

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2005.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of providing package tours, travel and other related services, and hotel operation in Hong Kong and the People's Republic of China (the "PRC").

### RESULTS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 39.

An interim dividend of HK2 cents per share amounting to HK\$8,752,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK1.5 cents per share to the shareholders whose names appear on the register of members of the Company on 24 May 2006.

### FINANCIAL SUMMARY

A financial summary of the Group is set out on page 144.

### SHARE CAPITAL

Particulars of the movements in the share capital of the Company are set out in note 40 to the financial statements.

### CONVERTIBLE NOTES

Particulars of the convertible notes of the Company are set out in note 37 to the financial statements.

董事會謹提呈本公司及其附屬公司(以下統稱「本集團」)截至二零零五年十二月三十一日止年度之年報及經審核財務報表。

### 主要業務

本公司為一家投資控股公司，其附屬公司主要從事提供旅行團、旅遊及其他相關之服務，以及於香港及中華人民共和國（「中國」）經營酒店業務。

### 業績

本集團截至二零零五年十二月三十一日止年度之業績載於第39頁之綜合收益表。

年內，已向股東派付中期股息每股2港仙，總額為8,752,000港元。董事現建議向於二零零六年五月二十四日名列本公司股東名冊之股東派付末期股息每股1.5港仙。

### 財務概要

本集團之財務概要載於第144頁。

### 股本

本公司股本變動之詳情載於財務報表附註40。

### 可換股票據

本公司可換股票據之詳情載於財務報表附註37。

### DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the accumulated profits, under The Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

In the opinion of the directors, the reserves of the Company which were available for distribution to shareholders at 31 December 2005 were HK\$353,092,000 (2004: nil).

### PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

### INVESTMENT PROPERTY

Details of revaluation of the investment property of the Group as at 31 December 2005 are set out in note 17 to the financial statements.

### PARTICULARS OF PROPERTIES OF THE GROUP

Particulars of the properties of the Group as at 31 December 2005 are set out on pages 146 to 148 of the annual report.

### 本公司可供分派儲備

除累計溢利外，根據百慕達一九八一年公司法（修訂本），繳入盈餘亦可供分派。惟本公司不可宣派或派付股息或自繳入盈餘作出分派，倘：

- (a) 於作出分派後無法償還其到期負債；或
- (b) 其可變現資產值將因此少於其負債以及其已發行股本及股份溢價賬之總和。

董事認為本公司於二零零五年十二月三十一日可供分派予股東之儲備為353,092,000港元（二零零四年：無）。

### 物業、機器及設備

本集團於年內之物業、機器及設備之變動詳情載於財務報表附註16。

### 投資物業

本集團於二零零五年十二月三十一日之投資物業重估詳情載於財務報表附註17。

### 本集團之物業詳情

本集團於二零零五年十二月三十一日之物業詳情載於本年報第146至148頁。

### DIRECTORS

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

#### Executive Directors:

Mr. Yu Kam Kee, Lawrence *B.B.S., M.B.E., J.P. (Chairman)*  
Mr. Cheung Hon Kit *(Managing Director)*  
Dr. Yap, Allan  
Mr. Chan Pak Cheung, Natalis  
Mr. Lui Siu Tsuen, Richard  
Ms. Luk Yee Lin, Ellen

#### Non-Executive Director:

Mr. Chan Yeuk Wai *(Honorary Chairman)*

#### Independent Non-Executive Directors:

Mr. Kwok Ka Lap, Alva  
Mr. Sin Chi Fai  
Mr. Wong King Lam, Joseph

In accordance with Bye-Law 99 of the Company's Bye-Laws, Mr. Yu Kam Kee, Lawrence, Mr. Chan Pak Cheung, Natalis and Mr. Kwok Ka Lap, Alva will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Independent non-executive directors have been appointed for a term subject to retirement by rotation as required by the Company's Bye-Laws.

Mr. Chan Yeuk Wai and Ms. Luk Yee Lin, Ellen have tendered their resignation notices to the Company and shall cease to be director of the Company with effect from 1 May 2006.

### 董事

於年內及截至本報告日期，本公司列位董事為：

#### 執行董事：

余錦基先生 *B.B.S., M.B.E., J.P. (主席)*  
張漢傑先生 *(董事總經理)*  
Yap, Allan博士  
陳百祥先生  
呂兆泉先生  
陸綺蓮女士

#### 非執行董事：

陳若偉先生 *(榮譽主席)*

#### 獨立非執行董事：

郭嘉立先生  
冼志輝先生  
黃景霖先生

根據本公司之公司細則第99條規定，余錦基先生、陳百祥先生及郭嘉立先生將於應屆股東週年大會上輪席退任，惟彼等符合資格並願意膺選連任。

根據本公司之公司細則規定，獨立非執行董事於在任期間須輪席退任。

陳若偉先生及陸綺蓮女士已向本公司遞交辭任通知，並將於二零零六年五月一日起停止出任為本公司董事。

# Report of the Directors

## 董事會報告

### DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

### DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Group had transactions with certain directors of the Company and certain companies in which directors of the Company have interests, details of which are set out in note 52 to the financial statements.

Save as disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2005, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Rules Governing the Listing of Securities on the Stock Exchange to be notified to the Company and the Stock Exchange.

### 董事之服務合約

於應屆之股東週年大會上建議膺選連任之董事，概無與本公司或其任何附屬公司簽訂本集團不可於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

### 董事之合約權益及關連交易

於年內，本集團曾與本公司若干董事以及本公司董事擁有權益之若干公司進行交易，有關交易詳情載於財務報表附註52。

除上文所披露者外，於本年度完結時或於年內任何時間，本公司董事概無於本公司或其任何附屬公司所訂立之重大合約中直接或間接擁有重大權益。

### 董事之證券權益

於二零零五年十二月三十一日，本公司董事或行政總裁並無於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有(a)根據證券及期貨條例第XV部第7及第8分部（包括根據證券及期貨條例有關條文被當作或視為擁有之權益或淡倉）須知會本公司及香港聯合交易所有限公司（「聯交所」）；或(b)根據證券及期貨條例第352條須載入該條例所指之登記冊內；或(c)根據聯交所證券上市規則上市發行人董事進行證券交易之標準守則須知會本公司及聯交所之權益及淡倉。

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The share option scheme of the Company (the "Scheme"), which was approved and adopted by its shareholders on 3 May 2002, is valid and effective for a period of 10 years after the date of adoption.

The purpose of the Scheme is to enable the Company to grant options to employees, executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents or advisers who will contribute or have contributed to the Company or any of its subsidiaries as incentives and rewards for their contribution to the Company or such subsidiaries.

Subject to the condition that the total number of shares which may be issued upon the exercise of all outstanding options granted and to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time, the total number of shares in respect of which options may be granted under the Scheme, when aggregated with any shares subject to any other schemes, is not permitted to exceed 10% of the shares of the Company in issue on the date of approval and adoption of the Scheme.

As at the last annual general meeting of Company held on 27 May 2005, an ordinary resolution was passed to amend the Scheme so that the Scheme sets out that when determining the "refreshed" 10% limit under the Scheme as at the date of approval of the limit, options previously granted (i.e. before the date of approval of the limit) under the Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the schemes or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

## 董事購買股份或債券之權利

於二零零二年五月三日，本公司之股東已批准及採納購股權計劃（「該計劃」），該計劃於採納日起計十年內有效及生效。

該計劃旨在讓本公司向本公司或其任何附屬公司之僱員、行政人員或高級人員（包括本公司或其任何附屬公司之執行及非執行董事）以及任何對本公司或其任何附屬公司將會或曾經作出貢獻之供應商、顧問、代理或諮詢人授予購股權，作為彼等對本公司或該等附屬公司所作貢獻之獎勵及回報。

因根據該計劃及本公司任何其他計劃授出而行使及將予行使之所有尚未行使購股權獲行使而可予發行之股份總數不得超過本公司不時已發行股份之30%。在此條件規限下，根據該計劃可授出之購股權涉及之股份總數，加上任何其他計劃所涉及之股份，不得超過本公司於批准及採納該計劃當日已發行股份之10%。

於二零零五年五月二十七日本公司上屆股東週年大會中，一項修訂該計劃之普通決議案獲得通過，致使該計劃列明於有關限額獲批准之日期釐定該計劃項下之「更新」10%限額時，就計算「更新」限額而言，過往（即有關限額獲批准之日期前）根據該計劃及本公司任何其他購股權計劃授出之購股權（包括根據該等計劃尚未行使、已註銷、已失效之購股權或已行使之購股權）將不會計算在內。

# Report of the Directors

## 董事會報告

The number of shares in respect of which options may be granted under the Scheme and other share option scheme(s) of the Company to any individual in aggregate in any 12 month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders.

Where any grant of options to a substantial shareholder or any independent non-executive director of the Company, or any of their respective associates (as defined in Rule 1.01 of the Listing Rules), would result in the number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person in any 12 month period up to and including the date of the grant:

- (i) representing in aggregate over 0.1% of the shares in issue, and
- (ii) having an aggregate value, based on the closing price of the shares of the Company on the date of grant in excess of HK\$5 million,

such grant of option shall be subject to prior approval of the shareholders of the Company who are not connected persons of the Company as defined in the Listing Rules.

Option granted must be taken up within 30 days of the date of offer. The consideration payable for the option is HK\$1. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the average closing price of the shares for the five business days immediately preceding the date of grant, (ii) the closing price of the shares on the date of grant or (iii) the nominal value of the shares of the Company.

若未經本公司股東事先批准，根據該計劃及本公司其他購股權計劃可授予任何人士之購股權涉及之股份數目，於任何十二個月期間內合共不得超過本公司已發行股份之1%。

倘向本公司主要股東或獨立非執行董事或彼等各自之聯繫人士（定義見上市規則第1.01條）批授購股權，並將導致該有關人士獲授購股權當日止（包括當日）十二個月內所有已獲授予及將獲授予之購股權予以行使後所發行及將予發行之股份數目：

- (i) 佔已發行股份合共超過0.1%；及
- (ii) 按各授出日期之本公司股份收市價為基準之價值合共超過5,000,000港元，

上述授出購股權須經本公司非關連人士（定義見上市規則）之股東事先批准，方可進行。

授出之購股權必須於建議之日起計三十日內獲接納。購股權之應付代價為1港元。購股權可於購股權獲接納之日起至董事會釐定之日期止任何時間行使，惟無論如何不得超過十年。行使價格由本公司董事釐定，且將不會低於(i)股份緊接授出之日前五個營業日之平均收市價，(ii)股份於授出之日之收市價或(iii)本公司股份之面值（以最高者為準）。

No options have been granted since the adoption of the Scheme.

自採納該計劃以來，本公司概無授出任何購股權。

The total number of securities available for issue under the Scheme is 43,758,610 shares representing approximately 10% of the issued share capital of the Company as at the date of this report.

根據該計劃，可供發行之證券總數為43,758,610股，佔本公司於本報告日期已發行股本約10%。

Save as disclosed above, none of the directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the year; and at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

除上文所披露者外，概無任何董事或其配偶或未滿十八歲之子女於年內擁有認購本公司之證券之權利或已行使任何該等權利；及於年內，本公司或其任何附屬公司概無訂立任何安排，以致本公司董事可藉收購本公司或任何其他法人團體之股份或債券而獲益。

# Report of the Directors

## 董事會報告

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

### 董事於有競爭性業務之權益

Interests of directors of the Company in competing businesses as at 31 December 2005 required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

根據上市規則第8.10條披露本公司董事於二零零五年十二月三十一日於有競爭性業務之權益如下：

Name of director 董事姓名	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group 其業務被視為與本集團之業務有競爭性或可能有競爭性之實體名稱	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group 其業務被視為與本集團之業務有競爭性或可能有競爭性之實體簡述	Nature of interest of the director in the entity 董事於該實體之權益性質
Mr. Yu Kam Kee, Lawrence 余錦基先生	Fung Choi Properties Limited 風采置業有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Substantial Shareholder 董事及主要股東
	City Champ Limited 成倡有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Substantial Shareholder 董事及主要股東
	Oceanpass Holdings Ltd. and its subsidiaries 越洋控股有限公司及其附屬公司	Property investment in Hong Kong 於香港從事地產投資	Director and Substantial Shareholder of Oceanpass Holdings Ltd. 越洋控股有限公司之董事及主要股東
Mr. Cheung Hon Kit 張漢傑先生	A non wholly-owned subsidiary of China Strategic Holdings Limited 中策集團有限公司之非全資附屬公司	Property business in the PRC 於中國從事地產業務	Director 董事
	Cheung Tai Hong Holdings Limited ("CTHH") and its subsidiaries 祥泰行集團有限公司(「祥泰行」)及其附屬公司	Property development and investment in Hong Kong and the PRC 於香港及中國從事地產發展及投資	Chairman of CTHH and Director of its subsidiaries 祥泰行之主席及其附屬公司之董事
	China Development Limited 中之傑發展有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Shareholder 董事及股東



Name of director	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
董事姓名	其業務被視為與本集團之業務有競爭性或可能有競爭性之實體名稱	其業務被視為與本集團之業務有競爭性或可能有競爭性之實體簡述	董事於該實體之權益性質
	Artnos Limited	Property investment in Hong Kong	Director and Shareholder
	朗隆有限公司	於香港從事地產投資	董事及股東
	Co-Forward Development Ltd.	Property investment in Hong Kong	Director and Shareholder
	互動發展有限公司	於香港從事地產投資	董事及股東
	Orient Centre Limited	Property investment in Hong Kong	Shareholder
	東名有限公司	於香港從事地產投資	股東
	Super Time Limited	Property investment in Hong Kong	Director and Shareholder
	時業有限公司	於香港從事地產投資	董事及股東
	Asia City Holdings Ltd	Property investment in Hong Kong	Director and Shareholder
	亞城集團有限公司	於香港從事地產投資	董事及股東
	Supreme Best Ltd.	Property investment in Hong Kong	Shareholder
	Supreme Best Ltd.	於香港從事地產投資	股東
Dr. Yap, Allan Yap, Allan博士	China Strategic Holdings Limited ("CSH") and its subsidiaries 中策集團有限公司(「中策集團」)及其附屬公司	Property business in the PRC 於中國從事地產業務	Vice Chairman of CSH 中策集團之副主席
Mr. Lui Siu Tsuen, Richard 呂兆泉先生	China Strategic Holdings Limited and its subsidiaries 中策集團有限公司及其附屬公司	Property business in the PRC 於中國從事地產業務	Alternate Director to Dr. Yap, Allan, Vice Chairman of CSH 中策集團副主席Yap, Allan博士之替任董事

# Report of the Directors

## 董事會報告

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, so far as was known to the directors or chief executive of the Company, the following persons (other than directors or chief executive of the Company) had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

#### Interests in the shares

Name of shareholder 股東名稱	Long position/ short position 好倉／淡倉	Capacity 身份	Nature of interest 權益性質	Number of shares held 所持股份數目	Approximate percentage of shareholding 股權之概約百分比
China Strategic Holdings Limited 中策集團有限公司	Long position 好倉	Interest of controlled corporations 受控制公司之權益	Corporate interest 公司權益	121,386,481	27.74%
China Enterprises Limited China Enterprises Limited	Long position 好倉	Interest of controlled corporation 受控制公司之權益	Corporate interest 公司權益	121,386,481	27.74%
Million Good Limited Million Good Limited	Long position 好倉	Beneficial owner 實益擁有人	Corporate interest 公司權益	121,386,481	27.74%

Note: Million Good Limited ("Million Good") is a wholly-owned subsidiary of China Enterprises Limited ("CEL"), whose shares are traded on the OTC Bulletin Board in the United States of America, which in turn is a company owned as to approximately 55.22% effective equity interest and approximately 88.79% effective voting interest by CSH. CSH and CEL are deemed to be interested in 121,386,481 shares held by Million Good by virtue of the SFO.

Save as disclosed above, as at 31 December 2005, the directors or chief executive of the Company were not notified of any other persons who had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company and the Stock Exchange pursuant to Part XV of the SFO.

### 主要股東

於二零零五年十二月三十一日，就本公司董事或行政總裁所知，以下人士（本公司董事或行政總裁除外）於股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉：

#### 於股份之權益

附註：Million Good Limited（「Million Good」）乃China Enterprises Limited（「CEL」）之全資附屬公司，其股份於美國場外交易議價板買賣，而CEL則由中策集團擁有約55.22%實際股本權益以及約88.79%實際投票權益。根據證券及期貨條例，中策集團及CEL被視為擁有由Million Good所持之121,386,481股股份之權益。

除上文披露者外，於二零零五年十二月三十一日，本公司董事或行政總裁並無獲通知任何其他人士於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中擁有根據證券及期貨條例第XV部須向本公司及聯交所披露之權益或淡倉。

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2005.

### PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-Laws although there are no restrictions against such rights under the laws in Bermuda.

### MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of purchases and turnover attributable to the Group's five largest suppliers and customers were less than 30% of the total value of the Group's purchases and turnover respectively.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the 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 maintained sufficient public float as required under the Listing Rules.

### DONATIONS

During the year, the Group made charitable donations amounting to HK\$41,000.

### 購買、出售或贖回上市證券

本公司或其任何附屬公司於截至二零零五年十二月三十一日止年度內概無購買、出售或贖回本公司任何上市證券。

### 優先購買權

雖然百慕達法律並無對優先購買權加以限制，惟本公司之公司細則亦無有關該等權利之條文。

### 主要客戶及供應商

本集團五大供應商及客戶之採購及營業總額分別少於本集團採購及營業總額之30%。

### 公眾持股量充足

根據本公司可公開獲得之資料及據董事所知，於本報告日期，本公司具備上市規則規定之足夠公眾持股量。

### 捐獻

年內，本集團作出總額為41,000港元之慈善捐獻。

# Report of the Directors

## 董事會報告

### POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 51 to the financial statements.

### AUDITORS

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

On behalf of the Board

**Yu Kam Kee, Lawrence**

*Chairman*

Hong Kong, 31 March 2006

### 結算日後事項

重大結算日後事項之詳情載於財務報表附註51。

### 核數師

董事會將於本公司股東週年大會上提呈續聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會

主席

余錦基

香港，二零零六年三月三十一日