



# TAI SANG LAND DEVELOPMENT LIMITED

## 大生地產發展有限公司

(incorporated in Hong Kong under the Hong Kong Companies Ordinance)  
(Stock Code: 89)

### ANNOUNCEMENT OF 2005 RESULTS

The Board of Directors of Tai Sang Land Development Limited (the "Company") announces the audited consolidated results of the Company and its subsidiary companies (collectively the "Group") for the year ended 31st December 2005 together are as follows:

#### 1. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2005

	Note	2005 HK\$'000	2004 HK\$'000 (Restated)
<b>Continuing operations:</b>			
Turnover	3	179,891	176,845
Cost of sales		(47,242)	(53,803)
Gross profit		132,649	123,042
Fair value gains on investment properties		267,262	212,944
Other gains, net		9,666	23,062
Administrative expenses		(58,293)	(53,321)
Other operating expenses		(13,133)	(14,225)
Operating profit	4	338,151	291,502
Finance costs	5	(17,420)	(15,918)
Profit before income tax from continuing operations		320,731	275,584
Income tax expense	6	(44,576)	(22,342)
Profit for the year from continuing operations		276,155	253,242
<b>Discontinued operation:</b>			
Loss for the year from discontinued operation	7	—	(11,463)
Profit for the year		276,155	241,779
Attributable to:			
Equity holders of the Company		266,522	236,509
Minority interests		9,633	5,270
		276,155	241,779
Dividends	8	43,151	31,644
Dividends per share	8		
Interim - paid		HK7 cents	HK5 cents
Final - proposed		HK8 cents	HK6 cents
Total		HK15 cents	HK11 cents
Earnings per share (basic and diluted)	9		
- continuing operations		HK92.6 cents	HK86.2 cents
- discontinued operation		—	HK(4.0) cents
		HK92.6 cents	HK82.2 cents

#### 2. CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2005

	Note	2005 HK\$'000	2004 HK\$'000 (Restated)
<b>Non-current assets</b>			
Property, plant and equipment		120,743	94,160
Investment properties		2,266,720	1,995,545
Leasehold land		154,598	157,743
Available-for-sale financial assets		36,209	—
Loan to an investee company		12,000	—
Investment securities		—	39,596
		2,590,270	2,287,044
<b>Current assets</b>			
Properties for sale		104,034	104,429
Debtors and prepayments - continuing operations	10	17,730	17,270
- discontinued operation		—	1,392
		17,730	18,662
Current income tax recoverable		237	125
Bank balances and cash		38,542	28,299
Restricted bank deposit		1,003	990
		161,546	152,505
<b>Current liabilities</b>			
Rental and other deposits		29,266	26,269
Creditors and accruals - continuing operations	11	37,789	29,555
- discontinued operation		—	2,865
		37,789	32,420
Current income tax liabilities		4,037	2,298
Short term bank loans - secured		31,000	10,000
Short term bank loans - unsecured		—	4,000
Bank overdrafts - secured		4,391	3,708
Current portion of long term bank loans - secured		98,017	77,054
		204,500	155,749
Net current liabilities		(42,954)	(3,244)
Total assets less current liabilities		2,547,316	2,283,800
<b>Non-current liabilities</b>			
Long term bank loans - secured		(328,594)	(357,068)
Deferred income tax liabilities		(264,089)	(225,347)
		(592,683)	(582,415)
Net assets		1,954,633	1,701,385
<b>Equity</b>			
Capital and reserves attributable to the Company's equity holders			
Share capital		287,670	287,670
Reserves		1,568,760	1,334,416
Proposed final dividend		23,014	17,260
		1,879,444	1,639,346
Minority interests		75,189	62,039
Total equity		1,954,633	1,701,385

Note:-

#### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair value.

In 2005, the Group adopted the new/ revised standards and interpretations of HKFRSs which are effective for the accounting periods commencing on or after 1st January 2005. The changes to the Group's accounting policies and the effect of adopting these new policies are set out in note 2 below.

The HKICPA has issued a number of new standards, amendments and interpretations to existing standards which are not yet effective for the current accounting period. The Group has not early adopted these new standards, amendments and interpretations in 2005. The Group expected that these standards, amendments and interpretations have no significant impact on its results of operations and financial position.

#### 2. CHANGES IN ACCOUNTING POLICIES

The adoption of the following HKFRSs, which include all Hong Kong Accounting Standards ("HKASs") and applicable Interpretations ("HKAS Ints"), that necessitates material changes in accounting policies or presentation of the financial statements are summarised as follows:

##### (i) Presentation of financial statements

The adoption of HKAS 1 "Presentation of Financial Statements" has affected the presentation of minority interests and other disclosures.

##### (ii) Leasehold land

The adoption of revised HKAS 17 "Leases" has resulted in a change in the accounting policy relating to the reclassification of leasehold land from properties to operating lease prepayments.

The up-front prepayments made for the leasehold land are initially stated at cost and expensed in the income statement on a straight-line basis over the period of the leases or where there is impairment, the impairment is expensed in the income statement.

In prior years, the leasehold interest in land as included in other properties, properties under development and properties for sale were stated at cost less accumulated amortisation and impairment, at cost or carrying amount less impairment and at the lower of cost and net realisable value respectively.

##### (iii) Investment properties

The adoption of HKAS 40 "Investment Property" has resulted in a change in the accounting policy whereby changes in fair values of investment properties are recorded in the income statement. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.

##### (iv) Deferred taxation

The adoption of revised HKAS Int 21 "Income Taxes: Recovery of Revalued Non-Depreciable Assets" has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale.

##### (v) Borrowing costs

HKAS 23 "Borrowing Costs" requires borrowing costs to be expensed, unless the entity chooses its accounting policy to capitalise borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset.

In prior years, the Group capitalised interest expenses for prepaid lease premium on land which was used for development purpose. Following the adoption of HKAS 23, the Group changes its accounting policy in respect of such borrowing costs and these costs are expensed as incurred.

##### (vi) Available-for-sale financial assets

The adoption of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policy relating to the recognition, measurement, derecognition and disclosure of financial assets and liabilities.

In accordance with provisions of HKAS 39, the Group reclassified their investments into loans and receivables and available-for-sale financial assets. Loans and receivables are carried initially at fair value and subsequently at amortised cost less any provision for impairment. Available-for-sale financial assets are carried at fair value with any unrealised gains and losses taken to equity. In prior years, investments of the Group were included in investment securities which were stated at cost less any provision for impairment.

HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities on a retrospective basis. Accordingly, the Group redesignates all investments into available-for-sale financial assets and loans and receivables as at 1st January 2005.

##### (vii) Discontinued operation

Pursuant to HKFRS 5, the Group's interests in Montgomery Golf Corporation ("MGC"), a wholly owned subsidiary company, were classified as discontinued operation subsequent to the winding up of the golf trading business in 2005.

The adoption of HKFRS 5 has resulted in the change in presentation of financial statements. A single amount on the face of the income statement comprising the aggregate of the post-tax loss recognised of discontinued operation was disclosed. In prior years, results of discontinued operations were incorporated in the individual lines on the face of the income statement.

##### (viii) Effect of changes in accounting policies

All changes in the accounting policies in notes (i) to (vii) above have been applied retrospectively except for HKAS 39 as mentioned in note (vi) above.

The effect of the changes in accounting policies on the Group's reserves as at 1st January 2004 and 2005, the profit for the year ended 31st December 2004 and 2005 are summarised below:

	Increase/(decrease) in reserves at					
	1st January 2005		1st January 2004		Increase/(decrease) in profit for the year	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK cents
Opening adjustment	—	(93,083)	(89,212)	(3,885)	(3,871)	(1.3)
Prior period adjustments	—	—	—	267,262	208,446	89.6
Prior period adjustments	—	—	—	—	—	—
Leasehold land investment properties	—	—	—	267,262	208,446	89.6
Available-for-sale financial assets	6,665	—	—	—	—	—
Deferred income tax liabilities	—	(175,391)	(159,196)	(37,304)	(16,940)	(12.4)
Borrowing costs	—	(17,560)	(17,118)	(1,370)	(503)	(0.5)
	6,665	(286,034)	(265,526)	224,703	187,132	75.4
						63.8

#### 3. TURNOVER, REVENUE AND SEGMENT INFORMATION

The continuing operations of the Group is organised into three main business segments, namely property rental, property sales and property related services, and are located in Hong Kong and North America. An analysis of the Group's revenues, results, assets, liabilities and other segment items for the year by business and geographical segments is as follows:

##### Primary reporting format - business segments

	2005			
	Property rental HK\$'000	Property sales HK\$'000	Property related services HK\$'000	Group HK\$'000
Turnover				
Total revenue	170,401	535	13,508	184,444
Inter-segment revenue	—	—	(4,553)	(4,553)
External revenue	170,401	535	8,955	179,891
Segment results	112,597	(295)	7,214	119,516
Fair value gains on investment properties	267,262	—	—	267,262
Unallocated income, net	—	—	—	9,666
Unallocated costs	—	—	—	(58,293)
Operating profit	—	—	—	338,151
Finance costs	—	—	—	(17,420)
Profit before income tax from continuing operations	—	—	—	320,731
Income tax expense	—	—	—	(44,576)
Profit for the year	—	—	—	276,155
Segment assets	2,411,714	104,037	11,298	2,527,049
Unallocated assets	—	—	—	224,767
Total assets				2,751,816
Segment liabilities	426,777	1,462	13,114	441,353
Unallocated liabilities	—	—	—	355,830
Total liabilities				797,183
Other segment items are as follows:				
Capital expenditure				
- segment	27,294	—	—	27,294
- unallocated	—	—	—	12,282
Depreciation and amortisation				
- segment	2,571	343	—	2,914
- unallocated	—	—	—	6,948
Impairment for available-for-sale financial assets				
- unallocated	—	—	—	7,000

	2004 (Restated)			
	Property rental HK\$'000	Property sales HK\$'000	Property related services HK\$'000	Group HK\$'000
Turnover				
Total revenue	155,357	12,800	13,017	181,174
Inter-segment revenue	—	—	(4,329)	(4,329)
External revenue	155,357	12,800	8,688	176,845
Segment results	99,647	4,664	4,506	108,817
Fair value gains on investment properties	212,944	—	—	212,944
Unallocated income	—	—	—	23,062
Unallocated costs	—	—	—	(53,321)
Operating profit	—	—	—	291,502
Finance costs	—	—	—	(15,918)
Profit before income tax from continuing operations	—	—	—	275,584
Income tax expense	—	—	—	(22,342)
Profit for the year from continuing operations	—	—	—	253,242
Loss for the year from discontinued operation	—	—	—	(11,463)
Profit for the year	—	—	—	241,779
Segment assets	2,083,190	109,818	8,594	2,201,602
Unallocated assets	—	—	—	236,555
Total assets				2,438,157
Segment liabilities	413,582	1,311	10,555	425,448
Unallocated liabilities	—	—	—	309,851
Total liabilities				735,299
Other segment items are as follows:				
Capital expenditure				
- segment	9,194	—	—	9,194
- unallocated	—	—	—	4,135
Depreciation and amortisation				
- segment	2,570	343	—	2,913
- unallocated	—	—	—	7,028

##### Secondary reporting format - geographical segments

	2005			
	Turnover HK\$'000	Segment results HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
Hong Kong	129,555	93,447	2,237,492	33,482
North America	50,336	26,069	514,324	6,094
	179,891	119,516	2,751,816	39,576
2004 (Restated)				
	Turnover HK\$'000	Segment results HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
Hong Kong	127,609	83,970	1,987,662	11,210
North America	49,236	24,847	450,495	2,119
	176,845	108,817	2,438,157	13,329

There are no sales between the geographical segments.

#### 4. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
<b>Crediting</b>		
Gross rental income from		
- investment properties	155,251	138,687
- properties for sale	15,150	16,670
Dividend from available-for-sale financial assets/investment securities		
- listed	927	843
- unlisted	15,600	20,400
Interest income	393	113
Gain on disposal of investment property	—	5,007
Gain on disposal of available-for-sale financial assets	139	—
Gain on disposal of plant and equipment	1,474	—
Realisation of deferred gain	—	1,819
	<u>          </u>	<u>          </u>
<b>Charging</b>		
Amortisation of leasehold land	4,381	4,357
Cost of properties sold	52	—
Depreciation	5,481	5,584
Impairment of available-for-sale financial assets	7,000	—
Loss on disposal of investment property	130	—
Loss on disposal of plant and equipment	—	99
Loss on disposal of a subsidiary company	—	1,015
Outgoings in respect of		
- investment properties	35,859	36,024
- properties for sale	4,244	3,913
	<u>          </u>	<u>          </u>

#### 5. FINANCE COSTS

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Interest expenses		
- bank loans and overdrafts wholly repayable within five years	18,303	16,016
- bank loans not wholly repayable within five years	—	127
	<u>          </u>	<u>          </u>
Amount capitalised in properties under development	(883)	(225)
	<u>          </u>	<u>          </u>
	17,420	15,918

#### 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the year. No overseas taxation has been provided as there is no estimated taxable profit for the overseas subsidiary companies for the year (2004: Nil).

The amount of income tax charged to the consolidated income statement represents:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Current income tax		
- current year provision	6,562	5,924
- over provision in prior years	(728)	(1,473)
	<u>          </u>	<u>          </u>
	5,834	4,451
Deferred income tax		
- revaluation of investment properties	37,265	16,437
- origination and reversal of other temporary differences	1,477	1,454
	<u>          </u>	<u>          </u>
	38,742	17,891
	<u>          </u>	<u>          </u>
	44,576	22,342

#### 7. DISCONTINUED OPERATION

On 21st June 2004, the Board of Directors of the Company passed a resolution approving the discontinuance of the business of MGC, which was incorporated in the US and engaged in trading of golf related products. MGC was liquidated in 2005.

The turnover, results and net liabilities reflected in the consolidated financial statements are as follows:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Turnover	—	5,420
Cost of sales	—	(5,638)
Gross loss	—	(218)
Other operating expenses	—	(3,467)
Impairment and provision	—	(7,778)
Loss for the year	—	(11,463)
	<u>          </u>	<u>          </u>
Total assets	—	1,392
Total liabilities	—	(2,865)
Net liabilities	—	(1,473)

Loss for the year from discontinued operation is stated after charging the following:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of goods sold	—	2,746
Depreciation	—	146
	<u>          </u>	<u>          </u>

#### 8. DIVIDENDS

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, paid, of HK7 cents (2004: HK5 cents) per ordinary share	20,137	14,384
Final, proposed, of HK8 cents (2004: HK6 cents) per ordinary share	23,014	17,260
	<u>          </u>	<u>          </u>
	43,151	31,644

At a meeting held on 27th March 2006 the directors declared a final dividend of HK 8 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st December 2006.

#### 9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to the Company's equity holders of approximately HK\$266,522,000 (2004: HK\$236,509,000, as restated) and on 287,669,676 (2004: 287,669,676) ordinary shares in issue during the year. Details of basic earnings per share are analysed as follows:

	2005	2004
	<i>HK cents</i>	<i>HK cents</i> (Restated)
Basic earnings per share		
- continuing operations	92.6	86.2
- discontinued operation	—	(4.0)
	<u>          </u>	<u>          </u>
	92.6	82.2

As there are no dilutive potential ordinary shares as at 31st December 2005 and 2004, the dilutive earnings per share is equal to the basic earnings per share.

#### 10. DEBTORS AND PREPAYMENTS

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors ( <i>note</i> )	721	1,280
Prepayments and deposits	17,009	17,382
	<u>          </u>	<u>          </u>
	17,730	18,662

*Note:*

Trade debtors represent rental and management fee receivables and receivables on sale of properties. Sales are made on open account terms and the Group normally does not grant credit periods to trade debtors.

At 31st December 2005, the ageing analysis of the Group's trade debtors was as follows:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	584	369
31-60 days	65	161
61-90 days	—	90
Over 90 days	72	660
	<u>          </u>	<u>          </u>
	721	1,280

#### 11. CREDITORS AND ACCRUALS

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors ( <i>note</i> )	4,544	4,475
Other creditors	23,454	20,863
Accruals	9,791	7,082
	<u>          </u>	<u>          </u>
	37,789	32,420

*Note:*

At 31st December 2005, the ageing analysis of the trade creditors was as follows:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	4,299	3,173
31-60 days	212	20
61-90 days	4	154
Over 90 days	29	1,128
	<u>          </u>	<u>          </u>
	4,544	4,475

#### 3. PROPOSED FINAL DIVIDENDS

An interim dividend of HK 7 cents (2004: HK 5 cents) per share were paid to shareholders on 14th October 2005. The directors of the Company have resolved to recommend to shareholders at the Annual General Meeting the payment of a final dividend of HK 8 cents (2004: HK 6 cents) per share making a total distribution of HK 15 cents (2004: HK 11 cents) per share for the financial year ended 31st December 2005. The proposed final dividend is expected to be made payable to the shareholders whose names appear on the register of members of the Company on 19th May 2006 ("Record Date") and the dividend cheques therefor are expected to be dispatched on 26th May 2006.

#### 4. ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Shareholders of the Company will be held on 19th May 2006. Notice of Annual General Meeting will be published and dispatched to the shareholders in due course.

#### 5. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 12th May 2006 to Friday, 19th May 2006, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares must be accompanied by the relevant share certificates and lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 11th May 2006.

#### 6. CHAIRMAN'S STATEMENT

##### (a) Profit for the year

I am pleased to report that the Group has achieved a profit increase of about 12.7% for the year ended 31st December 2005. The profit attributable to equity holders of the Company for 2005 was HK\$266.5 million as compared to the restated HK\$236.5 million for 2004.

These results reflect the adoption of new Hong Kong Financial Reporting Standards effective 1st January 2005. After adjusting for the impact of adopting Hong Kong Accounting Standard ("HKAS") 40 and Interpretation 21 on investment properties and income taxes, HKAS 17 on depreciation for leasehold land, and HKAS 23 on borrowing costs, the underlying profit after taxation was around HK\$51.5 million, and the corresponding figure for 2004 was HK\$54.6 million.

##### (b) Business Review

In Hong Kong, the rental income increased 10.9% to HK\$120.1 million on a better renewal rent rate in all sectors. However, the lack of gain from property disposal together with the reduction in dividend contribution from Yangtze Venture Capital Limited in 2005, caused a drop in the underlying contribution from Hong Kong operation.

The property occupancy rates of Montgomery Plaza in the US raised to 98.5% as at the year end of 2005 and the average office rent per square feet stabilised at around US\$37 on lease renewal. The rental income from Montgomery Plaza slightly increased by 2.2% to HK\$50.3 million as compared to last year. Benefited from the decrease in interest expenses on a rearrangement of the loan financing in the US by the end of year 2004, the contribution from US operation increases.

While the hotel development project of 43 Heung Yip Road was pending for the land premium to be agreed with the Lands Department, the final phase development of Floral Villas, Tso Wo Hang, Sai Kung, was started in December 2005. Three luxury seaview houses will be built and are expected to be completed by the end of 2006. Occupation permit of No. 1 Barker Road has been issued in September 2005 and the Certificate of Compliance is pending for issuance. Feasibility studies are carried out to change the use of certain properties of the Group.

The Group will continue its proportion of investments in venture capital fund which has shown satisfactory results.

##### (c) Cash flow

The Group generated cash inflow of approximately HK\$51.2 million from operating activities after the service of interest of HK\$16.4 million and profits tax of HK\$4.2 million. The Group received dividends of HK\$16.5 million and added new bank borrowing of HK\$11.0 million. The Group applied the fund for addition of property, plant and equipment, investment properties and leasehold land of HK\$36.9 million and payment of dividends of HK\$38.7 million, the balance of cash and cash equivalents increased by HK\$7.5 million to HK\$23.2 million. The cash flows were also funded by long term and short term borrowings.

##### (d) Loan financing

The construction loan for the development of No. 1 Barker Road was re-arranged in 2005 and will be due for repayment upon completion of the project. Bank financing has been solicited to re-finance the repayment of this newly arranged construction loan.

#### (e) Prospects

Benefited by the continuous strong economic growth in China and the various favorable supportive measures from China, we have seen a full recovery of consumer confidence as well as economic growth in Hong Kong during 2005. Nevertheless, future growth rate may be affected by the extent of global interest rates rise and the level of energy costs as well as, to a lesser extent, the rise of exchange rate of RMB. Return from property investments will however remain healthy. Coupled with the completion of our projects at the Peak and in Sai Kung, the overall outlook of the Group in the coming year remains positive.

#### 7. MANAGEMENT DISCUSSION AND ANALYSIS

##### a) The Group's liquidity and financial resources

During the relevant year, the Group's total bank borrowings increased by HK\$10.2 million to HK\$462.0 million. The total equity increased by HK\$253.2 million to HK\$1,954.6 million (at 31st December 2004: \$1,701.4 million, as restated) and long term bank loans outstanding as at 31st December 2005 amounted HK\$426.6 million (at 31st December 2004: HK\$434.1 million). The debt to equity ratio was 23.6% (at 31st December 2004: 26.6%, as restated). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

##### b) Capital structure of the Group

The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and United States dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

The maturity of the Group's long term bank loans is as follows:

	As at 31 December 2005	As at 31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
- within one year	98,017	77,054
- in the second year	34,975	27,739
- in the third to fifth years inclusive	293,619	203,151
- after the fifth year	—	126,178
	<u>          </u>	<u>          </u>
	426,611	434,122

The Group's total bank borrowings are secured by certain leasehold land, investment properties and rental income thereon and properties under development with an aggregate net book value of HK\$1,596.5 million (2004: HK\$1,418.5 million, as restated).

##### c) Significant investments held and their performance and future prospects

The Group holds 12% equity interest in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively "Yangtze"). The investment made by the Group in them was HK\$12 million respectively and totalled HK\$24 million. The cumulative dividend received from The Yangtze Ventures Limited up to 31st December 2005 amounted to HK\$36 million.

The investment portfolio of Yangtze now includes 65.5 million shares in China Infrastructure Group, which is listed on Hong Kong's GEM Board, and investments in 8 other companies respectively specialised in manufacturing and research and development of animal feedstuff, integrated circuits, biopharmaceutical products, chinese medical products, energy alternative fuel, environmental friendly product made of Plastarch Material, engaged in operating Interactive Voice Response platform for China Mobile and engaged in radio monitoring and measuring in China.

##### d) Details of number and remuneration of employees

Including the directors of the Group as at 31st December 2005, the Group employed a total of 170 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

#### 8. PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's issued shares during the year.

#### 9. CORPORATE GOVERNANCE

During the year ended 31st December 2005, save as disclosed below, the Company complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Under the Code Provision A.4.1 of the Code, non-executive directors should be appointed for a specific term. On 21st May 2005, each of the non-executive directors of the Company agreed that, subject to the provisions contained in the Articles of Association of the Company, the term of office of all non-executive directors (including independent non-executive directors) shall be respectively for one to three years and the Code Provision A.4.1 of the Code has been complied with as from 21st May 2005.

The Code Provisions in B.1 of the Code relate to the establishment of a remuneration committee and its composition, authority and duties. The Company established a remuneration committee on 4th April 2005 and the Code Provisions in B.1 of the Code have been complied with as from 4th April 2005.

The Board of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules and all Directors have confirmed that throughout 2005, they have complied with the provision of such Model Code.

The Company's audit committee held a meeting in March 2006 to review the Group's audited results for the year ended 31st December 2005. PricewaterhouseCoopers ("PwC"), the Group's external auditors, have conducted an audit on the Group's consolidated financial statements for the year ended 31st December 2005 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2005 have been agreed by PwC to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PwC in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by PwC for this announcement.

By Order of the Board  
William Ma Ching Wai  
Chairman

Hong Kong, 27th March 2006

#### Registrar and Transfer office

Computershare Hong Kong Investor Services Limited  
17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong

As at the date of this announcement, the Board comprised of twelve directors, of which Mr. Ma Ching Wai, William, Mr. Ma Ching Hang, Patrick, Mr. Ma Ching Kuen, Alfred, Ms. Ma Ching Sou, Amy, Ms. Ma Ching Man, Katy, Ms. Ma Ching Keung, Ruth, Ms. Ma Ching Kwai, Ida and Mr. Ma Ching Yeung, Philip are executive directors, Mr. Cheung Wing Yui, Edward is a non-executive director, and Mr. Chau Kwok Fun, Kevin, Mr. Tan Soo Kiu and Mr. Wong Hing Kwok, William are independent non-executive directors.