

Report of the Directors

董事局報告書

The Board of Directors of the Company (the “Board”) is pleased to present its Report together with the audited consolidated financial statements of the Company and its subsidiaries (altogether the “Group”) for the year ended 31st December, 2005 and the Report of the Auditors thereon.

PRINCIPAL ACTIVITIES

The principal activities of the Group for the year were property development and investment, hospitality and leisure activities, manufacturing of PVC pipes, securities trading and investment holding.

During the year under review, the Company acted as an investment holding company while the principal activities and other particulars of the principal subsidiaries of the Company are listed out in Note 40 to the financial statements on pages 140 to 143.

RESULTS

Details of the Group’s results for the year ended 31st December, 2005 are set out on pages 52 to 145. An analysis of the turnover and contribution to trading results of the Group by business segments is set out in Note 8 to the financial statements on pages 89 to 92 while no geographical analysis is presented as the Group’s operations and assets were principally situated in the mainland China.

DIVIDENDS

No interim dividend was paid during the year (2004: Nil).

The Board recommends a payment of a final dividend of HK\$0.05 per share for the year ended 31st December, 2005 (2004: HK\$0.10 per share) to shareholders whose names appear on the register of members of the Company on Friday, 26th May, 2006. Dividend warrants are expected to be despatched on Monday, 5th June, 2006.

本公司董事局(「董事局」)欣然向各股東提呈本報告書，連同本公司及其附屬公司(統稱「本集團」)截至二零零五年十二月三十一日止年度之經審核綜合財務報表及核數師報告書。

主要業務

本集團於本年度內之主要業務為物業發展及投資、款客及消閒業務、膠管製造、證券買賣及投資控股。

於回顧年度內，本公司為一家投資控股公司，而本公司各主要附屬公司之主要業務及其他詳情載於第140至第143頁財務報表附註40。

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詳情載於第52至第145頁。按業務分類對本集團之營業額及所佔經營業績之分析載於第89至第92頁財務報表附註8。由於本集團之業務及資產主要位於中國國內，故未呈列按經營地區分類之資料。

股息

本公司於年度內並無派付中期股息(二零零四年：無)。

董事局建議向於二零零六年五月二十六日(星期五)名列本公司股東名冊之股東派付截至二零零五年十二月三十一日止年度之末期股息每股0.05港元(二零零四年：每股0.10港元)。股息單預期於二零零六年六月五日(星期一)寄發。

Report of the Directors 董事局報告書

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23rd May, 2006 to Friday, 26th May, 2006, both days inclusive, during which period no transfer of shares of the Company will be effected.

In order to qualify for the 2005 final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 22nd May, 2006 for registration.

RESERVES

The distributable reserves of the Company as at 31st December, 2005 amounted to approximately HK\$311,330,000 (2004: HK\$325,233,000).

The Board recommends that the retained earnings of the Group as at 31st December, 2005 amounting to approximately HK\$1,062,835,000 are to be carried forward. Other movements in reserves of the Group and of the Company during the year are shown in Note 30 to the financial statements on pages 121 to 127.

MAJOR CUSTOMERS AND SUPPLIERS

Of the turnover of the Group for the year, less than 30% was attributable to the Group's five largest customers.

During the year, 60% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 19% of the Group's purchases. None of the Directors of the Company, their associates or any shareholders (which to the knowledge of the Directors own more than 5% interest in the Company's issued share capital) have any interest in the Group's five largest suppliers.

暫停辦理股份過戶登記手續

本公司將於二零零六年五月二十三日(星期二)至二零零六年五月二十六日(星期五)(包括首尾兩天)期間暫停辦理股份之過戶登記手續。

為確保享有二零零五年度末期股息，所有股份過戶文件連同有關股票，必須於二零零六年五月二十二日(星期一)下午四時前送抵本公司於香港之股份過戶登記處秘書商業服務有限公司辦理登記手續，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

儲備

本公司於二零零五年十二月三十一日之可供分派儲備為數約311,330,000港元(二零零四年：325,233,000港元)。

董事局建議將本集團於二零零五年十二月三十一日為數約1,062,835,000港元之保留溢利滾存至下年度。年度內本集團及本公司之其他儲備變動載於第121至第127頁財務報表附註30。

主要客戶及供應商

在本集團於本年度之營業額中，前五大客戶所佔之比率不足30%。

在本年度內，本集團之前五大供應商共佔本集團採購之60%，其中最大供應商佔本集團採購之19%。本公司各董事及其聯繫人士或任何股東(董事獲知其擁有本公司已發行股本5%或以上權益者)概無佔有該五大供應商之任何權益。

DONATIONS

During the year ended 31st December, 2005, the Group has donated HK\$5,986,000 to charitable and other causes.

FIXED ASSETS

During the year ended 31st December, 2005, the Group acquired fixed assets amounting to approximately HK\$5,544,000 while disposed of and wrote off assets with an aggregate net book value of approximately HK\$2,187,000.

Movements in fixed assets of the Group during the year are shown in Notes 17 and 18 to the financial statements on pages 102 to 105.

A schedule of the principal properties held by the Group, either under development or for sale or investment purposes, is set out on pages 147 to 156.

BORROWINGS AND DEBENTURES

Details of bank loans and other borrowings of the Group as at 31st December, 2005 are set out in Notes 23(b), 31 and 32 to the financial statements on pages 111, 128 to 130 respectively.

No debentures of any class were issued by the Company or any of its subsidiaries, or were in issue, at any time during the year.

Interest expenses of approximately HK\$27,536,000 (2004: HK\$19,906,000) attributable to properties under development were capitalised by the Group during the year.

捐款

於截至二零零五年十二月三十一日止年度內，本集團已捐款5,986,000港元作慈善及其他用途。

固定資產

於截至二零零五年十二月三十一日止年度內，本集團購入為數約5,544,000港元之固定資產，並出售及撇銷賬面總淨值約2,187,000港元之資產。

本集團於年度內之固定資產變動情況載於第102至第105頁財務報表附註17及18。

一項列有本集團持有之主要物業(發展中或作出售或投資用途)之附表載於第147至第156頁。

借貸及債權證

本集團在二零零五年十二月三十一日之銀行貸款及其他借貸之詳情分別載於第111及第128至第130頁財務報表附註23(b)、31及32。

本公司或其任何附屬公司於年度內任何時間概無發行或已發行任何類別之債權證。

於本年度內本集團將發展中物業所佔為數約27,536,000港元(二零零四年: 19,906,000港元)之利息支出資本化。

Report of the Directors 董事局報告書

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December, 2005, the Company purchased a total of 7,684,000 shares of HK\$0.50 each in its issued capital on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at an aggregate consideration of approximately HK\$14.33 million as follows:

Month of purchase 購買之月份	Number of shares repurchased 購回股份之數目	Purchase price per share 每股之購買價		Aggregate price paid 已付價格總額
		Highest/ Unit 最高／每股	Lowest 最低	
		(HK\$) (港元)	(HK\$) (港元)	(HK\$'000) (千港元)
May 2005 二零零五年五月	2,608,000	1.94	1.76	4,863
October 2005 二零零五年十月	5,046,000	1.88	1.82	9,408
November 2005 二零零五年十一月	30,000	1.82	N/A 不適用	54
Total 總數	7,684,000			14,325

購買、出售或贖回上市證券

於截至二零零五年十二月三十一日止年度內，本公司在香港聯合交易所有限公司（「聯交所」）以總代價約為14,330,000港元購回本公司之已發行股本中合共7,684,000股每股面值0.50港元之股份如下：

The repurchases of the Company’s shares were made pursuant to general mandates granted to the Board by the shareholders at the annual general meetings of the Company for 2004 and 2005 to repurchase shares of HK\$0.50 each in the capital of the Company (the “Share(s)”) and all of the aforesaid repurchased Shares have been duly cancelled.

The repurchases were made as the Shares were trading at a substantial discount to their underlying net asset value, so it would enhance the Company’s net asset value per Share and earnings per Share for the benefit of the Company and the shareholders as a whole.

本公司乃按本公司股東於二零零四年度及二零零五年度股東週年大會上授予董事局以購回本公司股本中每股面值0.50港元股份（「股份」）之一般授權而進行股份回購，上述所有購回之股份已被註銷。

進行回購乃因為股份過往錄得以較諸其相關資產淨值出現重大折讓之買賣記錄，因此回購股份可提高本公司之每股股份之資產淨值及每股股份之盈利，並符合本公司及其股東整體之最佳利益。

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

CHANGES IN SHARE CAPITAL

The Company has issued zero coupon convertible bonds due 2009 in an aggregate principal amount of US\$50 million in June 2004 and the bonds would, at the option of the holders, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 4th July, 2004 up to and including 20th May, 2009 into fully paid ordinary Shares at an adjusted conversion price of HK\$1.85 per Share (subject to further adjustment), which had been adjusted from the initial conversion price of HK\$1.95 per Share effective from 27th May, 2005 upon declaration of a final dividend of HK\$0.10 per Share for 2004 by the Company. According to the terms of issue, unless previously redeemed, converted or purchased and cancelled, the bonds should be redeemed by the Company on their maturity on 4th June, 2009 at 117.49% of their principal amount. All or some of the bonds might also be redeemed at the option of the relevant holders on 4th June, 2006 at 106.66% of their principal amount. During the year ended 31st December, 2005, bonds of a total principal amount of US\$16.75 million have been converted into 69,397,384 Shares and there were bonds in an aggregate principal amount of US\$33.25 million outstanding as at the year end date.

In addition, during the year under review, the Company allotted and issued an aggregate of 2,500,000 new Shares at a subscription price of HK\$1.81 each for a total consideration of HK\$4,525,000 upon an exercise of a share option granted to a Director of the Company under the share option scheme of the Company.

除上文所披露者外，本公司或其任何附屬公司於年度內並未購回、出售或贖回本公司之任何上市證券。

股本之變動

本公司於二零零四年六月發行了本金總額為50,000,000美元之二零零九年到期之零息可換股債券。債券持有人可按其意願於二零零四年七月四日或之後直至及包括二零零九年五月二十日為止（除非債券之前已被贖回、兌換或購回及註銷），按每股份1.85港元（可予進一步調整）之經調整兌換價（該兌換價已於二零零五年五月二十七日，就本公司宣派二零零四年度末期股息每股股份0.10港元由初步兌換價每股股份1.95港元予以調整），將債券兌換為本公司之已繳足普通股股份。根據發行條款，除非債券之前已被贖回、兌換或購回及註銷，否則本公司須於二零零九年六月四日債券到期日，以其本金金額之117.49%贖回債券。債券持有人亦可選擇要求本公司於二零零六年六月四日以本金金額之106.66%贖回全部或部份債券。於截至二零零五年十二月三十一日止年度內，共有本金總額為16,750,000美元之債券已兌換為69,397,384股股份，而於年度終結日，尚未行使之債券本金總額為33,250,000美元。

此外，於回顧年度內，本公司已就一位董事以每股股份1.81港元之認購價行使其按本公司購股權計劃獲授予之購股權，而配發及發行合共2,500,000股新股份，總代價為4,525,000港元。

Report of the Directors 董事局報告書

As disclosed above, the Company has repurchased 7,684,000 Shares during the year on the Stock Exchange.

誠如上文所披露者，於本年度內，本公司已於聯交所購回7,684,000股股份。

As at 31st December, 2005, 1,177,462,496 Shares were in issue.

於二零零五年十二月三十一日，本公司股本中共有1,177,462,496股已發行股份。

Details of the share capital of the Company are set out in Note 28 to the financial statements on pages 117 and 118.

本公司股本之詳情載於第117及第118頁財務報表附註28。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law of the Cayman Islands.

優先購買權

本公司之《公司組織章程大綱及細則》，以及《開曼群島公司法》並無有關優先購買權之條文。

DIRECTORS

The Directors of the Company as at the date of this Report and those who were in office during the year are:

董事

於本報告書刊發之日及於本年度內在任之本公司董事局成員如下：

Name of Directors

Executive Directors:

Madam Hsu Feng (*Managing Director*)

Mr Chuang Hsiao Chen

Mr Tong Albert

董事姓名

執行董事：

徐 楓女士 (*董事總經理*)

莊杰真先生

湯子同先生

Independent Non-Executive Directors:

Madam Tung Wai Yee

Mr Cheung Siu Ping, Oscar

Mr Lee Chan Fai (appointed on 15th December, 2005)

Mr Lu Yao-Tsu (resigned on 15th December, 2005)

獨立非執行董事：

董慧儀女士

張兆平先生

李燦輝先生 (於二零零五年十二月十五日獲委任)

陸耀祖先生 (於二零零五年十二月十五日辭任)

A profile of the existing Directors of the Company is shown on pages 29 to 31.

本公司現任董事之簡介載於第29至第31頁。

Information relating to emoluments paid to the Company's Directors during the year is set out in Note 11 to the financial statements on pages 95 and 96.

In accordance with Article 99 of the Articles of Association of the Company, Mr Lee Chan Fai, being a Director appointed by the Board, shall hold office only until the next following annual general meeting of the Company after his appointment and therefore will retire at the forthcoming annual general meeting and being eligible, offers himself for re-election.

All Directors of the Company, including the non-executive Directors, are subject to retirement by rotation at annual general meetings of the Company in accordance with Article 116 of the Articles of Association of the Company. Article 116 of the Articles of Association of the Company provides that at each annual general meeting, one-third of the Directors of the Company for the time being, or (if their number is not three or a multiple of three) the number nearest to one-third, who have been longest in office since their last election, shall retire from office and shall be eligible for re-election. In this connection, Madam Hsu Feng and Mr Chuang Hsiao Chen will retire by rotation at the forthcoming annual general meeting. Being eligible, they offer themselves for re-election.

The re-election of the retiring Directors of the Company is subject to the shareholders' approval at the forthcoming annual general meeting of the Company and details of those Directors will be disclosed in a circular of the Company to be despatched to the shareholders together with the notice of annual general meeting.

有關於年度內支付予本公司董事之酬金之資料載於第95及第96頁財務報表附註11。

根據本公司之《公司組織章程細則》第99條細則之規定，李燦輝先生作為獲董事局委任之董事，彼之任期須在其獲委任後之本公司來屆股東週年大會上屆滿，故將於應屆股東週年大會上告退，惟彼符合資格並願競選連任。

根據本公司之《公司組織章程細則》第116條細則之規定，本公司所有董事(包括非執行董事)均須於本公司之股東週年大會上依章輪值退任。第116條細則規定，於每屆股東週年大會上，本公司當時三分之一之董事或(若董事之數目並非三人或三之倍數)最接近三分之一數目之董事(自上次獲選連任董事以來任期最長者)將須依章退任並均可在膺選後連任。因此，徐楓女士及莊然真先生將於應屆股東週年大會上依章輪值退任，惟有資格並願競逐連任。

本公司之退任董事之重選連任事宜將須待股東於應屆之股東週年大會上審批，有關該等董事之資料將於與股東週年大會通告一併寄發予股東之本公司通函內披露。

Report of the Directors 董事局報告書

DIRECTORS' SERVICE CONTRACT

None of the Directors of the Company who are proposed for re-election at the forthcoming annual general meeting have an unexpired service contract with the Company 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 AND SHORT POSITIONS IN SECURITIES

As at 31st December, 2005, the interests and short positions of the Directors of the Company in shares, debentures and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (including interests and short positions which they were taken to have under Section 344 of the SFO) or which were required to be notified to the Company and the Stock Exchange pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

The Company:
Shares of HK\$0.50 each

董事之服務合約

獲提名在應屆股東週年大會上重選連任之本公司董事與本公司或其任何附屬公司之間並無尚未屆滿之服務合約，且聘用之公司於一年內不作出賠償(法定賠償除外)則不得終止者。

董事之證券權益及淡倉

於二零零五年十二月三十一日，本公司各董事於本公司或其任何相聯法團(按《證券及期貨條例》第XV部之定義詮釋)之股份、債權證及相關股份中擁有須遵照《證券及期貨條例》第352條之規定記載入該條例所述的登記冊(包括根據《證券及期貨條例》第344條被視為擁有之權益及淡倉)，或須遵照聯交所《證券上市規則》(「《上市規則》」)之規定知會本公司及聯交所之權益及淡倉如下：

本公司：
每股面值0.50港元之股份

		Number of Shares 股份數目			
Name of Directors	董事姓名	Personal Interests 個人權益	Family Interests 家屬權益	Corporate Interests 公司權益	Other Interests 其他權益
Madam Hsu Feng	徐楓女士	28,616,000	Nil	Nil (A)	534,979,960(B)
Mr Tong Albert	湯子同先生	9,500,000	Nil	Nil (A)	11,000,000(C)

Notes:

- (A) The following companies, being private companies incorporated in Hong Kong and wholly-owned subsidiaries of Rivera (Holdings) Limited (a listed company in Hong Kong), beneficially held an aggregate of 159,500,465 Shares on 31st December, 2005:

Name of companies	公司名稱	Number of Shares held 所持有股份數目
Forty Enterprises Company Limited	富義企業有限公司	13,081,788
Shine Trip Limited	瑞展有限公司	146,418,677
		159,500,465

Madam Hsu Feng and Mr Tong Albert, being mother and son, are directors of Rivera (Holdings) Limited of which Madam Hsu, being the executrix of the estate of her late husband, Mr Tong Cun Lin, is deemed to be a substantial shareholder.

- (B) Madam Hsu Feng was interested in the 534,979,960 Shares in her capacity as the executrix of the estate of the late Mr Tong Cun Lin.
- (C) Mr Tong Albert has been granted an option under the share option scheme of the Company which entitles him to subscribe for 11,000,000 Shares at a subscription price of HK\$1.81 per Share on or before 5th October, 2008.

Save as disclosed above, none of the Directors of the Company and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or of any of its associated corporations as at 31st December, 2005 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (including interests or short positions which they were taken to have under Section 344 of the SFO) or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

附註：

- (A) 於二零零五年十二月三十一日，下列公司（均為於香港註冊成立的私人公司，並為一家於香港上市之公司——川河集團有限公司的全資附屬公司）實益持有合共159,500,465股股份：

Name of companies	公司名稱	Number of Shares held 所持有股份數目
Forty Enterprises Company Limited	富義企業有限公司	13,081,788
Shine Trip Limited	瑞展有限公司	146,418,677
		159,500,465

徐楓女士及湯子同先生（彼等為母子）均為川河集團有限公司的董事，而徐女士作為其先夫湯君年先生之遺產執行人乃被視為該公司之主要股東。

- (B) 徐楓女士以已故湯君年先生之遺產執行人之身份擁有該等534,979,960股股份之權益。
- (C) 湯子同先生獲授予本公司之購股權計劃項下之購股權；據此，彼有權於二零零八年十月五日或之前以每股股份1.81港元之認購價認購11,000,000股股份。

除上文所披露者外，於二零零五年十二月三十一日，本公司各董事及彼等的聯繫人士概無於本公司或其任何相關法團之股份、相關股份及債權證中擁有須遵照《證券及期貨條例》第352條之規定記載入該條例所述的登記冊內（包括根據《證券及期貨條例》第344條彼等被視為擁有的權益或淡倉），或須遵照《上市規則》知會本公司及聯交所的任何權益或淡倉。

Report of the Directors 董事局報告書

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 29th May, 2002. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective till 28th May, 2012. After the expiry of such valid period, no further options will be offered or granted but in all other respects the provisions of the Scheme shall remain in full force and effect.

Apart from the Scheme, at no time during the year nor at the end of the year ended 31st December, 2005 was the Company or any of its subsidiaries a party to any arrangements 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.

Major terms of the Scheme

The purpose of the Scheme is to provide incentives or rewards to selected persons for their contribution to the Group or any entity in which the Group holds any equity interest (the “Invested Entity”).

The participants of the Scheme include:

- (i) any employee or proposed employee (whether full time or part time) of any member of the Group or any Invested Entity, including any executive director of any member of the Group or any Invested Entity; or
- (ii) any non-executive director (including independent non-executive director) of any member of the Group or any Invested Entity; or

購股權計劃

本公司於二零零二年五月二十九日採納一項購股權計劃（「該計劃」）。倘本公司並無在股東大會上提早終止或董事局並無提早終止該計劃，則該計劃將有效至二零一二年五月二十八日止。於該有效期限屆滿後將不會再行要約授予或正式授出購股權，惟該計劃之條款在其他各方面將仍全面有效。

除該計劃外，於截至二零零五年十二月三十一日止年度內任何時間或年度終結日，本公司或其任何附屬公司概無參與任何安排，致使本公司董事可透過購買本公司或其他任何法人團體之股份或債權證而獲益。

該計劃的主要條款

該計劃的目的為就經甄選之人士對本集團或本集團持有任何股權之任何機構（「所投資機構」）之貢獻作出獎勵或回報。

該計劃之參與者包括：

- (i) 本集團任何成員公司或任何所投資機構之任何僱員或準僱員（不論全職或兼職），包括本集團任何成員公司或任何所投資機構之任何執行董事；或
- (ii) 本集團任何成員公司或任何所投資機構之任何非執行董事（包括獨立非執行董事）；或

- | | |
|---|--|
| <p>(iii) any adviser, consultant, customer and supplier of goods or services to any member of the Group or any Invested Entity who have contributed or will contribute to the Group; or</p> | <p>(iii) 曾經或將會對本集團作出貢獻之任何諮詢人、顧問、客戶及向本集團任何成員公司或任何所投資機構提供貨物或服務之供應商；或</p> |
| <p>(iv) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.</p> | <p>(iv) 本集團任何成員公司或任何所投資機構之股東，或本集團任何成員公司或任何所投資機構所發行之任何證券之持有人。</p> |

As at the date of this Report, the maximum number of Shares available for issue under options granted or to be granted under the Scheme is 77,474,911, representing approximately 5.9% of the Company's existing issued share capital.

於本報告書刊發之日，根據該計劃已授出或可授出之購股權而可予發行之股份數目上限為77,474,911股，佔本公司現時之已發行股本約5.9%。

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted to each participant or grantee (including exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue at the date of grant (the "Individual Limit"). Any further grant of options in excess of the Individual Limit must be subject to the shareholders' approval in general meeting with such participant or grantee and his or her associates abstaining from voting.

每位參與者或承授人在截至授出購股權當日止任何十二個月期間內，因行使獲授或將獲授之購股權（包括已行使及尚未行使者）而發行及將發行之股份總數，不得超過授出購股權當日之本公司已發行股份數目之1%（「個別上限」）。倘向參與者或承授人再行授出超逾個別上限之購股權，則須經股東在股東大會上審批，而有關參與者或承授人及其聯繫人士均須在會上放棄投票權。

An option may be exercised at any time during a period as the Board may determine which shall not be more than 10 years commencing from the date of grant of the option.

購股權可於董事局釐定之期間內隨時行使，惟該期間不得自授出購股權日期起計超過十年。

Report of the Directors

董事局報告書

Save as determined by the Board and provided in the offer of the relevant options, there is no minimum period for which an option must be held before it can be exercised under the Scheme.

The acceptance of an offer of granting an option must be made within 28 days from the date on which such offer is made with a non-refundable payment of HK\$1 from the grantee to the Company by way of consideration for the grant thereof.

The subscription price per Share in respect of any option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the option, which must be a business day;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets on the 5 business days immediately preceding the date of offer of the option; and
- (iii) the nominal value of the Shares on the date of offer.

除董事局另有決定及根據有關購股權授出時所規定者外，根據該計劃，並無設有購股權行使之前必須持有的最短期限。

承授人須於要約授出購股權之日起計28日內，提出接納購股權，並向本公司支付1港元，作為獲授購股權之代價，此款項將不予退回。

根據該計劃所授出之任何購股權項下之每股股份之認購價將由董事局全權釐定，惟該認購價不得低於下列三者之最高者：

- (i) 要約授出購股權當日(必須為營業日)在聯交所每日報價表所列股份之收市價；
- (ii) 截至要約授出購股權日期前五個營業日在聯交所每日報價表所列股份之平均收市價；及
- (iii) 於要約授出購股權當日之股份面值。

Grant Movements during the year

During the year under review, the following Directors of the Company were granted options under the Scheme by which they are entitled to subscribe for Shares at a subscription price of HK\$1.81 per Share during a period of three years commencing from the date of grant and details of the options are shown as follows:

於年內授出購股權之變動

於回顧年度內，下列本公司董事獲授予該計劃項下之購股權；據此，彼等可於授出日期起計三年內有權以每股股份1.81港元之認購價認購股份。有關購股權之詳情載列如下：

Name of Grantees	Date of Grant	Exercise price	Number of Shares subject to the options				Balance as at 31.12.2005
			Balance as at 1.1.2005	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	
承授人名稱	授出日期	行使價	於2005年1月1日之結餘	於年內授出	於年內行使	於年內註銷/失效	於2005年12月31日之結餘
		(HK\$) (港元)					
Madam Hsu Feng 徐楓女士	6.10.2005	1.81	-	2,500,000	2,500,000	-	-
Mr Tong Albert 湯子同先生	6.10.2005	1.81	-	11,000,000	-	-	11,000,000
Total 總數			<u>-</u>	<u>13,500,000</u>	<u>2,500,000</u>	<u>-</u>	<u>11,000,000</u>

The closing price of the Shares immediately before the date on which the above options were granted was HK\$1.81 while the weighted averaged closing price of the Shares immediately before the date on which the option was exercised was HK\$1.973.

股份於緊接上述購股權授出日期前一日之收市價為1.81港元，而股份於緊接該購股權獲行使之日期前一日之加權平均收市價為1.973港元。

The fair value of the options granted during the year under review is shown in Note 29 to the financial statements on page 121.

於回顧年度內授出之購股權之公平值載於第121頁財務報表附註29。

Save as disclosed above, no other options were outstanding, granted, exercised, cancelled or lapsed under the Scheme at any time during the year.

除上文所披露者外，於本年度內任何時間，概無其他在該計劃下尚未行使、授出、已行使、已註銷或失效之購股權。

Report of the Directors 董事局報告書

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Property development and investment in Shanghai, in particular Pudong, is one of the principal business of the Group, hence, the following Directors of the Company are considered to have interests in the business which may compete or is likely to compete, either directly or indirectly, with the business of the Group, other than that business where the Directors have been appointed/were appointed as directors to represent the interests of the Company and/or the Group, pursuant to the Listing Rules:

Madam Hsu Feng and Mr Tong Albert, being Managing Director and executive Director of the Company respectively, are directors of Rivera (Holdings) Limited (“RHL”). Madam Hsu is also deemed to be a substantial shareholder of RHL in her capacity as the executrix of the estate of her late husband, Mr Tong Cun Lin.

RHL is engaged in property development and investment exclusively in Zhangjiang Hi-Tech Park, Pudong, Shanghai through its subsidiaries and associated companies, so the business of RHL in the property sector (the “Excluded Business”) may potentially compete with the Group’s business.

RHL is also a listed company in Hong Kong and the Excluded Business is managed by its independent management and administration. Besides, the Board is independent of the board of directors of RHL and the independent non-executive Directors of the Company will assist in monitoring the operation of the Group, the Group is therefore capable of carrying on its business independent of, and at an arm’s length from, the Excluded Business.

董事在競爭業務中之權益

本集團其中一項主要業務為於上海（尤其在浦東）之物業發展及投資。因此，根據《上市規則》，下列本公司董事除因已獲委任或曾獲委任為董事以代表本公司及／或本集團權益之業務外，被視為於與本集團之業務直接或間接地構成或可能構成競爭之業務中擁有權益如下：

徐楓女士及湯子同先生（分別為本公司之董事總經理及執行董事）均為川河集團有限公司（「川河」）之董事，而徐女士作為其先夫湯君年先生之遺產執行人被視為川河之主要股東之一。

川河透過其附屬公司及聯營公司單一地於上海浦東張江高科技園區從事房地產發展及投資，故川河之房地產業務（「除外業務」）或可能會與本集團之業務構成潛在競爭。

川河亦為一家在香港上市之公司，而除外業務由其獨立管理層及行政架構所管理。再者，本公司董事局獨立於川河之董事局及本公司之獨立非執行董事將協助監察本集團之營運，因此本集團能夠獨立於除外業務，並基於各自利益經營其本身業務。

SIGNIFICANT CONTRACTS

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 ended 31st December, 2005.

EMOLUMENT POLICY

The Group has always emphasized the importance of a highly-effective staff management and incentive structure. Remuneration and benefit packages are generally structured by reference to market terms, individual responsibilities and performance. In addition, the Company has adopted a share option scheme pursuant to which options are allowed for granting to, inter alia, the directors and employees of the Group to subscribe for Shares as a long-term incentive.

PENSION SCHEMES

The Company participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the “MPF Ordinance”), for all its employees in Hong Kong. The scheme is a defined contribution scheme effective from December 2000 and is funded by contributions from employer and employees according to the provisions of the MPF Ordinance. Should there be the employer’s voluntary contributions to the scheme, forfeited contributions in this nature can be applied to reduce the amount of future voluntary contributions payable by the employer.

On the other hand, the employees of the Group in the mainland China are members of respective state-managed defined contribution retirement benefits schemes operated by the local government. The employers and the employees are obliged to make contributions at a certain percentage of the payroll under rules of the schemes.

重大合約

於截至二零零五年十二月三十一日止年度終結日或年度內任何時間，本公司或其任何附屬公司概無訂立任何本公司董事直接或間接地擁有重大權益之重大合約。

薪酬政策

本集團一向著重高效率之僱員管理及獎勵計劃。薪酬及福利乃參考市場條款、個別人士所承擔之責任及表現而釐定。此外，本公司已採納一項購股權計劃。根據該計劃，本公司可向（其中包括）本集團之董事及僱員授予購股權以認購股份，以作為一項長期獎勵。

退休金計劃

本公司為其所有於香港之僱員參與了一項於《強制性公積金計劃條例》（「《強積金條例》」）下註冊之退休金計劃。該退休金計劃為界定供款計劃，並由二零零零年十二月起生效。該計劃乃根據《強積金條例》之條款由僱主及僱員作出供款。如僱主對該計劃作出自願性之供款，則此性質之已被沒收之供款可用作抵銷僱主將來應付而未付之自願性供款款額。

另一方面，本集團在中國國內之僱員均為個別地方政府營辦之國家管理界定供款退休福利計劃之成員。根據此等計劃之規則，僱主及僱員均有責任按薪金之若干百分比作出供款。

Report of the Directors 董事局報告書

During the year under review, the total amount contributed by the Group to the said schemes and charged to the income statement amounted to approximately HK\$2,847,000 (2004: HK\$2,877,000) and no contributions were forfeited.

於回顧年度內，本集團對上述計劃作出之供款及計入利潤表之款項總額約達2,847,000港元(二零零四年：2,877,000港元)，且並無已被沒收之供款。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 31st December, 2005, the following shareholders (other than a Director of the Company) were interested, directly or indirectly, in 5% or more of the total issued share capital and underlying shares of the Company and those interests were required to be recorded in the register required to be kept under Section 336 of the SFO:

主要股東之權益及淡倉

於二零零五年十二月三十一日，下列股東(本公司董事除外)直接或間接地擁有本公司全部已發行股本及相關股份中之5%或以上權益，而該等權益須遵照《證券及期貨條例》第336條之規定載錄於須予備存之登記冊內：

Name of substantial shareholders 主要股東名稱	Number of Shares held (proportion to the total issued share capital of the Company) 所持有股份數目 (佔本公司全部已發行股本之百分比)
King China Holdings Limited 錦華集團有限公司 (a)	371,380,945 (31.54%)
Rivera (Holdings) Limited 川河集團有限公司 (b)	159,500,465 (13.55%)
E-Shares Investments Limited (a)	97,664,265 (8.29%)

Notes:

(a) King China Holdings Limited and E-Shares Investments Limited were beneficially and wholly owned by Madam Hsu Feng in her capacity as the executrix of the estate of the late Mr Tong Cun Lin and by virtue of the SFO, their interests in the shares of the Company therefore constituted part of the total interest of Madam Hsu disclosed in the above paragraph headed "Directors' Interests and Short Positions in Securities" in this Report.

附註：

(a) 徐楓女士作為已故湯君年先生之遺產執行人實益及全資擁有錦華集團有限公司及E-Shares Investments Limited，因此，根據《證券及期貨條例》，該等公司擁有之本公司股份權益構成本報告書內前述標題為「董事之證券權益及淡倉」一節所披露之徐女士持有的權益總數的一部份。

(b) Amongst those shares disclosed, 146,418,677 Shares were beneficially held by Shine Trip Limited, which was a wholly-owned subsidiary of Superwell Development Limited in which Rivera (Holdings) Limited (“RHL”) held the entire interest. Therefore, Shine Trip Limited, Superwell Development Limited and RHL were interested or were taken to be interested in those Shares pursuant to the SFO.

Details of the interest taken to be held by RHL under the SFO are set out in Note (A) to the above paragraph headed “Directors’ Interests and Short Positions in Securities” in this Report.

Save for the above interests, the Directors of the Company are not aware of any person (other than the Directors of the Company) who had, directly or indirectly, interests or short positions in the total issued share capital and the underlying shares of the Company and those interests or short positions were required to be recorded in the register kept under Section 336 of the SFO as at 31st December, 2005.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year ended 31st December, 2005.

FINANCIAL SUMMARY

A summary of the results and financial position of the Group for the preceding five financial years is set out on pages 158 and 159.

(b) 於該等披露之股份中，有146,418,677股由瑞展有限公司實益持有。瑞展有限公司為高賢發展有限公司之全資附屬公司，而川河集團有限公司（「川河」）擁有後者之全部權益。因此，根據《證券及期貨條例》，瑞展有限公司、高賢發展有限公司及川河持有或被視為持有該等股份之權益。

有關川河根據《證券及期貨條例》被視作持有的權益的詳情，載於本報告書內前述標題為「董事之證券權益及淡倉」一節之附註(A)內。

除上文所披露者外，據本公司董事所知，概無任何本公司董事以外的人士於二零零五年十二月三十一日直接或間接地擁有本公司全部已發行股本及相關股份之權益或淡倉，而該等權益或淡倉須遵照《證券及期貨條例》第336條載錄於須予備存之登記冊內。

管理合約

於截至二零零五年十二月三十一日止年度內，本公司概無訂立或存在任何涉及管理和處理本公司全部或任何重大部份業務之合約。

財務概要

本集團過往五個財政年度之業績及財務狀況概要載於第158及第159頁。

Report of the Directors 董事局報告書

AUDITORS

The financial statements of the Company for the year have been audited by Messrs Deloitte Touche Tohmatsu who were the Auditors of the Company for the preceding three financial years.

They will retire at the conclusion of the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment.

SUFFICIENCY OF 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 maintains the minimum public float as prescribed by the Listing Rules.

On behalf of the Board

Tong Albert

Executive Director

Hong Kong, 18th April, 2006

核數師

本公司本年度之財務報表由德勤•關黃陳方會計師行審核，該會計師行為本公司於過往三個財政年度之核數師。

該會計師行將於本公司應屆之股東週年大會散會時退任，惟合資格並願意在膺選後連任。

足夠公眾持股量

本公司根據本報告書刊發之日之公開資料及就各董事所知，本公司維持《上市規則》規定下之最低公眾持股量。

代表董事局

執行董事

湯子同

香港，二零零六年四月十八日