

**SEGMENT INFORMATION**

The analysis of the principal activities and the operating results of the Group for the financial year are set out as follows:

**For the year ended 31 December 2006**

	Property development HK\$'000	Property leasing HK\$'000	Building management and other services HK\$'000	Urban infrastructure HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Segment revenue</b>							
External customers	—	136,057	13,628	47,725	54	—	197,464
Inter-segments	—	4,638	—	—	—	(4,638)	—
	—	140,695	13,628	47,725	54	(4,638)	197,464
<b>Segment results</b>	(885)	129,492	6,805	998	(1,033)	—	135,377
Inter-segments	—	(1,462)	403	—	1,059	—	—
<b>Contribution from operations</b>	(885)	128,030	7,208	998	26	—	135,377
Gain on fair value adjustment on investment properties	—	361,628	—	—	—	—	361,628
Gain on disposal of investment properties	—	101,300	—	—	—	—	101,300
	(885)	590,958	7,208	998	26	—	598,305
Unallocated income and expenses							(28,865)
Gain on disposal of subsidiaries							624
Profit from operations							570,064
Finance costs							(70,912)
Share of profits less losses of associates							15
Share of profits less losses of a jointly-controlled entity							(17)
Profit before income tax							499,150
Income tax expense							(76,045)
Profit for the year							423,105
Profit attributable to equity holders of the Company							422,474
Minority interests							631
Profit for the year							423,105

## For the year ended 31 December 2005

	Property development	Property leasing	Building management and other services	Urban infrastructure	Others	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>							
External customers	—	107,386	12,762	42,064	419	—	162,631
Inter-segments	—	4,360	—	—	—	(4,360)	—
	—	111,746	12,762	42,064	419	(4,360)	162,631
<b>Segment results</b>	(932)	98,694	7,267	(3,870)	3,336	—	104,495
Inter-segments	—	(1,930)	34	—	1,896	—	—
<b>Contribution from operations</b>	(932)	96,764	7,301	(3,870)	5,232	—	104,495
Gain on fair value adjustment on investment properties	—	564,921	—	—	—	—	564,921
	(932)	661,685	7,301	(3,870)	5,232	—	669,416
Unallocated income and expenses							29,597
Gain on disposal of subsidiaries							8,407
Loss on disposal of an associate							(63)
Profit from operations							707,357
Finance costs							(50,894)
Share of profits less losses of associates							6
Share of profits less losses of a jointly-controlled entity							(6)
Profit before income tax							656,463
Income tax expense							(107,831)
Profit for the year							548,632

### **SIGNIFICANT INVESTMENTS HELD**

During the year, as announced on 23 October 2006, the Group disposed of its investment property at Nos. 8, 10 and 12 Lin Fa Kung Street West and Nos. 98 and 100 Tung Lo Wan Road at a consideration of HK\$245,000,000. The transaction brings along a net gain of approximately HK\$101,300,000. Save as above, there is no other material change in the significant investments and properties held by the Group.

### **DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

During the year, there was no material acquisitions and disposals of subsidiaries.

### **FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2006, the Group's bank and other borrowings and convertible bond amounted to HK\$1,381,601,000 (2005: HK\$1,143,964,000). Cash and bank balances amounted to HK\$88,509,000 (2005: HK\$72,196,000) and net borrowings amounted to HK\$1,293,092,000 (2005: HK\$1,071,768,000).

The Group's gearing ratio (which was expressed as a percentage of bank and other borrowings over the shareholders' funds) has remained steady at 53% which was the same ratio in last year.

Interest expenses for the year amounted to HK\$70,912,000 (2005: HK\$50,894,000) mainly due to higher interest rate environment during the year. The average cost of borrowings over the year was 5.75% (2005: 4.18%) which was expressed as a percentage of total interest expenses over the average total borrowings.

The Group's exposure to foreign currency risk mainly arises from the exchange rate movement between Hong Kong Dollar and Renminbi in relation to its PRC operations. The Group currently does not have a foreign currency hedging policy. In order to mitigate the foreign currency risk, the management closely monitors such risks and will consider hedging significant foreign currency exposure should the need arises.

During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

As at 31 December 2006, all the Group's borrowings were on a floating rates basis.

As at 31 December 2006, the Group's total net assets amounted to approximately HK\$2,602,542,000 (2005: HK\$2,177,890,000), an increase of HK\$424,652,000 or 19% when compared with last year. With the total number of ordinary shares in issue of 222,657,816 as at 31 December 2006, the net asset value per share was HK\$11.69 (2005: HK\$9.80).

**CHARGES ON THE GROUP'S ASSETS**

As at 31 December 2006, investment properties and properties held for sale of the Group with a total carrying value of approximately HK\$4,094,468,000 (2005: approximately HK\$3,566,730,000) were pledged to secure banking facilities for the Group.

**CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 December 2006.

**EMPLOYEES REMUNERATION**

The Group had 50 employees and 120 employees (2005: 37 employees and 113 employees) in Hong Kong and Mainland China respectively as at 31 December 2006. Total salaries and wages incurred during the year amounted to approximately HK\$18,858,000 (2005: approximately HK\$16,011,000). Employees were remunerated on the basis of their performance, experience and prevailing market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. During the year, share options were also granted to various directors and employees on a performance related basis.