1. GENERAL INFORMATION

Agile Property Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P. O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The Company and its subsidiaries (the "Group") are principally engaged in property development in mainland China.

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated accounts of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated accounts have been prepared under the historical cost convention.

The preparation of accounts in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated accounts, are disclosed in note 4.

(a) *Standards, amendments and interpretations effective in 2006 relevant for the Group's operations*

HKAS 39 and HKFRS 4 Amendment, Financial Guarantee Contracts is effective from 1 January 2006. The Group regards its financial guarantee contracts provided in respect of mortgages facilities for certain property purchasers as insurance contracts and the Group has made the assertion prior to the implementation of the amendments. Consequently, the adoption of HKAS 39 and HKFRS 4 Amendments does not have any significant impact to the Group's consolidated accounts.

(b) *Standards, amendments and interpretations effective in 2006 but not relevant for the Group's operations*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

- HKAS 19 Amendment, Actuarial Gains and Losses, Group Plans and Disclosures;
- HKAS 21 Amendment, Net Investment in a Foreign Operation;
- HKAS 39 Amendment, Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- HKAS 39 Amendment, The Fair Value Option;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) *Standards, amendments and interpretations effective in 2006 but not relevant for the Group's operations* (Continued)

- HKFRS 6, Exploration for and Evaluation of Mineral Resources;
- HKFRS 1 and HKFRS 6 Amendment, First-time Adoption of International Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources;
- HK(IFRIC)-Int 4, Determining whether an Arrangement contains a Lease;
- HK(IFRIC)-Int 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- HK(IFRIC)-Int 6, Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment.

(c) *Interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards and interpretation to existing standards have been published that are relevant to the Group's operations but are not yet effective for annual period beginning on 1 January 2006 and have not been early adopted by the Group.

- HKFRS 7, Financial instruments: Disclosures and HKAS 1, Amendments to capital disclosures (effective for annual periods beginning on or after 1 January 2007);
- HKFRS 8, Operating Segment (effective for annual periods beginning on or after 1 January 2009); and
- HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(d) *Interpretation to existing standards that are not yet effective and not relevant for the Group's operations*

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 March 2006 or later periods but are not relevant for the Group's operations:

- HK(IFRIC)-Int 7, Applying the Restatement Approach under IAS/HKAS 29, Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006);

- HK(IFRIC)-Int 8, Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006);

- HK(IFRIC)-Int 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006);

- HK(IFRIC)-Int 11, HKFRS 2-Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007); and

- HK(IFRIC)-Int 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008).

2.2 Consolidation

The consolidated accounts include the accounts of the Company and all of its subsidiaries made up to 31 December.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

Subsidiaries (Continued)
The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2.3 Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) *Functional and presentation currency*
Items included in the accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated accounts are presented in Renminbi (the "RMB"), which is the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment mainly comprise motor vehicles and office equipments.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Office equipment	5–8 years
Motor vehicles	5–10 years
Machinery	5–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised with other (losses)/gains — net in the income statement.

2.6 Intangible assets

Intangible assets mainly comprise acquired software license. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (two to five years).

2.7 Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

2.8 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

Impairment testing of trade and other receivables is described in note 2.11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of property comprises construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will be realised within one normal operating cycle from the balance sheet date.

2.10 Completed properties held for sale

Completed properties remaining unsold at the end of the year are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term high liquidity investment with original maturities of three months or less.

2.13 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost, and difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the respective balance sheet date.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Group participates in a defined contribution scheme administrated by the relevant authority of the PRC.

Contributions to the schemes are calculated as a percentage of employees' salaries. The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.17 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more possible that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities, revenue is shown net of discount and after eliminating revenue made between the Group entities. Revenue is recognised as follows:

(i) *Sales of properties*

Revenue from sales of properties is recognised when a Group entity has delivered the relevant properties to the purchaser and collectibility of related receivable is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(ii) *Property management*

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

(iii) *Decoration services*

Revenue from decoration service is recognised in the accounting period in which the services are rendered.

(iv) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) *The Group is the lessee*

Payments made under operating leases (net of any incentives received from the lessor), including up-front prepayment made for the land use rights, are charged to the income statement on a straight-line basis over the period of the lease.

(ii) *The Group is the lessor*

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

2.20 Dividend distribution

Dividend distribution to the equity holders of the subsidiaries and the Company's shareholders is recognised as a liability in the Group's accounts in the period in which the dividends are approved by the equity holders or shareholders of relevant companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated income statement.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers and financial guarantee contracts provided to its related parties as insurance contracts.

3. FINANCIAL RISK MANAGEMENT

The Group conducts its operations in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

3.1 Financial risk factor

(i) *Foreign exchange risk*

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties are in other foreign currencies. As at 31 December 2006, major non-RMB items are cash and cash equivalents denominated in HK dollar and US dollar and senior notes denominated in US dollar. Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. Given the general expectations about the strengthening of RMB, the Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk.

(ii) *Interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its long term borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Group to fair value interest-rate risk. The Group has a policy to place surplus of funds with creditable financial institutions which offer the best return for the Group on a short-term basis.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factor

(iii) *Credit risk*

The Group has no concentrations on credit risk. Cash transactions are limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank, trade receivables, other receivables and prepayment.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 30.

(iv) *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its construction commitments.

3.2 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments or estimated discounted cash flows.

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair values due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the accounts are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

(a) Current taxation and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Current taxation and deferred taxation (Continued)

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred assets and income tax expenses in the periods in which such estimate is changed.

(b) Land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the cost of sales. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the cost of sales and provisions of land appreciation taxes in the period in which such determination is made.

5. SEGMENT INFORMATION

The Group is organised into three business segments: property development, property management and decoration. As less than 10% of the Group's consolidated turnover and results are attributable to the market outside the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, no geographical segment information is presented.

(All amounts in RMB thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

Analysis of turnover by category for the years ended 31 December 2006 and 2005 is as follows:

	2006	2005
Property development	6,544,706	5,264,242
Property management and related services	130,450	96,909
Decoration	—	9,463
	6,675,156	5,370,614

Segment results and capital expenditure for the years ended 31 December 2006 and 2005 are as follows:

Year ended 31 December 2006

	Property development	Property management	Decoration	Elimination	Group
Gross segment turnover	6,544,706	158,960	83,286	—	6,786,952
Inter-segment turnover	—	(28,510)	(83,286)	—	(111,796)
Turnover	6,544,706	130,450	—	—	6,675,156
Segment result	1,906,043	(229)	18,682	(9,160)	1,915,336
Finance costs (note 25)					(48,474)
Profit before income tax					1,866,862
Income tax expenses (note 26)					(616,354)
Profit for the year					1,250,508
Segment assets	17,485,299	198,060	71,201	(270,808)	17,483,752
Segment liabilities	10,116,982	218,226	26,445	(262,091)	10,099,562
Capital expenditure	22,330	24,908	2,220	(2,540)	46,918
Depreciation	9,674	5,373	930	—	15,977
Amortisation	44,068	45	—	—	44,113

(All amounts in RMB thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

Year ended 31 December 2005

	Property development	Property management	Decoration	Elimination	Group
Gross segment turnover	5,264,242	116,811	149,553	—	5,530,606
Inter-segment turnover	—	(19,902)	(140,090)	—	(159,992)
Turnover	5,264,242	96,909	9,463	—	5,370,614
Segment result	1,428,556	731	49,415	(10,767)	1,467,935
Finance costs (note 25)					(9,873)
Profit before income tax					1,458,062
Income tax expenses (note 26)					(475,094)
Profit for the year					982,968
Segment assets	9,660,223	11,441	68,341	(119,693)	9,620,312
Segment liabilities	5,136,037	31,450	45,068	(102,368)	5,110,187
Capital expenditure	273,201	6,132	4,942	—	284,275
Depreciation	8,046	4,343	817	—	13,206
Amortisation	27,969	43	—	—	28,012

(All amounts in RMB thousands unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT — GROUP

	Buildings	Motor vehicles	Office equipment	Machinery	Total
At 1 January 2005					
Cost	4,700	51,744	14,792	14,058	85,294
Accumulated depreciation	(743)	(21,287)	(6,587)	(5,116)	(33,733)
Net book amount	3,957	30,457	8,205	8,942	51,561
Year ended 31 December 2005					
Opening net book amount	3,957	30,457	8,205	8,942	51,561
Additions	4,655	20,759	4,920	747	31,081
Disposals (note 29)	(2,125)	(1,212)	(52)	(159)	(3,548)
Depreciation (note 22)	(242)	(9,180)	(2,501)	(1,283)	(13,206)
Closing net book amount	6,245	40,824	10,572	8,247	65,888
At 31 December 2005					
Cost	6,720	67,587	19,604	14,503	108,414
Accumulated depreciation	(475)	(26,763)	(9,032)	(6,256)	(42,526)
Net book amount	6,245	40,824	10,572	8,247	65,888
Year ended 31 December 2006					
Opening net book amount	6,245	40,824	10,572	8,247	65,888
Acquisition of subsidiaries (note 32)	—	—	1,113	—	1,113
Additions	22,641	12,651	5,926	1,820	43,038
Disposals (note 29)	—	(177)	(908)	(40)	(1,125)
Depreciation (note 22)	(471)	(10,224)	(2,127)	(3,155)	(15,977)
Closing net book amount	28,415	43,074	14,576	6,872	92,937
At 31 December 2006					
Cost	29,361	78,136	25,597	16,139	149,233
Accumulated depreciation	(946)	(35,062)	(11,021)	(9,267)	(56,296)
Net book amount	28,415	43,074	14,576	6,872	92,937

(All amounts in RMB thousands unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT — GROUP (Continued)

Depreciation expense was expensed in the following categories in the consolidated income statement:

	2006	2005
Cost of sales	6,268	2,652
Selling and marketing costs	3,157	4,664
Administrative expenses	6,552	5,890
	15,977	13,206

7. LAND USE RIGHTS — GROUP

	2006	2005
Opening	1,530,340	1,805,663
Acquisition of subsidiaries (note 32)	829,786	—
Additions	3,142,137	265,444
Amortisation		
— Capitalised in properties under development	(3,413)	—
— Recognised as expenses (note 22)	(39,824)	(27,697)
Transfer to cost of sales	(493,650)	(513,070)
	4,965,376	1,530,340
Amount will be realised within one normal operating cycle after the balance sheet date included under current assets	(1,595,927)	(772,243)
	3,369,449	758,097
Outside Hong Kong, held on leases of:		
Over 50 years	4,957,936	1,520,064
Between 10 to 50 years	7,440	10,276
	4,965,376	1,530,340

Land use rights comprise cost of acquiring rights to use certain land, which are all located in the PRC, mainly for property development over fixed periods. Cost of prepaid lease for land use rights is amortised on a straight-line basis over the unexpired of the rights and the remaining carrying amount is recognised as cost of sales when the relevant properties are sold.

As at 31 December 2006, land use rights of RMB566,936,000 (2005: RMB535,679,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2006, certificates of land use rights of RMB111,323,000 (2005: RMB28,391,000) were not yet obtained.

(All amounts in RMB thousands unless otherwise stated)

8. INTANGIBLE ASSETS — GROUP

Intangible assets mainly comprised acquired computer software licenses:

	2006	2005
Opening net book amount	788	656
Additions	2,767	447
Amortisation (note 22)	(876)	(315)
Closing net book amount	2,679	788
Cost	3,995	1,228
Accumulated amortisation	(1,316)	(440)
Net book amount	2,679	788

9. INVESTMENT IN SUBSIDIARIES — COMPANY

Amount represents investment in Eastern Supreme Group Limited, which is investment in an unlisted company and stated at cost.

Particulars of principal subsidiaries are set out below:

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
Directly held by the Company				
Eastern Supreme Group Limited ("Eastern Supreme")	British Virgin Islands (the "BVI")/limited liability company	US$10,000	100%	Investment holding/ The People's Republic of China ("PRC")
Indirectly held by the Company				
Agile Investment Consultants Limited	Hong Kong/limited liability company	HK$2	100%	Marketing/Hong Kong
Boldham Holdings Limited	BVI/limited liability company	US$1,000	100%	Investment holding/ PRC

(All amounts in RMB thousands unless otherwise stated)

9. INVESTMENT IN SUBSIDIARIES — COMPANY (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
Champoint Holdings Limited	BVI/limited liability company	US$2	100%	Investment holding/PRC
Chieffield Global Limited	BVI/limited liability company	US$2,000	100%	Investment holding/PRC
East Kent International Limited	BVI/limited liability company	US$1	100%	Investment holding/PRC
Eternal Sun International Limited	BVI/limited liability company	US$20,000	100%	Investment holding/PRC
Evertron International Limited	BVI/limited liability company	US$1,000	100%	Investment holding/PRC
Forever Fame Holdings Limited	BVI/limited liability company	US$2	100%	Investment holding/PRC
Genesis Global Development Limited	BVI/limited liability company	US$2	100%	Investment holding/PRC
Hefty Wealth Group Limited	BVI/limited liability company	US$20	100%	Investment holding/PRC
Hong Kong Agile Property Management Services Limited	Hong Kong/limited liability company	US$20,000	100%	Property management/ Hong Kong
Intersino Holdings Limited	BVI/limited liability company	US$20	100%	Investment holding/PRC
Ma Lee International Holdings Limited	Hong Kong/limited liability company	HK$10	100%	Investment holding/PRC
Makel International Limited	BVI/limited liability company	US$10	100%	Investment holding/PRC

(All amounts in RMB thousands unless otherwise stated)

9. INVESTMENT IN SUBSIDIARIES — COMPANY (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
Maxsino Investments Limited	BVI/limited liability company	US$20,000	100%	Investment holding/PRC
Mexon Holdings Limited	BVI/limited liability company	US$20,000	100%	Investment holding/PRC
Nga Koi Lok Development and Investment Company Limited	Macau/limited liability company	MOP$25,000	100%	Marketing/Macau
Pomaine International Limited	BVI/limited liability company	US$20	100%	Investment holding/PRC
Primeast International Limited	BVI/limited liability company	US$100	100%	Investment holding/PRC
Proactive Asia Investments Limited	BVI/limited liability company	US$1	100%	Investment holding/PRC
Profitica Group Limited	BVI/limited liability company	US$200	100%	Investment holding/PRC
Prospero International Group Limited	BVI/limited liability company	US$2,000	100%	Investment holding/PRC
Rich Pacific International Limited	BVI/limited liability company	US$1	100%	Investment holding/PRC
Rise Max Investments Limited	BVI/limited liability company	US$1	100%	Investment holding/PRC
Rovex Holdings Limited	BVI/limited liability company	US$20,000	100%	Investment holding/PRC
Sino Casa International Limited	BVI/limited liability company	US$2,000	100%	Investment holding/PRC
Sinorinc Investments Limited	BVI/limited liability company	US$20	100%	Investment holding/PRC

(All amounts in RMB thousands unless otherwise stated)

9. INVESTMENT IN SUBSIDIARIES — COMPANY (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
Smooth State International Limited	BVI/limited liability company	US$1	100%	Investment holding/PRC
Success Port Global Limited	BVI/limited liability company	US$1	100%	Investment holding/PRC
Supremacy Development Limited	BVI/limited liability company	US$1	100%	Investment holding/PRC
Top Delight International Limited	BVI/limited liability company	US$2	100%	Investment holding/PRC
Worldwide Trinity Limited	Hong Kong/limited liability company	HK$1	100%	Investment holding/PRC
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Real Estate Development Ltd. (note i)	PRC/sino-foreign equity joint venture enterprise	RMB100,000,000	98%	Property development/PRC
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Real Estate Development Ltd. (note i)	PRC/sino-foreign equity joint venture enterprise	RMB30,000,000	98%	Property development/PRC
廣州白雲雅居樂房地產開發有限公司 Guangzhou Baiyun Agile Real Estate Development Ltd. (note i)	PRC/sino-foreign cooperative joint venture enterprise	US$3,775,000	100%	Property development/PRC
廣州雅居樂房地產開發有限公司 Guangzhou Agile Real Estate Development Ltd. (note i)	PRC/sino-foreign cooperative joint venture enterprise	US$6,927,500	100%	Property development/PRC

(All amounts in RMB thousands unless otherwise stated)

9. INVESTMENT IN SUBSIDIARIES — COMPANY (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
廣州市花都雅居樂物業管理服務有限公司 Guangzhou Huadu Agile Property Management Services Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB500,000	100%	Property management/ PRC
廣州雅居樂物業管理服務有限公司 Guangzhou Agile Property Management Services Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB1,000,000	100%	Property management/ PRC
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd.) (note i)	PRC/wholly foreign owned enterprise	HK$170,000,000	100%	Property development/ PRC
中山市雅居樂地產置業有限公司 Zhongshan Agile Property Land Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB3,000,000	100%	Management consultancy/ PRC
中山雅居樂雍景園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Development Ltd.	PRC/wholly foreign owned enterprise	RMB120,000,000	100%	Property development/ PRC
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Real Estate Development Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB42,000,000	100%	Property development/ PRC
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB90,000,000	100%	Property development/ PRC
中山市雅居樂物業管理服務有限公司 Zhongshan Agile Property Management Services Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB5,000,000	100%	Property management/ PRC
中山市時興裝飾有限公司 Zhongshan Fashion Decoration Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB5,000,000	100%	Decoration services/PRC

(All amounts in RMB thousands unless otherwise stated)

9. INVESTMENT IN SUBSIDIARIES — COMPANY (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
中山市雅建房地產發展(澳門)有限公司 Zhongshan Ever Creator Real Estate Development (Macau) Ltd.	Macau/limited liability company	MOP$961,000	100%	Marketing/PRC
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	US$25,000,000	100%	Property development/ PRC
佛山市南海區雅居樂物業管理服務有限公司 Foshan Nanhai Agile Property Management Services Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB500,000	100%	Property management/ PRC
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Ltd. (note i)	PRC/wholly foreign owned enterprise	RMB30,000,000	100%	Property development/ PRC
佛山市三水雅居樂房地產有限公司 Foshan Shanshui Agile Real Estate Development Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	HK$100,000,000	100%	Property development/ PRC
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	HK$200,000,000	100%	Property development/ PRC
惠州白鷺湖旅遊實業開發有限公司 Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (note i)	PRC/sino-foreign equity joint venture enterprise	HK$100,000,000	99.5%	Property development/ PRC
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Co., Ltd.	PRC/wholly foreign owned enterprise	US$35,014,800	100%	Property development/ PRC
成都雅居樂房地產開發有限公司 Chengdu Agile Real Estate Development Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	HK$55,000,000	100%	Property development/ PRC

9. INVESTMENT IN SUBSIDIARIES — COMPANY (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	HK$500,000,000	100%	Property development/ PRC
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note i)	PRC/wholly foreign owned enterprise	HK$400,000,000	100%	Property development/ PRC
陝西昊瑞房地產開發有限責任公司 Shaanxi Haorui Real Estate Development Co., Ltd. (note i)	PRC/limited liability company	RMB90,000,000	100%	Property development/ PRC

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

(All amounts in RMB thousands unless otherwise stated)

10. PROPERTIES UNDER DEVELOPMENT — GROUP

	2006	2005
Properties under development of which:		
— will be realised within one normal operating cycle from the balance sheet date included in current assets	**2,209,242**	1,870,048
— will not be realised within one normal operating cycle from the balance sheet date included in non-current assets	**—**	47,784
	2,209,242	1,917,832
Amount comprises:		
Construction costs and capitalised expenditures	**2,129,760**	1,862,041
Interests capitalised		
Opening balance	**55,791**	99,127
Additions (note 25)	**94,188**	72,351
Transfer to cost of sales	**(34,215)**	(65,685)
Transfer to properties held for sale	**(36,282)**	(50,002)
Closing balance	**79,482**	55,791
	2,209,242	1,917,832

All properties under development are located in the PRC.

As at 31 December 2006 and 2005, no properties under development were pledged as collateral for the Group's borrowings.

The capitalisation rate of borrowings is 5.78% for the year ended 31 December 2006 (2005: 6.08%).

11. COMPLETED PROPERTIES HELD FOR SALE — GROUP

All completed properties held for sale are located in the PRC.

As at 31 December 2006, completed properties held for sale of approximately RMB23,851,000 (2005: RMB25,122,000) were pledged as collateral for the Group's bank borrowings.

(All amounts in RMB thousands unless otherwise stated)

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
Trade receivables (note (a))	**470,584**	278,940	**—**	—
Other receivables due from:				
— Subsidiaries	**—**	—	**4,736,980**	226,126
— Related parties (note 33 (c))	**291**	472	**—**	—
— Third parties	**73,953**	144,999	**—**	—
Prepayments	**46,501**	5,114	**1,356**	—
	591,329	429,525	**4,738,336**	226,126

As at 31 December 2006, the fair value of trade and other receivables approximated their carrying amounts.

(a) Trade receivables mainly arised from sale of properties. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements. At 31 December 2006 and 2005, the ageing analysis of the trade receivables were as follows:

	Group	
	2006	2005
Within 90 days	**457,192**	183,275
Over 90 days and within 365 days	**13,392**	95,665
	470,584	278,940

13. RESTRICTED CASH

Restricted cash comprised of:

(a) As at 31 December 2006, the Group's cash of approximately RMB55,899,000 (2005: RMB25,060,000) was deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties.

(b) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of proceeds from pre-sales of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchase of construction materials and payments of construction fee of the relevant property projects when approval from local State-Owned Land and Resource Bureau is obtained. As at 31 December 2006, the guarantee deposits amounted to approximately RMB230,158,000 (2005: RMB141,426,000). Such guarantee deposits will only be released after completion of construction of related pre-sold properties or issuance of the real estate ownership certificate.

(All amounts in RMB thousands unless otherwise stated)

13. RESTRICTED CASH (Continued)

(c) In accordance with regulation issued by local government in 2005, certain property development companies of the Group are required to maintain certain amount of cash at designated bank accounts solely for medical expenses and compensations to the workers carrying out construction projects. As at 31 December 2006, these cash in bank amounted to approximately RMB17,554,000 (2005: RMB8,293,000).

(d) As at 31 December 2006, the Company's bank deposits of approximately RMB301,539,000 (2005: nil) were pledged as collateral for the Group's borrowings (note 17). Such guarantee will be released after the repayment of the relevant borrowings.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	**2006**	2005
Cash and cash equivalent comprises the following:				
Cash at bank and in hand	**5,349,010**	2,621,776	**3,327,391**	1,416,407
Short-term bank deposits	**442,254**	104,030	**442,254**	104,030
High liquidity investment (note (b))	**8,394**	1,654,175	**8,394**	1,654,175
Subtotal:	**5,799,658**	4,379,981	**3,778,039**	3,174,612
Less: Restricted cash (note 13)	**(605,150)**	(174,779)	**(301,539)**	—
	5,194,508	4,205,202	**3,476,500**	3,174,612
Denominated in RMB (note (a))	**1,737,687**	1,037,544	**—**	—
Denominated in other currencies	**4,061,971**	3,342,437	**3,778,039**	3,174,612
	5,799,658	4,379,981	**3,778,039**	3,174,612

Notes:

(a) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

(b) Amount represents the cash placed at an account with private wealth management of Morgan Stanley Dean Witter Asia Limited for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Morgan Stanley Dean Witter Asia Limited cannot exercise any discretion with respect to financial activities in this account and the Company can make withdrawals without restriction or penalty.

15. SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised					
Ordinary shares of HK$1.0 each upon incorporation	390,000	390	406	—	406
Subdivision of shares	3,510,000	—	—	—	—
Ordinary shares of HK$0.1 each	3,900,000	390	406	—	406
Increase in authorised share capital	9,996,100,000	999,610	1,039,894	—	1,039,894
	10,000,000,000	1,000,000	1,040,300	—	1,040,300
Movements were:					
Issued and fully paid					
Issued ordinary shares of HK$1.00	2	—	—	—	—
Subdivision of shares	18	—	—	—	—
	20	—	—	—	—
Share issued in respect of acquisition of Eastern Supreme	199,999,980	20,000	20,824	—	20,824
Capitalisation of share premium account	2,291,500,000	229,150	238,591	(238,591)	—
Issue of shares in connection with the Company's listing	973,760,000	97,376	101,388	3,244,412	3,345,800
Placing and listing expense	—	—	—	(166,448)	(166,448)
At 31 December 2005	3,465,260,000	346,526	360,803	2,839,373	3,200,176
At 1 January 2006	3,465,260,000	346,526	360,803	2,839,373	3,200,176
Share placement (note (a))	280,400,000	28,040	28,332	1,898,218	1,926,550
Share placement expenses (note (a))	—	—	—	(24,504)	(24,504)
At 31 December 2006	3,745,660,000	374,566	389,135	4,713,087	5,102,222

(a) On 10 November 2006, pursuant to a placing and subscription agreement between the Company and a placing agent, the Company issued an aggregate of 280,400,000 new ordinary shares of HK$0.1 each to certain independent institutional investors at a price of HK$6.8 per share (the "Placing"). The net proceeds to the Company from the Placing amounted to approximately HK$1,880 million.

(All amounts in RMB thousands unless otherwise stated)

16. OTHER RESERVES

	Group		
	Merger reserve (note (a))	**Statutory reserve and enterprise expansion fund (note (b))**	**Total**
Balance at 1 January 2005	428,668	2,863	431,531
Capital injection by the then shareholders to the subsidiaries of the Group	13,727	—	13,727
Transfer from retained earnings	—	51,267	51,267
Balance at 31 December 2005	442,395	54,130	496,525
Balance at 1 January 2006	442,395	54,130	496,525
Transfer from retained earnings	—	58,200	58,200
Balance at 31 December 2006	442,395	112,330	554,725

(a) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired pursuant to a group reorganisation undertaken for listing of Company on the mainboard of the Stock Exchange of Hong Kong Limited (the "Reorganisation") over the nominal value of the shares of the Company issued in exchange.

(b) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in the form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the subsidiaries.

(All amounts in RMB thousands unless otherwise stated)

17. BORROWINGS

	Group		Company	
	2006	2005	**2006**	2005
Borrowings included in non-current liabilities:				
Senior notes	**3,045,442**	—	**3,045,442**	—
Bank borrowings				
— secured	**1,839,200**	1,285,700	**—**	—
— unsecured	**175,000**	—	**—**	—
Less: Amount due within one year	**(351,200)**	(507,500)	**—**	—
	4,708,442	778,200	**3,045,442**	—
Borrowings included in current liabilities:				
Secured bank borrowings	**300,000**	—	**—**	—
Current portion of long-term borrowings	**351,200**	507,500	**—**	—
	651,200	507,500	**—**	—

On 22 September 2006, the Company issued 9% senior notes with an aggregated nominal value of US$400,000,000 (equivalent to approximately RMB3,167,520,000) at face value. The net proceeds after deducting the notes issuance cost amounted to approximately US$389,719,000 (equivalent to RMB3,086,104,000). The senior notes mature seven years from the issue date at their nominal value of US$400,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes at any time prior to the mature date at the redemption prices specified in the offering memorandum, plus accrued and unpaid interest to the redemption date.

The senior notes recognised in the balance sheet are calculated as follows:

	2006
Face value of senior notes issued on 22 September 2006	**3,167,520**
Issue costs	**(81,416)**
Fair value at the date of issuance	**3,086,104**
Amortisation of issue costs (note 25)	**2,338**
Exchange gain (note 25)	**(43,000)**
Carrying amount at 31 December 2006	**3,045,442**

(All amounts in RMB thousands unless otherwise stated)

17. BORROWINGS (Continued)

As at 31 December 2006, the senior notes are jointly guaranteed by certain subsidiaries, and are secured by pledges of the shares of the subsidiaries. The net assets of these subsidiaries were approximately RMB884,508,000 as at 31 December 2006.

The Group's bank borrowings of RMB2,139,200,000 (2005: RMB1,285,700,000) as at 31 December 2006 are secured by its land use rights, properties and bank deposits.

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	6 months or less	**6–12 months**	**1–5 years**	**Over 5 years**
Borrowings included in non-current liabilities:				
At 31 December 2006	1,258,000	405,000	—	3,045,442
At 31 December 2005	248,200	530,000	—	—
Borrowings included in current liabilities:				
At 31 December 2006	20,200	631,000	—	—
At 31 December 2005	106,500	401,000	—	—

The maturity of the borrowings included in non-current liabilities is as follows:

	Bank borrowings		**Senior notes**	**Total**	
	2006	2005	**2006**	**2006**	2005
Between 1 and 2 years	**253,000**	400,200	**—**	**253,000**	400,200
Between 2 and 5 years	**1,410,000**	378,000	**—**	**1,410,000**	378,000
Over 5 years	**—**	—	**3,045,442**	**3,045,442**	—
	1,663,000	778,200	**3,045,442**	**4,708,442**	778,200

(All amounts in RMB thousands unless otherwise stated)

17. BORROWINGS (Continued)

The carrying amounts of the borrowings are denominated in the following currencies with the respective effective interest rates:

	2006	2006 Effective interest rate	2005	2005 Effective interest rate
Bank borrowings — RMB	**2,314,200**	**5.78%**	1,285,700	6.08%
Senior notes — US dollar	**3,045,442**	**9.51%**	—	—
	5,359,642		1,285,700	

The carrying amounts and fair value of the non-current borrowings are as follows:

	2006 Carrying amount	2006 Fair value	2005 Carrying amount	2005 Fair value
Bank borrowings (note (a))	**1,663,000**	**1,663,000**	778,200	778,200
Senior notes (note (b))	**3,045,442**	**3,217,184**	—	—
	4,708,442	**4,880,184**	778,200	778,200

(a) The fair values of non-current bank borrowings approximate their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using an effective interest rate presented above of 5.78% (2005: 6.08%).

(b) The fair values of senior notes are determined directly by references to the price quotations published by Singapore Exchange Limited on 29 December 2006, the last dealing date of Year 2006.

The carrying amounts of short-term borrowings approximate their fair value.

The Group has the following undrawn borrowing facilities:

	2006	2005
Floating rate		
— expiring beyond one year	**700,000**	925,000

(All amounts in RMB thousands unless otherwise stated)

18. DEFERRED INCOME TAX — GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2006	2005
Deferred income tax assets to be recovered within 12 months	**29,417**	17,397
Deferred income tax liabilities to be recognised after more than 12 months	**(579,472)**	(311,615)

The net movement on the deferred income tax account is as follows:

	2006	2005
Beginning of the year	**(294,218)**	5,444
Charged to consolidated income statement (note 26)	**(83,698)**	(299,662)
Acquisition of subsidiaries (note 32)	**(172,139)**	—
End of the year	**(550,055)**	(294,218)

(All amounts in RMB thousands unless otherwise stated)

18. DEFERRED INCOME TAX — GROUP (Continued)

The movements in deferred tax assets and liabilities during the year were as follows:

Deferred income tax assets

	Temporary difference on recognition of sales and related cost of sales	Temporary difference on recognition of expenses	Tax losses	Total
At 1 January 2005	56,809	645	12,999	70,453
(Charged)/credited to the consolidated income statement	(56,809)	(645)	4,398	(53,056)
At 31 December 2005	—	—	17,397	17,397
Credited to the consolidated income statement	—	—	12,020	12,020
At 31 December 2006	—	—	29,417	29,417

Deferred income tax liabilities

	Temporary difference on recognition of sales and related cost of sales
At 1 January 2005	(65,009)
Charged to the consolidated income statement	(246,606)
At 31 December 2005	(311,615)
Charged to the consolidated income statement	(95,718)
Acquisition of subsidiaries (note 32)	(172,139)
At 31 December 2006	(579,472)

Deferred income tax arose as a result of differences in timing of recognising certain revenues, costs and expenses between the tax based accounts and the HKFRS accounts. This constitutes temporary differences, being the differences between the carrying amount of the assets or liabilities in the consolidated balance sheets and its tax bases in accordance with Hong Kong Accounting Standard 12.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. Losses amounting to approximately RMB3,024,000, RMB8,856,000, RMB12,999,000, RMB14,357,000 and RMB49,906,000 will expire in 2007, 2008, 2009, 2010 and 2011 respectively.

(All amounts in RMB thousands unless otherwise stated)

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2006	2005	**2006**	2005
Trade payables (note (a))	**2,089,550**	1,751,458	**—**	—
Other payables due to:				
— Subsidiaries	**—**	—	**30,283**	14,998
— Related parties (note 33 (c))	**4,597**	33,901	**—**	—
— Third parties	**360,006**	248,116	**—**	—
Advances from customers	**491,311**	966,725	**—**	—
Staff welfare benefit payable	**454**	5,784	**—**	—
Accruals	**131,556**	92,384	**86,588**	49,704
Other taxes payable (note (b))	**878,830**	373,650	**—**	—
	3,956,304	3,472,018	**116,871**	64,702

Notes:

(a) The ageing analysis of trade payables of the Group as at 31 December 2006 and 2005 is as follows:

	Group	
	2006	2005
Within 90 days	**1,276,374**	1,003,401
Over 90 days and within 180 days	**277,441**	426,914
Over 180 days and within 365 days	**389,748**	143,118
Over 365 days	**145,987**	178,025
	2,089,550	1,751,458

(b) As at 31 December 2006, included in other tax payable, there is a land appreciation tax payable of approximately RMB855,674,000 (2005: RMB346,789,000).

20. EXCHANGE LOSSES, NET

Amount mainly arose from transfer of Hong Kong dollar bank deposits to Renminbi bank accounts of the Group's PRC subsidiaries and revaluation of the remaining Hong Kong dollar bank deposits as at balance sheet date as a result of appreciation of Renminbi for the year ended 31 December 2006.

(All amounts in RMB thousands unless otherwise stated)

21. OTHER INCOME

	2006	2005
Interest income (note (a))	**100,256**	48,275
Forfeited deposits from customers	**6,161**	3,730
Rental Income	**10,118**	2,036
Miscellaneous	**8,327**	2,655
	124,862	56,696

Note (a): Interest income for the year ended 31 December 2006 is mainly derived from cash proceeds of issuance of senior notes and placement of new shares deposited in banks.

22. OPERATING PROFIT

Operating profit is stated after charging the following:

	2006	2005
Employee benefit expense-excluding directors' emoluments (note 23)	**167,362**	99,002
Auditors' remuneration	**4,772**	2,710
Advertising costs	**175,260**	156,678
Depreciation (note 6)	**15,977**	13,206
Amortisation of intangible assets (note 8)	**876**	315
Amortisation of land use rights (note 7)	**39,824**	27,697
Cost of properties sold	**3,320,382**	2,966,278
Business taxes and other levies on sales of properties (note (a))	**331,552**	268,635
Land appreciation tax	**557,064**	280,946
Cost of properties management	**88,535**	80,799
Commission fee	**20,736**	10,728
Other expenses	**77,074**	40,442
Total cost of sales, selling and marketing costs and administrative expenses	**4,799,414**	3,947,436

Note (a): The PRC companies of the Group are subject to business taxes of 5% and other levies on their revenues from sales of properties.

(All amounts in RMB thousands unless otherwise stated)

23. EMPLOYEE BENEFIT EXPENSE — EXCLUDING DIRECTORS' EMOLUMENTS

	2006	2005
Wages and salaries	146,478	85,125
Pension costs — statutory pension (note (a))	4,857	4,162
Staff welfare	8,410	7,156
Medical benefits	2,192	817
Other allowances and benefits	5,425	1,742
	167,362	99,002

Note (a): Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The gross retirement scheme contributions for the employees, which have been dealt with in the consolidated income statement of the Group, amounted to RMB4,857,000 (2005: RMB4,162,000).

24. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of every director of the Company for the year ended 31 December 2006 are set out below:

	Fees	Salary	Contribution to pension scheme	Total
Mr. Chen Zhuo Lin	—	4,264	12	4,276
Mr. Chan Cheuk Yin	—	3,713	12	3,725
Ms. Luk Sin Fong, Fion	—	3,713	12	3,725
Mr. Chan Cheuk Hung	—	3,042	12	3,054
Mr. Chan Cheuk Hei	—	3,042	12	3,054
Mr. Chan Cheuk Nam	—	3,042	12	3,054
Dr. Cheng Hong Kwan *	252	—	—	252
Mr. Kwong Che Keung *	252	—	—	252
Mr. Cheung Wing Yui *	252	—	—	252
	756	20,816	72	21,644

(All amounts in RMB thousands unless otherwise stated)

24. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The emoluments of every director of the Company for the period from 4 August 2005 to 31 December 2005 are set out below:

	Fees	Salary	Contribution to pension scheme	Total
Mr. Chen Zhuo Lin	—	391	2	393
Mr. Chan Cheuk Yin	—	490	2	492
Ms. Luk Sin Fong, Fion	—	490	2	492
Mr. Chan Cheuk Hung	—	438	2	440
Mr. Chan Cheuk Hei	—	438	2	440
Mr. Chan Cheuk Nam	—	438	2	440
Dr. Cheng Hong Kwan *	28	—	—	28
Mr. Kwong Che Keung *	28	—	—	28
Mr. Cheung Wing Yui *	28	—	—	28
	84	2,685	12	2,781

* Dr. Cheng Hong Kwan, Mr. Kwong Che Keung and Mr. Cheung Wing Yui are independent non-executive directors of the Company.

(b) Five highest paid individuals

All of the five individuals whose emoluments were the highest in the Group for the year are directors (2005: two) whose emoluments are reflected in the analysis presented above.

(c) During the years ended 31 December 2006 and 2005, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices.

(All amounts in RMB thousands unless otherwise stated)

25. FINANCE COSTS

	2006	2005
Interest expenses of senior notes	**78,885**	—
Amortisation of issue costs of senior notes (note 17)	**2,338**	—
Exchange gain of senior notes (note 17)	**(43,000)**	—
Interest on bank borrowings wholly repayable within five years	**104,439**	82,224
Less: interest capitalised (note 10)	**(94,188)**	(72,351)
	48,474	9,873

26. INCOME TAX EXPENSES

	2006	2005
Current income tax		
— Hong Kong profits tax	**111**	—
— PRC enterprise income tax	**532,545**	175,432
Deferred income tax (note 18)	**83,698**	299,662
	616,354	475,094

The income tax on the Group's profit before taxation differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group companies as follows:

	2006	2005
Profit before income tax	**1,866,863**	1,458,062
Calculated at PRC enterprise income tax rate of 33%	**616,065**	481,160
Effect of		
— Income not subject to income tax (note (a))	**(8,465)**	(15,118)
— Expense not deductible for income tax (note (b))	**8,754**	9,052
	616,354	475,094

26. INCOME TAX EXPENSES (Continued)

(a) Income not subject to income tax mainly comprises the bank interest income of the Company.

(b) Expense not deductible for income tax mainly comprises donations made to non-official commonweal organisations and certain staff welfare expenses.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year (2005: nil).

PRC enterprise income tax

PRC enterprise income tax is provided for on 33% of the profit for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose.

27. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2006	2005
Profit attributable to equity holders of the Company	1,242,488	978,693
Weighted average number of ordinary shares in issue (thousands)	3,502,903	2,536,853
Basic earnings per share (RMB per share)	0.355	0.386

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive shares in issue during the years ended 31 December 2006 and 2005.

(All amounts in RMB thousands unless otherwise stated)

28. DIVIDENDS

	2006	2005
Dividends declared by the subsidiaries to their then equity holders	**—**	77,451
Special dividends (note (a))	**—**	313,179
Interim dividend HK$0.05 (2005: nil) per share (note (b))	**178,305**	—
Proposed final dividend of HK$0.07 (2005: HK$ 0.028) per ordinary share (note (c))	**258,451**	100,908
	436,756	491,538

(a) Subsequent to completion of the group reorganisation in 2005, the Group had declared a special dividend of approximately RMB319,805,000. The special dividend would be paid prior to the commencement of listing of the Company's shares on the Stock Exchange and unpaid dividend would be waived by the relevant equity holders. The special dividend paid to the shareholders of the Company and the minority shareholders of the subsidiaries prior to the date of listing of the Company's shares on the Stock Exchange, amounted to approximately RMB313,179,000 and RMB1,479,000 respectively, and accordingly, the unpaid dividends of approximately RMB5,147,000 were waived.

(b) An interim dividend in respect of six months ended 30 June 2006 of HK$0.05 per share amounting to HK$173,263,000 (equivalent to RMB178,305,000) was declared in the general shareholders meeting on 24 August 2006.

(c) A final dividend in respect of 2005 of HK$0.028 per share amounting to total dividend of HK$97,027,000 (equivalent to RMB100,908,000) was declared at the Annual General Meeting on 18 May 2006.

A final dividend in respect of 2006 of HK$0.07 per share amounting to total dividend of HK$262,196,200 (equivalent to RMB258,451,000) is to be proposed at the Annual General Meeting on 7 June 2007. These accounts do not reflect this dividend payable.

(All amounts in RMB thousands unless otherwise stated)

29. CASH GENERATED FROM OPERATIONS

	2006	2005
Profit before income tax	**1,250,508**	982,968
Adjustment for:		
Income tax expenses (note 26)	**616,354**	475,094
Interest income (note 21)	**(100,256)**	(48,275)
Interest expenses (note 25)	**46,136**	9,873
Amortisation of issue costs of senior notes (note 25)	**2,338**	—
Depreciation (note 6)	**15,977**	13,206
Amortisation of intangible assets (note 8)	**876**	315
Loss of disposal of property, plant and equipment (note 6)	**1,125**	3,548
Net exchange losses (note 20)	**76,073**	2,892
Changes in working capital:		
Property under development and completed properties held for sales	**(379,564)**	(189,018)
Land use rights	**(2,605,250)**	275,323
Prepayments for land use right acquisition	**(2,250,559)**	(62,610)
Restricted cash	**(430,371)**	(98,394)
Trade and other receivables	**(149,419)**	(209,802)
Trade and other payables	**405,007**	(72,239)
Cash (used in)/generated from operations	**(3,501,025)**	1,082,881

30. CONTINGENCIES — GROUP

The Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. As at 31 December 2006, the outstanding guarantees amounted to RMB3,688,495,000 (2005: RMB3,377,599,000). Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the Group deliver possession of the relevant property to its purchasers; and (ii) the satisfaction of mortgaged loan by purchaser of property.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the accounts for the guarantees.

(All amounts in RMB thousands unless otherwise stated)

31. COMMITMENTS — GROUP

(a) Operating leases commitments

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	2006	2005
Property, plant and equipment:		
— Not later than one year	2,367	2,458
— Later than one year and not later than five years	4,061	5,337
— Later than five years	—	240
	6,428	8,035
Lease of areas adjacent to the property development projects:		
— Not later than one year	400	—
— Later than one year and not later than five years	1,600	—
— Later than five years	36,900	—
	38,900	—

(b) Commitments for property development expenditures

	2006	2005
Contracted but not provided for		
— Property development activities	1,239,668	1,454,559
— Land use rights acquisition	3,245,955	805,300
	4,485,623	2,259,859

(All amounts in RMB thousands unless otherwise stated)

32. BUSINESS COMBINATION — GROUP

(1) Pursuant to the agreements entered into amongst Supermacy Development Limited, a wholly-owned subsidiary of the Company, True Merit Limited, Shenzhen De Heng Industrial Company Limited and Mr. Ma Chi Man in April 2006, the Group effectively acquired 99.5% equity interest in Huizhou Bailuhu Tour Enterprise Development Company Limited ("Bailuhu") on 27 April 2006.

Bailuhu is established for the purpose of developing a property project in Huizhou City of Guangdong Province.

There was no income contributed to the Group by Bailuhu during the period from 27 April 2006 to 31 December 2006 as its property was still under development as at 31 December 2006.

Total consideration per contract	304,886
Settlement of liabilities in the acquired subsidiaries assumed by the Group	339,896
Less: fair value of net assets acquired	(644,782)
Goodwill	—

	Acquiree's carrying amount	Preliminary fair value
Cash and cash equivalents	20,147	20,147
Property, plant and equipment (note 6)	1,104	1,104
Land use rights (note 7)	226,651	669,928
Property under development	126,046	126,046
Other receivables	1,495	1,495
Deferred income tax liability (note 18)	—	(146,281)
Other payables	(24,417)	(24,417)
Net assets	351,026	648,022
Minority interests		(3,240)
Net assets acquired		644,782
Total amounts settled in cash		644,782
Cash and cash equivalents in subsidiaries acquired		(20,147)
Cash outflow on acquisition		624,635

(All amounts in RMB thousands unless otherwise stated)

32. BUSINESS COMBINATION — GROUP (Continued)

(2) Pursuant to the agreements entered into amongst Zhongshan Ever Creator Real Estate Development Limited ("Ever Creator"), a wholly-owned subsidiary of the Company, Shaanxi Jierui Real Estate Development Company Limited ("Shaanxi Jierui") and Xi'an Jierui Telecommunication Company Limited ("Xi'an Jierui") in November 2006, Ever Creator acquired 100% equity interest in Shaanxi Haorui Real Estate Development Co., Ltd ("Shaanxi Haorui") on 8 November 2006.

Shaanxi Haorui is established for the purpose of developing property projects in Xi'an City of Shaanxi Province.

There was no income contributed to the Group by Shaanxi Haorui during the period from 8 November 2006 to 31 December 2006 as its property was still under development as at 31 December 2006.

Total consideration per contract	142,500
Less: fair value of net assets acquired	(142,500)
Goodwill	—

	Acquiree's carrying amount	Preliminary fair value
Cash and cash equivalents	166	166
Property, plant and equipment (note 6)	9	9
Land use rights (note 7)	81,500	159,858
Property under development	416	416
Other receivables	11,071	11,071
Deferred income tax liability (note 18)	—	(25,858)
Other payables	(3,162)	(3,162)
Net assets acquired	90,000	142,500

Total amounts settled in cash	142,500
Cash and cash equivalents in subsidiaries acquired	(166)
Cash outflow on acquisition	142,334

33. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
The Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hei, Mr. Chan Cheuk Hung, and Mr. Chan Cheuk Nam	The Founding Shareholders are also the Directors of the Company
中山市雅居樂集團有限公司 Zhongshan Agile Group Company Limited (note (i))	Controlled by the Founding Shareholders
中山雅居樂房地產開發有限公司 Zhongshan Agile Property Development Company Limited (note (i), (ii))	Controlled by the Founding Shareholders and their close family members
廣州南湖雅居樂房地產開發有限公司 Guangzhou Agile (Nanhu) Real Estate Development Company Limited (note (i))	Controlled by the Founding Shareholders
中山長江高爾夫球場 Zhongshan Changjiang Golf Course (note (i))	Controlled by the Founding Shareholders
Agile International Company Limited	Controlled by the Founding Shareholders
時代家具廠有限公司 Dynasty Furniture Company Limited (note (i), (iii))	Controlled by the Founding Shareholders
中山市雅居樂酒店 Zhongshan Agile Hotel Company Limited (note (i))	Controlled by the Founding Shareholders

Note:

(i) The names of certain of the companies referred to in these accounts represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

(ii) Effective from 10 October 2005, equity interests in Zhongshan Agile Property Development Company Limited held by the Founding Shareholders and their close family members were transferred to third parties. Accordingly, Zhongshan Agile Property Development Company Limited is no longer a related party since 10 October 2005.

(iii) Effective from 1 November 2005, equity interests in Dynasty Furniture Company Limited held by the Founding Shareholders were transferred to third parties. Accordingly, Dynasty Furniture Company Limited is no longer a related party since 1 November 2005.

(All amounts in RMB thousands unless otherwise stated)

33. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

During the year ended 31 December 2006, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	2006	2005
Decoration fee income:		
— Zhongshan Agile Property Development Company Limited (note (i))	—	9,437
Management fee charged by related parties (note (ii)):		
— Zhongshan Agile Group Company Limited	—	5,307
— Agile International Company Limited	—	1,580
	—	6,887
Restaurant and hotel service fee charged by Zhongshan Agile Hotel Company Limited (note (iii)):	906	1,050
Golf facilities service fee charged by Zhongshan Changjiang Golf & Country Club (note (iv))	3,593	1,970
Purchase of property, plant and equipment from Dynasty Furniture Company Limited (note (v))	—	2,636
Key management compensation:		
— Salaries and other short-term employee benefits	20,816	2,685
— Retirement scheme contributions	72	12
	20,888	2,697

(All amounts in RMB thousands unless otherwise stated)

33. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

Notes:

(i) Decoration fee were charged in accordance with the terms of the underlying agreements.

(ii) Management fee were charged based on the service rendered by the related parties to the Group and in accordance with the terms of the underlying agreements.

(iii) Restaurant and hotel service fees were charged in accordance with the terms of the underlying agreements. In the opinion of the directors, the fees were determined with reference to the market price at the prescribed year.

(iv) Golf facilities service fees were charged in accordance with the terms of the underlying agreements. In the opinion of the directors, the fees were determined with reference to the market price at the prescribed year.

(v) The price was negotiated with related party with reference to the market value of the related property, plant and equipment.

In the opinion of the Directors, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(c) Balances with related parties

As at 31 December 2006, the Group had the following significant non-trade balances with related parties:

	2006	2005
Due from related parties (note (i)):		
— Zhongshan Changjiang Golf & Country Club	**124**	120
— Agile International Company Limited	**167**	—
— Top Coast Investment Limited	**—**	352
	291	472

(All amounts in RMB thousands unless otherwise stated)

33. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

	2006	2005
Due to related parties (note (i)):		
— Zhongshan Agile Group Company Limited	—	40
— Agile International Company Limited	—	5,312
— Zhongshan Changjiang Golf & Country Club	4,563	1,810
— Zhongshan Agile Hotel Company Limited	34	—
— Mr. Chen Zhuo Lin	—	208
— Ms. Luk Sin Fong, Fion	—	32
— Mr. Chan Cheuk Yin	—	208
— Mr. Chan Cheuk Hung	—	177
— Mr. Chan Cheuk Hei	—	177
— Mr. Chan Cheuk Nam	—	777
— Close family members of the founding shareholders	—	25,160
	4,597	33,901

Note:

(i) Amounts due from/to related parties are unsecured, interest-free and have no fixed terms of repayment, which are cash advances in nature.

34. EVENTS AFTER THE BALANCE SHEET DATE

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the new "CIT Law"). The new CIT Law reduces (increases) the corporate income tax rate for domestic enterprises (foreign invested enterprises) from 33% (15% or 24%) to 25% effective from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. At the date of approval of the consolidated accounts, detailed implementation regulations concerning these items has yet to be issued by the State Council. The Company will continue to evaluate the impact when the relevant implementation regulations are announced.

35. ULTIMATE HOLDING COMPANY

The directors of the Company consider Top Coast Investments Limited, a company incorporated in the British Virgin Islands, to be the ultimate holding company of the Group.

36. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 18 April 2007.