

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

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The initiatives taken by the new management of the Group have continued to positively shape the Group's performance, and have led to ongoing rises in growth and profitability.

由於管理層所策劃的措施繼續正面塑造集團表現，推動業務持續增長及盈利的提升。

FINANCIAL REVIEW

During the year under review, the Group's profit for the year increased 60.8% to HK\$578.3 million (2005: HK\$359.7 million). A major portion of the profit came from revaluation gains on the Group's properties, reflecting the Group's successful transformation from a pure construction company to a major China property investor and developer. The Group's properties in Shenzhen, Beijing and Guangzhou all showed significant gains due to higher property prices, RMB appreciation and improved occupancy rates. Property prices in Shenzhen were particularly strong, with prices rise 50%.

The Group's revenue, which still primarily reflects the construction business, rose by 59.4% to HK\$395.7 million (2005: HK\$248.3 million). However, gross profit for the year declined 8.2% to HK\$79.3 million (2005: HK\$86.4 million) as gross margins on the construction business remained under pressure. Basic earnings per share was reported at HK\$21.5 cents (2005: HK15.8 cents), though with the dilution effect brought about by an increase in the number of shares issued, to 3,645,997,437 shares as at the end of 2006 from 2,328,409,272 in 2005.

財務回顧

於回顧年度，本集團於年內之溢利增加60.8%至578,300,000港元（二零零五年：359,700,000港元）。溢利中大部分乃來自本集團物業之重估收益，反映本集團從一間純粹進行建築之公司成功轉營為一間主要中國物業投資者兼發展商。本集團於深圳、北京及廣州之物業由於物業價格較高、人民幣升值及租用率得以改善，故該等物業之收益全部均錄得重大收益。深圳物業價格尤其強勁，已上升50%。

本集團目前仍主要反映建築業務之收益，已上升59.4%至395,700,000港元（二零零五年：248,300,000港元）。然而，年內毛利下跌8.2%至79,300,000港元（二零零五年：86,400,000港元），乃由於建築業務之毛利仍然受壓所致。雖然因已發行股份數目由二零零五年2,328,409,272股增加至二零零六年底3,645,997,437股而造成攤薄影響，但本集團錄得每股基本盈利21.5港仙（二零零五年：15.8港仙）。

BUSINESS REVIEW

The Group continued pursuing its new emphasis on the property and alternative energy sectors in China in the year under review. In order to give it greater flexibility to expand its various business segments, during the year the Group completed the change of domicile of its holding company from Hong Kong to Bermuda by way of the Scheme of Arrangement. HKC (Holdings) Limited, a company incorporated in Bermuda with limited liability, became the new holding company of the Group and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17th November 2006.

The success of the Group in moving beyond its traditional role in construction into the new spheres of property, alternative energy and infrastructure is amply shown by the increase of the Group's net asset value over the past couple of years. As at 31st December 2006, its net asset value had risen to HK\$3,903.4 million, a remarkable rise that is largely due to the value of the Group's premium property portfolio in some of China's largest and most booming cities.

There follows a review of operations for each of the Group's business sectors.

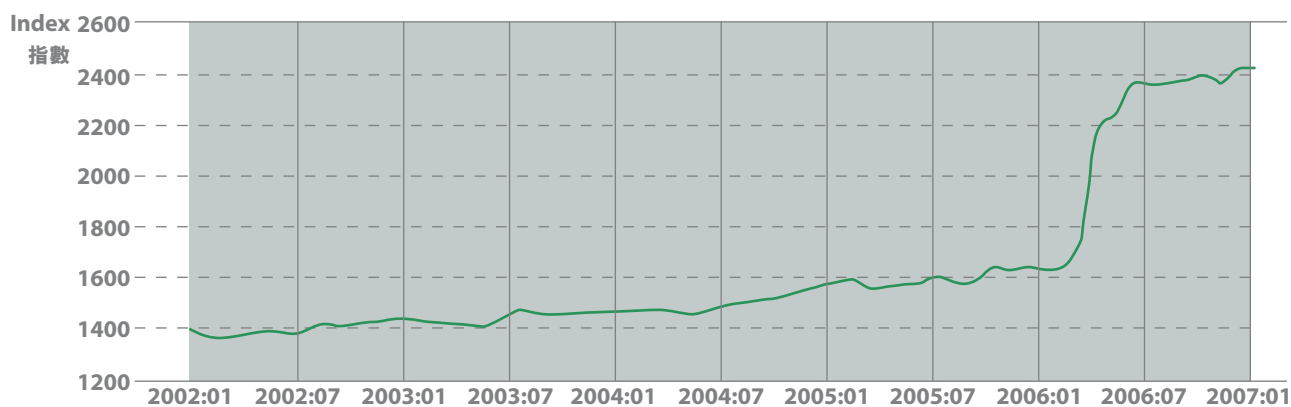
Strong property markets, particularly in Shenzhen, result in large revaluation gains

HKC primarily focuses on hotel, retail and commercial property investment, development and operation. It holds a mixed portfolio made up both of existing investments and of major projects planned for development. Upcoming projects, amongst which are a number of major greenfields developments, are a special emphasis of the Group, as they typically offer higher returns. The Group's existing property holdings, meanwhile, generate steady stable revenue for the Group over the longer term.

The Group benefited from strong property markets, particularly in Shenzhen. In 2006, Shenzhen property prices increased approximately 50%, significantly higher than the other major cities in China. Property investors rotated to Shenzhen from Beijing and Shanghai. As a result, the Group's Shenzhen properties, particularly Jingguang Centre and Shun Hing Square in Shenzhen, showed large revaluation gains.

Shenzhen Property Index

深圳城市綜合指數



Source: China Real Estate Index System
來源：中國房地產指數系統

Year : month
年 : 月

業務回顧

於回顧年度，本集團繼續以中國物業及替代能源業為新發展重點。為達致更高靈活彈性，以擴展旗下不同業務分部，本集團於年內透過協議計劃方式完成將其控股公司由香港遷冊至百慕達。香港建設（控股）有限公司為於百慕達註冊成立之有限公司，已成為本集團之新控股公司，而其股份於二零零六年十一月十七日在香港聯合交易所有限公司主板上市。

本集團成功從發展建築業之傳統角色，轉而進軍物業、替代能源及基建等新範疇，自其資產淨值在過去數年顯著增長中可見一斑。於二零零六年十二月三十一日，本集團之資產淨值攀升至3,903,400,000港元，錄得此驕人增幅，在很大程度上受本集團分佈於中國部分發展最蓬勃大城市中優質物業組合之價值所推動。

下列為本集團各業務分類的營運回顧。

深圳物業市場尤其強勁，帶來龐大物業重估收益

香港建設主要集中於酒店、零售及商業物業之投資、發展及營運。香港建設的物業組合由現有投資及規劃作發展之主要項目組成。即將開展之項目包括多項主要仍未動工之項目，由於一般回報較為可觀，故為本集團特別發展重點。同時，本集團現時持有之物業能為本集團帶來長遠穩定收益。

本集團尤其在深圳的強勁物業市場中受惠。於二零零六年，深圳物業價格上升約50%，遠遠高於中國其他主要城市。物業投資者的焦點由北京及上海轉移至深圳。因此，本集團位於深圳的物業，特別是深圳之京廣中心及信興廣場均有龐大重估收益。

The Group's major development projects active in 2006 were located in Shanghai, Tianjin and Nanxun. Construction for these projects is expected to begin in 2007 and meaningful revenues to be generated before 2010. Meanwhile, the Group maintained its property investment portfolio of first-class commercial and residential developments in Shenzhen, Guangzhou and Beijing, all of which are generating a steady stream of rental revenue. As a long-term investment, the Group also has interests in The Peninsula Beijing Hotel and Jinguang New World Hotel in Beijing.

In June 2006, the Group increased its interests in Dorboy Investment Limited ("Dorboy") by 30%, making Dorboy an 80% owned subsidiary of the Group. Dorboy's principal asset is the Jinguang Centre in Shenzhen. The move gave the Group greater control over the Jinguang Centre, and brings with it the flexibility to renovate or repackage the Centre in ways that will enhance its value and its returns. With its controlling stake, the Group has been able to introduce new management and provide incentive structures that have resulted in increased occupancy and rental income. These improvements provided a significant proportion of the Group's revaluation gains for the year.

Continuing to invest in Alternative Energy

The Group has begun to invest strategically in alternative energy projects in the PRC, taking advantage of global trends to boost the utilization of alternative energy sources and responding to PRC legislation requiring a 15% contribution of alternative energy to the country's energy supply by 2020.

To date, the Group has been actively involved in building, operating and managing two 30MW wind power stations in Heilongjiang in the PRC. These wind power stations are now ready to begin generating electricity and will be connected to the power grid in 2007. During the year under review, the Group acquired additional shareholdings in this enterprise, by increasing its shareholdings in Asia Wind Power (Mudanjiang) Company Limited from 64.7% to 86% and those in Hong Kong Wind Power (Muling) Company Limited from 75% to 80%. The move reflects the Group's confidence in the long-term value of this form of alternative energy in the China context.

With a strong belief in the high potential of wind power, the Group has also been pursuing other similar opportunities for investment and development. On 11th September 2006, its tender for a wind power project in Danjinghe, Hebei Province (submitted jointly with the China Energy Conservation Investment Corporation ("CECIC")), was accepted by the local government authorities. According to the agreement, the Group and CECIC will establish a joint venture to invest in, construct and operate a wind power plant with a total capacity of 200MW. The Group and CECIC will contribute 40% and 60% of the registered capital respectively for the project, with a total investment of approximately RMB1.6 billion.

本集團於二零零六年積極進行之主要發展項目均位於上海、天津及南潯。預期此等項目將於二零零七年開始施工，而於二零一零年竣工前將帶來理想收益。與此同時，本集團繼續於深圳、廣州及北京持有甲級商住發展項目的物業投資組合，該等項目一直為穩定之租金收入來源。本集團亦於北京王府半島酒店及京廣新世界飯店擁有權益，作為長線投資。

於二零零六年六月，本集團增持禧發投資有限公司（「禧發」）30%權益，令禧發成為本集團擁有80%權益之附屬公司，其主要資產為深圳京廣中心。此舉令本集團能加強控制京廣中心，更能靈活裝修或重新包裝該中心，以便提高其價值及回報。憑藉其控制股權，本集團成功引薦新管理人員，並施行對出租率及租金收入增長具刺激作用之經營結構。此等改進措施於本年度為本集團之突破性重估收益帶來重大貢獻。

繼續投資替代能源

乘著全球紛紛鼓勵使用替代能源之趨勢，並鑑於中國法律規定須在二零二零年前就全國能源供應中有15%來自替代能源，本集團已著手就中國替代能源項目進行策略投資。

本集團迄今一直積極在中國黑龍江興建、經營及管理兩座產能達30,000千瓦特的風力發電站。此兩座風力發電站現已準備就緒，且開始發電，並將於二零零七年連接輸電網。於回顧年度，本集團將其於亞洲風力發電（牡丹江）有限公司的股權由64.7%增至86%，另於香港風力發電（穆稜）有限公司的股權亦由75%增至80%，藉此額外收購該企業之股權。此舉反映本集團對此類替代能源在中國之長遠價值充滿信心。

本集團深信風力發電具有龐大潛力，故亦一直物色其他類似投資及發展機會。於二零零六年九月十一日，本集團就河北省單晶河風力發電項目，聯同中國節能投資公司（「中節能」）提交標書，並獲當地政府機關接納。根據有關協議，本集團將與中節能成立合營企業，以注資、興建及經營總產能達200,000千瓦特的風力發電廠。本集團與中節能將就此項目分別注入40%及60%註冊資本，總投資額約人民幣1,600,000,000元。



National Grand Theatre, Beijing 北京國家大劇院

During the year, the Group also acquired the preferential rights to develop a wind power plant at Siziwang Qi in Inner Mongolia in the PRC. This project will be on a much larger scale than the Heilongjiang one. Sited on an area of 1,000 sq. km in a region of China noted for its strong reliable winds, the Group hopes to develop generation capacity of between 100MW and 150MW by 2008.

In addition, the Group entered into a joint venture with CECIC for a waste-to-energy plant in Shandong in the PRC that is 40% owned by the Group and 60% by CECIC. The project, which includes two plants, will begin operations in the second half of 2007, with a 24MW output capacity and the ability to process up to 300,000 tonnes of household waste. Besides being able to generate electricity for sale, the project will also generate additional revenue from trading within the Clean Development Mechanism, steam production, waste collection activities, and from sales of ash-based raw materials.

Infrastructure starting to provide steady income

The Group's investment in the water supply plant in the Yangpu Economic Development Zone in Hainan in the PRC has contributed its first full year's revenue and profit. The plant has made a strong start as a contributor to the Group, due to its strategic position as sole supplier of water for industrial use in the area.

As for the Group's BOT toll road project in Guilin in the PRC which will link up with China's Western Expressway, this road is still under construction. Work is continuing steadily and completion is targeted for the end of 2007. Currently, traffic projections for the road have risen above original expectations, and the Group also sees good opportunities for real estate development near the road.

年內，本集團亦購入在中國內蒙古四子王旗發展風力發電廠之優先權。此項目規模遠超黑龍江項目，位處中國境內具強勁風力之地區，佔地1,000平方公里。本集團期望能於二零零八年前發展達至100,000-150,000千瓦特產能的大型風力發電場。

此外，本集團與中節能成立合營企業，以在中國山東設立本集團與中節能分別擁有40%及60%權益之垃圾發電廠。此項目涵蓋兩座廠房，將於二零零七年下半年投入運作，產能達24,000千瓦特，並可處理最多300,000噸家居垃圾。除能產生供出售之電力外，此項目亦將透過在「清潔發展機制」範圍內進行買賣、蒸氣生產、垃圾收集及出售灰基原料產生額外收益。

基建開始提供穩定收入

本集團於中國海南洋浦經濟發展區供水廠的投資，帶來首次全年收益及溢利。由於此廠房具有區內工業用水唯一供應商之策略地位，故創出佳績，為本集團帶來理想貢獻。

就本集團於中國桂林的「建設-營運-轉讓」收費公路項目而言，該項目將連接國內目前尚在施工中的西部高速公路，現時工程仍順利進行中，旨在於二零零七年底竣工。目前，有關公路之交通流量預測已超出原定水平，故本集團亦相信，開發該公路鄰近房地產項目之黃金機會將紛紛湧現。

These two infrastructure projects are expected to be stable income drivers for the Group over the next few years.

Construction

Construction is a traditional strength of the Group, and although the Group has refocused its activities towards property development it remains active in this sector. One of the advantages of the Group's success in property development has been that it can afford to be highly selective in the construction projects that it takes on. Not having to outbid low-margin competitors in order to survive, the Group's construction sector has been able to focus on high margin projects in which its expertise and traditional quality can be given full expression. More importantly, its construction arm is an essential support to the Group's property development, in particular by acting as the main contractor for major greenfields projects. In this way, the Group is able to maintain careful control over the costs, quality and timing of its property construction projects.

Two independent projects won by the Group's construction arm during 2006 involved projects in Hong Kong and in South America. In Hong Kong, the Group began building the Hong Kong School of Creativity, which will be the showcase facility of the Hong Kong Institute of Contemporary Culture to nurture future talents of the performing arts. The contract sum for this project was HK\$97.0 million, and completion is targeted for late 2007. At the same time, the Group was engaged by CITIC International Contracting Inc. to provide project management services for its construction of the Phase II of a coal-fire power station in Municipio de Candiota, Estado do Rio, Brazil. The contract is worth approximately US\$6.6 million (approximately HK\$51.5 million).

OUTLOOK

Property Investment, Development and Management

The Group's property development activities have continued apace into 2007, with the first few months of this year bringing further important advances. In January 2007, the Group's RMB129.0 million bid to acquire one of two adjacent lots of land in the Nanxun Economic Development District in Nanxun District in Huzhou City, Zhejiang Province, was accepted by local government authorities. The Group plans to develop this 208,000 sq.m. site into a trading complex that will provide a new centralised marketplace for suppliers of construction materials and furniture in Nanxun District. Nanxun is renowned as a major China trading centre for construction materials and furniture, and the Group's development will consolidate the existing fragmented series of small market venues into a single integrated commercial complex with a floor area of over 300,000 sq.m. Development is expected to be completed by 2008.

預期此兩項基建項目將於未來數年成為本集團穩定收入來源。

建築

本集團一向於建築界舉足輕重，即使方向重新定位為物業發展，但仍然積極經營此範疇。本集團成功進軍物業發展行業，其中一項優勢，在於本集團可嚴格篩選所承接之建築項目，毋需為繼續經營而調低標價和利潤去搶標，故本集團之建築範疇能專注於高利潤項目，渾身解數發揮其專才及傳統實力。更重要的是，建築範疇為本集團物業發展上不可或缺的配套，於本集團主要仍未動工之項目擔任總承建商方面尤為顯著。就此，本集團能對其物業建築項目之成本、品質及進度掌握貫徹嚴謹監控。

本集團之建築分部於二零零六年成功爭取兩項獨立項目，當中涉及位於香港及南美之項目。香港方面，本集團開始興建香港創意學院，展示香港當代文化中心培育未來演藝精英之設施。此項目之合約金額為97,000,000港元，預期於二零零七年底落成。同時，本集團獲中信國華國際工程承包公司聘請，為其於巴西南大河州坎迪奧塔市之燃煤發電站第二期興建工程提供項目管理服務。有關合約價值約6,600,000美元（約51,500,000港元）。

前景

物業投資、發展及管理

本集團的物業發展業務急速邁進二零零七年，更於本年首數個月進一步取得重大進展。於二零零七年一月，本集團以人民幣129,000,000元出價，競投位於浙江省湖州市南潯區南潯經濟發展區內兩幅相連地皮之一，並獲當地政府機關接納。本集團計劃將此幅佔地208,000平方米之土地發展為貿易綜合項目，為南潯區內建築材料及傢俱供應商提供集中式新市場。南潯被譽為中國建築材料及傢俱主要貿易樞紐，本集團之發展方針是將現有多個分散經營之小型市場，統一集中於新建樓面面積超過300,000平方米之單一綜合商業中心。預期此發展項目將於二零零八年完成。

In February 2007, another of the Group's land bids was accepted. This was for a parcel of land in Tianjin occupying around 61,000 sq.m., for which the Group bid RMB445.3 million. This prime location will be developed into a five-star hotel and commercial complex with clubhouse, which the Group will then operate. The project will be overseen by a wholly-owned subsidiary of the Group, Tianjin Jingang Real Estate Investment Company Limited. The site is located in Tianjin Jinao International City, an area of the city favoured by expatriates. Tianjin is part of the Baohai Bay Rim area that has been identified as a focus for development in China's "11th Five Year Plan", and the Group believes that the growth prospects for the city are immense in the longer term.

Most recently, in March 2007, the Group resolved in a special general meeting to acquire an extra 15% share interest in the Shanghai Jingang North Bund Real Estate Company Limited, raising its stake in the company from 10% to 25%. The stake was purchased at a 12% discount from the Sinar Mas Group, reflecting Sinar Mas Group's strong support to HKC. This company is principally engaged in developing an integrated hotel, shopping mall and office complex on a premium 56,670 sq.m. site to the north of the International Passenger Transportation Terminal in Hongkou, Shanghai, targeted for completion in 2010. Located directly on the North Bund, the development is on one of the most attractive sites in Shanghai.

Using its business network, the Group has also begun looking outside tier one cities like Shanghai and Tianjin and assessing the property potential of many thriving tier-two cities. It is continuing to track down and acquire high-potential land banks in cities such as Wuhan, Chengdu and Guilin. All along, its strategy is to enhance the value of its property investment portfolio in every way possible, and seek out opportunities for maximizing the returns it enjoys from current property investments. This may involve selling non-core property assets, and using the funds to invest in properties with the potential for higher returns.

Alternative Energy

As alternative energy moves further and further into the spotlight globally as a priority for creating a sustainable future, the Group expects to build on its solid alternative energy foundations to invest further in this sector. In particular, it sees wind power as of very high potential, especially given the wind resources available in certain areas of China. Its wind power testing site in Inner Mongolia shows promising results, and the Group is planning to develop a power generation plant there with a capacity of between 100MW and 150MW, with completion earmarked for 2008. It aims to increase the generation capacity of the project to between 1,000MW and 1,500MW by 2020.

Besides wind power and waste-to-energy, the Group is also exploring other potential alternative energy avenues, such as biofuel. A type of renewable energy, biofuel is produced from palm oil and could help both resolve the problem

於二零零七年二月，本集團另一項地皮投標獲得接納。該投標乃一幅位於天津，佔地約61,000平方米的土地，本集團出價人民幣445,300,000元。此黃金地段將發展成一項集五星級酒店、商業中心及會所於一身之綜合項目，並將由本集團營運。該項目發展將由本集團全資附屬公司天津市金港置業投資有限公司監督。該地盤位於深受外籍人士歡迎之天津金奧國際城內。天津位於環渤海灣地帶，已認定為中國「第十一個五年計劃」之發展重點，本集團因而相信，長遠而言，天津市之發展前景一片秀麗。

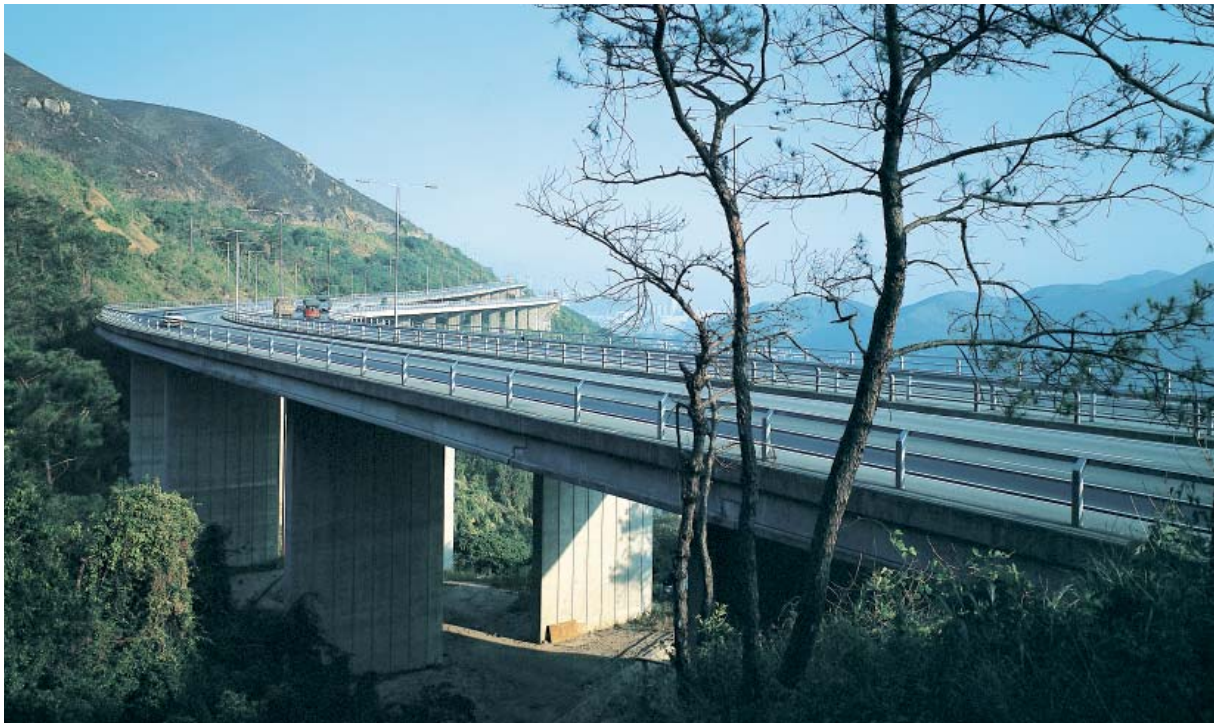
最近，於二零零七年三月，本集團在股東特別大會議決，收購上海金港北外灘置業有限公司額外15%的股本權益，致令其於該公司之股權由10%增至25%。該項股權乃從金光集團以12%折讓購入，充分反映金光集團對香港建設之大力支持。該公司之主要業務為於上海市虹口區國際客運中心北側，佔地約56,670平方米之地盤上，開發集合酒店、購物商場及辦公室的綜合項目。該項目旨在於二零一零年落成。該發展項目正位於北外灘，乃上海最具吸引力的地段之一。

本集團亦開始透過運用其業務網絡物色如上海及天津等一線城市以外地區，著眼於多個發展興旺之二線城市，並正評估當地之物業發展潛力。本集團繼續於武漢、成都及桂林等城市物色及收購潛力優厚的土地。一直以來，本集團策略為利用一切可行方法，致力提高其物業投資組合之價值，並探求機會，盡量擴大其現有物業投資之回報，當中或涉及出售非核心物業資產，及運用資金投資具高回報潛力之物業。

替代能源

作為締造日後持續發展之首選能源，替代能源逐步成為全球關注焦點，本集團預期將建基其於替代能源扎穩之根基，進一步投資此業務。特別是，由於中國若干地區蘊含風力資源，故風力發電潛力非常優厚。本集團於內蒙古之風力發電試點錄得良好測試結果，現正計劃於當地發展一座產能介乎100,000千瓦特至150,000千瓦特之發電廠，並預期於二零零八年落成。此發電廠旨在於二零二零年前提高該項目之發電能力至介乎1,000,000千瓦特至1,500,000千瓦特。

除風力發電及垃圾發電外，本集團亦正開拓其他具潛力之替代能源，例如生物燃料。生物燃料為可再造能源，由棕櫚油提煉而成，能有助解決化石燃料耗盡的問題，同時減少因使



Tuen Mun Road, Hong Kong 香港屯門公路

of fossil fuel depletion and reduce pollutants generated by the consumption of fossil fuels. With its strong long-term potential, we believe that such development has a promising future and could bring the Group huge economic advantages.

Construction

Recent positive developments in the Hong Kong economy indicate scope for new profitability in the construction sector, in which the Group remains active. Hong Kong's 2007/08 Budget forecast a budget surplus of HK\$55.1 billion for the year, and in the light of this the financial Secretary declared a continued Government commitment to earmarking an average of HK\$29.0 billion a year for Hong Kong infrastructure projects. Further, the Transport, Logistics and Infrastructure focus group of the Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong" has recommended that the Hong Kong Government should increase investment in developing the transport network linking Hong Kong and Mainland China, a further incentive for the Government to embark on new large-scale construction projects.

As an experienced and long-standing player in the Hong Kong construction industry, the Group sees good potential for selectively acquiring high margin construction projects in the coming few years. Specifically, the Group's wholly-owned subsidiary Hong Kong Construction (Hong Kong) Limited remains one of only a handful of companies qualified to submit tenders for all five categories of the HKSAR Government's Group C General and Group II Specialist contract lists.

用化石燃料產生之污染物。基於長期發展潛力雄厚，本集團相信，開發該項替代能源前景秀麗，能為本集團帶來龐大經濟利益。

建築

香港經濟近期蓬勃發展，為本集團仍然積極發展之建築業締造新獲利機會。香港二零零七／零八年度政府財政預算案預測，年內將錄得55,100,000,000港元財政盈餘，有見及此，財政司司長宣佈，政府繼續承諾每年平均劃撥29,000,000,000港元，投入香港基建項目。此外，《「十一五」與香港發展》經濟高峰會的交通、物流及基建專題小組已建議香港政府增加投資，發展連接香港及中國大陸的交通網絡，而此交通網絡可對政府進一步開展新大型建築項目起激勵作用。

作為香港經驗豐富兼歷史悠久之建築業翹楚，本集團洞悉行業於未來數年後之優厚潛力，可選擇爭取高回報之建築項目。特別是，本集團全資附屬公司香港建設（香港）工程有限公司仍為少數於香港特區政府丙組工程及第二組專門建造商名冊項下合資格競投全部五類工程之承建商之一。



Wind-powered Station, Heilongjiang 黑龍江風力發電廠

On the Mainland side, the Group's wholly-owned subsidiary Hong Kong Construction (China) Engineering Co., Ltd. is one of the few foreign companies to hold licences to act both as a "Main Contractor for Building Construction – Special Grade" and as a "Main Contractor for Municipal Public Work – First Grade (for roads, bridges and tunnels in city areas)". These licences, awarded by the PRC's Ministry of Construction, have been held by Hong Kong Construction (China) Engineering Co., Ltd.

Employees

As at the end of December 2006, the Group's operations in Hong Kong and Mainland China employed a total of approximately 335 employees. In addition, the Group periodically appoints technical and engineering consultants on contract terms for its ongoing construction projects. All employees are remunerated according to the nature of their jobs, their individual performance, the Group's overall performance, and the prevailing marketing conditions.

Liquidity and Financial Resources

As at 31st December 2006, the Group's total borrowings were reported at HK\$2,235.5 million, a rise of 69.2% when compared with the equivalent figure of HK\$1,321.3 million for 2005. The total borrowings for 2006 included Hong Kong Dollar borrowings totaling HK\$139.8 million (2005: HK\$272.8 million), Renminbi borrowings of HK\$2,095.7 million (2005: HK\$853.7 million) and no US Dollar borrowings in 2006 (2005: HK\$194.8 million).

Most of the Group's outstanding borrowings mature on dates spread over the next five years, with HK\$369.9 million repayable within one year or on demand, HK\$619.8 million repayable within two to five years, and HK\$1,245.8 million repayable after five years. All of the Group's outstanding borrowing takes the form of interest-bearing loans, with interest rates fixed at market prices.

在中國內地方面，本集團全資附屬公司香港建設（中國）工程有限公司為持有「房屋建築工程施工總承包特級」及「市政公用工程施工總承包壹級（限城市道路、橋樑及隧道工程）」牌照的少數外資公司之一。香港建設（中國）工程有限公司持有此等由中國建設部發出的牌照。

僱員

截至二零零六年十二月底，本集團在香港及中國內地合共聘有約335名僱員。此外，本集團亦以合約形式就持續建築項目委任技術及工程顧問。所有僱員薪酬按彼等之職務性質、個別工作表現、本集團整體業績及當時市況釐定。

流動資金及財務資源

於二零零六年十二月三十一日，本集團借貸總額為2,235,500,000港元，較二零零五年1,321,300,000港元增加69.2%。二零零六年之借貸總額包括港元借貸合共139,800,000港元（二零零五年：272,800,000港元）、人民幣借貸2,095,700,000港元（二零零五年：853,700,000港元），而於二零零六年並無美元借貸（二零零五年：194,800,000港元）。

本集團大部分尚未償還借貸於未來五年內到期，其中369,900,000港元須於一年內或應要求償還；619,800,000港元須於二至五年內償還；而1,245,800,000港元須於五年後償還。本集團所有未償還借貸均屬計息貸款，利率按市價釐定。

As at 31st December 2006, the Group had pledged deposits of HK\$294.2 million and unpledged cash and cash equivalents amounting to HK\$1,062.5 million. These figures compare very favourably to the equivalent respective figures of HK\$12.6 million and HK\$597.7 million recorded in the previous financial year.

One of the reasons for the improvement in the Group's cash position was the share placing completed on 23rd November 2006, when 607,664,546 new shares were placed at the price of HK\$1.1 per share to independent institutional investors. The net proceeds were HK\$655.0 million. The share placing strengthens the financial position of the Company and broadens its shareholder and capital base.

The Group did not use financial instruments for financial hedging purposes in 2006.

The year 2007 and beyond will see the Group continue in its efforts to establish an optimum financial structure that best reflects the long-term interests of its shareholders. To this end, it will actively consider a variety of alternative sources of funding through which to finance future investments.

Details of Charges in Group Assets

The year under review saw the Group and certain of its subsidiaries use properties and equipment worth HK\$2,118.3 million (2005: HK\$1,052.6 million) as security for bank and other loans.

Gearing Ratio

The Group's gearing ratio as at 31st December 2006 was 22.9%, compared with 33.5% at 31st December 2005. This figure is the ratio of total borrowings (excluding the amounts due to minority shareholders) less cash and cash equivalents (including pledged deposits), divided by the total equity.

Contingent Liabilities

- (a) The Group has contingent liabilities in respect of banking facilities granted to certain buyers of properties of the Group and its associated companies.
- (b) The Group has contingent liabilities in respect of performance bonds and guarantees under contracts and other agreements entered into in the normal course of business.

於二零零六年十二月三十一日，本集團有已抵押存款294,200,000港元及無抵押現金及現金等價物1,062,500,000港元，分別較上一個財政年度12,600,000港元及597,700,000港元為高。

本集團現金狀況有所改善，其中一項理由為二零零六年十一月二十三日完成股份配售，按每股1.1港元價格，向獨立機構投資者配售607,664,546股新股份。所得款項淨額為655,000,000港元。該配售鞏固本公司之財政狀況，並擴大其股東及資本基礎。

於二零零六年，本集團並無利用金融工具作金融對沖用途。

本集團於二零零七年及其後將繼續致力維持理想財務結構，以有效反映股東的長遠利益。就此，本集團將積極考慮各類融資方法，為日後的投資項目籌集資金。

本集團資產抵押詳情

於回顧年度，本集團及其若干附屬公司將總值2,118,300,000港元（二零零五年：1,052,600,000港元）的物業及設備作為銀行及其他貸款的抵押。

負債資本比率

本集團於二零零六年十二月三十一日的負債資本比率為22.9%，而二零零五年十二月三十一日則為33.5%。此數額為借貸總額（不包括應付少數股東款項）減現金及現金等價物（包括有抵押存款）除以權益總額的比率。

或然負債

- (a) 本集團就授予本集團及其聯營公司若干物業買方之銀行備用信貸持有或然負債。
- (b) 本集團就一般業務中訂立之合約及其他協議項下履約保證及擔保持有或然負債。