

The Directors present their report together with the 2005 Financial Statements.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Our principal subsidiaries and jointly controlled entities are primarily engaged in property development and property investment in Hong Kong, Mainland China and Singapore, and their activities are set out in note 47 to the 2005 Financial Statements.

## RESULTS AND APPROPRIATIONS

The 2005 Financial Statements starting page 54 of this annual report set out the results of the Group for the year ended 31st December 2005.

An interim cash dividend of HK\$0.01 per share, and a special interim dividend of approximately HK\$0.52 per share, were paid during the year. The Board recommends the payment of a final scrip dividend of HK\$0.01 per share with a cash option. Together, the total dividends per share for the year amounts to HK\$0.54 (2004: HK\$0.06). Details of dividends are set out in note 16 to the 2005 Financial Statements.

## SHARE CAPITAL

Note 32 to the 2005 Financial Statements contains details on the Company's share capital during the year.

On 21st October 2005, the Company granted 20,729,000 share options (all at subscription price of HK\$1.906 per share) to Directors and selected employees of the Company and its affiliates, of which 500,000 has since lapsed.

Increase in issued share capital of the Company during the year due to exercise of share options and the exercise of convertible bonds is set out in notes 33 and 35(b) to the 2005 Financial Statements.

## CONVERTIBLE BONDS

Details of the 0.5% Guaranteed Convertible Bonds due 2009 in issue during the year appear in note 35(b) to the 2005 Financial Statements.

## DEALINGS IN LISTED SECURITIES

The Company has not redeemed any of its Shares or bonds during the year ended 31st December 2005. Neither the Company nor any of its subsidiaries has purchased or sold any of the Shares and bonds during the year.

## RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 34 to the 2005 Financial Statements.

## DONATIONS

During the year, the Group made charitable donations amounting to HK\$6,010,000 (2004: HK\$3,379,000).

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 18 to the 2005 Financial Statements.

## SIGNIFICANT PROPERTIES

Details of the significant properties held by the Group as at 31st December 2005 for investment and development purposes are set out on pages 107 to 108 of this annual report.

## DIRECTORS

The Directors who served during the year were Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Lennon Lun Tsan Kau, Mr. Eddie Hui Ki On, Mr. William Lo Chi Chung, Ms. Paddy Tang Lui Wai Yu, Sir David Akers-Jones, Mr. Michael Leung Man Kin, Dr. Alex Wu Shu Chih (who passed away on 9th January 2005), Dr. Philip Wong Kin Hang, Dr. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Dr. Charles Cheung Wai Bun and Mr. Robert George Nield.

Biographical details of the Directors are set out on pages 41 to 42 of this annual report.

In accordance with Bye-law 109(A), Mr. Eddie Hui Ki On, Mr. William Lo Chi Chung, Sir David Akers-Jones and Dr. Leo Lee Tung Hai will retire by rotation at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

None of the Directors proposed for re-election has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

Subject to the approval of Shareholders at the forthcoming annual general meeting, the following fees in respect of year ended 31st December 2005 will be payable to the Directors:

	<b>Chairman</b> HK\$	<b>Member</b> HK\$
The Board	100,000	80,000
Audit Committee	100,000	80,000
Remuneration Committee	50,000	40,000

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this Directors' Report, no contracts of significance in relation to the Group's business, to which the Company or its subsidiaries was a party and in which a Director has or had a material beneficial interest, whether directly or indirectly, subsisted on 31st December 2005 or at any time during the year ended on that date.

## DIRECTORS' INTERESTS IN SECURITIES

At 31st December 2005, the interests and short positions of each Director in the Shares, underlying shares and debentures of the Company and the details of any right to subscribe for Shares and of the exercise of such rights, as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange) pursuant to Appendix 10 of the Listing Rules, were as follows:

### (A) Ordinary Shares

Name of Directors	Number of Shares				Total	Approximate % of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lui Che Woo	6,468,014	7,130,234 <sup>(1)</sup>	38,129,737 <sup>(2)</sup>	1,257,389,151 <sup>(3)</sup>	1,309,117,136	55.05
Francis Lui Yiu Tung	5,799,164	—	—	1,257,389,151 <sup>(3)</sup>	1,263,188,315	53.12
Lennon Lun Tsan Kau	2,224,000	—	—	—	2,224,000	0.09
Eddie Hui Ki On	580,000	—	—	—	580,000	0.02
William Lo Chi Chung	630,000	—	—	—	630,000	0.03
Paddy Tang Lui Wai Yu	8,308,166	—	—	1,257,389,151 <sup>(3)</sup>	1,265,697,317	53.23
Sir David Akers-Jones	150,000	—	—	—	150,000	0.01
Michael Leung Man Kin	700,000	—	—	—	700,000	0.03
Philip Wong Kin Hang	600,000	—	—	—	600,000	0.03
Leo Lee Tung Hai	650,000	—	—	—	650,000	0.03
Robin Chan Yau Hing	928,977	—	—	—	928,977	0.04
Charles Cheung Wai Bun	907,239	—	—	—	907,239	0.04
Robert George Nield	500,000	—	—	—	500,000	0.02

### (B) Share Options

Details are set out in the SHARE OPTION SCHEME section below.

Notes:

- (1) Dr. Lui Che Woo was deemed to be interested in 7,130,234 Shares through the interests of his spouse.
- (2) 35,075,725 Shares and 3,054,012 Shares were respectively held by Best Chance Investments Ltd. and Po Kay Securities & Shares Company Limited, both of which were controlled by Dr. Lui Che Woo.
- (3) 1,257,389,151 Shares representing more than one-third of the Company's issued share capital were held by the discretionary trusts established by Dr. Lui Che Woo as founder. Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu, as either direct or indirect discretionary beneficiaries of the discretionary family trusts, were deemed to be interested in those Shares held by the trusts.
- (4) All personal interests stated above were held by the respective Directors in the capacity of beneficial owners.

All the interests stated above represent long positions.

Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu were deemed to be interested in the issued share capital of every other subsidiary and jointly controlled entity of the Company.

Save as disclosed above, as at 31st December 2005, none of the Directors had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 31st December 2005, the interests of every person (not being a Director or chief executive of the Company) in the Shares and underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Number of Ordinary Shares (Long Position)	Approximate % of Issued Share Capital
HSBC International Trustee Limited	1,257,579,151 <sup>(1)</sup>	52.89
Marapro Co., Ltd.	190,228,080 <sup>(2)</sup>	8.00
Symmetry Co., Ltd.	190,228,080 <sup>(2)</sup>	8.00
Polymate Co., Ltd.	190,228,080 <sup>(2)</sup>	8.00
Penta Investment Advisers Ltd.	253,584,104 <sup>(3)</sup>	10.66
Moore Michael William	253,584,104 <sup>(3)</sup>	10.66
Zwannstra John	253,584,104 <sup>(3)</sup>	10.66

Notes:

- (1) HSBC International Trustee Limited is the trustee of discretionary trusts which holds 1,257,579,151 Shares.
- (2) Marapro Co., Ltd. is a beneficiary and Symmetry Co., Ltd. is a trustee of a trust which is interested in 190,228,080 Shares. Polymate Co., Ltd. is the ultimate holding company of Marapro Co., Ltd. and Symmetry Co., Ltd.
- (3) Penta Investment Advisers Ltd. was interested in 253,584,104 Shares in the capacity of investment manager. Moore Michael William and Zwaanstra John each controlled more than one-third of the issued share capital of Penta Investment Advisers Ltd.

There was duplication of interests of:

- (i) 1,257,389,151 Shares among Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu. These Shares are also interested by HSBC International Trustee Limited and of these Shares, 190,228,080 Shares were also interested by Marapro Co., Ltd., Symmetry Co., Ltd. and Polymate Co., Ltd.; and
- (ii) 253,584,104 Shares among Penta Investment Advisers Ltd., Moore Michael William and Zwannstra John.

Save as disclosed above, as at 31st December 2005, the Company had not been notified by any persons who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

## SHARE OPTION SCHEME

The Company's share option scheme adopted by the Shareholders at the annual general meeting on 30th May 2002 is summarised below:

### (1) Purpose

To attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and to promote the long term financial success of the Company by aligning the interests of option holders to Shareholders.

**(2) Participants**

- (i) any employee of the Company or any affiliate and any senior executive or director of the Company or any affiliate; or
- (ii) any consultant, agent, representative or adviser of the Company or any affiliate; or
- (iii) any person who provides goods or services to the Company or any affiliate; or
- (iv) any customer or contractor of the Company or any affiliate; or
- (v) any business ally or joint venture partner of the Company or any affiliate; or
- (vi) any trustee of any trust established for the benefit of employees; or
- (vii) in relation to any of the above qualifying grantee who is an individual, a trust solely for the benefit of the qualifying grantee or his immediate family members, and companies controlled solely by the qualifying grantee or his immediate family members.

“Affiliate” means any company which is (a) a holding company of the Company; or (b) a subsidiary of a holding company of the Company; or (c) a subsidiary of the Company; or (d) a controlling shareholder of the Company; or (e) a company controlled by a controlling shareholder of the Company; or (f) a company controlled by the Company; or (g) an associated company of a holding company of the Company; or (h) an associated company of the Company.

**(3) Total number of Shares available for issue**

Mandate Limit — Subject to the paragraph below, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at 30th May 2002, being 187,563,607 Shares.

Overriding Limit — The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit as referred to in the above paragraph provided that the Company shall issue a circular to Shareholders before such approval is sought. The overriding limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time.

As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 143,676,607 Shares, which represented approximately 6.04% of the issued share capital of the Company on that date.

**(4) Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each participant must not exceed 1% of the Shares in issue.

Subject to separate approval by the Shareholders in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided that the Company shall issue a circular to Shareholders before such approval is sought, the Company may grant a participant options which would exceed this limit.

**(5) Option period**

The period within which the Shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

**(6) Minimum period for which an option must be held before it can vest**

The minimum period, if any, for which an option must be held before it can vest shall be determined by the Board in its absolute discretion. The Share Option Scheme itself does not specify any minimum holding period.

**(7) Payment on acceptance of the option**

HK\$1.00 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 14 days from the date of grant (or such longer period as the Board may specify in writing).

**(8) Basis of determining the subscription price**

The subscription price shall be determined by the Board in its absolute discretion at the time of the grant but shall not be less than the highest of:

- (i) the closing price of the Shares on the date of grant;
- (ii) the average closing prices of the Shares for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

**(9) The remaining life of the Share Option Scheme**

The life of the Share Option Scheme is 10 years commencing from 30th May 2002 and will expire on 29th May 2012.

Particulars of the movement of the options held by each of the Directors, the employees of the Company in aggregate and other participants granted under the Share Option Scheme or under any other share option schemes of the Company during the year ended 31st December 2005, were as follows:

Holders	Date of grant	Number of Options					Held at 31st December 2005	Exercise price per Share (HK\$)	Exercise period
		Held at 1st January 2005	Granted during the year <sup>(a)</sup>	Exercise during the year	Lapsed during the year	Exercise during the year			
Lui Che Woo	20th May 1998	1,500,000	—	1,500,000 <sup>(b)</sup>	—	—	0.5586	20th May 1999 – 19th May 2008	
	30th Dec 1999	1,350,000	—	1,350,000 <sup>(b)</sup>	—	—	0.3600	30th Dec 2000 – 29th Dec 2009	
	28th Feb 2003	2,000,000	—	2,000,000 <sup>(b)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	1,350,000	—	—	1,350,000	1.9060	22nd Oct 2006 – 21st Oct 2011	

Holders	Date of grant	Number of Options					Held at 31st December 2005	Exercise price per Share (HK\$)	Exercise period
		Held at 1st January 2005	Granted during the year <sup>(a)</sup>	Exercise during the year	Lapsed during the year	Exercise during the year			
Francis Lui Yiu Tung	20th May 1998	1,000,000	—	1,000,000 <sup>(c)</sup>	—	—	0.5586	20th May 1999 – 19th May 2008	
	30th Dec 1999	1,200,000	—	1,200,000 <sup>(c)</sup>	—	—	0.3600	30th Dec 2000 – 29th Dec 2009	
	28th Feb 2003	1,868,000	—	1,868,000 <sup>(c)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	1,340,000	—	—	1,340,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Lennon Lun Tsan Kau	30th Dec 1999	500,000	—	500,000 <sup>(d)</sup>	—	—	0.3600	30th Dec 2000 – 29th Dec 2009	
	28th Feb 2003	1,054,000	—	1,054,000 <sup>(d)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	670,000	—	—	670,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Eddie Hui Ki On	21st Oct 2005	—	580,000	—	—	580,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
William Lo Chi Chung	21st Oct 2005	—	530,000	—	—	530,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Paddy Tang Lui Wai Yu	20th May 1998	600,000	—	600,000 <sup>(e)</sup>	—	—	0.5586	20th May 1999 – 19th May 2008	
	30th Dec 1999	870,000	—	870,000 <sup>(e)</sup>	—	—	0.3600	30th Dec 2000 – 29th Dec 2009	
	28th Feb 2003	1,269,000	—	1,269,000 <sup>(e)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	930,000	—	—	930,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Sir David Akers-Jones	28th Feb 2003	150,000	—	—	—	150,000	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	500,000	—	500,000	—	1.9060	22nd Oct 2006 – 21st Oct 2011	
Michael Leung Man Kin	28th Feb 2003	300,000	—	300,000 <sup>(f)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	400,000	—	—	400,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Philip Wong Kin Hang	28th Feb 2003	300,000	—	300,000 <sup>(g)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	300,000	—	—	300,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Leo Lee Tung Hai	28th Feb 2003	150,000	—	150,000 <sup>(h)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	500,000	—	—	500,000	1.9060	22nd Oct 2006 – 21st Oct 2011	

Holders	Date of grant	Number of Options					Held at 31st December 2005	Exercise price per Share (HK\$)	Exercise period
		Held at 1st January 2005	Granted during the year <sup>(a)</sup>	Exercise during the year	Lapsed during the year	Held at 31st December 2005			
Robin Chan Yau Hing	28th Feb 2003	150,000	—	150,000 <sup>(j)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	500,000	—	—	500,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Charles Cheung Wai Bun	28th Feb 2003	300,000	—	300,000 <sup>(j)</sup>	—	—	0.7200	1st Mar 2004 – 28th Feb 2013	
	21st Oct 2005	—	600,000	—	—	600,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Robert George Nield	21st Oct 2005	—	500,000	—	—	500,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Employees (in aggregate)	20th May 1998	628,000	—	395,000 <sup>(k)</sup>	200,000	33,000	0.5586	20th May 1999 – 19th May 2008	
	30th Dec 1999	1,570,000	—	1,270,000 <sup>(l)</sup>	—	300,000	0.3600	30th Dec 2000 – 29th Dec 2009	
	28th Feb 2003	4,550,000	—	3,935,000 <sup>(m)</sup>	—	615,000	0.7200	1st Mar 2004 – 28th Feb 2013	
	29th Dec 2003	3,000,000	—	1,000,000 <sup>(n)</sup>	—	2,000,000	1.3000	30th Dec 2003 – 29th Dec 2013	
	21st Oct 2005	—	11,689,000	—	—	11,689,000	1.9060	22nd Oct 2006 – 21st Oct 2011	
Others	28th Feb 2003	522,000*	—	372,000 <sup>(c)</sup>	—	150,000	0.7200	1st Mar 2004 – 28th Feb 2013	
	29th Dec 2003	3,000,000	—	3,000,000 <sup>(d)</sup>	—	—	1.3000	30th Dec 2003 – 29th Dec 2013	
	21st Oct 2005	—	340,000	—	—	340,000	1.9060	22nd Oct 2006 – 21st Oct 2011	

\* after reclassification of share options held by Dr. Alex Wu Shu Chih under "Directors" to "Others" following his demise on 9th January 2005.

Note:

- (a) The closing price of the Shares immediately before the date on which the options were granted was HK\$1.78.
- (b) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.215.
- (c) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.215.
- (d) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$1.976.
- (e) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$1.845.
- (f) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.235.
- (g) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.235.
- (h) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.235.
- (i) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.235.
- (j) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.235.
- (k) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.327.
- (l) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.063.
- (m) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.168.



(n) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$1.971.

(o) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.540.

(p) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the year was HK\$2.215.

Except for the options granted on 29th December 2003 which were fully vested at the date of grant, the other options referred to above were subject to a one-year vesting period.

The fair value of the share options granted during the year is set out in note 33 to the 2005 Financial Statements.

The consideration paid by each grantee for each grant of the options was HK\$1.00. No options was cancelled during the year.

Other than grant of share options pursuant to the Company's share option scheme, at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the Directors or their spouses or children under 18 years of age to acquire Shares in or debentures of the Company or any other body corporate.

## CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

1. The Acquisition of Galaxy Casino is a connected transaction and a deemed disposal under the Listing Rules, full details of which appear in the joint circular dated 30th June 2005 by the Company and GEG. Shareholders in special general meeting on 19th July 2005 approved the Acquisition.
2. Upon completion of the Acquisition which took place on 22nd July 2005, the Company and GEG become connected person to each other and transaction between them — if continuing/recurring — becomes continuing connected transaction under the Listing Rules. In 2005, the Company had these continuing connected transactions with GEG:
  - (a) On 2nd June 2005, Jia Hui Da Real Estate Development Co. Ltd. Shanghai (an indirect 35.75% owned subsidiary of the Company) entered into 3 tenancy agreements with Shanghai Jiajian Concrete Co. Ltd., Shanghai Xin Cai Concrete Co. Ltd., and Shanghai Jia Shen Concrete Co. Ltd. (all indirect subsidiaries of GEG), pursuant to which the former leased office units 1802, 1803, and 1804 on the 18th Floor of Shanghai K. Wah Centre to the latter. The leases are — in all cases — for 3 years from 1st June 2005 to 31st May 2008, and constitute continuing connected transactions. Details of them appear in the joint announcement of the Company and GEG dated 23rd August 2005. These continuing connected transactions were carried out during the year within the annual cap for 2005. The independent non-executive Directors have reviewed the continuing connected transactions as represented by the 3 tenancy agreements who confirmed that they were conducted and entered into in the ordinary and usual course of the Group's business, on normal commercial terms, in accordance with the relevant agreements governing such transactions, and on terms that are fair and reasonable and in the interest of the Company and its Shareholders as a whole.
  - (b) The revolving facilities of up to HK\$330 million granted on 22nd July 2002 by Brighten Lion Limited, an indirect wholly-owned subsidiary of GEG to Great Place Developments Limited, an indirect wholly-owned subsidiary of the Company are subsisting as of the year-end and constitute continuing connected transaction between the Company and GEG. Details of the revolving facilities appear in the circular of the Company dated 5th August 2002. The Shareholders in special general meeting on 22nd August 2002 approved the revolving facilities and the Company has also reported the same in each of its 2003 and 2004 annual reports. No annual cap was involved. The Company's independent non-executive Directors have also reviewed this continuing connected transaction and confirmed that they were conducted and entered into on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties, and (in accordance with the relevant agreement governing them, i.e. the loan agreement dated 22nd July 2002) on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

## PRE-EMPTIVE RIGHTS

There are no shareholder pre-emptive rights as a matter of Bermuda law, either under statute or at common law.

## DIRECTORS' COMPETING BUSINESS

Dr. Lui Che Woo, and also Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu, through a family trust directly or indirectly, are also interested in companies engaged in the business of property investment and development in Hong Kong, Mainland China and Singapore. As the Board is independent of the boards of these companies, the Group is therefore capable of carrying on its business independently of, and at arm's length from, the business of these companies.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the 2005 Financial Statements and adjusted as appropriate, is shown on pages 36 to 37 of this annual report.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December 2005:

- (1) The aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover;
- (2) The aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's major suppliers are as follows:

The largest supplier	11.77%
Five largest suppliers	42.14%

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had any interest in the five largest customers or suppliers (not including or a capital nature).

## MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the Company were entered into or existed during the year.

## AUDITORS

The 2005 Financial Statements have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting.

On behalf of the Board

**Francis Lui Yiu Tung**  
*Managing Director*

Hong Kong, 30th March 2006