立業務及地域分類資料。

Notes to the Financial Statements

財務報表附註

7. FINANCE COSTS

7. 融資成本

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Interest charges on:	利息費用：		
Bank loans wholly repayable within five years	須於五年內悉數償還的銀行貸款	4,089	1,933
Bank overdrafts	銀行透支	1,091	1,084
Loan from a related company	一家關連公司貸款	—	202
		5,180	3,219

8. PROFIT BEFORE TAXATION

8. 除稅前盈利

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Profit before taxation is arrived at after charging:	除稅前盈利乃經扣除下列各項：		
Cost of properties held for sale recognised as expense	確認為開支的待售物業成本	104,027	65,578
Land Value Added Tax ("LVAT") (note (a))	土地增值稅(附註(a))	9,141	—
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,429	971
Less: amount capitalised in properties held under development	減：撥充發展中物業資本的數額	(694)	(360)
		735	611
Outgoings in respect of investment properties that generated rental income during the year	有關於年內產生租金收入之投資物業的開支	395	505
Operating lease charges in respect of land and buildings	有關土地及樓宇的經營租約費用	1,068	920
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	1,425	116
Staff costs, including directors' emoluments (note 31(a)) and retirement benefits cost	員工成本(包括董事酬金(附註31(a))及退休福利金)	18,852	6,435
Employee share-based payment expense	以股份支付僱員開支	7,628	—
Staff redundancy cost	員工遣散費成本	4,083	—
Less: amount capitalised in properties held under development	減：撥充發展中物業資本的數額	(6,766)	(1,049)
		23,797	5,386
Amount recognised as expense for retirement benefits cost	就退休福利金確認為開支的數額	977	573
Write off of an investment property upon re-development (note (b))	於重新發展時撇銷一項投資物業(附註(b))	—	3,774
Exchange loss	匯兌虧損	39	—
and crediting:	並經計入：		
Rental income less outgoings	租金收入減開支	898	1,219
Exchange gain	匯兌收益	—	592
Fair value adjustments on investment properties (note (b))	投資物業公允值調整(附註(b))	50,620	21,105

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Notes:

附註：

Note:

- 附註：

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財務報表附註

For the year ended 31 December 2006
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9. TAXATION (Cont'd)

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate was 33% for the year (2005: 33%). Hong Kong Profits tax is computed at the rate of 17.5% (2005: 17.5%) on the profit for the year. Reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Profit before taxation	除稅前盈利	111,902	84,998
Tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	按有關稅收管轄區內對盈利適用的稅率計算除稅前盈利的稅項	37,154	28,000
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	1,205	1,177
Tax effect of non-taxable revenue	毋須課稅收益的稅務影響	(3,118)	(2,449)
Others	其他	(489)	(642)
Total taxation charge	稅項總額	34,752	26,086

10. DIVIDENDS

Dividends attributable to the year:

- (i) Cash dividend

Proposed final cash dividend of 1 HK cent per ordinary share (2005: 1.8 HK cents per ordinary share)	擬派末期現金股息每股普通股1港仙 (二零零五年：每股普通股1.8港仙)
------------------------------------------------------------------------------------------------------	-------------------------------------

The final cash dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained profits for the year.

- (ii) A bonus share of 1 ordinary share per 50 ordinary shares in issue is also proposed after the balance sheet date for the year ended 31 December 2006.

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately HK\$73,316,000 (2005: HK\$55,934,000) and on weighted average of 662,706,132 (2005: 227,828,791) ordinary shares in issue during the year.

No diluted earning per share is calculated for the year ended 31 December 2006 since the exercise price of the Company's options was higher than the average market price for the year. Diluted earnings per share for the year ended 31 December 2005 was not presented as there was no dilutive potential shares.

9. 稅項 (續)

中國所得稅乃根據中國相關法規計算。本年度的適用所得稅稅率為33% (二零零五年：33%)。香港利得稅乃按本年度之稅率17.5% (二零零五年：17.5%) 計算。稅項開支與按適用稅率計算之會計盈利對帳如下：

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
中國所得稅	111,902	84,998
按有關稅收管轄區內對盈利適用的稅率計算除稅前盈利的稅項	37,154	28,000
不可扣稅開支的稅務影響	1,205	1,177
毋須課稅收益的稅務影響	(3,118)	(2,449)
其他	(489)	(642)
稅項總額	34,752	26,086

10. 股息

本年度應佔股息：

- (i) 現金股息

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
擬派末期現金股息每股普通股1港仙 (二零零五年：每股普通股1.8港仙)	7,135	11,526

結算日後的擬派末期股息並未於結算日確認為負債，但已列作截至本年度的保留盈利分派。

- (ii) 於結算日後另建議就截至二零零六年十二月三十一日止年度按已發行股份每50股普通股可得1股紅股。

11. 每股盈利

每股盈利乃按本公司權益持有人應佔盈利約73,316,000港元 (二零零五年：55,934,000港元) 及年內已發行普通股的加權平均數662,706,132股 (二零零五年：227,828,791股) 計算。

由於本公司購股權的行使價高於年內平均市價，因此並無計算截至二零零六年十二月三十一日止年度的每股攤薄虧損。由於並無潛在攤薄股份，故並無呈列截至二零零五年十二月三十一日止年度的每股攤薄盈利。

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12. GOODWILL

12. 商譽

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Gross amount	總額		
Balance at 1 January	於一月一日結餘	37,048	—
Goodwill arising on acquisition of certain subsidiaries	因收購若干附屬公司而產生的商譽	—	37,048
Balance at 31 December	於十二月三十一日結餘	37,048	37,048

The goodwill at 31 December 2006 comprises mainly goodwill arising from the acquisition of New Heritage Investments Limited ("NH Investments") of approximately HK\$33,672,000.

於二零零六年十二月三十一日的商譽主要包括收購新繼企業有限公司(「新繼企業」)產生的商譽約33,672,000港元。

The recoverable amount for the cash-generating units, the underlying hotel and property operations, in relation to NH Investments was determined based on value-in-use calculations, covering a detailed 15-year budget plan (note *) discounted at a rate of 3.75%.

有關新繼企業現金產生單位、相關酒店及物業業務的可收回額乃按在用價值計算，即根據詳細的15年期預算案(註*)以3.75%折讓率之計算。

* The value-in-use calculations use cash flow projections based on a five year projection of the relevant cash-generating unit with a growth rate of 10% (2005: 8%). Cash flows beyond the five-year period are extrapolated assuming a nil growth rate.

* 在用價值計算法使用以相關現金產生單位的五年預測為基準的現金流量預測，並按五年內的增長率為10%(二零零五年：8%)計算。五年期間以外的現金流量則按零增長率的假設推定。

The Group management's key assumptions for the Group have been determined based on past performance and their expectations for the market development. The weighted average growth rate used is consistent with the growth rate of Gross Domestic Products Index in the PRC. The discount rate used is pre-tax and reflects specific risks relating to the relevant cash-generating unit.

本集團管理層對本集團的主要假設乃根據集團過往表現及管理層對市場發展的期望來釐定。所使用的加權平均增長率與中國的國內生產總值指數增長率相對應。所使用的貼現率則為稅前並反映了與相關現金產生單位有關的特定風險。

Management also believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

管理層亦相信，主要假設中任何基於可收回額的可能變動不會導致商譽賬面值超過其可收回額。

Apart from the considerations described above in determining the value in use of the cash-generating units, the Group's management is not currently aware of any other probable changes that would necessitate changes in their key assumptions.

除上述釐定現金產生單位在用價值計算的約因外，本集團管理層目前並不知悉任何其他可能變動而須改變其所用主要假設的情況。

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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings	Leasehold improvements	Motor vehicles	Operating and office equipment	Furniture and fixtures	Total
		樓宇	租賃物業裝修	汽車	營業及辦公室設備	傢俬及裝置	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2005	於二零零五年一月一日						
Cost	成本	12,116	579	1,517	20,740	463	35,415
Accumulated depreciation	累計折舊	(2,239)	(435)	(1,351)	(19,224)	(318)	(23,567)
Net book amount	賬面淨額	9,877	144	166	1,516	145	11,848
Net book value	賬面淨值						
At 1 January 2005	於二零零五年一月一日	9,877	144	166	1,516	145	11,848
Acquisition of subsidiaries	收購附屬公司	—	—	513	22	370	905
Additions	添置	—	878	15	1,434	128	2,455
Disposals	出售	—	—	—	(235)	(125)	(360)
Depreciation	折舊	(247)	(224)	(107)	(271)	(122)	(971)
Exchange differences	匯兌差額	190	2	4	30	3	229
At 31 December 2005	於二零零五年十二月三十一日	9,820	800	591	2,496	399	14,106
At 31 December 2005	於二零零五年十二月三十一日						
Cost	成本	12,349	1,462	2,084	20,344	665	36,904
Accumulated depreciation	累計折舊	(2,529)	(662)	(1,493)	(17,848)	(266)	(22,798)
Net book amount	賬面淨額	9,820	800	591	2,496	399	14,106
Net book value	賬面淨值						
At 1 January 2006	於二零零六年一月一日	9,820	800	591	2,496	399	14,106
Additions	添置	—	1,910	—	1,220	544	3,674
Disposals	出售	(719)	(540)	(18)	(133)	(21)	(1,431)
Depreciation	折舊	(232)	(508)	(125)	(399)	(165)	(1,429)
Exchange differences	匯兌差額	362	18	19	119	4	522
At 31 December 2006	於二零零六年十二月三十一日	9,231	1,680	467	3,303	761	15,442
At 31 December 2006	二零零六年十二月三十一日						
Cost	成本	11,938	2,629	1,975	5,497	1,144	23,183
Accumulated depreciation	累計折舊	(2,707)	(949)	(1,508)	(2,194)	(383)	(7,741)
Net book amount	賬面淨額	9,231	1,680	467	3,303	761	15,442

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13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Depreciation expenses have been included in:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Consolidated balance sheet	綜合資產負債表		
— capitalised in properties held under development	— 撥充發展中物業資本	694	360
Consolidated income statement	綜合收益表		
— cost of sales	— 銷售成本	39	49
— selling expenses	— 銷售開支	—	88
— administrative expenses	— 行政開支	696	474
		1,429	971

14. INVESTMENT PROPERTIES

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Carrying amount at 1 January	於一月一日賬面值	110,073	78,722
Additions	添置	6,783	—
Transfer from properties held under development on completion (note 17)	完工時轉自發展中物業(附註17)	7,378	17,384
Fair value adjustments	公允值調整	50,620	21,105
Written off	撇銷	—	(3,774)
Transfer to properties held under development	轉撥至發展中物業	—	(4,717)
Exchange differences	匯兌差額	5,621	1,353
Carrying amount at 31 December	於十二月三十一日賬面值	180,475	110,073

At 31 December 2006, no investment property (2005: HK\$69,231,000) was pledged to secure certain bank loans granted to the Group (note 24(b)).

Investment properties included leasehold interests in land located in the PRC with lease terms expiring from 2061 to 2075.

The fair value of the investment properties at 31 December 2006 was based on the valuation by DTZ Debenham Tie Leung Limited ("DTZ"), a firm of independent qualified professional surveyors. Valuations were based on the properties' open market value on 31 December 2006. The properties have been valued by direct comparison method by making reference to comparable sales evidence as available in the relevant market and where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the respective properties as at the reporting date.

13. 物業、廠房及設備(續)

折舊開支包括在下列各項：

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
	694	360
	39	49
	—	88
	696	474
	1,429	971

14. 投資物業

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Carrying amount at 1 January	110,073	78,722
Additions	6,783	—
Transfer from properties held under development on completion (note 17)	7,378	17,384
Fair value adjustments	50,620	21,105
Written off	—	(3,774)
Transfer to properties held under development	—	(4,717)
Exchange differences	5,621	1,353
Carrying amount at 31 December	180,475	110,073

於二零零六年十二月三十一日，概無(二零零五年：69,231,000港元)投資物業已予抵押，以擔保本集團獲授的若干銀行貸款(附註24(b))。

投資物業包括位於中國的土地租賃權益，租賃期於二零六一年起至二零七五年期間屆滿。

該等投資物業於二零零六年十二月三十一日的公允值仍依據獨立合資格專業測量師戴德梁行有限公司(「戴德梁行」)所進行的評估。估值乃根據物業於二零零六年十二月三十一日的公開市值釐定。該等物業乃經參照於報告日期在相關市場上可資比較的銷售案例以直接比較法進行估值，並於適當時資本化源自現有租約的租金收入淨額及就各有關物業於報告日期的潛在逆轉作充份撥備。

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15. INTERESTS IN SUBSIDIARIES

15. 於附屬公司的投資

(a) Investments in subsidiaries

(a) 於附屬公司的投資

		2006 HK\$'000 千港元	2005 HK\$'000 千港元 (restated) (重列)
Unlisted, at cost	非上市，按成本值	110,676	109,767
Fair value of financial guarantees granted to a subsidiary (note 34)	授予附屬公司之 財務擔保的公允值(附註34)	8,500	6,500
		119,176	116,267

As at 31 December 2006, the Company had direct and indirect interests in the following subsidiaries, each of which is a limited liability company:

於二零零六年十二月三十一日，本公司於下列附屬公司(均為有限公司)中直接及間接擁有權益：

Company name 公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Issued and fully paid ordinary share capital/registered capital 已發行及繳足 普通股本/註冊資本	Attributable equity interest 應佔股本權益		Principal activities (Place of operations) 主要業務(營業地點)
			Directly 直接	Indirectly 間接	
New Heritage Corporation Limited ("NH Corporation") 新澤企業有限公司(「新澤企業」)	British Virgin Islands ("BVI") 英屬維爾京群島	347 shares of US\$1 each 347股每股面值1美元	100%	—	Investment holding 投資控股
Accordcity Limited("Accordcity")	BVI 英屬維爾京群島	102 shares of US\$1 each 102股每股面值1美元	—	100%	Investment holding 投資控股
NH Development 新繼發展	Hong Kong 香港	156 shares of HK\$1 each 156股每股面值1港元	—	100%	Investment holding 投資控股
NH Investments 新繼企業	Hong Kong 香港	6,260,000 shares of HK\$10 each 6,260,000股每股 面值10港元	—	100%	Investment holding 投資控股
New Heritage Group Limited 新澤集團有限公司	BVI 英屬維爾京群島	2 shares of US\$1 each 2股每股面值1美元	—	100%	Investment holding 投資控股
New Heritage (IP) Limited 新澤(產業)有限公司	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	—	100%	Holding of trademark of the Group 持有本集團商標
New Heritage Land Limited 新澤地產有限公司	Hong Kong 香港	1 share of HK\$1 each 1股每股面值1港元	—	100%	Investment holding 投資控股
New Heritage Management Limited 新澤管理有限公司	Hong Kong 香港	1 share of HK\$1 each 1股每股面值1港元	—	100%	Administration vehicle of the Group (Hong Kong) 處理本集團行政工作(香港)

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15. INTERESTS IN SUBSIDIARIES (Cont'd)

(a) Investments in subsidiaries (Cont'd)

Company name 公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Issued and fully paid ordinary share capital/registered capital 已發行及繳足 普通股本／註冊資本	Attributable equity interest 應佔股本權益		Principal activities (Place of operations) 主要業務(營業地點)
			Directly 直接	Indirectly 間接	
New Heritage Properties Limited 新澤物業有限公司	Hong Kong 香港	1 share of HK\$1 each 1股每股面值1港元	—	100%	Investment holding 投資控股
Suzhou Garden Villa Development & Management Co., Ltd. 蘇州錦華苑建設發展管理 有限公司	PRC 中國	US\$12,150,000 12,150,000美元	—	95%	Properties development and investment (PRC) 物業發展及 投資(中國)
蘇州新繼規劃設計諮詢 顧問有限公司	PRC 中國	US\$100,000 100,000美元	—	100%	Property development and consultative service (PRC) 物業發展及諮詢 服務(中國)
World Margin Limited ("WML") 世謙有限公司(「世謙」)	Hong Kong 香港	800,000 shares of HK\$1 each	—	100%	Treasury vehicle of the Group (Hong Kong)
		800,000股每股 面值1港元	—	100%	處理本集團的財資工作 (香港)
Suzhou New Heritage Wuzhong Limited ("SNHWL") ^ 蘇州新澤地產有限公司^ (「蘇州新澤」)^	PRC 中國	US\$6,500,000 6,500,000美元	—	100%	Properties development and investment (PRC) 物業發展及投資 (中國)
Prosper View Group Limited ^ 協朗集團有限公司^	Hong Kong 香港	1 share of HK\$1 each 1股每股面值1港元	—	100%	Investment holding 投資控股
Sunny Castle Holding Limited ^	BVI 英屬維爾京群島	1 share of US\$1 each 1股每股面值1美元	—	100%	Investment holding 投資控股

^ These subsidiaries were incorporated/established by the Group during the year.

^ 該等附屬公司於年內由本集團註冊成立／成立。

(b) Amounts due from/to subsidiaries

The amounts due are unsecured, interest-free and repayable on demand.

15. 於附屬公司的投資(續)

(a) 於附屬公司的投資(續)

(b) 應收／應付附屬公司款項

該等款項乃無抵押、免息及須於要求時償還。

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16. INTERESTS IN ASSOCIATES

16. 於聯營公司的權益

		Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Share of net assets	應佔淨資產	(a)	96,686	87,768
Amounts due from/(to) associates	應收／(應付) 聯營公司的款項	(b)	537	(8)
			97,223	87,760

Notes:

附註：

(a) Particulars of associates as at 31 December 2006 are as follows:

(a) 於二零零六年十二月三十一日聯營公司的詳情如下：

Company name 公司名稱	Place of incorporation/ establishment and operation 註冊成立／成立及營業地點	Percentage of interest held 所持權益百分比	Principal activities 主要業務
Beijing Landmark Towers Co., Ltd. 北京亮馬河大廈有限公司	PRC 中國	30.05%	Hotel ownership and property investment 擁有酒店及物業投資
China Malls Limited 中國商城有限公司	Hong Kong 香港	36%	Investment holding 投資控股

(b) The amount due is unsecured, interest free and not repayable within twelve months from the balance sheet date.

(b) 結欠款項為無擔保、免息，自結算日起計十二個月內毋須償還。

(c) Summary financial information of associates:

(c) 聯營公司財務資料概述如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Revenue	收益	244,023	216,044
Profit after taxation	稅後盈利	63,745	51,854
Non-current assets	非流動資產	513,852	495,330
Current assets	流動資產	23,816	18,716
Current liabilities	流動負債	174,484	181,901
Non-current liabilities	非流動負債	42,033	40,070

17. PROPERTIES HELD UNDER DEVELOPMENT

17. 發展中物業

As at 31 December 2006, properties held under development included leasehold interests in land located in the PRC with lease terms expiring in 2075. The carrying value of the leasehold interests in land amounted to HK\$78,423,000 (2005: HK\$3,131,000).

於二零零六年十二月三十一日，發展中物業包括位於中國土地租賃期至二零七五年屆滿的租賃權益。該土地租賃權益的賬面值為78,423,000港元（二零零五年：3,131,000港元）。

At 31 December 2006, no leasehold interests in land (2005: HK\$3,131,000) was pledged against certain bank loans granted to the Group (note 24 (b)).

於二零零六年十二月三十一日，概無（二零零五年：3,131,000港元）土地租賃權益已就本集團獲授的若干銀行貸款予以抵押（附註24(b)）。

A property held under development with carrying value of approximately HK\$7,378,000 (2005: HK\$17,384,000) was transferred to investment properties on completion as the directors considered that this property was held to earn rental or for capital appreciation purpose.

賬面值約7,378,000港元（二零零五年：17,384,000港元）的發展中物業於完工時轉為投資物業，因董事認為此物業已可持作賺取租金或資本增值目的。

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18. PROPERTIES HELD FOR SALE

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2061 to 2075.

As at 31 December 2006, the carrying value of the leasehold interests in land amounted to HK\$810,000 (2005: HK\$322,000).

19. INVENTORIES

Inventories represent low value consumables carried at cost.

20. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

Deposits and prepayments	按金及預付款項
Other receivables	其他應收款項

18. 待售物業

待售物業包括位於中國的土地租賃權益，租賃期由二零六一年起至二零七五年屆滿。

於二零零六年十二月三十一日，土地租賃權益的賬面值為810,000港元(二零零五年：322,000港元)。

19. 存貨

存貨指按成本值入賬的低值易耗品。

20. 已付按金、預付款項及其他應收款項

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Deposits and prepayments	按金及預付款項	6,377	33,448
Other receivables	其他應收款項	4,710	4,339
		11,087	37,787

21. AMOUNT DUE FROM A DIRECTOR

The amount due was unsecured, interest free and repayable on demand.

Amount due from a director, Mr. Taochaifu Choofuang ("Mr. CF Tao"), disclosed pursuant to section 161B of the Hong Kong Companies Ordinance is as follows:

21. 一名董事欠款

該等款項為無抵押及免息，須按要求償還。

根據香港公司條例第161B條所披露，董事陶哲甫先生(「陶哲甫先生」)欠款的進一步詳情如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Balance at 1 January	於一月一日結餘	2,725	2,782
Maximum amount outstanding during the year	年內尚未償還最高額	2,725	2,782
Balance at 31 December	於十二月三十一日結餘	—	2,725

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22. ACCOUNTS PAYABLE

The aging analysis of the accounts payable is as follows:

			2006 HK\$'000 千港元	2005 HK\$'000 千港元
Below 30 days	30天以內		1,205	964
30 -60 days	30-60天		61	220
61-90 days	61-90天		162	139
91-365 days	91-365天		587	375
Over 365 days	365天以上		338	170
Rent received on behalf of landlords	代表業主收取租金	(a)	2,353	1,868
Accrued construction cost and other project-related expenses	應計建築成本及 其他項目相關開支	(b)	13,607	4,879
			15,960	6,747

Notes:

- (a) Rent received on behalf of landlords comprised net rental received from tenants after netting off management fee charged to them for the services provided.
- (b) Included in the above amounts are construction cost and other project-related expense payable amounted to approximately HK\$13,607,000 at 31 December 2006 which was accrued based on the terms of the relevant agreements and project progress and were not due for payment at 31 December 2006 (2005: HK\$4,879,000).

應付賬款的賬齡分析如下：

附註：

- (a) 業主收取租金包括向租戶收取的租金，扣除管理服務費用後所得淨額。
- (b) 上述款項包括於二零零六年十二月三十一日，應付建築成本及其他項目相關開支約13,607,000港元，為根據相關協議的條款及項目進度累算，於二零零六年十二月三十一日尚未到期支付（二零零五年：4,879,000港元）。

23. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

			2006 HK\$'000 千港元	2005 HK\$'000 千港元
Deposits received	已收按金		2,882	194
Accruals and other payables	應計費用及其他應付款項		21,800	21,464
			24,682	21,658

23. 應計費用、已收按金及其他應付款項

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24. BORROWINGS

24. 借貸

			2006 HK\$'000 千港元	2005 HK\$'000 千港元
Bank overdrafts	銀行透支		15,327	37,112
Bank loans	銀行貸款		30,000	66,306
			45,327	103,418
Less: Current portion due within one year included under current liabilities	減：列為流動負債於 一年內到期的即期部份		(25,327)	(78,458)
Non-current portion included under non-current liabilities	列為非流動負債的 非即期部份		20,000	24,960
Borrowings were repayable as follows:		須償還貸款如下：		
		Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Within one year	一年內			
Bank overdrafts, unsecured	銀行透支，無抵押		101	20,183
Bank overdrafts, secured	銀行透支，有抵押	(a)	15,226	16,929
Bank loans, unsecured	銀行貸款，無抵押		10,000	—
Bank loans, secured	銀行貸款，有抵押	(b)	—	41,346
In the second year	兩年內			
Bank loans, unsecured	銀行貸款，無抵押		10,000	—
Bank loans, secured	銀行貸款，有抵押	(b)	—	24,960
In the third to fifth year	三至五年			
Bank loan, unsecured	銀行貸款，無抵押		10,000	—
			45,327	103,418

Notes:

附註：

- (a) Bank overdrafts were secured by pledge of bank deposit of approximately HK\$17,975,000 (2005: HK\$17,393,000) of the Group.
- (b) Bank loans as at 31 December 2005 were secured by pledge of certain investment properties and properties held for development of the Group and pledge of bank deposits of approximately HK\$24,915,000.

- (a) 銀行透支由本集團為數約17,975,000港元(二零零五年：17,393,000港元)銀行存款抵押作擔保。
- (b) 於二零零五年十二月三十一日的銀行貸款，由本集團所持的若干投資物業及發展中物業抵押以及銀行存款抵押約24,915,000港元作擔保。

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24. BORROWINGS (Cont'd)

The carrying amounts of the borrowings are denominated in the following currencies and have the following effective interest rates at the balance sheet date:

		2006		2005	
		Interest rate per annum, effective as at 31 December 2006 於二零零六年 十二月三十一日 有效年利率		Interest rate per annum, effective as at 31 December 2005 於二零零五年 十二月三十一日 有效年利率	
		HK\$'000 千港元		HK\$'000 千港元	
Hong Kong dollar *	港元 *	45,226	3.30% to 6.75%	16,960	4.15% to 5.05%
United States dollar *	美元 *	101	8.00% to 8.25%	45,112	5.25% to 8.00%
Renminbi ^	人民幣 ^	—	N/A 不適用	41,346	5.18% to 5.58%
		45,327		103,418	

Notes:

* Borrowings under floating interest rates

^ Borrowings under fixed interest rates

附註：

* 按浮動利率計息

^ 按固定利率計息

25. DEFERRED TAXATION

Deferred taxation is calculated under the balance sheet liability method using the applicable tax rates at balance sheet date.

The movement in deferred tax liabilities is as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
At 1 January	於一月一日	5,052	—
Deferred taxation charged to income statement (note 9)	自收益表中扣除的 遞延稅項 (附註9)	21,319	5,052
Exchange differences	匯兌差額	411	—
At 31 December	於十二月三十一日	26,782	5,052
Provided in respect of:	撥備項目：		
Temporary differences on fair value adjustments on investment properties	投資物業公允值調整 的暫時差額	26,782	5,052

遞延稅項 (計入) / 扣除乃於結算日以資產負債表負債法按適用稅率計算。

遞延稅項負債的變動如下：

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25. DEFERRED TAXATION (Cont'd)

The amounts of the deferred tax (credit)/charge not recognised during the year are as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Tax effect of temporary differences attributable to fair value adjustments net of tax losses not recognised	公允值調整的暫時差額的稅務影響(已扣除未確認稅項虧損)	(1,912)	642

25. 遞延稅項 (續)

年內未確認遞延稅項(計入)/開支款額如下：

26. SHARE CAPITAL

	Notes 附註	2006 Number of shares 股份數量	2006 HK\$'000 千元	2005 Number of shares 股份數量	2005 HK\$'000 千元
Authorised: Ordinary shares of HK\$0.01 each	法定： 每股面值0.01港元 的普通股	30,000,000,000	300,000	30,000,000,000	300,000
Issued and fully paid: Ordinary shares of HK\$0.01 each	已發行及繳足： 每股面值0.01港元 的普通股				
At 1 January	於一月一日	640,321,400	6,403	1	—
Issue of shares on reorganisation	重組時發行 股份 (a)	—	—	4	—
Issue of shares on loan capitalisation	貸款撥充資本時 發行股份 (b)	—	—	2,410,010	24
Issue of shares on acquisition of NH Investments	收購新繼企業時 發行股份 (c)	—	—	1,675,714	17
Issue of shares on acquisition of WML	收購世謙時 發行股份 (d)	—	—	21,414	—
Subscription for shares	認購股份 (e)	—	—	616,071	6
Issue of shares on capitalisation issue	資本化發行股份 股份 (f)	—	—	467,598,186	4,676
Issue of shares by initial public offering	首次公開招股時 發行股份 (g)	—	—	168,000,000	1,680
Issue of shares as 2005 scrip dividend	發行二零零五年 以股代息股份 (h)	8,196,818	82	—	—
Subscription for shares	認購股份 (i)	65,000,000	650	—	—
At 31 December	於十二月三十一日	713,518,218	7,135	640,321,400	6,403

26. 股本

26. SHARE CAPITAL (Cont'd)

- (a) On 23 June 2005, the Company entered into a share swap agreement with Mr. CF Tao and Mrs. Tao Poon Lai Yew Nancy ("Mrs. Nancy Tao") to acquire the entire interest of NH Corporation as part of the reorganisation exercise to rationalise the structure of the Group for the listing of the Company's shares on the Main Board of the Stock Exchange. The consideration was satisfied by the allotment and issue of 4 shares of the Company of HK\$0.01 each, credited as fully paid, to Mr. CF Tao and Mrs. Nancy Tao on the same day.

- (b) On 24 June 2005, NH Corporation issued 240 shares of US\$1.00 each as consideration for the assignment of certain loans due by NH Development to certain shareholders, a related company and third parties. On the same day, the Company issued and allotted, credited as fully paid, 2,410,010 shares of HK\$0.01 each as consideration for these 240 shares of NH Corporation.

- (c) The Group undertook the following steps to acquire 100% equity interest of NH Investments:

On 6 July 2005, a sale and purchase agreement was entered into between Belbroughton Limited ("Belbroughton"), Mr. Tao Shing Pee ("Mr. SP Tao"), the brother of Mr. CF Tao, and Oriental Pearl International Inc. ("OPII") as vendors, Accordcity as purchaser and Mr. CF Tao as warrantor, pursuant to which the respective 2,354,012 shares, 2,603,992 shares and 1,301,996 shares of HK\$10 each in, which in aggregate represent the entire issued share capital of, NH Investments were transferred from Belbroughton, Mr. SP Tao and OPII respectively to Accordcity. The considerations were satisfied by the allotment and issue of 38 shares, 42 shares and 21 shares of US\$1.00 each in the capital of Accordcity to Belbroughton, Mr. SP Tao and OPII respectively, credited as fully paid, on the same day.

On 12 July 2005, a sale and purchase agreement was entered into between Belbroughton, Mr. SP Tao and OPII as vendors and NH Corporation as purchaser and Mr. CF Tao as warrantor, pursuant to which 38 shares, 42 shares and 21 shares of US\$1.00 each in Accordcity were transferred from Belbroughton, Mr. SP Tao and OPII respectively to NH Corporation. The considerations were satisfied by the allotment and issue of 38 shares, 42 shares and 21 shares of US\$1.00 each in the capital of NH Corporation to Belbroughton, Mr. SP Tao and OPII respectively, credited as fully paid, on the same day.

On 13 July 2005, the Company acquired 38 shares, 42 shares and 21 shares of US\$1.00 each in the capital of NH Corporation from Belbroughton, Mr. SP Tao and OPII. The considerations were satisfied by the allotment and issue of 630,136 shares, 697,052 shares and 348,526 shares in the Company of HK\$0.01 each, credited as fully paid, to Belbroughton, Mr. SP Tao and OPII respectively, on the same day.

26. 股本 (續)

- (a) 於二零零五年六月二十三日，本公司與陶哲甫先生及陶潘麗瑤女士簽訂一份換股協議，以購入新澤企業全部權益，以於本公司股份在聯交所主板上市前理順本集團的架構。有關代價透過於同日向陶哲甫先生及陶潘麗瑤女士配發及發行本公司4股每股面值0.01港元的入賬列作繳足股份支付。

- (b) 於二零零五年六月二十四日，新澤企業發行240股每股面值1.00美元的股份作為代價，以支付新澤企業結欠若干股東、關連公司及第三方的若干貸款。於同日，本公司發行及配發2,410,010股每股面值0.01港元的入賬列作繳足股份，作為新澤企業該240股股份的代價。

- (c) 本集團年內採取以下步驟收購新繼企業100%股本權益：

於二零零五年七月六日，Belbroughton Limited (「Belbroughton」)、陶欣伯先生(陶哲甫先生之胞兄)及Oriental Pearl International Inc. (「OPII」)(作為賣方)與Accordcity(作為買方)及陶哲甫先生(作為擔保人)簽訂一份買賣協議，據此，Belbroughton、陶欣伯先生及OPII分別將新繼企業股本中2,354,012股、2,603,992股及1,301,996股每股面值10港元的股份(合共即全部已發行股本)轉讓予Accordcity。該等代價透過於同日向Belbroughton、陶欣伯先生及OPII分別配發及發行於Accordcity股本中的38股、42股及21股每股面值1.00美元的入賬列作繳足股份支付。

於二零零五年七月十二日，Belbroughton、陶欣伯先生及OPII(作為賣方)與新澤企業(作為買方)及陶哲甫先生(作為擔保人)簽訂一份買賣協議，據此，Belbroughton、陶欣伯先生及OPII分別將Accordcity股本中38股、42股及21股每股面值1.00美元的股份轉讓予新澤企業，該等代價透過於同日向Belbroughton、陶欣伯先生及OPII分別配發及發行於新澤企業股本中的38股、42股及21股每股面值1.00美元的入賬列作繳足股份支付。

於二零零五年七月十三日，本公司向Belbroughton、陶欣伯先生及OPII收購新繼企業股本中38股、42股及21股每股面值1.00美元的股份，該等代價透過於同日向Belbroughton、陶欣伯先生及OPII分別配發及發行本公司630,136股、697,052股及348,526股入賬列作繳足股份支付。

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26. SHARE CAPITAL (Cont'd)

- (d) The Group undertook the following steps to acquire 100% equity interest of WML:

On 31 March 2005, WML capitalised the reserve in the amount of HK\$679,998 by having the said amount applied in paying up in full for 679,998 shares of HK\$1.00 each in its capital, of which 339,999 shares were issued and allotted, credited as fully paid up, at par to each of Mr. CF Tao and Mr. SP Tao. On the same day, WML issued and allotted a further 60,000 shares of HK\$1.00 each in the capital of WML for cash at par to each of Mr. CF Tao and Mr. SP Tao.

On 28 June 2005, 400,000 shares and 400,000 shares of HK\$1.00 each in, which in aggregate represent the entire issued share capital of, WML were transferred from Mr. CF Tao and Mr. SP Tao respectively to NH Corporation. The considerations were satisfied by the allotment and issue of 1 share of US\$1.00 in the capital of NH Corporation to each of Mr. CF Tao and Mr. SP Tao, credited as fully paid, on the same day.

On 13 July 2005, 1 share and 1 share of US\$1.00 each in the capital of NH Corporation were transferred from Mr. CF Tao and Mr. SP Tao respectively to the Company. The considerations were satisfied by the allotment and issue of 10,707 shares to Belbroughton, as directed by Mr. CF Tao, and of 10,707 shares to Mr. SP Tao, credited as fully paid, on the same day.

- (e) On 14 November 2005, the following agreements for subscription of shares were entered:
- (i) A subscription agreement was entered into between the Company and Belbroughton, pursuant to which the Company issued and allotted 431,809 shares of HK\$0.01 each to Belbroughton at par in cash on 15 November 2005.
 - (ii) A subscription agreement was entered into between the Company and OPIL, pursuant to which the Company issued and allotted 20,536 shares of HK\$0.01 each to OPIL at par for cash on 15 November 2005.
 - (iii) A subscription agreement was entered into between the Company and the four executive directors comprising Mr. Tao Richard ("Mr. Richard Tao"), Mr. Tao Paul ("Mr. Paul Tao"), Mr. Kong Mui Sum Lawrence and Mr. Yim Chun Leung, pursuant to which the Company issued and allotted 65,773 shares, 65,773 shares, 16,440 shares and 8,220 shares of HK\$0.01 each to Mr. Richard Tao, Mr. Paul Tao, Mr. Kong Mui Sum Lawrence and Mr. Yim Chun Leung respectively, all at par for cash, on 15 November 2005.

26. 股本 (續)

- (d) 本集團年內採取以下步驟，收購世謙100%股本權益：

於二零零五年三月三十一日，世謙藉將679,998港元繳足其股本中679,998股每股面值1.00港元的股份，將儲備資本化，按面值發行及配發各339,999股入賬列作繳足股份予陶哲甫先生及陶欣伯先生。同日，世謙另向陶哲甫先生及陶欣伯先生，按面值發行及配發於世謙股本中60,000股每股面值1.00港元的股份，以換取現金。

於二零零五年六月二十八日，陶哲甫先生及陶欣伯先生分別將世謙股本中400,000股及400,000股每股面值1.00港元的股份（合共即為其全部已發行股本）轉讓予新澤企業，該等代價透過於同日向陶哲甫先生及陶欣伯先生各自配發及發行新澤企業股本中一股每股面值1.00美元的入賬列作繳足股份支付。

於二零零五年七月十三日，陶哲甫先生及陶欣伯先生分別將新澤企業股本中一股及一股每股面值1.00美元的股份轉讓予本公司，該等代價透過於同日向Belbroughton（按陶哲甫先生指示）及陶欣伯先生分別配發及發行10,707股及10,707股入賬列作繳足股份支付。

- (e) 於二零零五年十一月十四日訂立以下股份認購協議：
- (i) 本公司與Belbroughton簽訂一份認購協議；據此，本公司於二零零五年十一月十五日，向Belbroughton按面值每股0.01港元，以現金發行及配發431,809股股份。
 - (ii) 本公司與OPIL簽訂一份認購協議；據此，本公司於二零零五年十一月十五日向OPIL按面值每股0.01港元以現金發行及配發20,536股股份。
 - (iii) 本公司與四位執行董事（包括陶家祈先生、陶錫祺先生、江森森先生及嚴振亮先生）簽訂一份認購協議；據此，本公司於二零零五年十一月十五日向陶家祈先生、陶錫祺先生、江森森先生及嚴振亮先生按面值每股0.01港元以現金分別發行及配發65,773股、65,773股、16,440股及8,220股股份。

26. SHARE CAPITAL (Cont'd)

(e) (Cont'd)

- (iv) A subscription agreement was entered into between the Company and each of the staff shareholders comprising Mr. Fung Shik Kuen, Mr. Li Chun Fai, Ms. Chan Sik Kum, Ms. Lau Yuk Ling Kathy, Ms. Fung Yuk Ling Elaine, Ms. Lee Shuk Chan and Ms. Tsang Yuen Hung Janet, pursuant to which the Company issued and allotted 620 shares, 1,320 shares, 980 shares, 980 shares, 1,320 shares, 980 shares and 1,320 shares of HK\$0.01 each to Mr. Fung Shik Kuen, Mr. Li Chun Fai, Ms. Chan Sik Kum, Ms. Lau Yuk Ling Kathy, Ms. Fung Yuk Ling Elaine, Ms. Lee Shuk Chan and Ms. Tsang Yuen Hung Janet respectively, all at par for cash, on 15 November 2005.
- (f) On 14 November 2005, written resolution of all the shareholders were passed pursuant to conditional upon the share premium account of the Company being credited as a result of initial public offering, the directors were authorised to capitalise the amount of approximately HK\$4,676,000 from the amount standing to the credit of the share premium account of the Company to pay up in fully at par for allotment and issue to the person(s) whose name(s) appears on the register of members of the Company at the close of business on 15 November 2005, pro-rata to its/their then existing shareholdings in the Company.
- (g) On 1 December 2005, the Company allotted and issued 168,000,000 shares of HK\$0.01 each upon listing of the shares on the Main Board of the Stock Exchange on 2 December 2005 at a price of HK\$0.58 each.
- (h) On 5 July 2006, 8,196,818 shares of HK\$0.01 each were issued at a price of HK\$0.624 per share upon election by shareholders to receive shares in the Company in lieu of the 2005 final dividend pursuant to the scrip dividend scheme as detailed in a circular dated 30 May 2006.
- (i) On 28 August 2006, the Company entered into a subscription agreement with Spinnaker Global Opportunity Fund Limited ("Spinnaker"). Pursuant to which Spinnaker agreed to subscribe for 65,000,000 subscription shares of the Company at a price of HK\$0.60 each. The subscription was completed on 20 September 2006.

27. SHARE-BASED EMPLOYEE COMPENSATION

Pursuant to the written resolutions of all the then shareholders passed on 14 November 2005, the Company has conditionally adopted the Share Option Scheme ("Scheme") for employee compensation.

The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants for their contributions to the Group and for such other purposes as the board of directors (the "Board") may approve from time to time.

26. 股本 (續)

(e) (續)

- (iv) 本公司與各員工股東(包括馮錫權先生、李振輝先生、陳惜琴女士、劉玉玲女士、馮玉玲女士、李淑珍女士及曾婉卿女士)簽訂一份認購協議；據此，本公司於二零零五年十一月十五日向馮錫權先生、李振輝先生、陳惜琴女士、劉玉玲女士、馮玉玲女士、李淑珍女士及曾婉卿女士分別按面值每股0.01港元以現金發行及配發620股、1,320股、980股、980股、1,320股、980股及1,320股股份。
- (f) 於二零零五年十一月十四日，全體股東通過書面決議案，待本公司的股份溢價賬，因首次公開招股而進賬後，董事獲授權將本公司股份溢價賬的進賬款額約4,676,000港元資本化，以按面值全數繳足股款，並以按名列本公司於二零零五年十一月十五日營業時間結束時的股東名冊的人士於本公司當時的持股比例，配發及發行予彼等。
- (g) 於二零零五年十二月一日，本公司配發及發行168,000,000股每股面值0.01港元的股份，以供於二零零五年十二月二日按每股0.58港元在聯交所主板上市。
- (h) 於二零零六年七月五日，股東可選擇按二零零六年五月三十日公佈的以股代息計劃，收取本公司股份以代替二零零五年的末期股息，因而按每股為0.624港元的價格，發行8,196,818股每股面值0.01港元的股份。
- (i) 於二零零六年八月二十八日，本公司與Spinnaker Global Opportunity Fund Limited(「Spinnaker」)訂立股份認購協議。據此，Spinnaker同意按每股0.60港元的價格認購本公司65,000,000股認購股份。該認購事項於二零零六年九月二十日完成。

27. 以股份支付的僱員薪酬

根據當時全體股東於二零零五年十一月十四日通過的書面決議案，本公司已有條件採納購股權計劃(「該計劃」)，作為僱員薪酬。

該計劃旨在讓本公司以靈活的方法，就參與者對本集團的貢獻及董事會(「董事會」)可能不時批准的其他目的，給予參與者激勵、獎勵、酬金、報酬及／或利益。

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27. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

Pursuant to the Scheme, the Board may, at its discretion, invite any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of the Company, its subsidiaries and associated companies; any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group or its associated companies; any consultants, professional and other advisers to each member of the Group or its associated companies (or persons, firms or companies proposed to be appointed for providing such services); any chief executives or substantial shareholders of the Company; any associates of any director, chief executive or substantial shareholder of the Company; and any employees (whether full-time or part-time) of substantial shareholders of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories, (together, the "Participants" and each a "Participant"), to take up options ("Option(s)") to subscribe for shares at a price determined in accordance with the paragraph below.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

The Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Scheme is adopted, after which period no further Options will be granted but in all other respects the provisions of the Scheme shall remain in full force and effect, and Options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of grant.

The subscription price in respect of each share issued pursuant to the exercise of Options granted hereunder shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the business day on which an offer is accepted by the grantee or if such date of acceptance by the grantee is not a business day, the immediately preceding business day;
- (b) a price being the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an offer is accepted by the grantee (provided that the new issue price shall be used as the closing price for any business day falling within the period before listing of the shares where the Company has been listed for less than 5 business days as at the date on which an offer is accepted by the grantee); and
- (c) the nominal value of a share.

27. 以股份支付的僱員薪酬(續)

根據該計劃，董事會可酌情邀請本公司、其附屬公司及聯營公司的任何執行或非執行董事，包括獨立非執行董事或任何僱員（不論全職或兼職）；本集團各成員公司或其聯營公司的任何僱員、執行或非執行董事所設立的全權信託的任何全權受益人；本集團各成員公司或其聯營公司的諮詢人、專業人士及其他顧問（或擬委任以提供該等服務的人士、商行或公司）；本公司任何主要行政人員或主要股東；本公司任何董事、主要行政人員或主要股東的任何聯繫人；及本公司主要股東的任何僱員（不論全職或兼職），惟董事會可全權酌情釐定有關人士是否屬於上述類別（上述人士均稱為及合稱「參與者」），以接納購股權（「購股權」），並根據下文確定的價格認購股份。

於釐定各參與者的資格標準時，董事會將考慮其可能酌情認為恰當的因素。

該計劃自獲採納日期起計有效期為十年，在限期後不會再授出購股權，惟在所有其他方面，該計劃的條文仍具有十足效力及作用，於該計劃期限內授出的購股權可按其授出條款繼續行使。

根據本文授出的購股權獲行使而發行的每股股份的認購價，將由董事會獨自釐定及知會參與者，而認購價最低為（以最高者為準）：

- (a) 於要約獲承授人接納的營業日（或如要約獲承授人接納當日並非營業日，則為緊接該日前的營業日）聯交所日報表所報的股份收市價；
- (b) 緊接要約獲承授人接納前五個營業日聯交所日報表所報的股份平均收市價（惟倘本公司於要約獲承授人接納當日前已上市的日子數少於五個營業日，則新發行價應用作股份上市前期間任何營業日的收市價）；及
- (c) 一股股份面值。

27. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

The total number of shares, which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Company shall not in aggregate exceed 64,032,140 being 10% of the total number of shares in issue on the date of commencement of dealings in the shares on the Stock Exchange, unless the Company obtains an approval from its shareholders. Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating such 10% limit.

Notwithstanding any other provisions of the Scheme, the maximum number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time.

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the Options granted to each participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Offer of an option ("Offer") shall be deemed to have been accepted by any Participant (the "Grantee") who accepts an Offer in accordance with the terms of the Scheme and the option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the Offer duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the granting thereof is received by the Company within 14 days from the date upon which the Offer is made.

All share-based employee compensation will be settled in equity.

27. 以股份支付的僱員薪酬(續)

因行使根據該計劃及本公司任何其他購股權計劃授出的所有購股權可發行的股份總數，合共不得超過64,032,140股(即股份於聯交所開始買賣當日已發行股份總數的10%)，惟本公司取得股東的批准則除外。計算該10%限額並不計及根據該計劃條款已失效的購股權。

儘管該計劃另有任何規定，於行使該計劃及本公司任何其他購股權計劃的已授出但尚未行使的所有未行使購股權時，最多可發行的股份數目不得超過不時已發行股份總數的30%。

除非獲股東批准，於任何十二個月期間因行使授予每名參與者的購股權(包括已行使及尚未行使的購股權)而已發行及將予發行的股份總數，不得超過已發行股份總數的1%。

任何參與者(「承授人」)凡按照該計劃的條款接納購股權要約(「要約」)，即被視為接納要約，而當載有接納要約的要約書副本由承授人妥為簽署，並在本公司作出要約當日起14日內，接獲承授人在接納購股權時須向本公司支付1.00港元作為授出購股權的代價後，與要約有關的購股權即被視為已授出並生效。

所有以股份支付的僱員薪酬均將以於權益結算。

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27. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

Details of the Options granted by the Company pursuant to the Scheme and the Options outstanding as at 31 December 2006 were as follows:

27. 以股份支付的僱員薪酬(續)

於二零零六年十二月三十一日，本公司根據該計劃授出而尚未行使的購股權詳情如下：

	Date of grant	Exercisable period	Number of Options 購股權數量				Balance at 31 December 2006	Exercise price per share
			Balance at 31 December 2005 and 1 January 2006 於二零零五年 十二月三十一日 及二零零六年 一月一日結餘	Granted on 4 April 2006 於二零零六年 四月四日授出	Exercise during the year 於年內 行使	Lapsed during the year 於年內 失效		
Executive Directors 執行董事								
Mr. CF Tao 陶哲甫先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年 四月十日至 二零零九年 四月九日	—	5,800,000	—	—	5,800,000	0.86
Mr. Richard Tao 陶家祈先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年 四月十日至 二零零九年 四月九日	—	6,400,000	—	—	6,400,000	0.86
Mr. Paul Tao 陶錫祺先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年 四月十日至 二零零九年 四月九日	—	6,400,000	—	—	6,400,000	0.86
Mr. Kong Mui Sum Lawrence 江森森先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年 四月十日至 二零零九年 四月九日	—	6,400,000	—	—	6,400,000	0.86
Mr Yim Chun Leung 嚴振亮先生	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年 四月十日至 二零零九年 四月九日	—	6,400,000	—	—	6,400,000	0.86
Employees of the Group 本集團僱員	4 April 2006 二零零六年 四月四日	10 April 2006 to 9 April 2009 二零零六年 四月十日至 二零零九年 四月九日	—	6,412,000	—	(296,000)	6,116,000	0.86
			—	37,812,000	—	(296,000)	37,516,000	

27. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

The fair values of Options of approximately HK\$7,628,000 (note 8) granted during the year were determined using the Binomial Option Pricing Model. Significant inputs into the calculation included a share price on issue date of HK\$0.86 and exercise prices as illustrated above. Furthermore, the calculation took into account of the expected dividend yield of 2.951% and a volatility rate of 37.04%, based on expected share price. Risk-free annual interest rate was determined at 4.39%.

The underlying expected volatility was determined with reference to the historical share price information of a company listed on the Main Board of the Stock Exchange which was engaged in similar business to the Group. The directors believe that the historical volatility rate of the Company may be overstated as the transactions of the Company's shares were unstable during the period from the date of listing on 2 December 2005 to the date of Options grant.

No options were forfeited, exercised and expired pursuant to the Scheme during the year.

27. 以股份支付的僱員薪酬(續)

於年內授出購股權約7,628,000港元的公允值(附註8)，乃以二項式期權定價模式釐定。於該計算中的重要數據，包括一項於發行日為0.86港元的股價，以及上表所述的行使價。此外，該計算已考慮按預期股價計算的2.951%預期股息率，及37.04%波幅。無風險年利率定為4.39%。

相關預期波幅，乃參照一家與本集團業務相近的聯交所主板上市公司的歷史股價資料釐定。董事認為，本公司的歷史波幅可能被高估，因為自二零零五年十二月二日上市日至授出購股權當日期間，本公司的股份交易一直不穩定。

該計劃之購股權年內並沒有被放棄行使或逾期。

28. RESERVES

(a) Group

		Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Retained profits	保留盈利		122,998	62,859
Share premium	股份溢價	(i)	223,643	181,706
Merger reserve	合併儲備	(ii)	89,936	89,936
Share option reserves	購股權儲備		7,628	—
Hotel property revaluation reserve	酒店物業重估儲備		(2,326)	(2,326)
Statutory reserve	法定儲備	(iii)	6,346	68
Exchange reserve	匯兌儲備		(3,989)	(17,963)
			444,236	314,280
Proposed final dividend	擬派末期股息		7,135	11,526
			451,371	325,806

The movements of the Group's reserves for the year are presented in the consolidated statement of changes in equity of the financial statements

本集團儲備於年內的變動，於財務報表的綜合權益變動表中呈列。

- (i) Under the Companies Law, Cap.22 Law 3 of 1962, as consolidated and revised, of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.
- (ii) The merger reserve of the Group represents the excess of the nominal value of the share capital of the subsidiaries acquired pursuant to the Group's reorganisation completed on 23 June 2005 over the nominal value of the Company's shares issued in exchange therefor.

- (i) 根據開曼群島法例第22章公司法(一九六二年第三號法例，經綜合及修訂)，股份溢價賬可分派予本公司股東，惟緊隨擬分派股利日期後，本公司有能力償還於日常業務中到期的債務。
- (ii) 本集團的合併儲備乃因在二零零五年六月二十三日完成的重組而產生，為本公司根據重組發行股份的面值與當時購入附屬公司的股本總額面值的差額。

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28. RESERVES (Cont'd)

(a) Group (Cont'd)

- (iii) According to the relevant PRC Laws, companies established in the PRC are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the entity's registered capital. The transfer of this reserve must be made before the distribution of dividend to the entity's equity owners. The statutory reserve is non-distributable other than upon the liquidation of the entity.
- (iv) Of the consolidated profit attributable to equity holders of the Company of HK\$73,316,000 for the year (2005: HK\$55,934,000), profit of HK\$39,999,000 (2005: loss of HK\$7,301,000) has been dealt with in the financial statements of the Company for the year.

(b) Company

28. 儲備 (續)

(a) 本集團 (續)

- (iii) 根據相關中國法例，聯營公司須按中國會計規則釐定的除稅後純利，將最少10%轉撥至法定儲備，直至該儲備結餘達至聯營公司註冊資本50%，並必須於向聯營公司股東分派股息前轉撥至此儲備。法定儲備為不可分派，如聯營公司清盤則除外。
- (iv) 年內本公司股東應佔綜合盈利為73,316,000港元(二零零五年：55,934,000港元)，當中盈利39,999,000港元(二零零五年：虧損7,301,000港元)已於本公司年度財務報表中處理。

(b) 本公司

		Share premium	Share option reserves	Contributed surplus	(Accumulated losses)/ retained profits (累計虧損)/ 保留盈利	Proposed final dividend 擬派末期股息	Total 總計
		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
1 January 2005	於二零零五年一月一日	—	—	—	—	—	—
Loss for the year	本年度虧損	—	—	—	(7,301)	—	(7,301)
Arise from Reorganisation	因重組產生	—	—	(22)	—	—	(22)
Arise from acquisition of NH Investments (note 26(c))	因收購新繼企業產生 (附註26(c))	106,158	—	—	—	—	106,158
Arise from capitalisation issue (note 26(f))	因資本化發行產生 (附註26(f))	(4,676)	—	—	—	—	(4,676)
Arise from initial public offering (note 26(g))	因首次公開招股產生 (附註26(g))	95,760	—	—	—	—	95,760
Share issue expenses	股份發行開支	(15,536)	—	—	—	—	(15,536)
Proposed final dividend	擬派末期股息	—	—	—	(11,526)	11,526	—
At 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日	181,706	—	(22)	(18,827)	11,526	174,383
Profit for the year	本年度溢利	—	—	—	39,999	—	39,999
Employee share-based compensation	以股份支付的僱員薪酬	—	7,628	—	—	—	7,628
Arise from issue of shares as 2005 scrip dividend (note 26(h))	因發行二零零五年以股代息股份而產生 (附註26(h))	5,033	—	—	—	—	5,033
Arise from issue of shares on subscription (note 26(i))	因於認購時發行股份而產生 (附註26(i))	38,350	—	—	—	—	38,350
Dividend relating to 2005 paid	已付二零零五年股息	—	—	—	—	(11,526)	(11,526)
Share issue expenses	發行股份開支	(1,446)	—	—	—	—	(1,446)
Proposed final dividend	擬派末期股息	—	—	—	(7,135)	7,135	—
At 31 December 2006	於二零零六年十二月三十一日	223,643	7,628	(22)	14,037	7,135	252,421

The contributed surplus of the Company represents the excess of the net asset value of the subsidiaries acquired pursuant to the Group's reorganisation completed on 23 June 2005 over the nominal value of the Company's shares issued in exchange therefor.

本公司的實繳盈餘，為本集團於二零零五年六月二十三日完成的本集團重組中，所收購附屬公司的資產淨值，超出根據重組發行股份面值的差額。

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29. PLEDGED BANK DEPOSITS

	Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Analysis of pledged bank deposits:	已抵押銀行存款分析：		
Deposit pledged against banking facilities granted to the mortgagee	(a) 就受押人獲授銀行融資而抵押的存款	7,801	2,063
Deposit pledged against bank overdrafts and bank loans (note 24(a) and (b))	(b) 就本集團獲授銀行透支及貸款而抵押的存款 (附註24(a)及(b))	17,975	42,308
		25,776	44,371

- (a) The bank deposits were pledged as security in favour of banks and financial institutions in the PRC who provided mortgage loan to purchasers of properties for the period from the date of draw-down of mortgage loans to the date when the certificates for housing ownership and certificates of others' interest for housing ownership (collectively known as "Certificates") are granted to the property purchasers. Such charges would be released upon the Certificates are granted to the property purchasers. This deposit earns interest at floating rates based on daily bank deposits rates.
- (b) The effective interest rates of short-term bank deposits are ranging from 1.44% to 3.89% (2005: 1.24% to 3.50%) and not eligible for immediate cancellation upon the settlement of pledged facilities.

- (a) 由提取按揭貸款當日起，直至置業者獲批授房屋所有權證或房屋所有權其他權證(統稱為「該等證明」)止，銀行存款已抵押予多家向置業者提供按揭貸款的國內銀行及金融機構，作為抵押品。該等抵押將於置業者獲授該等證明時解除。該存款以每日銀行存款利率，按浮動利率計息。
- (b) 短期銀行存款的有效利率為1.44%至3.89%(二零零五年：1.24%至3.50%)，並不可於償還質押融資額時立即撤銷。

30. CASH AND CASH EQUIVALENTS

Analysis of cash and cash equivalents is as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Cash at banks and in hand	銀行結存及現金	129,472	104,551
Deposit pledged against bank overdrafts	就銀行透支而抵押的存款	17,975	17,393
Bank overdrafts (note 24)	銀行透支 (附註24)	(15,327)	(37,112)
		132,120	84,832

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Renminbi	人民幣	73,822	51,698
United States dollar	美元	9,694	29,662

As at 31 December 2006, cash and cash equivalents denominated in Renminbi are deposited with banks in the PRC, the conversion of these Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The effective interest rates of the cash at bank and bank deposits are in range of 1.44% to 4.92% and those have maturity within 30 days.

現金及現金等價物分析如下：

於資產負債表之現金及現金等價物，乃以下列本集團功能貨幣以外之貨幣列值：

於二零零六年十二月三十一日，現金及現金等價物原以人民幣為單位，並存於中國多家銀行，將該等以人民幣為單位的結存兌換為外幣乃受中國政府頒佈的外匯法規所限制。

銀行結存及現金的有效利率為1.44%至4.92%，其到期日為30日。

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31. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

31. 董事及高級管理人員酬金

(a) Directors' emoluments

(a) 董事酬金

		Fees	Salaries, allowance and other benefit in kind 薪金、津貼及其他實物利益 HK\$'000 千港元	Share-based payment expense 以股份支付僱員的開支 HK\$'000 千港元	Contribution to retirement benefit scheme 退休金計劃供款 HK\$'000 千港元	Total 總計 HK\$'000 千港元
2005	二零零五年					
Executive directors	執行董事					
Mr. C F Tao	陶哲甫先生	—	112	—	3	115
Mr. Richard Tao	陶家祈先生	—	640	—	16	656
Mr. Paul Tao	陶錫祺先生	—	630	—	17	647
Mr. Kong Mui Sum Lawrence	江淼森先生	—	884	—	16	900
Mr. Yim Chun Leung	嚴振亮先生	—	1,235	—	16	1,251
		—	3,501	—	68	3,569
Non-executive director	非執行董事					
The Hon. Chan Bernard Charnwut	陳智思先生	16	—	—	—	16
Independent non-executive directors	獨立非執行董事					
Mr. Wong Gary Ka Wai	王家偉先生	23	—	—	—	23
Mr. Sun Leland Li Hsun	孫立勳先生	16	—	—	—	16
Mr. Chan Norman Enrique	陳樂文先生	16	—	—	—	16
		55	—	—	—	55
		71	3,501	—	68	3,640
2006	二零零六年					
Executive directors	執行董事					
Mr. C F Tao	陶哲甫先生	—	736	1,166	—	1,902
Mr. Richard Tao	陶家祈先生	—	1,458	1,286	13	2,757
Mr. Paul Tao	陶錫祺先生	—	1,605	1,286	13	2,904
Mr. Kong Mui Sum Lawrence	江淼森先生	—	1,458	1,286	13	2,757
Mr. Yim Chun Leung	嚴振亮先生	—	1,458	1,286	13	2,757
		—	6,715	6,310	52	13,077
Non-executive director	非執行董事					
The Hon. Chan Bernard Charnwut	陳智思先生	120	—	—	—	120
Independent non-executive directors	獨立非執行董事					
Mr. Wong Gary Ka Wai	王家偉先生	180	—	—	—	180
Mr. Sun Leland Li Hsun	孫立勳先生	120	—	—	—	120
Mr. Chan Norman Enrique	陳樂文先生	120	—	—	—	120
		420	—	—	—	420
		540	6,715	6,310	52	13,617

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31. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments (Cont'd)

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2005: Nil).

31,400,000 share options (note 27) were granted to the directors of the Company during the year (2005: Nil).

(b) Senior management emoluments

The five individuals whose emoluments were the highest in the Group for the year included five (2005: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one individual during the year ended 31 December 2005 are as follows:

Salaries, share-based payment expense and benefit in kind allowances	薪金、以股份支付僱員的開支及實物津貼
Discretionary bonuses	酌情花紅
Retirement benefits costs	退休福利金

No share options were granted to the above highest paid individuals in respect of their services to the Group during the year ended 31 December 2005.

During the year, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2005: Nil).

31. 董事及高級管理人員酬金 (續)

(a) 董事酬金 (續)

年內，概無任何有關董事放棄或同意放棄任何酬金的安排(二零零五年：無)。

年內，本公司董事獲授31,400,000份購股權(附註27)(二零零五年：無)。

(b) 高級管理人員酬金

本年度本集團五名最高薪酬人士包括五名(二零零五年：四位)董事的酬金，已如上分析。於截至二零零五年十二月三十一日止年度內應付予其餘一名最高薪酬人士之酬金如下：

2006 HK\$'000 千港元	2005 HK\$'000 千港元
—	949
—	166
—	40
—	1,155

於截至二零零五年十二月三十一日止年度，上述最高薪酬人士概無就其對本集團提供的服務而獲授任何購股權。

年內，本集團概無向董事或任何五名最高薪酬人士支付任何酬金，以吸引其加盟本集團或作為加盟本集團的入職獎勵或離職補償(二零零五年：無)。

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32. RELATED PARTY TRANSACTIONS

Apart from those transactions and balances with related parties disclosed elsewhere in the financial statements, the following transactions are carried out with related parties:

32. 關連人士交易

除財務報表所披露與關連人士進行的交易及往來結餘外，本集團與關連人士進行以下交易：

		Notes 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Proceeds from sale of properties held for sale to:	向下列人士出售待售物業所得款項：	(a)		
— Lakeside Consultants Limited	— 湖濱諮詢有限公司	(a)(i)	—	5,876
— Lanick Group Limited	— 朗利集團有限公司	(a)(ii)	—	7,981
— Eastside Properties Limited	— 東方物業有限公司	(a)(iii)	—	9,154
— Ms. Miriam Tao	— 陶蘊怡女士	(a)(iv)	—	5,288
Proceeds from sale of an investment to 蘇州新繼園林綠化有限公司 (“SNHTL”)	售予蘇州新繼園林綠化有限公司 (“新繼園林綠化”) 一項投資所得款項	(b)	—	156
Landscaping and maintenance expenses to SNHTL	支付予新繼園林綠化之美化及保養開支	(b)	(43)	(42)
Interest expenses charges from — WML	向世謙收取的利息開支		—	(202)
Assignment of chattels from B.T. Shipping & Enterprises Limited (“B.T. Shipping”)	海洋船務企業有限公司 (“海洋船務”) 轉讓動產	(c)	—	(107)
Motor vehicle expenses to HY Automotive Holdings Limited	支付予HY Automotive Holdings Limited的汽車費用	(c)	(16)	(96)
Rental expenses to Fontwell Holdings Limited	Fontwell Holdings Limited 收取的租金開支	(c)	(826)	(336)
Rental expense to Mr. Richard Tao	陶家祈先生收取的租金開支	(d)	(292)	(315)
Rental income from Clark Hatch Fitness Centres (Shanghai) Limited (“Clark Hatch”)	向上海克拉克海奇健身有限公司 (“克拉克海奇”) 收取租金收入	(d)	731	692
Management fee income	管理費收入	(e)	110	—

(a) The sales of properties were based on the term mutually agreed by both parties.

(i) Mr. Richard Tao is a director of this company.

(ii) Mr. Paul Tao is a director of this company.

(iii) Mr. C F Tao's wife is a director of this company.

(iv) Ms. Miriam Tao is the daughter of Mr. C F Tao.

(b) Mr. CF Tao and Mr. Paul Tao have beneficial interest in SNHTL. The sale of the investment was based on the terms mutually agreed between both parties in the ordinary course of the business. The consideration was determined at the original capital injection made by the Group. The charge on expenses by this related company was in accordance with the terms of the underlying agreements.

(a) 出售物業乃根據訂約雙方共同協定的條款中售出。

(i) 陶家祈先生為公司董事。

(ii) 陶錫祺先生為公司董事。

(iii) 陶哲甫先生的妻子為公司董事。

(iv) 陶蘊怡女士為陶哲甫先生的女兒。

(b) 陶哲甫先生及陶錫祺先生於新繼園林綠化中擁有實益權益。該項投資乃根據訂約雙方共同協定的條款於慣常商業過程中售出。該代價乃按本集團原定注入的股款資本釐定。該等關連公司乃根據相關協議的條款收取費用。

32. RELATED PARTY TRANSACTIONS

(c) Mr. CF Tao, Mr. Richard Tao and Mr. Paul Tao have beneficial interests in B.T. Shipping, HY Automotive Holdings Limited and Fontwell Holdings Limited. The assignment of chattels from B.T. shipping was based on the terms mutually agreed between both parties in the ordinary course of the business. The charges by these related companies were in accordance with the terms of the underlying agreements.

(d) The rental expense to Mr. Richard Tao, and rental income from Clark Hatch, in which Mr. Richard Tao and Mr. Paul Tao are common directors and have beneficial interests, were in accordance with the terms of the underlying agreements.

(e) On 9 October 2006, a subsidiary of the Company entered into a total of 48 lease management agreements with certain connected parties, namely Ms. Tao Miriam, Mr. Richard Tao, Ms. Hon Hing Tong Patricia, spouse of Mr. Paul Tao, Cosmopolitan Group Limited, a company in which Ms. Tao Miriam has beneficial interest, Eastside Properties Limited, Lakeside Consultants Limited and Lanick Group Limited (collectively the "Connected Parties") in respect of the provision of services relating to lease management of 48 units in Suzhou Garden Villa owned by the Connected parties.

(f) Key management personnel compensation

The directors are of the opinion that the key management personnel were solely the executive directors of the Company, details of whose emoluments are set out in note 31(a) above.

(g) On 17 October 2006, the Company and certain connected parties of the Company, namely Ms. Miriam Tao, Ms. Hon Hing Tong, Patricia, Mr. Richard Tao, Ms. Tao Yi Hou Mildred, Ms. Ong Ker Shing, Eastside Properties Limited, Cosmopolitan Group Limited and Lakeside Consultants Limited (collectively known as the "Vendors") entered into a master transfer agreement pursuant to which the Company agreed to purchase 82 units of Suzhou Garden Villa (collectively known as the "Properties") from the Vendors at consideration of RMB87,975,000. The consideration was determined with reference to the valuation of the Properties of RMB103,500,000 as at 31 August 2006, estimated by DTZ. The completion of acquisition of the Properties are conditional upon fulfilment of certain conditions by the Group and the Vendors on or before 31 December 2007. During the year, no payment has been made by the Group for the acquisition of the Properties. Subsequent to the year end and up to date of this report, the Group has acquired 6 units of the Properties at a consideration of approximately RMB6,600,000.

Pursuant to this master transfer agreement, the Vendors agreed to subscribe new shares of the Company for not more than 90,017,210 shares at HK\$0.6405 each. The net proceeds from the subscription after deducting related expenses will be used as the general working capital of the Group. No subscription has been made by any of the Vendors during the year or subsequent to the year end date.

32. 關連人士交易 (續)

(c) 陶哲甫先生、陶家祈先生及陶錫祺先生分別於海洋船務、HY Automotive Holdings Limited及Fontwell Holdings Limited中擁有實益權益。海洋船務轉讓動產乃根據訂約雙方於日常業務過程中共同協定的條款進行。該等關連公司乃根據相關協議的條款收取費用。

(d) 支付予陶家祈先生所收取的租金開支及向克拉克海奇(陶家祈先生及陶錫祺先生為共同董事)收取的租金收入均按相關協議的條款作出。

(e) 於二零零六年十月九日，本公司之附屬公司與若干關連人士(包括陶蘊怡女士、陶家祈先生、韓慶棠女士(陶錫祺先生的配偶)、世界性集團有限公司(陶蘊怡女士擁有實益權益的公司)、東方物業有限公司、湖濱諮詢有限公司及朗利集團有限公司)(統稱為「關連人士」)訂立之合共48項租賃管理安排，內容有關就蘇州錦華苑內48所單位之租賃管理安排所提供之服務，蘇州錦華苑乃由關連人士持有。

(f) 主要管理人員薪酬

董事認為，主要管理人員僅包括本公司執行董事，薪酬詳情載於上述附註31(a)。

(g) 二零零六年十月十七日，本公司及本公司若干關連人士，包括陶蘊怡女士、韓慶棠女士、陶家祈先生、Tao Yi Hou Mildred女士、Ong Ker Shing女士、東方物業有限公司、世界性集團有限公司及湖濱諮詢有限公司(統稱「賣方」)訂立一項物業轉讓框架協議，據此，本公司同意向賣方購買蘇州錦華苑82個單位(統稱「該等物業」)，代價為人民幣87,975,000元。該代價乃經參照戴德梁行有限公司所作該等物業於二零零六年八月三十一日的估值人民幣103,500,000元而釐定。收購該等物業的完成，須待本集團及賣方於二零零七年十二月三十一日或以前達成若干條件後，方可落實。年內，本集團概無就收購該等物業而支付款項。結算日後直至本報告日期，本集團已收購該等物業中六個單位，代價約為人民幣6,600,000元。

根據此物業轉讓框架協議，賣方同意按每股0.6405港元認購不超過90,017,210股本公司的新股份。認購的所得款項淨額，經扣除相關開支，將用作本集團一般營運資金。年內或結算日後概無任何賣方作出認購。

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33. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

(i) Capital commitments in respect of properties held under development for the Group

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Contracted but not provided for 已簽約惟未撥備	73,689	84,908

(ii) Attributable share of associate's capital commitments in respect of acquisition of property, plant and equipment

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Contracted but not provided for 已簽約惟未撥備	1,527	6,355

(iii) Capital commitments in respect of setting up a company in the PRC — Nanjing Shangming South Taiping Road Property Development Co. Ltd. ("Shangming")

On 10 July 2006, a subsidiary of the Company entered into the share transfer and subscription agreement, the shareholders' agreement and the equity joint venture agreement in order to establish an arrangement of investment in a jointly-controlled entity incorporated in PRC ("Joint Venture") for the development project located in Nanjing, the PRC. After the completion of the arrangement, the Group will ultimately hold 21.6% of equity interest in the Joint Venture. The contribution of the Group to the registered capital of the Joint Venture will be RMB21,600,000. The contribution must be paid within two years from the date on which the business licence of the Joint Venture issued.

On 20 October 2006, the Joint Venture, known as Shangming, was set up. No capital had been contributed by the Company up to 31 December 2006. As at 31 December 2006, the Group had a capital commitment of RMB21,600,000 representing 21.6% of the registered capital of Shangming.

33. 承擔及經營租賃安排

(a) 資本承擔

(i) 本集團有關發展中物業的資本承擔

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
應佔聯營公司就收購物業、廠房及設備之資本承擔之部份	73,689	84,908

(ii) 應佔聯營公司就收購物業、廠房及設備之資本承擔之部份

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
應佔聯營公司就收購物業、廠房及設備之資本承擔之部份	1,527	6,355

(iii) 就於中國成立一家公司的資本承擔—南京商明太平南路置業發展有限公司(「商明」)

於二零零六年七月十日，本公司一家附屬公司訂立股份轉讓及認購協議、股東協議及合資經營合同，以達成於一家中國合營企業(「合營企業」)的投資安排，發展一項位於中國南京的項目。於安排達成後，本集團將最終持有合營企業21.6%股本權益。本集團對合營企業註冊資本的出資將為人民幣21,600,000元。出資額須於合營企業獲發出營業執照當日起計兩年內繳付。

合營企業(名為商明)於二零零六年十月二十日成立。截至二零零六年十二月三十一日止，本公司並無作出任何出資。於二零零六年十二月三十一日，本集團有人民幣21,600,000元之資本承擔，佔商明已註冊股本21.6%之控股權。

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33. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (Cont'd)

(a) Capital commitments (Cont'd)

(iv) Commitments to dispose of 40% of a subsidiary — SNHWL

On 28 August 2006, the Company and a subsidiary of the Company entered into the share transfer agreement pursuant to which the subsidiary agreed to transfer 40% interests in SNHWL to Spinnaker at consideration of US\$2,600,000. The completion of this transfer agreement is conditional upon fulfilment of certain conditions on or before 31 March 2007. On 22 January 2007, a supplemental agreement I was entered into pursuant to which all of the above parties agreed to change the consideration set out in the above share transfer agreement from US\$2,600,000 to US\$3,340,000 due to the increase of the registered capital of SNHWL from US\$6,500,000 to US\$8,350,000. On 26 March 2007, a supplemental agreement II was entered into to amend the registered capital of SNHWL as set out in the supplemental agreement I to US\$9,300,000 from US\$8,350,000 in accordance with relevant PRC laws and comment from the relevant PRC authority. In this regard, the consideration of the share transfer will be amended to US\$3,720,000 from US\$3,340,000.

(b) Operating lease arrangements

(i) The Group had future aggregate minimum lease receipts under non-cancellable operating leases which are receivable as follows:

Not later than one year	不超過一年
Later than one year and not later than five years	一年後及不超過五年

The Group leases out its investment properties (note 14) under operating lease arrangements which run for initial periods of less than one year to five years or expire at dates as mutually agreed between the Group and the respective tenants, without an option to renew the lease terms at the expiry date. The terms of the leases generally also require the tenants to pay security deposits.

(ii) The Group had future aggregate minimum lease payments under non-cancellable operating leases which are payable as follows:

Not later than one year	不超過一年
Later than one year and not later than five years	一年後及不超過五年

33. 承擔及經營租賃安排 (續)

(a) 資本承擔 (續)

(iv) 出售附屬公司蘇州新澤40%的承擔

於二零零六年八月二十八日，本公司與其附屬公司訂立股份轉讓協議，據此，該附屬公司同意轉讓蘇州新澤40%權益予Spinnaker，代價為2,600,000美元。轉讓協議的完成須待於二零零七年三月三十一日或之前達成若干條件後，方可落實。於二零零七年一月二十二日，補充協議甲訂立，據此，由於蘇州新澤的註冊股本由6,500,000美元增加至8,350,000美元，上述各合約方同意將上述代價由2,600,000美元改為3,340,000美元。二零零七年三月二十六日，按照相關中國法律及相關中國當局的意見，補充協議乙訂立，以修訂補充協議甲所載蘇州新澤的註冊資本，由8,350,000美元改為9,300,000美元。就此而言，股份轉讓的代價將予修訂，由3,340,000美元改為3,720,000美元。

(b) 經營租約安排

(i) 本集團根據不可撤銷經營租約應支付的未來最低租金費用總額如下：

2006 HK\$'000 千港元	2005 HK\$'000 千港元
5,159	1,442
9,604	1,385
14,763	2,827

本集團根據經營租賃安排租出其投資物業(附註14)，初步為期少於一年至五年或按本集團與相關租客共同協定日期屆滿，並無於屆滿日更新租期的選擇權。租約條款一般亦規定租客支付保證按金。

(ii) 本集團根據不可撤銷經營租約應支付的未來最低租金費用總額如下：

2006 HK\$'000 千港元	2005 HK\$'000 千港元
1,646	1,240
1,313	79
2,959	1,319

Notes to the Financial Statements

財務報表附註

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

33. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (Cont'd)

(b) Operating lease arrangements (Cont'd)

- (ii) *The Group had future aggregate minimum lease payments under non-cancellable operating leases which are payable as follows: (Cont'd)*

The Group leases a number of properties under operating lease arrangements which run for initial periods of two years or expire at dates as mutually agreed between the Group and the respective landlords, without an option to renew the lease terms at the expiry date.

As at the year end, the Group had no contingent rentals receivable or payable.

34. FINANCIAL GUARANTEE CONTRACTS — COMPANY

The Company provided corporate guarantees to certain banks for all unsecured bank loans and overdrafts granted to a subsidiary (note 24).

The carrying amount of the financial guarantee contracts recognised in the Company's balance sheet in accordance with HKAS 39 (Amendment) was HK\$8,500,000 as at 31 December 2006 (2005: HK\$6,500,000).

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group does not have written risk management policies and guidelines. However, the Board meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the directors of the Company consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

The financial assets of the Group comprise primarily other receivables, amount due from a director and cash and bank balances (including pledged bank deposits). The financial liabilities of the Group comprise accounts and other payables, accruals and borrowings.

(a) Interest rate risk

The Group has no significant interest-bearing assets, except bank balances. Details of bank balances are disclosed in notes 29 and 30. The Group's interest rate risk arises from borrowings. The interest rates and terms of repayment of the borrowings are disclosed in note 24.

33. 承擔及經營租賃安排 (續)

(b) 經營租約安排 (續)

- (ii) 本集團根據不可撤銷經營租約應支付的未來最低租金費用總額如下：(續)

本集團根據經營租賃安排租賃多項物業，初步為期兩年或按本集團與相關業主共同協定日期屆滿，並無於屆滿日更新租期的選擇權。

年結日時，本集團並無任何應收及應付或然租金。

34. 財務擔保合約 — 本公司

本公司就授予一間附屬公司的所有無擔保銀行貸款及透支，向若干銀行提供公司擔保(附註24)。

根據香港會計準則第39號(修訂本)在本公司資產負債表內確認的財務擔保合約的賬面值，於二零零六年十二月三十一日為8,500,000港元(二零零五年：6,500,000港元)。

35. 財務風險管理之政策及目的

本集團並無明文的風險管理政策及指引。然而，董事會會定期召開會議，分析及制訂措施以管理本集團承受的市場風險，主要包括利率及匯率變動。一般而言，本集團就其風險管理採納一套穩健策略。由於本公司董事認為，本集團所承受的市場風險持續處於最低水平，故本集團並無使用任何衍生工具或其他工具作對沖用途。本集團並無持有或發行任何衍生金融工具作買賣用途。

本集團的金融資產主要包括其他應收款項、董事欠款以及現金及銀行結存(包括已抵押銀行存款)。本集團的金融負債包括應付款項及其他應付款項、應計費用及借貸。

(a) 利率風險

本集團除銀行結餘外，並無任何重大附息資產。有關銀行結餘的詳情於附註29及30披露。本集團的利率風險由借貸產生。有關借貸的利率及還款期，於附註24披露。

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Cont'd)

(b) Foreign currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

(c) Credit risk

The carrying amounts of amount due from a director represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other significant concentration of credit risk. No other financial assets carry a significant exposure to credit risk.

(d) Fair value

The fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity. The fair value of long-term borrowings is not disclosed because the carrying value is not materially different from the fair value.

36. SUBSEQUENT EVENTS

On 13 February 2007, a subsidiary of the Company had successfully won the bid for the acquisition of land use right at consideration of RMB198,000,000 at auction from Suzhou City Land Bureau. The site area of the land is approximately 131,445 square metres and is designated for residential property purpose. Up to the date of this report, the Group has been made of RMB13,000,000 to Suzhou City Land Bureau as a deposit for the land acquisition.

On 21 March 2007, a subsidiary of the Company entered into a joint venture and subscription agreements with Spinnaker's certain investment funds to develop the above mentioned land acquired on 13 February 2007. Pursuant to the agreements, this subsidiary agreed to contribute a sum of approximately US\$11,424,000 in cash as shareholder loan to the joint venture entity. The joint venture entity will be owned beneficially as to 51% by this subsidiary. Details of the agreements were disclosed in the announcement dated 23 March 2007.

35. 財務風險管理之政策及目的 (續)

(b) 外匯風險

本集團因外幣匯率變動而承受的風險十分輕微。

(c) 信貸風險

應收董事款項的賬面值指本集團的金融資產所面臨的最高信貸風險。本集團並無其他過份集中的信貸風險，其他金融資產亦無任何重大信貸風險。

(d) 公允值

基於即時或短期內到期，本集團的流動金融資產及負債的公允值與其賬面值並無重大差異。由於長期借貸的賬面值與公允值並無重大差異，故並無披露有關公允值。

36. 結算日後事項

於二零零七年二月十三日，本公司的附屬公司，已於蘇州市國土局的拍賣會上成功競投收購得一項土地使用權，代價為人民幣198,000,000元。該土地的地塊面積約131,445平方米，指定用於住宅物業。截至本報告日期，本集團已向蘇州市國土局支付人民幣13,000,000元，作為土地收購的訂金。

於二零零七年三月二十一日，本公司一家附屬公司與Spinnaker若干投資基金訂立合資及認購協議，以開發上述於二零零七年二月十三日收購之土地。根據該等協議，附屬公司同意支付現金合共約11,424,000美元，作為對合資實體之股東貸款。合資實體將由此附屬公司實益擁有51%之權益。該等協議之詳情已於日期為二零零七年三月二十三日之公佈中予以披露。

Group Financial Summary

集團財務概要

Consolidated Income Statement

綜合收益表

		For the year ended 31 December 截至十二月三十一日止年度				
		2006 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2003 HK\$'000 千港元	2002 HK\$'000 千港元
Revenue	收入	207,957	149,089	197,710	68,121	144,638
Profit from operations	經營盈利	97,935	80,199	49,270	21,968	26,155
Finance costs	融資成本	(5,180)	(3,219)	—	(2,565)	(8,278)
Share of results of associates	應佔聯營公司業績	19,147	8,018	—	—	—
Profit before taxation	除稅前盈利	111,902	84,998	49,270	19,403	17,877
Taxation	稅項	(34,752)	(26,086)	(16,195)	(46)	—
Profit for the year	年度盈利	77,150	58,912	33,075	19,357	17,877
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	73,316	55,934	31,389	18,470	16,811

Consolidated Balance Sheet

綜合資產負債表

		As at 31 December 於十二月三十一日				
		2006 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2003 HK\$'000 千港元	2002 HK\$'000 千港元
Non-current assets	非流動資產	330,188	248,987	90,726	100,657	136,597
Current assets	流動資產	269,515	243,248	115,896	162,578	61,230
Current liabilities	流動負債	(83,761)	(122,038)	(115,472)	(204,859)	(158,538)
Non-current liabilities	非流動負債	(46,782)	(30,012)	(89,251)	(89,251)	(89,251)
Net assets/(liabilities)	淨資產／(負債)	469,160	340,185	1,899	(30,875)	(49,962)

List of Principal Properties

主要物業

1. Investment Properties

投資物業

Properties	Interest attributable to the Group	Approximate Total Gross Floor Area (sq.m)	Type	Lease Term
物業	集團所佔權益	總建築面積約 (平方米)	類別	租期
The whole shopping arcade of Suzhou Garden Villa Phase I, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑一期整幢購物商場	95%	9,500	Commercial 商業	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日，為期七十年
All shops on Level 1 at Zone A of Phase 5, Suzhou Garden Villa, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑第五期購物商場一樓全層A區	95%	1,523	Commercial 商業	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日，為期七十年
Flats 1A and 1B on Level 1 of Jin Xiu Tower and Flat 1B on Level 1 of Jin Hua Tower, Suzhou Garden Villa Phase I, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑一期、錦綉樓一樓1A及1B室及錦華樓一樓1B室	95%	330	Residential 住宅	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日，為期七十年

List of Principal Properties

主要物業

1. Investment Properties (Cont'd)

投資物業 (續)

Properties	Interest attributable to the Group	Approximate Total Gross Floor Area (sq.m)	Type	Lease Term
物業	集團所佔權益	總建築面積約 (平方米)	類別	租期
Flat 1A on Level 1 of Jin Xing Tower and Flat 1A on Level 1 of Jin Guo Tower, Suzhou Garden Villa Phase 2, 98 Shi Shan Road, New District, Suzhou Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑二期錦興樓一樓1A室及錦國樓一樓1A室	95%	256	Residential 住宅	70 years from 19 October 1992 to 18 October 2062 由一九九二年十月十九日至二零六二年十月十八日，為期七十年
Flats 1B, 1D, 1E and 1F on Level 1 and Flats 2A and 2B on Level 2 of Jin An Tower, Flats 1B, 1D, 1E and 1F on Level 1, Flats 2A and 2B on Level 2 and Flat 4A on Level 4 of Jin Bon Tower, Suzhou Garden Villa Phase 3, 98 Shi Shan Road, New District, Suzhou, Jinagsu Province, the PRC 中國江蘇省蘇州市新區獅山路98號錦華苑三期錦安樓一樓1B、1D、1E及1F室、二樓2A及2B室 錦邦樓一樓1B、1D、1E及1F室、二樓2A及2B室及四樓4A室	95%	2,120.27	Residential 住宅	70 years to expire on 18 October 2061 二零六一年十月十八日期滿，為期七十年

List of Principal Properties

主要物業

1. Investment Properties (Cont'd)

投資物業 (續)

Properties	Interest attributable to the Group	Approximate Total Gross Floor Area (sq.m)	Type	Lease Term
物業	集團所佔權益	總建築面積約 (平方米)	類別	租期
Shops on Level 1, 2, 3 of Block 11 and the basement Suzhou Garden Court, 1333 Bin He Road, New District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市新區濱河路1333號錦麗苑11座一樓，二樓，三樓多間商舖及地庫	95%	4440.12 (plus basement of approximately 438.22 sq.m) 4440.12 (另加地庫約438.22平方米)	Commercial 商業	70 years from 16 January 1995 to 15 January 2065 由一九九五年一月十六日至二零六五年一月十五日為期七十年
Beijing Landmark Towers, 8 East 3rd Ring North Road, Chaoyang District, Beijing, the PRC 中國北京市朝陽區東三環北路8號北京亮馬河大廈	30.05% *	Hotel (15,504sq.m) Office (50,768 sq.m) Shops (22,663 sq.m) Service Apartments (15,504 sq.m) Basements (25,705 sq.m) 酒店 (15,504 平方米) 辦公室 (50,768 平方米) 商舖 (22,663 平方米) 服務式公寓 (15,504 平方米) 地庫 (25,705 平方米)	Hotel/Office 酒店／辦公室	The land use rights of the property have been vested to Beijing Landmark Towers Co., Ltd. by allocation for a term from 30 January 1986 to 7 October 2020 該物業的土地使用權已按劃撥方式授予北京亮馬河大廈有限公司，年期由一九八六年一月三十日起至二零二零年十月七日屆滿

* Group under "Interest in associates" in note 16 to the financial statements.

* 載入財務報表附註16「聯營公司的權益」一節。

List of Principal Properties

主要物業

2. Properties held under development

發展中物業

Properties	Interest attributable to the Group	Approximate Total Site Area (sq.m)	Approximate Total Gross Floor Area (sq.m)	Type	Estimated Date of Completion	State of Completion
物業	集團所佔權益	總地盤面積約 (平方米)	總建築面積約 (平方米)	類別	估計建成日期	進展狀況
Wuzhong Garden Court land situated at south side of Nanxijiang Road and east side of Mingxi Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市吳中區南溪江路南側及明溪路東側錦悅苑	100%*	41,579	61,484	Residential/ Commercial 住宅／商業	Phase I – November 2007 Phase II – February 2008 第一期 二零零七年十一月 第二期 二零零八年二月	Planning in Progress 計劃中

* Upon the completion of 40% share transfer of SNHWL, the interest attributable to the Group will become 60%.

* 待蘇州新澤完成轉讓40%之股份後，本集團之應佔權益將為60%。



(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

香港聯交所上市編號: 95 HKSE Stock Code: 95

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