

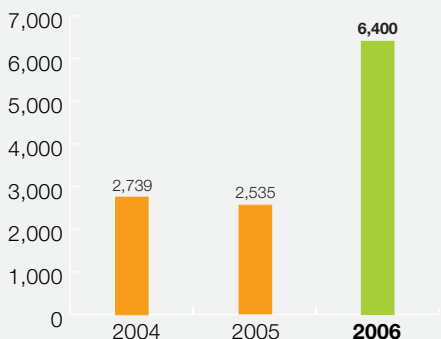
Management Discussion and Analysis

Financial Performance

In 2006, the Group's revenue, gross profit and profit margin had seen staggering increases over 2005. For the year ended 31 December 2006, the Group's operating revenue amounted to RMB6,400 million, an increase of 152% over 2005. Increase in operating revenue was mainly due to a significant increase in the GFA delivered during the year over 2005, and the average selling price had also experienced significant increase. Gross profit margin increased from 35% in 2005 to 42% in 2006, which was mainly due to the significant increase in market prices, the favorable market performance as a result of our quality products and leading brand name, and moreover, the gross profit margins of certain projects such as Chunjiang Huayue, Deep Blue Plaza, Jingui Plaza and Dingxiang Apartment were high. Our profit attributable to shareholders was RMB1,269 million (prior to the adjustment of the convertible notes, the profit attributable to shareholders for 2006 was RMB1,503 million), and our operating targets in 2006 had been successfully accomplished.

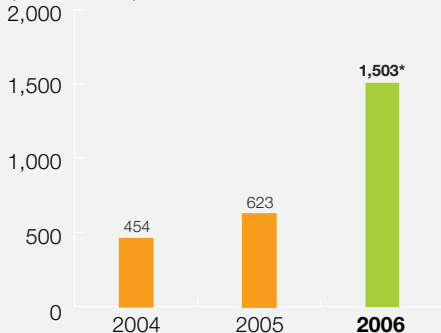
Revenue

(RMB million)



Profit Attributable to Shareholders

(RMB million)



* Pre-adjustment for the fair value of CBs

Business Review

Project Development

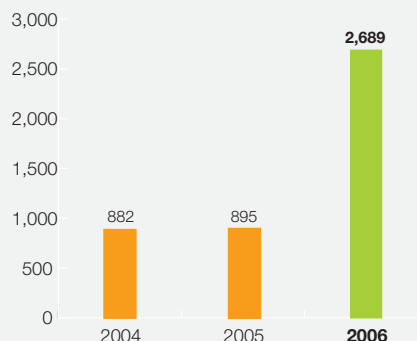
In 2006, the Group achieved brilliant results in project development; the number of newly commenced projects and their GFA, and the number of completed projects and their GFA saw considerable increase over 2005; Deep Blue Plaza and Dingxiang Apartments represent the first group of finely decorated projects in the history of Greentown which have been successfully completed and delivered; our project construction continued to maintain its high quality with a number of our project having been awarded prizes.

Newly Commenced Projects and GFA Steadily Increase

In 2006, the Group fully leveraged on its existing mature product series to transfer such quality to new projects, and its proven successful product design and mature project management had shortened the development cycle and speeded up the development of its existing land bank. During the year, the Group (including associates) had a total of 19 projects or phases of projects which had commenced construction, and the GFA of newly commenced projects amounted to 1.68 million sq.m., of which the GFA attributable to the Company amounted to 1.09 million sq.m..

Gross Profit

(RMB million)





Lin Zhuang Rendering Drawing



Greentown Lanting Rendering Drawing

Newly Commenced Projects for the year ended 31 December 2006

| Project | Site area (sq.m.) | Total GFA (sq.m.) | Saleable GFA (sq.m.) |
|---|------------------------------|------------------------------|---------------------------------|
| Greentown Lanting Phase I | 74,866 | 131,285 | 82,721 |
| Ningbo Guihua Garden Phase II | 24,181 | 66,173 | 54,889 |
| Bishui Qingfeng Phase I | 90,274 | 187,209 | 112,531 |
| Zhoushan Dangxiao | 19,065 | 5,180 | 4,930 |
| Zhoushan Guihua City Phase II | 82,882 | 202,154 | 167,496 |
| Shanghai Rose Garden Phase II | 138,250 | 41,059 | 41,059 |
| Beijing Baihe Apartment Phase V | 39,315 | 42,294 | 35,379 |
| Hefei Baihe Apartment Phase III | 41,221 | 106,735 | 80,710 |
| Changsha Guihua City Phase II | 28,289 | 68,349 | 68,349 |
| Hunan Qingzhu Garden North Phase I (Part) | 94,421 | 23,665 | 23,665 |
| Ningbo Yanfayuan Project Phase I | 73,331 | 195,987 | 148,980 |
| Haining Baihe New City High-rise Phase I | 28,500 | 77,632 | 60,227 |
| Haining Baihe New City Villa Phase II | 73,500 | 30,313 | 30,087 |
| Haining Baihe New City Villa Phase III | 63,618 | 18,978 | 18,788 |
| Rose Creek Valley Phase I | 566,100 | 114,050 | 109,050 |
| Ningbo Green Garden | 37,680 | 140,454 | 100,947 |
| Hupanju Phase I | 26,363 | 34,272 | 37,288 |
| New Green Garden | 27,666 | 117,758 | 80,246 |
| Liu Zhuang | 51,062 | 77,567 | 57,307 |
| Total | 1,580,584 | 1,681,113 | 1,314,649 |

Projects Delivered as Scheduled

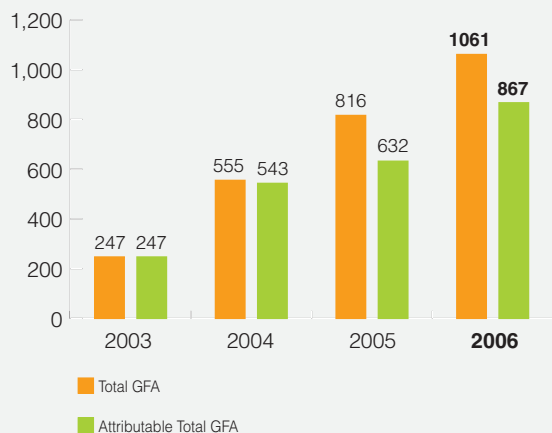
In 2006, the Group (including associates) had a total of 14 projects completed and delivered for occupation by buyers. The total completed and delivered GFA amounted to 1.06 million sq.m., in which saleable areas reached 0.79 million sq.m., GFA sold reached 0.7 million sq.m..

Projects Completed for the year ended 31 December 2006

| Project | Total GFA (sq.m.) | Saleable GFA (sq.m.) | Pre-sold/ sold GFA (sq.m.) |
|--|----------------------|-------------------------|----------------------------------|
| Chunjiang Huayue Phase III | 59,595 | 39,465 | 37,501 |
| Chunjiang Huayue Phase IV | 77,185 | 60,513 | 56,690 |
| Chunjiang Huayue Phase V | 66,884 | 53,743 | 44,528 |
| Taohuayuan West (Part) | 59,443 | 59,443 | 59,443 |
| Deep Blue Plaza | 132,695 | 97,834 | 94,842 |
| Dingxiang Apartment | 31,468 | 23,745 | 23,453 |
| Jingui Plaza | 33,776 | 24,164 | 20,616 |
| Zhoushan Guihua City Phase I | 155,151 | 110,007 | 88,661 |
| Hefei Guihua Garden Phase III | 61,568 | 43,324 | 35,040 |
| Xinjiang Rose Garden Phase I | 11,073 | 11,074 | 9,851 |
| Shangyu Guihua Garden | 184,490 | 143,025 | 124,009 |
| Changsha Guihua City Phase I (Part) | 89,392 | 66,616 | 56,690 |
| Haining Baihe New City Low-rise Phase II | 64,590 | 36,808 | 35,680 |
| Haining Baihe New City Low-rise Phase III (Part) | 34,002 | 24,708 | 16,816 |
| Total | 1,061,302 | 794,459 | 703,810 |

Annual GFA Completion

(Thousand sq.m.)



Property Sales

In spite of the increasing rigorous austerity measures to control the real estate market being implemented by the government, the property sales of the Group in 2006 enjoyed a marked increase all the same, and a total of 0.77 million sq.m. had been sold/pre-sold for the year. The sold/pre-sold amount was approximately RMB7,100 million, an increase of 82% over 2005. Since the Group has been strictly adhering to its development for high quality products, the brand name of Greentown for high quality has been well-recognized by customers. In addition, the Group has

been seeking improvement of its products, which has afforded the Group strong competitiveness in the market. As at 31 December 2006, the sold/pre-sold ratio are approximately 89% of projects completed in 2006, and 52% of projects that will be completed in 2007.



Deep Blue Plaza



Dingxiang Apartment

Land Bank

The Group has been obtaining quality land for its land bank at the right time and by various means to strengthen its capability of sustainable development. In 2006, the Group seized upon the opportunity afforded by the austerity measures to fully leverage on our brand name advantage, product advantage and capital advantage and obtain new land bank by tender, acquiring equity interests, cooperation or re-negotiation, resulting in the considerable increase in land bank. In 2006, our newly added land bank GFA amounted to 4.48 million sq.m., thus increasing our land bank to 12.27 million sq.m., of which the GFA attributable to the Group amounted to 7.92 million sq.m..



Acquisition/increasing Our Equity Interests In Projects

In the year under review, the Group increased its land bank by means of acquisitions or increasing our equity interests in projects, and particulars of the project acquired or in which we had increased our equity interests are as follows:

- in January 2006, we acquired the Jiahe Jiubao project in Hangzhou, Zhejiang;
- in September 2006, we acquired the Nanjing Rose Garden project in Nanjing, Jiangsu;
- in September 2006, we increased our equity interest in the Bishui Qingfeng project in Chunan, Zhejiang;
- in November 2006, we acquired the Tonglu Jiuzhou project in Tonglu, Zhejiang.

Strategic Cooperation

Our outstanding project implementation and supervision together with our strong brand name effect attracted a number of business partners, which enabled the Group to form strategic alliances with these business partners and to develop new projects at lower costs. Upon having concluded the strategic cooperation framework agreement with Xizi Elevator Holdings Limited ("Xizi Elevator Group") to explore the business opportunities of the real property of China on 18 September 2006; in October of the same year, Zhejiang Greentown Xizi Real Estate Group Company Limited ("Greentown Xizi"), a company held 50% each by the Group and Zhejiang Xizi Real Estate Group Company Limited ("Xizi Real Estate Group", an associate of "Xizi Elevator"), acquired 100% of the equity interests in 4 real estate development companies of Xizi Elevator Group for the sake of increasing our land bank, strengthening our cooperation and further consolidating our leading position in the real estate market of Zhejiang. These 4 projects include:

- the Rose Creek Valley Villa project in Linan, Zhejiang;
- the Tulip Bank comprehensive residential project in Wenyan county, Xiaoshan District, Hangzhou, Zhejiang;
- the Kunshan Greentown Villa project located at the side of Dianshan Lake in Kunshan, Jiangsu; and
- the Hupanju low-rise apartment project in Rudong County, Nantong, Jiangsu.

Re-negotiation

- in November, upon negotiations with the government, the Company's GFA held in respect of the Ningbo Yanfayuan project increased from 246,784 sq.m. to 511,043 sq.m..

Tender and Auction

Moreover, the Group leveraged on the favourable opportunity afforded by the austerity measures which undermined the competitiveness of other developers, to take active moves and obtain many pieces of quality land by the tendering process, which include:

- in August 2006, we obtained the Tonglu Greentown project in Tonglu county, Zhejiang;
- in September 2006, we obtained the Hangzhou Hushu Project in Hangzhou, Zhejiang;
- in October 2006, we obtained the Hangzhou Fengqi project in Hangzhou, Zhejiang;

- in November 2006, we obtained the Tiancheng Project in Hangzhou, Zhejiang;
- in December 2006, we obtained the Hefei Tongcheng project in Hefei, Anhui province;
- in December 2006, we obtained the Panlong Lake project in Xinchang, Zhejiang;
- in December 2006, we obtained the Tiansheng project in Wenzhou, Zhejiang.

Land Acquisition and contract Arrangement

We signed a project framework agreement in January with the government for the Qingdao project and became the developer of the project.

List of newly acquired land

| Project | Interest Attributable | City | Increase in Site Area (sq.m.) | Increase in Total GFA (sq.m.) | Attributable Increase in Total GFA (sq.m.) |
|------------------------------|-----------------------|-----------|-------------------------------|-------------------------------|--|
| Jiahe Jiubao Project | 100% | Hangzhou | 100,809 | 314,715 | 314,715 |
| Qingdao Project | 80% | Qingdao | 1,185,247 | 1,743,970 | 1,395,176 |
| Tonglu Jiuzhou | 51% | Tonglu | 33,087 | 15,580 | 7,946 |
| Tonglu Greentown | 100% | Tonglu | 107,671 | 145,906 | 145,906 |
| Hangzhou Hushu Project | 50% | Hangzhou | 104,070 | 309,000 | 154,500 |
| Hangzhou Fengqi Project | 94% | Hangzhou | 17,501 | 56,873 | 53,461 |
| Tiancheng Project | 94% | Hangzhou | 15,486 | 52,600 | 49,444 |
| Panlong Lake Project | 100% | Xinchang | 144,862 | 102,885 | 102,885 |
| Hefei Tongcheng Project | 54% | Hefei | 67,334 | 202,220 | 109,199 |
| Tiansheng Project | 60% | Wenzhou | 132,325 | 410,000 | 246,000 |
| Nanjing Rose Garden | 70% | Nanjing | 306,541 | 91,962 | 64,373 |
| Rose Creek Valley | 50% | Linan | 1,069,842 | 179,734 | 89,867 |
| Tulip Bank | 50% | Hangzhou | 151,333 | 309,467 | 154,733 |
| Kunshan Greentown | 50% | Kunshan | 146,252 | 81,000 | 40,500 |
| Hupanju | 50% | Nantong | 155,333 | 201,380 | 100,690 |
| Ningbo Yanfayuan Project | 60% | Ningbo | – | 264,259 | 158,555 |
| Bishui Qingfeng ¹ | 80% | Qiandaohu | – | – | 127,134 |
| Total | | | 3,737,693 | 4,481,551 | 3,315,084 |

¹ Increase in interest of projects from 29% to 80%. The site area of Bishui Qingfeng project is approximately 138,140 sq.m. and total GFA is approximately 249,282 sq.m..

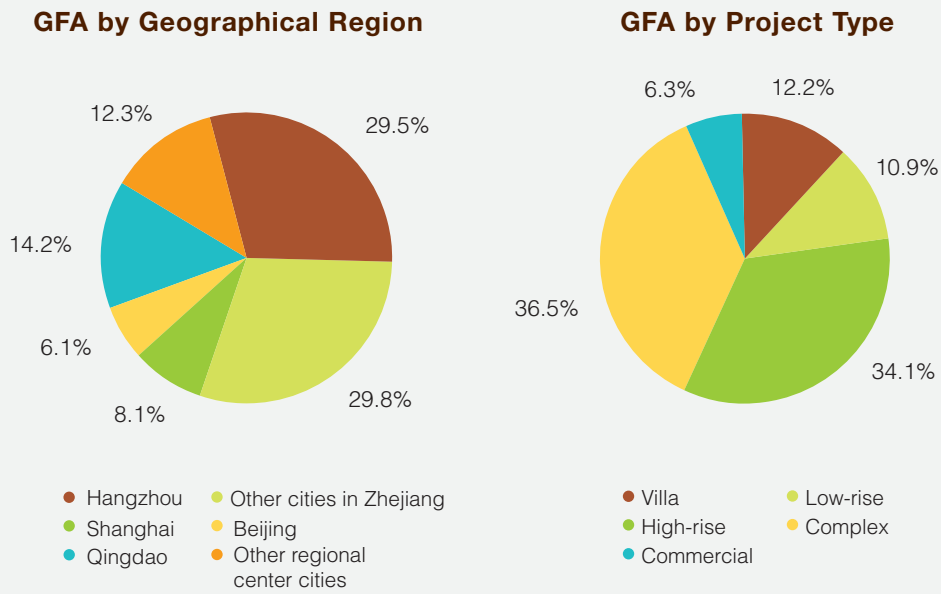
In short, as at 31 December 2006, the number of projects we had developed or planned to develop amounted to a total of 44 with a total site area of approximately 11.31 million sq.m. and a total GFA of approximately 12.27 million sq.m., of which the site area and GFA attributable to the Group amounted to approximately 7.14 million sq.m. and 7.92 million sq.m. respectively. These projects which are in progress or have been planned to proceed are as follows:

- 13 are located in Hangzhou with a total GFA of approximately 3.62 million sq.m.;
- 14 are located in other cities in Zhejiang with a total GFA of approximately 3.65 million sq.m.;
- 5 are located in Shanghai with a GFA of approximately 1 million sq.m.;

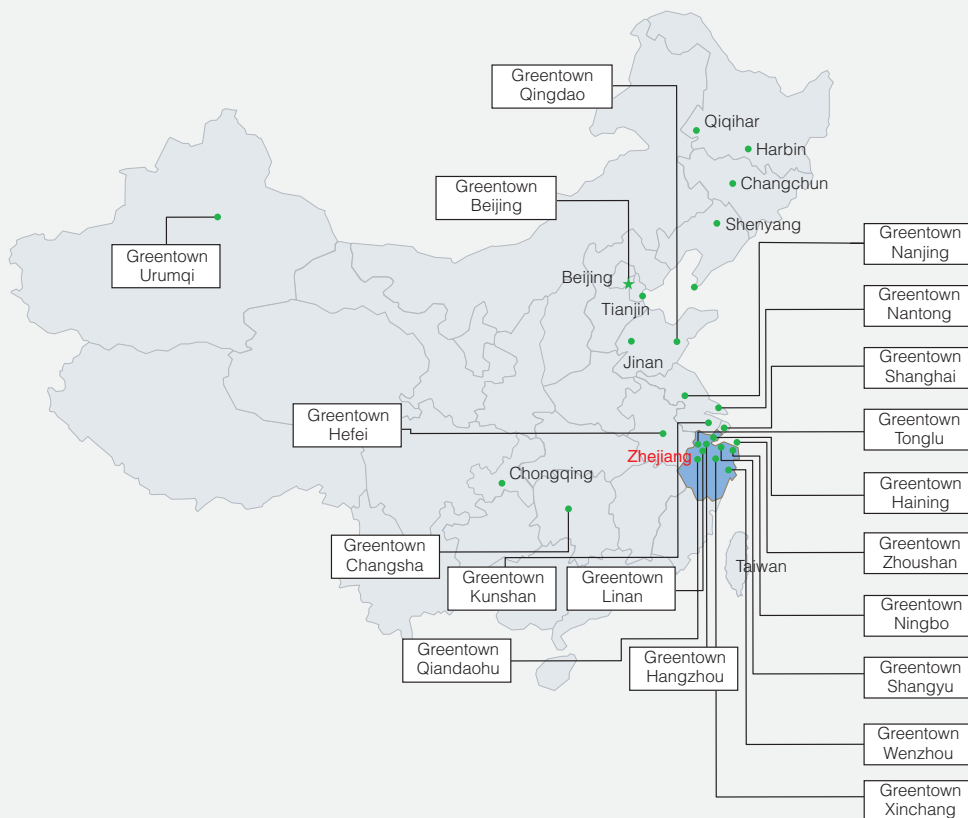
- 2 are located in Beijing with a total GFA of approximately 0.74 million sq.m.;
- 10 are located in Hefei of Anhui, Nanjing of Jiangsu, Qingdao of Shandong, Changsha of Hunan and Urumqi of Xinjiang with a total GFA of approximately 3.26 million sq.m.

There were 128 projects or phases of projects which were in progress or planned to proceed, and we have not yet to obtain the land use right certificates for 34 sites of approximately 2,613,314 sq.m. in area for projects or phases of projects. We are in the process of going through the formalities for these projects, including the payment of land premium and the cost of relocation so as to ensure our eventual obtaining of all the land use right certificates.

Diversified Land Bank Portfolio



The chart below shows the geographical locations of our 128 property projects or project phases under development or held for future development across 19 cities in China.



Business Outlook

In terms of operation, the Group will strengthen its control in project construction, project sales and marketing, implement and complete our project on scheduled. According to our development plan, it is estimated that the total area that will be completed in 2007 will amount to 1.73 million sq.m., of which the area attributable to the Group will amount to 1.04 million sq.m.. At present, construction of all the projects is under way smoothly and satisfactorily.

Estimated number of projects to be completed in 2007

| Project | Total GFA (sq.m.) | Saleable GFA (sq.m.) | Pre-sold/sold GFA (sq.m.) |
|---|----------------------|-------------------------|---------------------------------|
| Jiuxi Rose Garden Holiday Village | 26,200 | 2,836 | – |
| Taohuayuan South Phase I (Part) | 78,501 | 65,741 | 31,149 |
| Taohuayuan West (Part) | 4,102 | 4,102 | 1,102 |
| Ningbo Guihua Garden Phase I | 164,090 | 122,035 | 66,965 |
| Zhoushan Dangxiao | 5,180 | 4,930 | – |
| Zhoushan Grand Hotel Phase I | 87,484 | – | not for sale |
| Shanghai Greentown Phase III | 150,833 | 110,607 | 53,140 |
| Shanghai Rose Garden Phase I | 47,177 | 46,997 | – |
| Beijing Baihe Apartment Phase III | 64,392 | 52,273 | 47,004 |
| Beijing Baihe Apartment Phase IV | 65,444 | 50,342 | 35,973 |
| Beijing Yuyuan Phase I (Part) | 19,143 | 12,940 | – |
| Hefei Baihe Apartment Phase I | 80,166 | 62,567 | 55,261 |
| Hefei Baihe Apartment Phase II | 24,315 | 20,547 | – |
| Changsha Guihua City Phase I (Part) | 78,231 | 59,125 | 15,193 |
| Changsha Guihua City Phase II (Part) | 45,618 | 32,840 | – |
| Hunan Qingzhu Garden North Phase I (Part) | 23,665 | 23,665 | – |
| Xinjiang Rose Garden Phase II | 9,947 | 9,947 | – |
| Haining Baihe New City Low-rise Phase III (Part) | 78,082 | 56,816 | 41,222 |
| Haining Baihe New City Villa Phase I | 30,173 | 29,926 | 22,781 |
| Jade City Phase I (Part) | 119,821 | 89,490 | 79,888 |
| East Sea Plaza Phase I | 81,457 | 71,667 | 71,667 |
| Deqing Baihe Apartment Phase I | 70,920 | 52,203 | 9,688 |
| Deqing Guihua City Phase I | 181,325 | 139,800 | 42,121 |
| Zhengzhou Baihe Apartment Phase I | 93,767 | 65,740 | 45,259 |
| Zhengzhou Baihe Apartment Phase II | 96,320 | 69,179 | 30,180 |
| Total | 1,726,353 | 1,256,315 | 648,593 |

Moreover, the Group also places strong emphasis on risk management and has moved forward systematically the establishment and control of various operation risk management systems. It puts more effort in policy study to increase its grasp of the market. As people are the momentum for the development of enterprises, the Group will commit resources to strengthen its team and to enhance the quality of its human resources. By internal training and introduction from outside, we put much effort in improving the quality of our human resources. We are confident that with these strategies, our future results will scale new heights and ensure better return to our shareholders.



Taohuayuan West (Chinese Style Villa)



Zhengzhou Baihe Apartment Rendering Drawing

Major Projects in Pipeline

Qingdao Project – One of the largest master plan projects in the future residential hub of Qingdao

| | |
|---------------------------------------|---|
| Timing And Method | Jan 2006, by tender |
| Total site area (sq.m.) | 1,185,000 |
| GFA (sq.m.) | 1,743,000 |
| Greentown's interest | 80% |
| Attributable GFA to Greentown (sq.m.) | 1,395,000 |
| Overview | <ul style="list-style-type: none"> • Relocation by the government • Land payments in installments • Preliminary master plan has been finalized |



Hangzhou Hushu Project – One of the largest prime projects in Hangzhou city center

| | |
|---------------------------------------|--|
| Timing And Method | Sep 2006, by tender |
| Total site area (sq.m.) | 104,000 |
| Plot ratio | 3.0 |
| GFA (sq.m.) | 309,000 |
| Residential | 251,000 |
| Office | 38,000 |
| Commercial | 20,000 |
| Greentown's interest | 50% |
| Attributable GFA to Greentown (sq.m.) | 155,000 |
| Overview | <ul style="list-style-type: none"> • Land payments in installments • Construction commence in Q3 2008 • Master planning in progress |



Tiansheng Project – One of the landmark projects in Wenzhou city center

| | |
|---------------------------------------|---|
| Timing And Method | Dec 2006, by tender |
| Total site area (sq.m.) | 132,325 |
| Plot ratio | 3.10 |
| GFA (sq.m.) | 410,000 |
| Residential | 220,000 |
| Commercial and hotel/office | 190,000 |
| Greentown's interest | 60% |
| Attributable GFA to Greentown (sq.m.) | 246,000 |
| Overview | <ul style="list-style-type: none"> • Land payments in installments • Construction commences in the end of 2007 • Master planning in progress |



Financial Analysis

Financial performance:

Net Profit: Before the accounting adjustment for the fair value changes on embedded derivatives in respect of convertible bonds, our profit attributable to the shareholders of the Company was RMB1,503 million, an increase of 141% over last year. After the accounting adjustment for the potential fair value of option and net changes in conversion price of the convertible bonds, our profit attributable to the shareholders of the Company was RMB1,269 million, an increase of 104% over last year.

Revenue: The revenue from principal operations was RMB6,400 million in 2006, an increase of RMB3,865 million over RMB2,535 million of 2005, or approximately 152%; the significant increase in revenue from operation was mainly due to the GFA delivered amounted to 785,117 sq.m., and increase of 75% over 448,877 sq.m. of 2005. The average selling price was RMB8,077 per sq.m., an increase of RMB2,637 per sq.m. over RMB5,440 per sq.m. in 2005 or 48%.

Gross Profit: Gross profit margin increased from 35% in 2005 to 42% in 2006. The increase in gross profit margin was mainly due to the significant increase in market price in recent years, and the Chunjiang Huayue, Deep Blue Plaza, Jingui Plaza and Dingxiang Apartment delivered in the year which are located in Hangzhou and are subsequent phases of the same land lot which resulted in a significant increase in selling price as the previous phases have been delivered thereby achieving the advantage of Greentown brand name.

Land appreciation tax provision: Land appreciation tax provision amounted to RMB132 million and RMB5 million charged in the income statement in 2006 and 2005 respectively.

Selling and administrative expenses: Selling and administrative expenses increased from RMB274 million of the same period of last year of RMB383 million in the year, an increase of 40%. The increase was mainly due to the non-capitalization of IPO fees in 2006, increase in wages, benefits of staff and expansion of the Company's scale results in an increase of staff costs.

Share of results of associates: Share of profits of associates in investment was RMB36 million in 2005 and was mainly the profit recognized of the delivery of Qilixiangxi project. Loss on associates investment was RMB39 million for the year and was mainly due

to the development expenses of associates such as Development Greentown, Ningbo Zhebao, Jade City and Shanghai Jinyu for the year.

Income tax: Income tax increased from RMB125 million of last year to RMB851 million of the year and the effective tax rate increased from 18% of the same period of last year to 36% (before adjustment to the fair value of convertible bonds). The reason was no provision of deferred tax for the loss arising from the subsidiaries which had not yet commenced pre-sales and interest loss arising from the Company as well as non-capitalisation of professional fee in respect of the Company's IPO. As a result, the effective tax rate becomes higher. On the other hand, since no provision for income tax were made for the share of gain on associates and the main profit contribution project Shanghai Lvyu entitled to a preferential tax rate of 15% last year, hence the effective rate was lower than normal tax rate. Both impacts significantly increased the actual tax for the year.

Minority interest: The delivery of Shangyu Guihua Garden and Hunan Greentown Changsha Guihua City contributed to minority interest of RMB19 million.

Pre-sale deposit: Pre-sale deposit was RMB4,824 million in the end of 2005, pre-sale deposit was RMB1,672 million in the end of 2006. The significant decrease in prepayment received was due to the fact that revenue contribution in 2006 was mainly from subsidiaries and amount shown in pre-sale deposits statements in 2005 was higher accordingly. The income of 2007 will mainly form associates which its pre-sale deposits amount cannot be reflected in our balance sheet such as RMB1,900 million from Shanghai Jinyu.

In the profit forecast as set out in our prospectus ("Prospectus") dated 30 June 2006, it was disclosed that for the year ended 31 December 2006, before adjustment to the changes in net fair value of the embedded option of our convertible bonds ("adjustment to the fair value of convertible bonds"), the net profit attributable to the equity holders of the Company ("profit before adjustment") was unlikely to be less than RMB1,480 million, and the profit after adjustment to the fair value of convertible bonds was unlikely to be less than RMB1,471 million.

For the year ended 31 December 2006, the profit before adjustment was RMB1,503 million, which is higher than the profit forecast of RMB1,480 million in

the Prospectus. The net profit is also higher than the net profit attributable to shareholders for the year ended 31 December 2005 by 104%.

In view of the profit after adjustment as disclosed in the Prospectus, the adjustment to fair value of convertible bonds for profit before adjustment is calculated based on the hypothetical closing price ("hypothetical closing price") as at 31 December 2006 for our shares was HKD9.86 per share (i.e., the maximum price range for Global Offering).

Performance of our shares was excellent by the end of 2006. On 29 December 2006 (the last trading day for the year ended 31 December 2006), the closing price of which was HKD14.48 per share, approximately 47% higher than the hypothetical closing price. Therefore, the adjustment to fair value of convertible bonds was RMB234 million, represented a significant increase as compared to RMB9 million based on the hypothetical closing price. The adjustment to fair value of convertible bonds has no effect on our cash flow.

Financial Resources and Liquidity

As 31 December 2006, the Group's cash on hand amounted to RMB3,249 million (31 December 2005: RMB859 million) with total borrowings of RMB7,372 million (31 December 2005 RMB4,879 million). Gearing ratio, measured by net debt over equity, decreased significantly from 434% as at 31 December 2005 to 74% as at 31 December 2006.

All borrowings, except for convertible bonds and senior notes, were denominated in RMB, while the convertible bonds and senior notes were denominated in USD.

Foreign Exchange Risks

Most of the Group's revenues and operating costs were denominated in RMB. As the proceeds from the Global Offering were received in HKD and the issue of convertible bonds and senior notes is USD, therefore, the Group is exposed to foreign exchange risks. For 2006, the Group has recorded an exchange loss of approximately RMB19 million. The Group's operating cash flow or liquidity is not subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 31 December 2006.

Financial Guarantees

As at 31 December 2006, the Group provided guarantees of approximately RMB2,394 million (2005: RMB2,876 million) to banks in favour of its customers in respect of the mortgage loans provided by the banks to customers for the purchase of the Group's developed properties.

Pledge of assets

As at 31 December 2006, the Group pledged its buildings, properties for development, properties under development, completed properties for sale and bank deposits of approximately RMB4,314 million (2005: RMB4,568 million) to banks to secure general banking facilities granted to the Group.

Use of Proceeds from the Initial Public Offering

The Company's shares were listed on the Main Board of The Stock Exchange on 13 July 2006, and the Group has raised the net proceeds of approximately HKD2,765 million from the Initial Public Offerings. The Company has applied approximately HKD606 million for the redemption of convertible bonds, approximately HKD812 million for property development, approximately HKD868 million for land acquisition and approximately HKD479 million for repayment of bank borrowings, which is in compliance with the intended use of proceeds as detailed on pages 201 and 202 of the Prospectus.

Employees

As at 31 December 2006, the Group employed a total of 1,306 employees. Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation.

The Company adopted a share option scheme on 22 June 2006, details of which have been disclosed in the Prospectus. As at 31 December 2006, no option had been granted under the share option scheme.



Excellence in living Standard

