



Report of the Directors 董事局報告

The Directors have pleasure in presenting to the shareholders their report together with the audited consolidated financial statements of Burwill Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2005.

FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 45.

The respective state of affairs of the Group and the Company as at 31 December 2005 are set out in the balance sheets on pages 43 and 44.

The Group's cash flows are set out in the consolidated cash flow statement on pages 48 and 49.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding.

The principal activities of the Group are international steel trading, warehousing and distribution, steel manufacturing and processing, and property development and investment.

Analysis of the Group's turnover and operating profit by business and geographical segments for the year are set out in note 5 to the consolidated financial statements on pages 88 to 93.

DIVIDEND

No interim dividend was paid during the year.

The Directors recommended a final dividend of HK 3 cents (2004: HK 1.8 cents) per share for the year ended 31 December 2005, payable on 18 July 2006 to shareholders whose names appear on the Register of Members of the Company at the close of business on 30 May 2006. This recommendation has been incorporated in the consolidated financial statements.

董事局欣然向各股東提呈Burwill Holdings Limited (寶威控股有限公司) (「本公司」) 及其附屬公司 (合稱「本集團」) 截至二零零五年十二月三十一日止年度之董事局報告及經審核綜合財務報表。

財務業績

本集團截至二零零五年十二月三十一日止年度之業績載列於第45頁之綜合損益表內。

本集團及本公司於二零零五年十二月三十一日之財務狀況已分別載列於第43頁及第44頁之資產負債表內。

本集團之現金流動情況載列於第48頁及第49頁之綜合現金流量表內。

主要業務及營運分類分析

本公司之主要業務為投資控股公司。

本集團之主要業務為鋼鐵國際貿易及倉儲物流分銷、鋼鐵加工製造和房地產開發及投資。

本集團於年度內分別按業務及地區分部之營業額及經營盈利分析載列於第88頁至第93頁之綜合財務報表附註5。

股息

本年度並無派付中期股息。

董事局建議派發截至二零零五年十二月三十一日止年度之末期股息每股港幣3仙 (二零零四年: 港幣1.8仙), 預期末期股息將於二零零六年七月十八日派付予於二零零六年五月三十日營業日結時名列本公司股東名冊之股東。此項建議已錄載於綜合財務報表內。



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MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases attributable to the Group's major suppliers are as follows:

- the largest supplier
- five largest suppliers combined

The percentage of sales attributable to the Group's five major customers combined is less than 30%.

None of the Directors, their respective associates nor shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the above suppliers or customers at any time during the year.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The movements in property, plant and equipment and investment properties during the year are set out in notes 7 and 8 to the consolidated financial statements on pages 95 to 97.

The particulars of properties held by the Group for sale and for investment as at 31 December 2005 are set out on page 139.

SUBSIDIARIES AND ASSOCIATES

The particulars of the Company's principal subsidiaries and associates as at 31 December 2005 are set out in notes 9 and 10 to the consolidated financial statements on pages 98 to 105.

主要供應商及客戶

本集團之主要供應商所佔購貨額之百分比如下：

	%
	百分比
- 最大供應商	12
- 五大供應商合併購貨額	49

本集團之五大主要客戶合併佔營業額之百分比少於30%。

各董事、其各自聯繫人或據董事局所知擁有本公司股本中5%以上權益之股東，於本年度內任何時間概無擁有上述供應商或客戶之任何權益。

物業、機器及設備及投資物業

本年度內物業、機器及設備及投資物業之變動情況載列於第95頁至第97頁之綜合財務報表附註7及8。

本集團於二零零五年十二月三十一日持有之待售及投資物業資料載列於第139頁。

附屬公司及聯營公司

本公司於二零零五年十二月三十一日之主要附屬公司及聯營公司資料載列於第98頁至第105頁之綜合財務報表附註9及10。



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BANK LOANS

The particulars of the Group's bank loans are set out in note 18 to the consolidated financial statements on pages 116 to 119.

Most of the Group's bank loans were denominated in Hong Kong Dollar and US Dollar except for certain bank loans of approximately HK\$60,729,000 (2004: HK\$59,149,000) which were denominated in Renminbi and were made to finance the Group's operations in China. All the bank loans bear interest at prevailing market rates.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 16 to the consolidated financial statements on pages 111 and 112.

RESERVES

Details of movements in reserves during the year are set out in note 17 to the consolidated financial statements on pages 113 to 115.

DISTRIBUTABLE RESERVES

As at 31 December 2005, the Company's reserves available for distribution to shareholders calculated in accordance with the Companies Act 1981 of Bermuda amounted to HK\$182,361,000 (2004: HK\$151,639,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no statutory restriction against the granting of such rights under the laws of Bermuda.

銀行貸款

本集團之銀行貸款之資料載於第116頁至第119頁之綜合財務報表附註18。

除部份借予集團於中國營運單位之銀行貸款約港幣60,729,000元(二零零四年:港幣59,149,000元)乃以人民幣為貨幣單位外,本集團大部份銀行貸款均為港元及美元貸款。所有銀行貸款均按目前市場息率支付利息。

股本

本公司股本於本年度之變動情況詳列於第111頁及112頁之綜合財務報表附註16。

儲備

本年度內儲備之變動情況詳列於第113頁至第115頁之綜合財務報表附註17。

可分派儲備

於二零零五年十二月三十一日,按照百慕達一九八一年公司法所計算,本公司可分派予股東之儲備為港幣182,361,000元(二零零四年:港幣151,639,000元)。

股份優先購買權

百慕達法律對授出股份優先購買權並無法定限制,本公司之章程細則亦無就授出該等權利作出規定。



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PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2005, the Company repurchased a total of 21,986,000 shares in the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the general mandate granted by the shareholders at the annual general meeting held on 25 May 2005, details of which were as follows:-

Month/Year 月/年	Number of share repurchased 購回股份數目	Price per share 每股價格		Total consideration (before expense) 代價總額 (未計開支)
		Lowest 最低 HK\$ 港元	Highest 最高 HK\$ 港元	
07/2005	21,986,000	0.445	0.460	9,847,380

All shares repurchased were cancelled and accordingly the Company's issued share capital was reduced by the nominal value of these shares. The repurchases were effected for the benefit of the shareholders as a whole by enhancing the net assets and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2005.

RESIGNATION OF DIRECTORS

Mr. YU Wing Keung, Dicky and Mr. SUN Ho resigned as Executive Directors of the Company, effective 11 April 2005 and 1 August 2005 respectively.

購買、出售或贖回本公司上市證券

截至二零零五年十二月三十一日止年度內，本公司根據於二零零五年五月二十五日舉行之股東週年大會上獲股東授予董事購回股份之一般授權，於香港聯合交易所有限公司（「聯交所」）購回本公司股份合共 21,986,000 股，詳情如下：

上述購回之股份已全部註銷，另本公司之已發行股本亦已扣除此等股份之面值。購回股份是為提高每股資產淨值及每股盈利，有利於股東整體利益而進行。

除上文所披露者外，截至二零零五年十二月三十一日止年度內，本公司或其它任何附屬公司概無購買、贖回或出售本公司任何上市證券。

董事辭任

余永強先生及孫豪先生分別於二零零五年四月十一日及二零零五年八月一日辭任本公司執行董事。



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SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") at the 2002 Annual General Meeting of the Company held on 6 June 2002 in order to comply with the requirements of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(I) Summary of terms of the Scheme

(i) Purpose of the Scheme

The purpose of the Scheme is to provide incentives to Participants (as stated in paragraph (ii)) to contribute to the Group and to enable the Group to recruit high-calibre employees and attract resources that are valuable to the Group.

(ii) Participants

Any person being an employee, officer, buying agent, selling agent, consultant, sales representative or marketing representative of, or supplier or provider of goods or services to, the Group, including any executive or non-executive director of the Group.

(iii) Maximum number of shares

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of any member of the Group must not exceed 30 per cent. of the number of issued shares from time to time. The total number of shares available for issue under the Scheme as at the date of this report is 94,164,430 shares, representing approximately 9.12 per cent. of the issued share capital of the Company as of that date.

購股權計劃

於二零零二年六月六日舉行之二零零二年度股東週年大會上，本公司股東已批准通過採納購股權計劃（「購股權計劃」），藉以符合聯交所證券上市規則（「上市規則」）第十七章之修訂。

(I) 購股權計劃主要條款

(i) 購股權計劃之目的

購股權計劃旨在鼓勵參與者（見本文(ii)段）為本集團作出貢獻，及讓本集團得以羅致具才幹之僱員，以及吸納對本集團具價值之資源。

(ii) 參與者

本集團僱員（包括本集團之執行董事或非執行董事）、主管、採購代理、銷售代理、顧問、銷售代表或市場代表或貨品及服務供應商或提供商。

(iii) 股份數目上限

根據購股權計劃及本集團任何成員公司之任何其他購股權計劃授出而有待行使之全部尚未行使購股權獲行使後發行之股份總數限額，不可超逾不時已發行股份數目30%。於本報告日期，根據購股權計劃可予發行之股份數量為94,164,430股，相等於當日本公司已發行股本約9.12%。



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SHARE OPTION SCHEME (continued)

(I) Summary of terms of the Scheme (continued)

(iv) Maximum entitlement of each Participant

Unless approved by shareholders in general meeting, no Participant shall be granted an option which would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such Participant in any 12-month period up to and including the proposed date of grant for such options would exceed 1 per cent. of the number of shares in issue as at the proposed date of grant.

(v) Option period

An option may be exercised in accordance with the terms of the Scheme at any time during a period of not exceeding 10 years to be notified by the Board to the grantee, such period to commence on the date of grant or such later date as the Board may determine and expiring on the last day of the said period. Under the Scheme, the Board may, at its discretion, prescribe a minimum period for which an option must be held before it can be exercised.

(vi) Payment on acceptance of option

HK\$1.00 in cash is payable by the Participant who accepts the grant of an option in accordance with the terms of the Scheme on acceptance of the grant of an option.

購股權計劃 (續)

(I) 購股權計劃主要條款 (續)

(iv) 每位參與者可獲授權益上限

除獲股東在股東大會上批准外，倘參與者於行使所有其已獲授予及將獲授予的購股權（包括已行使、已註銷及尚未行使的購股權）後，將令致其於截至及包括建議授出購股權之日止十二個月期間內已獲發行及可能發行之股份數目超逾建議授出該購股權當日已發行股份數目之1%，則不得向該參與者授出購股權。

(v) 購股權期限

任何購股權均可於董事局通知承授人在不超過十年之期限內任何時間根據購股權計劃之條款予以行使，該段期限由授出購股權日期或董事局決定之較後日期起計，並於該期限最後一日終止。根據購股權計劃，董事局可酌情訂定購股權獲行使前須持有之最短期限。

(vi) 接納購股權須付款額

根據購股權計劃條款接納獲授購股權之參與者，在接納購股權時，須繳付現金港幣1元。



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SHARE OPTION SCHEME (continued)

(I) Summary of terms of the Scheme (continued)

(vii) Subscription price

The subscription price for the shares under the options to be granted under the Scheme will be a price determined by the Board and notified to a Participant at the time the grant of the options is made to (and subject to acceptance by) the Participant and will be at least the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant (subject to acceptance) of the option, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant (subject to acceptance) of the option; and (c) the nominal value of the shares.

(viii) The life of the Scheme

The Scheme shall be valid and effective for a period of ten years commencing on 6 June 2002, after which period no further options will be granted or accepted but the provisions of the Scheme shall remain in full force and effect in all other respects.

(II) No options had been granted, exercised nor cancelled since the adoption of the Scheme on 6 June 2002.

購股權計劃 (續)

(I) 購股權計劃主要條款 (續)

(vii) 認購價

根據購股權計劃授出之購股權項下股份之認購價，將由董事局釐定及於授予（有待接受）參與者該購股權時知會各參與者，並最少為下列價格中之最高者：(a)股份在授出（有待接受）購股權當日（必須為營業日）在聯交所每日報價表所列之收市價；(b)股份在緊接授出（有待接受）購股權之日期前五個營業日，在聯交所每日報價表所列之平均收市價；及(c)股份之面值。

(viii) 購股權計劃之限期

購股權計劃之有效期將由二零零二年六月六日起計，為期十年，其後將不得再授出或接納任何購股權，惟購股權計劃之條文在其他各方面將仍具有十足效力。

(II) 自二零零二年六月六日購股權計劃採納後概無授出購股權，亦無購股權獲行使或被註銷。



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DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. CHAN Shing
 Mr. SIT Hoi Tung
 Mr. YANG Da Wei
 Ms. LAU Ting
 Ms. TUNG Pui Shan, Virginia
 Mr. KWOK Wai Lam
 Mr. YIN Mark
 Mr. SUN Ho – resigned on
 1 August 2005
 Mr. YU Wing Keung, Dicky – resigned on
 11 April 2005

Non-Executive Director:

Mr. SZE Tsai Ping, Michael

Independent Non-executive Directors:

Mr. CUI Shu Ming
 Mr. SONG Yufang
 Mr. HUANG Shenglan

In accordance with bye-law 85 of the Bye-laws of the Company, Ms. LAU Ting, Ms. TUNG Pui Shan, Virginia and Mr. SONG Yufang retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Biographical details of the Directors of the Company are set out on pages 10 to 13.

董事

本公司於本年度內至本報告刊行日期止之董事詳列如下：

執行董事：

陳城先生
 薛海東先生
 楊大偉先生
 劉婷女士
 董佩珊女士
 郭偉霖先生
 尹虹先生
 孫豪先生 – 於二零零五年
 八月一日辭任
 余永強先生 – 於二零零五年
 四月十一日辭任

非執行董事：

史習平先生

獨立非執行董事：

崔書明先生
 宋玉芳先生
 黃勝藍先生

依據本公司之章程細則第85條之規定，劉婷女士、董佩珊女士及宋玉芳先生於即將舉行之股東週年大會上依章告退，惟彼等均願意膺選連任。

本公司董事之簡歷載於第10頁至第13頁。



Report of the Directors 董事局報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2005, the interests and short positions of the Directors and chief executive of the Company (including those interests and short positions which were taken or deemed to have interests and short positions under the provisions of the Securities and Futures Ordinance (the "SFO") 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) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(1) Interests in Shares

(A) The Company

Name of Director 董事姓名	Number of ordinary shares 普通股股份數目			Total 總數	Approximate percentage interest in the Company's issued share capital 約佔本公司已發行股本百分比
	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益		
CHAN Shing 陳城	13,035,472	21,776,072 (Note 1) (附註1)	438,304,701 (Notes 2&3) (附註2&3)	473,116,245 (Note 3) (附註3)	45.84%
SIT Hoi Tung 薛海東	1,576,382	–	–	1,576,382	0.15%
LAU Ting 劉婷	21,776,072	13,035,472 (Note 4) (附註4)	438,304,701 (Notes 2&3) (附註2&3)	473,116,245 (Note 3) (附註3)	45.84%
TUNG Pui Shan, Virginia 董佩珊	8,461,996	110,000	5,104,000 (Note 5) (附註5)	13,675,996	1.33%

董事及行政總裁於股份、相關股份及債券證中擁有的權益及淡倉

於二零零五年十二月三十一日，根據本公司按照證券及期貨條例（「證券及期貨條例」）第352條所規定須予備存的登記冊所載，或如依據上市公司董事進行證券交易的標準守則通知本公司及聯交所，本公司各董事及行政總裁於本公司或其任何聯營公司（定義見證券及期貨條例第XV部）股份、相關股份及債券證中擁有或被視為擁有的權益及淡倉，詳情如下：

(1) 股份權益

(A) 本公司



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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(1) Interests in Shares (continued)

(A) The Company (continued)

Notes:

1. These shares were owned by Ms. LAU Ting, the spouse of Mr. CHAN Shing.
2. 226,403,853 shares were held by Hang Sing Overseas Limited ("Hang Sing") which is owned as to 51% by Orient Strength Limited ("Orient Strength"), a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting. 211,900,848 shares were held by Strong Purpose Corporation ("Strong Purpose"), a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting.
3. As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same shares.
4. These shares were owned by Mr. CHAN Shing.
5. 5,104,000 shares were owned by Focus Cheer Consultants Limited ("Focus Cheer"), a company which is wholly-owned by Ms. TUNG Pui Shan, Virginia.

董事及行政總裁於股份、相關股份及債券證中擁有的權益及淡倉 (續)

(1) 股份權益 (續)

(A) 本公司 (續)

附註:

1. 此等股份由劉婷女士擁有。劉婷女士為陳城先生之配偶。
2. 226,403,853股由 Hang Sing Overseas Limited (「Hang Sing」) 持有，Orient Strength Limited (「Orient Strength」) 持有 Hang Sing 51% 權益，而陳城先生及劉婷女士則全資擁有 Orient Strength。211,900,848股由 Strong Purpose Corporation (「Strong Purpose」) 持有，陳城先生及劉婷女士全資擁有 Strong Purpose。
3. 由於陳城先生及劉婷女士之權益被視為彼此的權益，故所列數字指相同的股份。
4. 此等股份由陳城先生擁有。
5. 5,104,000股由董佩珊女士全資擁有之公司 Focus Cheer Consultants Limited (「Focus Cheer」) 持有。



Report of the Directors 董事局報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (continued)**董事及行政總裁於股份、相關股份及債券證中擁有的權益及淡倉** (續)**(1) Interests in Shares** (continued)**(1) 股份權益** (續)

(B) Associated Corporation – China LotSynergy Holdings Limited (“China LotSynergy”)

(B) 聯營公司 – China LotSynergy Holdings Limited (華彩控股有限公司) (「華彩控股」)

Name of Director 董事姓名	Number of ordinary shares 普通股股份數目			Total 總數	Approximate percentage interest in the issued share capital of China LotSynergy 約佔華彩控股已發行股本百分比
	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益		
CHAN Shing 陳城	72,951,773	50,288,803 (Note 1) (附註1)	405,746,308 (Notes 2&3) (附註2&3)	528,986,884 (Note 3) (附註3)	36.99%
SIT Hoi Tung 薛海東	2,778,819	–	–	2,778,819	0.19%
LAU Ting 劉婷	50,288,803	72,951,773 (Note 4) (附註4)	405,746,308 (Notes 2&3) (附註2&3)	528,986,884 (Note 3) (附註3)	36.99%
TUNG Pui Shan, Virginia 董佩珊	2,113,610	5,500	255,200 (Note 5) (附註5)	2,374,310	0.17%
KWOK Wai Lam 郭偉霖	2,200,000	–	–	2,200,000	0.15%
YIN Mark 尹虹	1,016,900	–	–	1,016,900	0.07%



Report of the Directors 董事局報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(1) Interests in Shares (continued)

- (B) Associated Corporation – China LotSynergy Holdings Limited (continued)

Notes:

1. These shares were owned by Ms. LAU Ting, the spouse of Mr. CHAN Shing.
2. 11,320,192 shares were held by Hang Sing which is owned as to 51% by Orient Strength, a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting. 10,595,042 shares were held by Strong Purpose, a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting. 383,831,074 shares were held by the Company.
3. As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same shares.
4. These shares were owned by Mr. CHAN Shing.
5. 255,200 shares were owned by Focus Cheer, a company which is wholly-owned by Ms. TUNG Pui Shan, Virginia.

董事及行政總裁於股份、相關股份及債券證中擁有的權益及淡倉 (續)

(1) 股份權益 (續)

- (B) 聯營公司 - China LotSynergy Holdings Limited (華彩控股有限公司) (續)

附註:

1. 此等股份由劉婷女士擁有。劉婷女士為陳城先生之配偶。
2. 11,320,192股由Hang Sing持有，Orient Strength持有Hang Sing 51%權益，而陳城先生及劉婷女士則全資擁有Orient Strength。10,595,042股由Strong Purpose持有，陳城先生及劉婷女士全資擁有Strong Purpose。383,831,074股由本公司持有。
3. 由於陳城先生及劉婷女士之權益被視為彼此的權益，故所列數字指相同的股份。
4. 此等股份由陳城先生擁有。
5. 255,200股由董佩珊女士全資擁有之公司Focus Cheer持有。



Report of the Directors 董事局報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (continued)**董事及行政總裁於股份、相關股份及債券證中擁有的權益及淡倉** (續)**(2) Interests in Share Options of China LotSynergy Holdings Limited****(2) 於 China LotSynergy Holdings Limited 之購股權權益**

Name of Director	Date of grant	Exercise period	Number of shares to be issued upon exercise of the share options	Exercise price per share
董事姓名	授予日期	行使期	因行使購股權而發行之股份數目	華彩控股股份行使價 HK\$ 港元
CHAN Shing 陳城	1/9/2005	31/10/2005 – 30/10/2007	1,000,000	1.96
LAU Ting 劉婷	1/9/2005	31/10/2005 – 30/10/2007	1,000,000	1.96
HUANG Shenglan 黃勝藍	1/9/2005	31/10/2005 – 30/10/2007	1,000,000	1.96

Save as otherwise disclosed above, as at 31 December 2005, none of the Directors or chief executive of the Company had, or were deemed under the SFO to have, 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) which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

除上文所披露者外，於二零零五年十二月三十一日，本公司各董事或行政總裁概無於本公司或其任何聯營公司（定義見證券及期貨條例第XV部）之股份、相關股份及債券證中擁有或按照證券及期貨條例被視為擁有任何權益或淡倉記錄在按照證券及期貨條例第352條所規定須備存之登記冊內，或須如依據上市公司董事進行證券交易的標準守則通知本公司及聯交所。



Report of the Directors 董事局報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2005, according to the register required to be kept by the Company under Section 336 of the SFO, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company:

Interests in Shares

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of shares held 持股數目	Approximate percentage interest in the Company's issued share capital 約佔本公司已發行股本百分比	Note 附註
Hang Sing	Beneficiary 實益	226,403,853	21.94%	1
Orient Strength	Corporate 法團	226,403,853	21.94%	1
Zhong Shan Company Limited 鍾山有限公司	Corporate 法團	226,403,853	21.94%	1
Superior Quality Assets Limited	Corporate 法團	226,403,853	21.94%	1
Strong Purpose	Beneficiary 實益	211,900,848	20.53%	2
Bonnaire International Limited	Trustee 受託人	79,644,000	7.72%	-

Notes:

- 51% of the issued share capital of Hang Sing was owned by Orient Strength, a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting, and 49% of the issued share capital of Hang Sing was owned by Superior Quality Assets Limited, a company which is wholly-owned by Zhong Shan Company Limited. Zhong Shan Company Limited was wholly-owned by the Jiangsu Provincial People's Government of the PRC. These 226,403,853 shares held by Hang Sing formed part of the interests of Mr. CHAN Shing and Ms. LAU Ting herein disclosed respectively.
- These 211,900,848 shares held by Strong Purpose, a company which is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting, formed part of the interests of Mr. CHAN Shing and Ms. LAU Ting herein disclosed respectively.

主要股東於股份及相關股份中擁有的權益及淡倉

於二零零五年十二月三十一日，根據本公司按照證券及期貨條例第336條所規定須予備存之登記冊所載，以下人士（本公司董事及行政總裁除外）於本公司股份及相關股份中擁有權益及淡倉：

股份權益

附註：

- Hang Sing之51%已發行股本乃由陳城先生及劉婷女士全資擁有之Orient Strength所擁有，另外Hang Sing之49%已發行股本則由鍾山有限公司全資擁有之Superior Quality Assets Limited所擁有。鍾山有限公司乃中國江蘇省人民政府全資擁有之公司。Hang Sing持有之226,403,853股乃本文所分別披露陳城先生及劉婷女士之權益之一部份。
- Strong Purpose所持有之211,900,848股，為本文所分別披露陳城先生及劉婷女士之權益之一部份。



Report of the Directors 董事局報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

(continued)

Save as disclosed above, as at 31 December 2005, there was no person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

SERVICE CONTRACTS WITH DIRECTORS

None of the Directors offering themselves for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

There was no contracts of significance (as defined in Note 15.2 of Appendix 16 of the Listing Rules) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Company's Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

EMPLOYEES RETIREMENT BENEFIT

Details of the retirement benefit schemes of the Group and the employees' retirement benefit costs charged to the consolidated income statement for the year are set out in note 23 to the consolidated financial statements on pages 123 to 126.

主要股東於股份及相關股份中擁有的權益及淡倉 (續)

除上文所披露者外，於二零零五年十二月三十一日，概無任何人士（本公司董事或行政總裁除外）於本公司股份及相關股份中擁有權益或淡倉記錄於按照證券及期貨條例第336條所存置的登記冊內，及／或直接或間接地持有已發行股本面值的5%或以上權益，並可於任何情況下，有權在本集團任何其他成員公司的股東大會上投票的權益。

董事之服務合約

於即將舉行之股東週年大會上擬重選連任之董事，概無與本公司訂立任何本公司不可於一年內免付賠償（法定賠償除外）予以終止之服務合約。

董事於合約之權益

本公司董事或管理層成員概無於本公司或任何其附屬公司於年終時或於年內訂立，且對本集團業務而言屬重大合約（定義見上市規則附錄十六第15.2條），直接或間接擁有任何重大權益。

管理合約

於年度內並無訂立或存有任何與本公司業務全部或主要部份相關之行政及管理合約。

僱員退休福利

本集團退休福利計劃詳情及計入年度內綜合損益表之僱員退休福利費用，載於第123頁至第126頁之綜合財務報表附註23。



Report of the Directors 董事局報告

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 140.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

- (1) On 6 December 2002, On Smart Holdings Limited ("On Smart"), a wholly-owned subsidiary of the Company, had entered into a loan agreement (the "On Smart Loan Agreement") with a group of banks and financial institutions whereby On Smart was granted a 3-year syndicated loan facility of up to HK\$130 million (the "On Smart Facility"). The On Smart Loan Agreement included an undertaking on procuring that Mr. Chan Shing, the Chairman and Managing Director of the Company, and Ms. Lau Ting, the spouse of Mr. Chan Shing and an Executive Director of the Company, (the "Chan Family") beneficially own, in aggregate, either directly and indirectly, more than 30 per cent. of the total issued share capital from time to time of the Company and that the Chan Family shall at all times during the term of the On Smart Loan Agreement remain the single largest beneficial shareholder of the Company. A breach of such undertaking would constitute an event of default under the On Smart Facility, upon the occurrence of which all amounts outstanding and owing under the On Smart Facility should become immediately due and payable.

The On Smart Facility was fully repaid on 6 April 2005 and the above specific performance obligation cease to exist thereafter.

五年財務概要

本集團過去五個財政年度之業績、資產及負債概要刊載於第140頁。

根據上市規則第13.21條之披露

- (1) 於二零零二年十二月六日，本公司全資附屬公司安怡集團有限公司（「安怡」）與一組銀行及金融機構簽立貸款協議（「安怡貸款協議」），據此，安怡獲得一項為期三年數額達1.3億港元之銀團貸款（「安怡貸款」）。安怡貸款協議載有一項有關促使本公司主席兼董事總經理陳城先生及本公司執行董事劉婷女士（彼為陳城先生之配偶）（「陳氏家族」）需直接或間接合共實益擁有本公司不時已發行股本總額的30%以上的承諾，以及陳氏家族在安怡貸款協議期內須維持為本公司單一最大實益股東。倘違反該承諾，則將構成安怡貸款項下的違約事項。一旦發生有關違約事項，在安怡貸款項下尚未償還的結欠金額即立刻到期並須即時清還。

安怡貸款於二零零五年四月六日全部清還，而上述特定責任之履行自該日起終止。



Report of the Directors 董事局報告

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES (continued)

(2) On 1 March 2005, Fordwell Investment Limited ("Fordwell"), a wholly-owned subsidiary of the Company, entered into a facility agreement (the "Fordwell Facility Agreement") with a syndicate of financial institutions whereby Fordwell was granted a 3-year transferable term loan facility of up to US\$39,000,000 (the "Fordwell Facility"). The Fordwell Facility Agreement includes an undertaking on procuring that the Chan Family shall remain as the combined single largest shareholder of the Company and own (directly or indirectly) in the aggregate 30% or more of the ordinary issued shares of the Company at all times during the term of the Fordwell Facility Agreement. A breach of such undertaking will constitute an event of default under the Fordwell Facility, upon the occurrence of which all amounts outstanding and owing under the Fordwell Facility may become immediately due and payable.

DISCLOSEABLE TRANSACTION – DISPOSAL OF INTEREST IN CHINA LOTSYNERGY HOLDINGS LIMITED

On 9 August 2005, the Company, China LotSynergy Holdings Limited ("China LotSynergy") and Deutsche Bank AG, Hong Kong Branch as the placing agent entered into a placing agreement (the "Placing Agreement") whereby the placing agent agreed to place, on an underwritten basis, 80,000,000 existing ordinary shares (the "Placing Shares") of HK\$0.01 each in the capital of China LotSynergy ("China LotSynergy Share") owned by the Company at a price of HK\$1.29 per China LotSynergy Share on behalf of the Company (the "Placing"). The realised gain on the disposal of the Placing Shares by the Company is approximately HK\$91,986,000. The Placing Agreement is unconditional and completion of the Placing took place on 15 August 2005.

The Directors considered that the Placing provided an opportunity for the Company to realise its assets at a reasonable market price and the net proceeds thereof was used as general working capital of the Group. The Placing constituted a discloseable transaction for the Company and a circular containing further details of the Placing had been dispatched to the shareholders of the Company on 31 August 2005.

根據上市規則第13.21條之披露 (續)

(2) 於二零零五年三月一日，本公司全資附屬公司偉福投資有限公司（「偉福投資」）與一組金融機構簽立貸款協議（「偉福貸款協議」），據此，偉福投資將獲得一項為期三年數額達3,900萬美元之可轉讓定期貸款（「偉福貸款」）。偉福貸款協議載有一項有關促使陳氏家族在偉福貸款協議期內須維持是本公司單一最大股東，並直接或間接合共擁有本公司不時已發行股本總額的30%以上的承諾。倘違反該承諾，則將構成偉福貸款項下的違約事項。一旦發生有關違約事項，在偉福貸款項下尚未償還的結欠金額即立即到期並須即時清還。

須予披露交易 – 出售China LotSynergy Holdings Limited 權益

於二零零五年八月九日，本公司、China LotSynergy Holdings Limited（「華彩控股」）及德意志銀行香港分行（其為配售代理）簽訂配售協議（「配售協議」），據此，配售代理同意代表本公司以包銷方式，以每股華彩控股股本中每股面值港幣0.01元的普通股（「華彩控股股份」）港幣1.29元的價格配售本公司所持有的80,000,000股（「配售股份」）現有華彩控股股份（「配售事項」）。本公司出售股份實現收益約港幣91,986,000元。配售協議並無附帶條件，配售事項已於二零零五年八月十五日完成。

董事認為配售事項讓本公司可藉此以合理的市場價格變現其資產，所得淨收益用作本集團的一般營運資金。配售事項構成本公司須予披露的交易，載有配售事項進一步資料之通函已於二零零五年八月三十一日寄予本公司股東。



Report of the Directors 董事局報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules.

AUDIT COMMITTEE

The Company has established an Audit Committee which comprises the three Independent Non-Executive Directors of the Company, Mr. CUI Shu Ming, Mr. SONG Yufang and Mr. HUANG Shenglan. The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters. The audited consolidated financial statements for the year ended 31 December 2005 have been reviewed by the Audit Committee.

During the year ended 31 December 2005, the Audit Committee has met twice to review the Company's financial reports, review and supervise the financial reporting process, and to provide advices and recommendations to the Board of Directors.

AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
CHAN Shing
Chairman

Hong Kong, 21 April 2006

公眾持股量之足夠性

根據本公司可從公開途徑取得之資料，並據董事所知，本公司維持上市規則所定之公眾持股量。

審核委員會

本公司已成立審核委員會，由三位獨立非執行董事崔書明先生、宋玉芳先生及黃勝藍先生組成。審核委員會已與管理層審閱及討論本集團採用之會計政策及慣例，以及審計、內部監控及財務申報事宜。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已經由審核委員會審閱。

截至二零零五年十二月三十一日止年度內，審核委員會共舉行了兩次會議，以審閱本公司財務報告及審閱及監察本公司之財務匯報程序，並從而向董事局提供意見及建議。

核數師

本綜合財務報表已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，但表示願意應聘連任。

董事局代表
主席
陳城

香港，二零零六年四月二十一日