

Financial Operation Review

RESULTS

Turnover for the Year amounted to HK\$8,446.9 million (year ended 31st December, 2006: HK\$4,763.8 million), a 77.3% increase over the same period last year. It was mainly due to the sales proceeds recognised from the Phase 1 of The Zenith in Wanchai.

For property leasing, despite the lower portion of Windsor House and cinema portion of Silvercord had been vacant for renovation since late 2006 and were completed at the end of 2007, the Year still recorded an increase of 15.8% in rental income from HK\$667.9 million in 2006 to HK\$773.3 million in 2007 which included full year rental contribution from Laforet in Excelsior Plaza and Evergo Tower in Shanghai, which were re-opened in July 2006 and acquired in March 2006 respectively. Rental income from other properties have also shown a satisfactory increase during the Year.

Gross profit for the Year amounted to HK\$1,936.5 million, a 1.1 times increase as compared with the same period last year.

In relation to property development, presale and sale of The Zenith in Wanchai (87.5% interest) had been successful since last year. The sales was recognised during the Year and had contributed a profit to the Group of approximately HK\$757.0 million. Miami Crescent in Sheung Shui (50% interest), Indihome in Tsuen Wan (50% interest) and Mount Beacon in Kowloon Tong (33.33% interest) continuously had generated profit of HK\$47.4 million (year ended 31st December, 2006: HK\$107.8 million), HK\$26.1 million (year ended 31st December, 2006: HK\$239.6 million) and HK\$308.5 million (year ended 31st December, 2006: HK\$690.0 million) respectively, all of which were included in share of results of associates. For the sale of Parc Palais in Homantin (10% interest), a contribution of HK\$33.0 million (year ended 31st December, 2006: HK\$51.5 million) was recorded in investment income.

財務業務回顧

業績

本年度的營業額為8,446,900,000港元(截至二零零六年十二月三十一日止年度：4,763,800,000港元)，較去年同期增加77.3%，主要由於確認灣仔尚翹峰第一期之銷售所得款項。

在物業租賃方面，儘管皇室大廈低層及新港中心戲院部分自二零零六年底以來空置以進行翻新工程，並剛於二零零七年年底完工，本年度錄得之租金收入仍較二零零六年同期增加15.8%，由二零零六年667,900,000港元增至二零零七年773,300,000港元，當中包括怡東商場－東角Laforet及上海愛美高大廈(分別於二零零六年七月重開及於二零零六年三月購入)帶來的全年租金貢獻。本年度來自其他物業之租金收入亦有可觀升幅。

本年度的毛利為1,936,500,000港元，較去年同期增加1.1倍。

在物業發展方面，灣仔尚翹峰(佔87.5%權益)自去年起之預售及銷售情況理想。有關銷售額已於本年度確認，並帶來約757,000,000港元之溢利。上水邁爾豪園(佔50%權益)、荃灣樂悠居(佔50%權益)及九龍塘畢架山峰(佔33.33%權益)於本年度持續帶來分別47,400,000港元(截至二零零六年十二月三十一日止年度：107,800,000港元)、26,100,000港元(截至二零零六年十二月三十一日止年度：239,600,000港元)及308,500,000港元(截至二零零六年十二月三十一日止年度：690,000,000港元)之溢利，全部溢利均列入攤佔聯營公司業績。此外，何文田君頤峰(佔10%權益)之銷售入賬33,000,000港元(截至二零零六年十二月三十一日止年度：51,500,000港元)，已列入投資收入。

Financial Operation Review

RESULTS (cont'd)

In respect of the performance of listed securities investments and treasury products, the Group has recorded profit of HK\$1,318.7 million (year ended 31st December, 2006: HK\$868.2 million) and HK\$1,200.0 million (year ended 31st December, 2006: HK\$689.2 million) before and after finance costs respectively. The components in the consolidated income statement for the Year were gross profit of HK\$182.7 million (year ended 31st December, 2006: HK\$270.9 million), unrealised gain of HK\$26.0 million (year ended 31st December, 2006: loss of HK\$9.1 million), realised gain on disposals of available-for-sale investments of HK\$888.7 million (year ended 31st December, 2006: HK\$233.0 million), and gain on other treasury products, dividend and interest income of HK\$221.3 million (year ended 31st December, 2006: HK\$373.4 million). Finance costs of HK\$118.7 million (year ended 31st December, 2006: HK\$179.0 million) included interest expense and exchange loss in the sum of HK\$106.4 million (year ended 31st December, 2006: HK\$156.4 million) and HK\$12.3 million (year ended 31st December, 2006: HK\$22.6 million) respectively. In addition to profit recognised in the consolidated income statement, net gains of HK\$3,615.1 million was recognised in equity during the Year comprised unrealised gains on available-for-sale investments of HK\$4,505.8 million (year ended 31st December, 2006: HK\$4,211.6 million) and realised gains transfer to income statement on disposals of available-for-sale investments of HK\$890.7 million (year ended 31st December, 2006: nil).

Other income recorded an increase of 4.9% to HK\$32.3 million when compared with the same period last year. Administrative expenses increased by 22.8% to HK\$229.1 million as compared with the same period last year. Finance costs recorded an increase of 26.9% to HK\$575.4 million as compared with the same period last year.

Other gains and losses recorded a net loss of HK\$71.7 million (year ended 31st December, 2006: net gains of HK\$57.9 million), including the gain on disposal of 15.11% in G-Prop (Holdings) Limited ("G-Prop") and the loss on cash redemption of the zero coupon convertible bonds.

財務業務回顧

業績(續)

至於上市證券投資及財資產品的表現，本集團於本年度分別錄得扣除財務費用前後溢利1,318,700,000港元(截至二零零六年十二月三十一日止年度：868,200,000港元)及1,200,000,000港元(截至二零零六年十二月三十一日止年度：689,200,000港元)。計入本年度綜合收益表之各項包括毛利182,700,000港元(截至二零零六年十二月三十一日止年度：270,900,000港元)、未變現收益26,000,000港元(截至二零零六年十二月三十一日止年度：虧損9,100,000港元)、出售待售投資之已變現收益888,700,000港元(截至二零零六年十二月三十一日止年度：233,000,000港元)及其他財資產品收益、股息及利息收入221,300,000港元(截至二零零六年十二月三十一日止年度：373,400,000港元)。財務費用118,700,000港元(截至二零零六年十二月三十一日止年度：179,000,000港元)包括利息開支及匯兌虧損總額分別106,400,000港元(截至二零零六年十二月三十一日止年度：156,400,000港元)及12,300,000港元(截至二零零六年十二月三十一日止年度：22,600,000港元)。除於綜合收益表內確認之溢利外，年內，3,615,100,000港元之淨收益已於股本權益內確認，當中包括待售投資未變現收益4,505,800,000港元(截至二零零六年十二月三十一日止年度：4,211,600,000港元)及於出售待售投資時轉撥至收益表之已變現收益890,700,000港元(截至二零零六年十二月三十一日止年度：無)。

其他收入較去年同期增加4.9%至32,300,000港元，行政開支較去年同期增加22.8%至229,100,000港元。財務費用較去年同期增加26.9%至575,400,000港元。

其他收益及虧損錄得虧損淨額71,700,000港元(截至二零零六年十二月三十一日止年度：收益淨額57,900,000港元)，包括出售金匡企業有限公司(「金匡」)15.11%權益之收益，以及現金贖回零息可換股債券之虧損。

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RESULTS (cont'd)

The share of results of associates for the Year decreased by 47.0% to HK\$601.4 million as compared with the same period last year (year ended 31st December, 2006: HK\$1,135.2 million), including fair value gains on investment properties and profits on disposals of Miami Crescent, Indihome and Mount Beacon.

Profit attributable to equity holders of the parent for the Year was HK\$8,195.8 million as compared to HK\$7,477.3 million for the same period last year. The profit for the Year was mainly attributable from the fair value gains on investment properties, profit on sales of trading properties, gains on listed securities investments and treasury products and the share of results of associates generated from the sales of development properties. Earnings per share was HK\$3.599 (year ended 31st December, 2006: HK\$3.392).

If the major non-cash item of HK\$5,463.7 million (2006: HK\$5,339.6 million) is excluded, core profit attributable to equity holders of the parent for the Year will become HK\$2,732.1 million (2006: HK\$2,137.7 million) and core earnings per share will become HK\$1.20 (2006: HK\$0.97), an increase of 27.8% and 23.7% over 2006 respectively.

The major non-cash item is fair value gains on investment properties together with their respective deferred tax expenses of HK\$5,463.7 million (2006: HK\$5,539.6 million). No impairment loss recognised (2006: impairment loss recognised of HK\$200.0 million) in respect of stock of properties for the Year.

A final dividend of HK18 cents per share in amount of HK\$406.9 million for the year ended 31st December, 2006 (year ended 31st December, 2005: HK12 cents) and an interim dividend of HK13.5 cents per share in amount of HK\$308.4 million for the half year ended 30th June, 2007 (half year ended 30th June, 2006: HK12 cents) were paid in cash and in form of new shares in lieu of cash (scrip dividend) during the Year. 31.9% and 68.1% were paid in cash and in scrip dividend respectively for the final dividend as well as 39.3% and 60.7% were paid in cash and in scrip dividend respectively for the interim dividend.

財務業務回顧

業績(續)

本年度的攤佔聯營公司業績較去年同期減少47.0%至601,400,000港元(截至二零零六年十二月三十一日止年度:1,135,200,000港元),當中包括投資物業的公平值變動收益及銷售邁爾豪園、樂悠居及畢架山峰的溢利。

本年度母公司股本權益持有人的應佔溢利為8,195,800,000港元,而去年同期為7,477,300,000港元。本年度的溢利主要來自投資物業的公平值變動收益、銷售買賣物業之溢利、上市證券投資及財資產品收益及攤佔聯營公司來自銷售發展物業的業績。每股盈利為3.599港元(截至二零零六年十二月三十一日止年度:3.392港元)。

如撇除主要非現金項目5,463,700,000港元(二零零六年:5,339,600,000港元),本年度母公司股本權益持有人的應佔核心溢利將為2,732,100,000港元(二零零六年:2,137,700,000港元),而每股核心盈利將為1.20港元(二零零六年:0.97港元),分別較二零零六年增加27.8%及23.7%。

主要非現金項目為有關投資物業公平值變動收益連同其各自遞延稅項支出5,463,700,000港元(二零零六年:5,539,600,000港元),本年度並無就有關物業存貨確認任何減值虧損(二零零六年:確認減值虧損200,000,000港元)。

截至二零零六年十二月三十一日止年度的末期股息每股18港仙(截至二零零五年十二月三十一日止年度:12港仙),合共406,900,000港元,及截至二零零七年六月三十日止半年的中期股息每股13.5港仙(截至二零零六年六月三十日止半年:12港仙),合共308,400,000港元,兩項股息均已於本年度以現金及以新股份代替現金(以股代息)的形式派付,末期股息的31.9%及68.1%分別以現金及以股代息形式派付,而中期股息的39.3%及60.7%分別以現金及以股代息形式派付。

Financial Operation Review

RESULTS (cont'd)

A final dividend has been recommended at HK22.5 cents (2006: HK18 cents) per share. Together with interim dividend of HK13.5 cents (2006: HK12 cents) per share, the total dividend for the Year is HK36 cents (2006: HK30 cents) per share, representing a total dividend payout of 10.0% (2006: 8.8%). If the net income on the major non-cash item (per above) for the Year is excluded, the dividend payout ratio on the core profit for the Year will become 30.0% (2006: 30.9%).

NET ASSET VALUE

As at 31st December, 2007, the Group's total net asset to equity holders of the parent amounted to approximately HK\$47,162 million (31st December, 2006: HK\$35,533 million), an increase of HK\$11,629 million or 32.7% when compared with 31st December, 2006. With the total number of ordinary shares in issue of 2,300,443,378 as at 31st December, 2007 (31st December, 2006: 2,259,809,483 shares), the net asset value per share to equity holders of the parent was HK\$20.50, an increase of 30.4% over 31st December, 2006 (HK\$15.72). The increase in net asset value per share was mainly due to the fair value gains on listed securities investments and the profit retained for the Year, including the fair value gains on investment properties and the profit on sales of trading properties.

Included in the total net asset is deferred tax liabilities of HK\$5,345 million on fair value gains on investment properties. If the deferred tax liabilities are excluded, the total net asset to equity holders of the parent will become HK\$52,507 million or HK\$22.8 per share.

During the Year, the Group had acquired a land in West Kowloon in joint venture with 15% interest and further acquired an additional land in Chengdu for development, acquired the remaining 50% cosmetic business, disposals of certain investment properties, bought and sold listed securities investments and disposal of 15.11% interest in G-Prop. Other than the existing projects and those disclosed in the annual report, the Group did not have any future plans for material investment or capital assets.

財務業務回顧

業績(續)

本公司董事會建議派付末期股息每股22.5港仙(二零零六年: 18港仙)。連同中期股息每股13.5港仙(二零零六年: 12港仙),本年度的股息總額為每股36港仙(二零零六年: 30港仙),相當於總派息率10.0%(二零零六年: 8.8%)。如撇除本年度之主要非現金項目的收入淨額,本年度核心盈利的派息率將為30.0%(二零零六年: 30.9%)。

資產淨值

於二零零七年十二月三十一日,母公司股本權益持有人應佔本集團的總資產淨值約為47,162,000,000港元(二零零六年十二月三十一日: 35,533,000,000港元),較二零零六年十二月三十一日增加11,629,000,000港元或32.7%。根據二零零七年十二月三十一日的已發行普通股總數2,300,443,378股(二零零六年十二月三十一日: 2,259,809,483股)計算,母公司股本權益持有人的每股資產淨值為20.50港元,較二零零六年十二月三十一日(15.72港元)增加30.4%。每股資產淨值增加主要與本年度上市證券投資的公平值變動收益及保留溢利有關,當中包括投資物業的公平值收益及銷售買賣物業溢利。

總資產淨值包括有關投資物業的公平值變動收益的遞延稅項負債5,345,000,000港元。如撇除該遞延稅項負債,母公司股本權益持有人的總資產淨值將為52,507,000,000港元或每股22.8港元。

於本年度內,本集團合資(佔15%權益)購入西九龍一塊地皮及於成都再購入一塊額外地皮作發展用途、收購化妝品業務餘下之50%權益、出售若干投資物業、買賣上市證券投資及出售金匡之15.11%權益。除該等現有項目以及年報內所披露者外,本集團並無任何有關重大投資或資本資產之未來計劃。

Financial Operation Review

SECURITIES INVESTMENTS

As at 31st December, 2006, the listed securities investments and treasury products was HK\$8,376.4 million. During the Year, the portfolio was reduced by a net disposal of HK\$517.8 million (a decrease of 6.2% over 2006) and was increased by the release of the fair value liability on the knocked out derivative financial instruments of HK\$65.9 million. After adding the fair value gains of HK\$3,883.5 million (2006: HK\$4,202.5 million) for the Year, the listed securities investments portfolios of the Group reached HK\$11,808.0 million at 31st December, 2007, representing 17.7% (31st December, 2006: 14.5%) of the total assets, which formed part of the Group's cash management activities.

RISK MANAGEMENT

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

EQUITY

The number of issued ordinary shares as at 31st December, 2007 and 31st December, 2006 were 2,300,443,378 and 2,259,809,483 respectively.

CONVERTIBLE BONDS

During the Year, HK\$4.0 million in principal of the zero coupon convertible bonds (the "Bonds") has been converted into 573,888 ordinary shares. In accordance with Condition 8 of the Terms and Conditions of the Bonds, the Company has an option to redeem the outstanding Bonds on 21st May, 2007 at 100% of the principal amount. On 20th April, 2007, the Company had given the notice to the bondholders of the outstanding Bonds to request the early redemption. All outstanding Bonds in principal of HK\$318.5 million had executed the right to convert the Bonds into shares of the Company (the "Conversion Right"). The Company took the option by cash settlement to satisfy the Conversion Right in HK dollars in full. Accordingly, all outstanding Bonds were settled by cash of approximately HK\$571.7 million in May and June 2007. As at 31st December, 2007, there is no outstanding Bonds.

財務業務回顧

證券投資

於二零零六年十二月三十一日，上市證券投資及財資產品為8,376,400,000港元。本年度內，該等組合因出售淨額517,800,000港元（較二零零六年減少6.2%）而減少及因解除已取消衍生金融工具之公平值負債65,900,000港元而增加。於加入本年度3,883,500,000港元的公平值變動收益（二零零六年：4,202,500,000港元）後，本集團於二零零七年十二月三十一日的上市證券投資組合達到11,808,000,000港元，佔總資產17.7%（二零零六年十二月三十一日：14.5%），該等組合為本集團資金管理其中一部分。

風險管理

本集團設有一套完善的風險管理程序，以識別、衡量、監察及控制其面對的各種風險，同時輔以積極管理、有效的內部監控及足夠的內部審核，以保障本集團的最佳利益。

股本

於二零零七年十二月三十一日及二零零六年十二月三十一日的已發行普通股數目分別為2,300,443,378股及2,259,809,483股。

可換股債券

於本年度內，本金額為4,000,000港元之零息可換股債券（「債券」）已轉換為573,888股普通股，根據該債券之條款及條件第8條，本公司有選擇權於二零零七年五月二十一日按本金額之100%贖回未行使之債券。於二零零七年四月二十日，本公司向未行使債券之債券持有人發出通告，要求提早贖回該等債券。本金額達318,500,000港元之所有未行使債券已行使其兌換本公司股份之權利（「換股權」）。本公司已行使現金結算選擇權以港元全數償付換股權。因此，所有未行使債券均於二零零七年五月及六月以約571,700,000港元之現金償付。於二零零七年十二月三十一日，並無未行使債券。

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DEBT AND GEARING

As at 31st December, 2007, the Group's bank and other borrowings amounted to HK\$12,330 million (31st December, 2006: HK\$14,993 million). Cash and deposit at bank amounted to HK\$6,654 million (31st December, 2006: HK\$8,121 million) and net borrowings amounted to HK\$5,676 million (31st December, 2006: HK\$6,872 million).

Total debt to equity ratio was 25.9% (31st December, 2006: 41.7%) and net debt to equity ratio was 11.9% (31st December, 2006: 19.1%), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total equity of HK\$47,666 million (31st December, 2006: HK\$35,963 million).

The decrease in total and net debt to equity ratio was due to an increase in total equity and a decrease in total and net borrowings respectively. Increase of total equity was mainly attributable from the profit retained for the Year and fair value gains on available-for-sale investments.

Furthermore, if the listed securities investments and treasury products of HK\$11,808 million (31st December, 2006: HK\$8,376 million) are included, there will be net cash position of HK\$6,132 million (31st December, 2006: HK\$1,504 million).

At the balance sheet date, the Group's bank and other borrowings were denominated in Hong Kong dollars (98.6%) and Swiss Franc (1.4%). Of the Group's bank and other borrowings of HK\$12,330 million, 23.9%, 9.6%, 66.4% and 0.1% were repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank and other borrowings carrying interest rates were calculated mainly with reference to HIBOR and the inter-bank rate. No hedging for interest rate was subsisted at the end of the year.

財務業務回顧

債務及資本與負債比率

於二零零七年十二月三十一日，本集團的銀行及其他借貸為12,330,000,000港元(二零零六年十二月三十一日：14,993,000,000港元)。現金及銀行結存為6,654,000,000港元(二零零六年十二月三十一日：8,121,000,000港元)，而借貸淨額為5,676,000,000港元(二零零六年十二月三十一日：6,872,000,000港元)。

總債務與股本權益比率為25.9%(二零零六年十二月三十一日：41.7%)，而淨債務與股本權益比率為11.9%(二零零六年十二月三十一日：19.1%)，乃將銀行及其他借貸及借貸淨額分別除以股本權益總額47,666,000,000港元(二零零六年十二月三十一日：35,963,000,000港元)得出的百分比。

由於股本權益總額增加以及借貸總額及淨額下降，令總債務及淨債務與股本權益的比率下降。股本權益總額增加主要由於本年度保留之溢利以及待售投資公平值收益所致。

此外，如計入上市證券投資及財資產品11,808,000,000港元(二零零六年十二月三十一日：8,376,000,000港元)，則狀況將為現金淨額6,132,000,000港元(二零零六年十二月三十一日：1,504,000,000港元)。

於結算日，本集團之銀行及其他借貸以港元(98.6%)及瑞士法郎(1.4%)計值。於本集團之銀行及其他借貸總額12,330,000,000港元中，23.9%、9.6%、66.4%及0.1%須分別於一年內、一至兩年、兩至五年及五年後償還。本集團之銀行及其他借貸主要參照香港銀行同業拆息及銀行同業拆息計算利息。於年底並無就利率作出對沖。

Financial Operation Review

PLEDGE OF ASSETS

As at 31st December, 2007, the Group had pledged the following assets:

- (a) The Group's investment properties, property and other fixed assets, prepaid lease payments, stock of properties and time deposits with their respective carrying amount of approximately HK\$37,048.5 million (31st December, 2006: HK\$30,062.6 million), HK\$47.6 million (31st December, 2006: HK\$49.1 million), HK\$239.2 million (31st December, 2006: HK\$239.8 million), HK\$561.9 million (31st December, 2006: HK\$2,829.5 million) and HK\$485.7 million (31st December, 2006: HK\$1,086.0 million) were pledged to the Group's bankers to secure general banking and loan facilities granted to the Group.
- (b) The Group's investments held-for-trading with carrying amount of approximately HK\$194.7 million (31st December, 2006: investments held-for-trading, available-for-sale investments and equity-linked notes HK\$7,258.5 million) was pledged to the Group's financial institutions to secure margin and securities facilities granted to the Group in respect of securities transactions and utilised by the Group as borrowings due within one year of approximately HK\$177.5 million (31st December, 2006: HK\$3,924.7 million).
- (c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.
- (d) The Group has subordinated and assigned its advances to associates and advance to an investee company of approximately HK\$1,152.0 million (31st December, 2006: HK\$802.1 million) to financial institutions to secure banking general credit facilities granted to associates and investee company.

財務業務回顧

資產抵押

於二零零七年十二月三十一日，本集團已抵押以下資產：

- (a) 本集團賬面值分別約為37,048,500,000港元(二零零六年十二月三十一日：30,062,600,000港元)、47,600,000港元(二零零六年十二月三十一日：49,100,000港元)、239,200,000港元(二零零六年十二月三十一日：239,800,000港元)、561,900,000港元(二零零六年十二月三十一日：2,829,500,000港元)及485,700,000港元(二零零六年十二月三十一日：1,086,000,000港元)之投資物業、物業及其他固定資產、預付租賃款項、物業存貨及定期存款，已就本集團獲授之一般銀行及貸款融資，抵押予本集團之往來銀行。
- (b) 本集團賬面值約為194,700,000港元(二零零六年十二月三十一日：持作買賣之投資，待售投資及股票掛鈎票據7,258,500,000港元)之持作買賣之投資，已就本集團有關證券交易獲授之保證金及證券融資，抵押予本集團之財務機構，而本集團已動用於一年內到期之借貸約177,500,000港元(二零零六年十二月三十一日：3,924,700,000港元)。
- (c) 本公司若干附屬公司之權益已質押為本集團獲授若干銀行借貸之部分抵押。
- (d) 本集團已就聯營公司及接受投資公司獲授之銀行信貸將其墊付聯營公司及接受投資公司款項約1,152,000,000港元(二零零六年十二月三十一日：802,100,000港元)轉歸及授讓財務機構。

Financial Operation Review

FINANCIAL AND INTEREST INCOME/EXPENSES

Interest income was included in turnover and investment income. Interest income for the Year was HK\$270.8 million, representing a decrease of 43.5% from that of 31st December, 2006 (HK\$479.1 million). Finance costs included interest expenses on bank and other loans, imputed interest expenses, exchange difference on foreign currency loans and arrangement, facility and commitment fee expenses. Excluding imputed interest, interest expenses for the Year amounted to HK\$553.8 million, representing a 36.6% increase over the interest expenses of HK\$405.4 million recorded for the same period last year. The increase in interest expenses was mainly due to increase in borrowings during the Year. Interest capitalised for the Year was HK\$101.0 million as compared to HK\$148.3 million for last year. The average interest rate over the year under review was 4.81% (2006: 4.74%), which was expressed as a percentage of total interest paid over the average total borrowings.

REMUNERATION POLICIES AND SHARE OPTION SCHEME

During the Year under review, the Group employed a total of 300 staff (year ended 31st December, 2006: 286 staff) (excluding about a total of 270 staff (year ended 31st December, 2006: 253 staff) for estate management employed under the Group's estate management company, Perfect World Company Limited).

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Year.

財務業務回顧

財務及利息收入／支出

營業額及投資收入包括利息收入。本年度之利息收入為270,800,000港元，較二零零六年十二月三十一日(479,100,000港元)減少43.5%。財務費用包括銀行及其他貸款之利息支出、名義利息支出、外幣貸款匯兌差額、安排、信貸及承擔費用支出。撇除名義利息，本年度之利息支出為553,800,000港元，較去年同期錄得之利息支出405,400,000港元增加36.6%。利息支出增加主要與本年度借貸增加有關。本年度之資本化利息為101,000,000港元，而去年則為148,300,000港元。於回顧年度內之平均利率為4.81%（二零零六年：4.74%），乃以總利息支付除以平均借貸總額得出。

酬金政策及購股權計劃

於回顧年度內，本集團共有僱員300人（截至二零零六年十二月三十一日止年度：286人）（不包括受僱於本集團之物業管理公司忠信物業管理有限公司之物業管理員工合共270人（截至二零零六年十二月三十一日止年度：253人））。

僱員薪金乃根據其表現、經驗及目前業內慣例釐定。酬金包括薪金以及按市況及個人表現釐定之年終花紅。執行董事繼續檢討僱員工作表現，並於需要時給予獎勵及靈活處理，鼓勵員工在工作上更加投入和有更好表現。本年度並無採納購股權計劃。

Financial Operation Review

MAINLAND CHINA AND MACAU

Profit contribution from the Group's investment in the Mainland China (including gross profit, fair value changes on investment properties and share of results of associates) for the Year amounted to HK\$222.8 million representing 2.7% of the profits attributable to equity holders of the parent (year ended 31st December, 2006: HK\$90.2 million). The Group's net investment in the Mainland China as at 31st December, 2007 amounted to HK\$4,295.4 million (31st December, 2006: HK\$1,345.0 million) representing approximately 6.4% of the Group's total asset value and 9.0% of the Group's net asset value. Further the Group's net investment in Macau as at 31st December, 2007 amounted to HK\$1,660.7 million (31st December, 2006: HK\$1,299.9 million) representing approximately 2.5% of the Group's total asset value.

LISTED SUBSIDIARY

At the year end date, the Group owned 61.96% interest in Chi Cheung Investment Company, Limited.

LISTED ASSOCIATE

On 4th June, 2007, the Company, through its wholly owned subsidiary, made a placing of 120,000,000 shares of G-Prop (the "Shares") at a placing price of HK\$1.50 per Share to independent third parties (the "Placing"). Immediately upon completion of the Placing, the Shares owned by the Group were reduced from 397,858,761 Shares, representing approximately 50.10%, to 277,858,761 Shares, representing approximately 34.99%. G-Prop has become an associate of the Group since 7th June, 2007. The interest has been further diluted to 13.69% effective 25th October, 2007 after the allotment and issue of new shares of G-Prop. In consideration of continued exercise the significant influence by nomination of 2 executive directors in the board of G-Prop, G-Prop is still an associate of the Group.

財務業務回顧

中國大陸及澳門

本集團於中國大陸之投資為本年度帶來溢利(包括毛利、投資物業的公平值變動及攤佔聯營公司業績)222,800,000港元,佔母公司股本權益持有人應佔溢利2.7%(截至二零零六年十二月三十一日止年度:90,200,000港元)。本集團之中國大陸投資淨額於二零零七年十二月三十一日達4,295,400,000港元(二零零六年十二月三十一日:1,345,000,000港元),分別佔本集團資產總值及本集團資產淨值約6.4%及9.0%。此外,於二零零七年十二月三十一日本集團於澳門之投資淨額為1,660,700,000港元(二零零六年十二月三十一日:1,299,900,000港元),佔本集團資產總值約2.5%。

上市附屬公司

於年結日,本集團於至祥置業有限公司擁有61.96%權益。

上市聯營公司

於二零零七年六月四日,本公司透過其全資附屬公司向獨立第三方配售120,000,000股金匡股份(「股份」),配售價為每股1.50港元(「配售事項」)。緊隨配售事項完成後,本集團擁有之股份已由397,858,761股(相當於約50.10%)減少至277,858,761股(相當於約34.99%)。由二零零七年六月七日起金匡成為本集團之聯營公司。而由於金匡配發及發行新股份,於二零零七年十月二十五日佔該公司之實際權益已進一步攤薄至13.69%。考慮到本集團仍繼續經委任兩名執行董事加入金匡之董事會以達致可行使其重大影響,故金匡仍然是本集團之聯營公司。

Financial Operation Review

PROPERTY VALUATION

A property valuation has been carried out by Messrs. Norton Appraisals Limited, independent qualified professional valuers, in respect of the Group's investment properties as at 31st December, 2007 and that valuation was used in preparing 2007 financial statements. The Group's investment properties were valued at HK\$38,498 million (2006: HK\$31,772 million), a 20% increase over 2006 after adjusted for additions and disposals of investment properties during the Year. The increase in fair value of approximately HK\$6,422 million was credited to the consolidated income statement for the Year. The Group also shared an increase in fair value changes on investment properties of the associates of HK\$59 million (net of deferred tax of HK\$8 million) for the Year. Development properties and non-investment properties of the Group were stated at cost less impairment, if any, in the consolidated financial statements.

財務業務回顧

物業估值

獨立合資格專業估值師普敦國際評估有限公司已就本集團於二零零七年十二月三十一日持有之投資物業進行物業估值，有關估值乃用於編製二零零七年財務報表。本集團投資物業之估值為38,498,000,000港元（二零零六年：31,772,000,000港元），經作出年內投資物業之增加及出售之調整後較二零零六年增加20%。公平值增加約6,422,000,000港元已計入本年度之綜合收益表。本集團亦攤佔本年度聯營公司投資物業之公平值變動之增加59,000,000港元（已扣除遞延稅項8,000,000港元）。本集團之發展物業及非投資物業乃於綜合財務報表中按成本扣除減值（如有）列賬。