

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31st July, 2005.

PRINCIPAL ACTIVITIES

The Company's principal activities consisted of the manufacture and sale of garments, property investment and investment holding during the year. The Company's manufacture and sale of garments business ceased since 1st January, 2005 due to the expiry of the WTO Agreement on Textiles and Clothing.

The Group's principal activities have not changed during the year and included the manufacture and trading of garments, property development, property investment and investment holding.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31st July, 2005 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 27 to 91.

The directors do not recommend payment of a dividend for the year ended 31st July, 2005 (2004: Nil). No interim dividend had been declared or paid by the Company for the year ended 31st July, 2005 (2004: Nil).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Company and the Group during the year are set out in notes 15 and 16 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 21.

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PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's properties under development are set out on page 22.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 30 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31st July, 2005, the Company did not have any reserves for distribution in accordance with the provisions of Section 79B of the Companies Ordinance.

DONATIONS

During the year, the Group made charitable and other donations totalling HK\$7,096,000.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's sales to its five largest customers accounted for less than 30% of the Group's combined sales and the Group's purchases from its five largest suppliers accounted for less than 30% of the Group's combined purchases.

DIRECTORS

The directors of the Company as at the date of this report and those who were in office during the year are as follows:

Lam Kin Ming (<i>Chairman</i>)	(elected as Chairman of the Board on 25th April, 2005)
Lam Kin Ngok, Peter (<i>Deputy Chairman</i>)	
Shiu Kai Wah	
Lee Po On	
Lam Kin Hong, Matthew	
U Po Chu	
Chiu Wai	
Lai Yuen Fong	
Lam Wai Kei, Vicky [#]	
Wan Yee Hwa, Edward*	
Leung Shu Yin, William*	
Chow Bing Chiu*	(appointed on 30th September, 2004)
Lim Por Yen	(passed away on 18th February, 2005)

[#] *Alternate director to Madam Lai Yuen Fong*

* *Independent non-executive directors*

In accordance with Article 102 of the Company's Articles of Association, Mr. Lam Kin Ming, Madam Lai Yuen Fong, Mr. Wan Yee Hwa, Edward and Mr. Leung Shu Yin, William retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election at the said meeting.

In accordance with Rule 13.74 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), details required under Rule 13.51(2) of the aforesaid directors have been included in the "Biographical Details of Directors and Senior Management" and "Directors' Interests" sections of this report.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 7 to the financial statements, no director had a material interest, whether direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Report of the Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and up to the date of this report, the following directors of the Company are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules:

Mr. Lam Kin Ming, Mr. Lam Kin Ngok, Peter, Madam U Po Chu and Madam Lai Yuen Fong held interests and/or directorships in companies engaged in the businesses of property investment and development in Hong Kong and the Mainland, and garment manufacturing and related businesses.

As the Board is independent from the boards of the aforesaid companies and none of the above directors of the Company can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive Directors

Mr. Lam Kin Ming, aged 68, is the Chairman of the Company. He has been a director of the Company since October 1987 and has been involved in the management of garment business since 1958. Mr. Lam is also the chairman of Crocodile Garments Limited and deputy chairman of Lai Fung Holdings Limited, and a non-executive director of Lai Sun Development Company Limited and eSun Holdings Limited. Mr. Lam is also an alternate director to certain directors of Lai Fung Holdings Limited. Mr. Lam is the elder brother of Mr. Lam Kin Ngok, Peter. Mr. Lam has a service contract with the Company with no fixed term of service and will be subject to retirement by rotation and will also be eligible for re-election at future annual general meetings of the Company in accordance with the provisions of the Articles of Association of the Company. Mr. Lam is currently entitled to annual emoluments of HK\$702,000 and a discretionary bonus, to be determined by the Board with reference to the performance of the Company, duties and responsibilities of the directors concerned and prevailing market conditions.

Mr. Lam Kin Ngok, Peter, aged 48, is the Deputy Chairman of the Company. He has been a director of the Company since October 1987. Mr. Lam is also the chairman of Lai Sun Development Company Limited, chairman of Lai Fung Holdings Limited and an executive director of eSun Holdings Limited and Crocodile Garments Limited. Mr. Lam has extensive experience in the property and investment business. He is a director of the Real Estate Developers Association of Hong Kong, a member of the Hong Kong Hotel Owners Association and a council member of the Anglo Hong Kong Trust and a non-official member of the Film Development Committee. Mr. Lam is the younger brother of Mr. Lam Kin Ming.

Mr. Shiu Kai Wah, aged 73, has been a director of the Company since December 1990. He is also a non-executive director of Crocodile Garments Limited. Mr. Shiu has over 30 years' experience in the management of the garment business.

Mr. Lee Po On, aged 50, has been a director of the Company since June 1991. Mr. Lee joined the Lai Sun Group in November 1987. He is also an executive director and the chief executive officer of eSun Holdings Limited and a director of Lai Fung Holdings Limited. He is a Fellow of the Association of Chartered Certified Accountants with over 25 years' financial and commercial experience.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Directors (continued)

Executive Directors (continued)

Mr. Lam Kin Hong, Matthew, aged 38, was appointed an executive director of the Company in March 2001. He is a legal adviser of the Company and is also an executive director of Crocodile Garments Limited, and the executive deputy chairman of Lai Fung Holdings Limited. He attained a Bachelor of Science degree from the University of London and underwent his training as a solicitor with an international law firm, Messrs. Richards Butler. He is a member of the Law Society of Hong Kong and the Law Society of England and Wales. Mr. Lam has considerable experience in the property development and corporate finance fields in Hong Kong and China. Mr. Lam is the younger brother of Mr. Lam Kin Ming and Mr. Lam Kin Ngok, Peter.

Non-Executive Directors

Madam U Po Chu, aged 80, has been a director of the Company since December 1990. She is also a non-executive director of Lai Sun Development Company Limited and eSun Holdings Limited, and an executive director of Lai Fung Holdings Limited. Madam U has over 55 years' experience in the garment manufacturing business and had been involved in the printing business in the mid-1960's. In the early 1970's, she started to expand the business to fabric bleaching and dyeing, and in the late 1980's also became involved in property development and investment. In 2000, Madam U began investing in the catering industry in Hong Kong. Madam U is the mother of Mr. Lam Kin Ngok, Peter.

Mr. Chiu Wai, aged 74, has been a director of the Company since October 1987. Mr. Chiu is also a non-executive director of Crocodile Garments Limited. Mr. Chiu has over 45 years' experience in production management.

Madam Lai Yuen Fong, aged 91, has been a director of the Company since May 1992. Madam Lai is the mother of Mr. Lam Kin Ming. Madam Lai does not have a service contract with the Company and will be subject to retirement by rotation and will also be eligible for re-election at future annual general meetings of the Company in accordance with the provisions of the Articles of Association of the Company. Madam Lai will receive such remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, duties and responsibilities of the directors concerned and prevailing market conditions. Madam Lai does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in shares of the Company.

Miss Lam Wai Kei, Vicky, aged 33, was appointed the alternate director to Madam Lai Yuen Fong in September 2001. She graduated from the University of Southern California in the United States with bachelor's degrees in business administration and architecture in 1996. She is a member of the American Institute of Architects and Urban Land Institute and prior to joining the Lai Sun Group in August 2000, she worked as an architect and project manager with Skidmore, Owings and Merrill Co. Ltd., an architects firm in New York which participated in various substantial projects such as the New York Stock Exchange, John Kennedy Airport and Times Square Tower. She is currently a vice president of Kingscord Investment Limited, a wholly-owned subsidiary of the Company engaged in property investments in the Mainland of China and Hong Kong. Miss Lam is a daughter of Mr. Lam Kin Ming.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Directors (continued)

Non-Executive Directors (continued)

Mr. Wan Yee Hwa, Edward, aged 69, was appointed an independent non-executive director of the Company in March 2002. Mr. Wan is also an independent non-executive director of Lai Fung Holdings Limited and Crocodile Garments Limited. He is a Fellow of the Hong Kong Institute of Certified Public Accountants and has been a certified public accountant in Hong Kong since 1961. Mr. Wan does not have a service contract with the Company and will be subject to retirement by rotation and will also be eligible for re-election at future annual general meetings of the Company in accordance with the provisions of the Articles of Association of the Company. Mr. Wan will receive such remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, duties and responsibilities of the directors concerned and prevailing market conditions. Mr. Wan does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in shares of the Company.

Mr. Leung Shu Yin, William, aged 56, was appointed an independent non-executive director of the Company in July 2002. Mr. Leung is a certified public accountant, a member of the Hong Kong Securities Institute and a Fellow of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is practising as a practising director of several Certified Public Accountants' firms in Hong Kong and is also an independent non-executive director of Lai Sun Development Company Limited and several companies listed in Hong Kong. Mr. Leung does not have a service contract with the Company and will be subject to retirement by rotation and will also be eligible for re-election at future annual general meetings of the Company in accordance with the provisions of the Articles of Association of the Company. Mr. Leung will receive such remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, duties and responsibilities of the directors concerned and prevailing market conditions. Mr. Leung does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in shares of the Company.

Mr. Chow Bing Chiu, aged 55, was appointed an independent non-executive director of the Company in September 2004. He is also an independent non-executive director of Crocodile Garments Limited. Mr. Chow obtained his Bachelor of Law degree in 1980 and qualified as a solicitor in Hong Kong in 1983. He is the sole proprietor of B.C. Chow & Co., Solicitors, in Hong Kong. He is also a China-appointed Attesting Officer.

Senior Management

Mr. Lam Hau Yin, Lester, aged 24, was appointed a director and chief executive officer of Lai Fung Holdings Limited in April 2005. He joined Lai Sun Development Company Limited as a vice president in January 2004. He holds a bachelor of science in business administration degree from Northeastern University, Boston, USA. He has attained working experience since 1999 in various companies engaged in securities investment, hotel operations, environmental products and entertainment. Save as aforesaid, Mr. Lam has not held any other directorships in listed public companies in the last three years. He is a son of Mr. Lam Kin Ngok, Peter.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Directors (continued)

Senior Management (continued)

Mr. Alan Tse, aged 42, is the qualified accountant of the Company. Mr. Tse joined the Lai Sun Group in June 1989 and served as the Financial Controller of Lai Sun Development Company Limited during the period from October 1990 to March 2005. Mr. Tse was appointed as the Group Financial Controller in April 2005. Mr. Tse is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Hong Kong Institute of Certified Public Accountants with over 20 years' financial experience.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable a director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

As at 31st July, 2005, the following directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) were required, pursuant to the Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and The Stock Exchange of Hong Kong Limited:

(1) The Company

Name of Director	Personal Interests	Family Interests	Long positions in the shares		Total	Percentage
			Corporate Interests	Capacity		
Lam Kin Ngok, Peter	124,644,319	Nil	545,615,718 (Note)	Beneficial owner	670,260,037	41.44%
Lam Kin Ming	5,008,263	Nil	Nil	Beneficial owner	5,008,263	0.31%
U Po Chu	4,127,625	Nil	545,615,718 (Note)	Beneficial owner	549,743,343	33.99%
Chiu Wai	199,600	Nil	Nil	Beneficial owner	199,600	0.01%

Note:

Mr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 545,615,718 shares each by virtue of their respective 50% interest in the issued share capital of Wisdoman Limited which directly owned 545,615,718 shares in the Company.

Report of the Directors

DIRECTORS' INTERESTS (continued)

(2) Associated Corporations

(a) Lai Fung Holdings Limited ("Lai Fung")

Long positions in the shares of Lai Fung

Name of Director	Personal Interests	Family Interests	Corporate Interests	Capacity	Total	Percentage
Lam Kin Ngok, Peter	Nil	Nil	2,650,688,037 (Note)	Beneficial owner	2,650,688,037	45.13%
U Po Chu	Nil	Nil	2,650,688,037 (Note)	Beneficial owner	2,650,688,037	45.13%

Note:

The Company and its wholly-owned subsidiary beneficially owned 2,650,688,037 shares in Lai Fung. Mr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 2,650,688,037 shares each in Lai Fung by virtue of their respective 50% interest in the issued share capital of Wisdoman Limited which directly owned approximately 33.73% of the issued share capital of the Company.

(b) Crocodile Garments Limited ("CGL")

Long positions in the shares of CGL

Name of Director	Personal Interests	Family Interests	Corporate Interests	Capacity	Total	Percentage
Lam Kin Ngok, Peter	Nil	Nil	338,982,809 (Note)	Beneficial owner	338,982,809	54.93%
U Po Chu	Nil	Nil	338,982,809 (Note)	Beneficial owner	338,982,809	54.93%

Note:

The Company and its wholly-owned subsidiary beneficially owned 338,982,809 shares in CGL. Mr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 338,982,809 shares each in CGL by virtue of their respective 50% interest in the issued share capital of Wisdoman Limited which directly owned approximately 33.73% of the issued share capital of the Company.

Save as disclosed above, as at 31st July, 2005, none of the directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any associated corporation (within the meaning of the SFO) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited or were required to be entered in the Register as aforesaid.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31st July, 2005, the following persons, some of whom are directors or chief executive of the Company, had an interest in the following long positions in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the shares

Name	Capacity	Nature (Note 1)	Number of Shares	Percentage
Lam Kin Ngok, Peter	Beneficial owner	Personal and corporate	670,260,037	41.44% (Note 2)
U Po Chu	Beneficial owner	Personal and corporate	549,743,343	33.99% (Note 2)
Wisdoman Limited	Beneficial owner	Corporate	545,615,718	33.73%
Far East Consortium International Limited	Beneficial owner	Corporate	108,697,000	6.72% (Note 3)

Notes:

1. Personal and corporate denote personal interest and corporate interest respectively.
2. Mr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 545,615,718 shares each by virtue of their respective 50% interest in the issued share capital of Wisdoman Limited which directly owned 545,615,718 shares in the Company.
3. Persons falling into the category of "Other Persons" in Practice Note 5 to the Listing Rules.

Save as disclosed above, no other person was recorded in the Register required to be kept under section 336 of the SFO as having an interest or short position in the shares and underlying shares of equity derivatives of the Company as at 31st July, 2005.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

At no time during the year had the Company or any of its subsidiaries, and the controlling shareholder or any of its subsidiaries entered into any contract of significance or any contract of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

During the year, Crocodile Garments Limited (“CGL”), a subsidiary of the Company, has the following continuing connected transactions which are subsisting as at the date of this report:

- (i) On 29th June, 2004, CGL entered into a tenancy agreement as the Tenant with Lai Sun Textiles Company Limited as the Landlord in respect of the premises known as Unit 1B, whole 2nd Floor, Units 402-3 and Units 407-10, Park Sun Building, Nos. 97-107 Wo Yi Hop Road, Kwai Chung, New Territories (covering a gross floor area of approximately 60,400 square feet) at a rental of HK\$169,120.00 per month (inclusive of management fee, rates and government rent). The term of the tenancy agreement was for two years fixed commencing from 1st July, 2004;
- (ii) On 29th June, 2004, CGL entered into a license agreement as the Licensee with Lai Sun Textiles Company Limited as the Licensor in respect of the car parking space known as the portion of car parking spaces Nos. L5 and L6 and loading bay G2B on the Ground Floor of Park Sun Building, Nos. 97-107 Wo Yi Hop Road, Kwai Chung, New Territories at a license fee of HK\$7,500.00 per month. The term of the license agreement was for two years commencing from 1st July, 2004 to 30th June, 2006 subject to early termination by one month's written notice.

The entire issued share capital of Lai Sun Textiles Company Limited was held by the late Mr. Lim Por Yen (78.67%), Madam U Po Chu (6.67%), Mr. Lam Kin Ngok, Peter (6.67%), Mr. Lam Kin Ming (1.33%) and Miss Lam Shook Yue, Mabel (6.67%) respectively. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above transactions.

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- (iii) On 24th September, 2003, CGL entered into a tenancy agreement (the “Tenancy Agreement”) as the tenant with Lai Sun Development Company Limited (“LSD”) as the landlord in respect of the premise known as Unit 1001, 10th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong at a rental of HK\$137,836 per month (exclusive of rates, government rent, air-conditioning and management charges and other outgoings). The term of the Tenancy Agreement was for three years commencing from 1st October, 2003.

The Tenancy Agreement was a continuing connected transaction of CGL and of the Company under Chapter 14A of the Listing Rules prior to 7th December, 2004 as LSD was then an associate of the Company, and thus a connected person of CGL. However, on 7th December, 2004, being the date on which LSD completed a debt settlement with its creditors, LSD ceased to be an associate of the Company and thus ceased to be a connected person of CGL since that date. Hence, the Tenancy Agreement ceased to be a continuing connected transaction of CGL and of the Company as from 7th December, 2004. No previous press announcement of the Company had been published in respect of the Tenancy Agreement when it was entered into.

The transactions under paragraphs (i), (ii) and (iii) above would facilitate the operations of the CGL group.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS (continued)

The transactions have been reviewed by the independent non-executive directors of the Company who have confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Company;
- (b) on normal commercial terms; and
- (c) in accordance with the relevant agreements governing them 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 provided a confirmation in accordance with the Listing Rules.

DETAILS OF PROPERTIES

The principal investment properties of the Group are as follows:

Location	Group's interest	Tenure	Use	Gross floor area (approx sq.m.)
Por Yen Building, No. 478 Castle Peak Road, Kowloon, Hong Kong	100%	Inland Lot No. 2081 is held for a term which expired on 27th June, 1997 and had been extended upon expiry until 30th June, 2047	Industrial Carpark	11,209 509
The whole of basement, Shop No. 24 on Ground and Mezzanine Floors, Shop No. 33B on Ground and Mezzanine Floors, Tsimshatsui Mansion, Nos. 83-97 Nathan Road, Nos. 36-50 Lock Road, Tsimshatsui, Kowloon, Hong Kong	54.93%	The property is held under Conditions of Renewal No.5289 for a term of 150 years commencing on 24th June, 1889	Commercial	1,149
Crocodile Building, No. 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	54.93%	Inland Lot No. 692 is held for a term of 42 years from 1st July, 1955 less the last three days and is statutorily extended to 30th June, 2047	Industrial	13,156

The Group's investment properties are situated in Hong Kong and are held under medium leases.

Report of the Directors

DETAILS OF PROPERTIES (continued)

Particulars of the Group's properties under development are as follows:

Location	Group's interest	Stage of construction	Expected completion date	Expected use	Gross floor area
A piece of land at the junction of Da Tong Road and Zhi Jiang Xi Road, Su Jia Xiang, Zhabei, Shanghai, PRC	95%	Development under planning	2008	Commercial/residential	The total site area is 22,036 sq.m. The total gross floor area is estimated to be approximately 133,000 sq.m.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and adjusted as appropriate, is set out below.

RESULTS

	Year ended 31st July,				
	2005 HK\$'000	2004 HK\$'000 (Restated)	2003 HK\$'000 (Restated)	2002 HK\$'000 (Restated)	2001 HK\$'000 (Restated)
TURNOVER	481,725	858,755	1,295,241	1,297,622	1,317,571
PROFIT/(LOSS) BEFORE TAX	395,320	115,280	(42,222)	(808,815)	(674,952)
Tax	(19,948)	(11,448)	(19,970)	(12,575)	(7,494)
PROFIT/(LOSS) FOR THE YEAR	375,372	103,832	(62,192)	(821,390)	(682,446)
ATTRIBUTABLE TO:					
Equity holders of the parent	318,041	82,246	(35,705)	(830,166)	(684,434)
Minority interests	57,331	21,586	(26,487)	8,776	1,988
	375,372	103,832	(62,192)	(821,390)	(682,446)

Report of the Directors

SUMMARY OF FINANCIAL INFORMATION (continued) ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31st July,				
	2005 HK\$'000	2004 HK\$'000 (Restated)	2003 HK\$'000 (Restated)	2002 HK\$'000 (Restated)	2001 HK\$'000 (Restated)
Property, plant and equipment	31,708	21,241	31,465	35,581	234,067
Investment properties	250,600	265,680	246,900	221,100	142,800
Properties under development	233,250	178,150	176,397	177,228	188,702
Goodwill	71,907	71,907	89,887	107,867	125,847
Interests in associates	2,177,085	1,535,567	1,487,397	1,488,934	2,086,538
Available-for-sale investments	188,361	—	—	—	—
Deferred tax assets	—	13,398	10,043	10,681	11,266
Current assets	533,408	400,439	489,998	648,098	513,174
TOTAL ASSETS	3,486,319	2,486,382	2,532,087	2,689,489	3,302,394
Current liabilities	(174,817)	(356,123)	(502,819)	(629,733)	(509,953)
Note payable	(195,000)	(195,000)	(210,000)	(210,000)	—
Long term deposits received	—	—	(6,875)	(23,375)	(39,875)
Interest-bearing bank and other borrowings	(100,902)	(38,800)	—	(7)	(2,387)
Accrued interest payable	(6,148)	—	—	—	—
Deferred tax liabilities	(20,379)	(12,443)	(10,467)	(2,110)	(2,380)
TOTAL LIABILITIES	(497,246)	(602,366)	(730,161)	(865,225)	(554,595)
MINORITY INTERESTS	(201,745)	(144,320)	(122,484)	(148,970)	(187,619)
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	2,787,328	1,739,696	1,679,442	1,675,294	2,560,180

Report of the Directors

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 37 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year ended 31st July, 2005, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has complied with the sufficiency of public float requirement under the Listing Rules during the year ended 31st July, 2005.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules in force prior to 1st January, 2005 throughout the accounting period covered by the annual report. The non-executive directors of the Company were not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Articles of Association of the Company.

The Code of Best Practice was replaced by the Code on Corporate Governance Practices (the "CG Code") on 1st January, 2005 but transitional arrangements for disclosure are applicable in respect of accounting periods commencing on or after 1st January, 2005. The Company has taken relevant actions to comply with the CG Code.

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The annual results of the Company for the year ended 31st July, 2005 have been reviewed by the audit committee of the Company. The audit committee comprises the three independent non-executive directors of the Company, namely Messrs. Wan Yee Hwa, Edward, Leung Shu Yin, William and Chow Bing Chiu.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company had received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rule and the Company still considers the independent non-executive directors to be independent.

CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code for securities transactions by directors (the "Code") on terms no less exacting than the standard set out in the Model Code in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors who have confirmed their compliance with the required standard set out in the Code during the year ended 31st July, 2005.

Report of the Directors

AUDITORS

Ernst & Young retire at the forthcoming annual general meeting and a resolution for their reappointment as auditors of the Company will be proposed at the said meeting.

On Behalf of the Board

Lam Kin Ming

Chairman

Hong Kong

18th November, 2005