

Financial Operation Review

財務業務回顧

RESULTS

Continuing Operations

Turnover for the Year amounted to HK\$1,264.9 million (year ended 31st December, 2007: HK\$4,478.1 million (restated); previously stated as HK\$8,446.9 million), a 71.8% decrease over the same period last year. It was mainly due to the decrease in turnover for sales of development properties.

During the Year, the Group changed its presentation in the sale of held-for-trading investments to a net basis. The sale proceeds of HK\$1,413.1 million (year ended 31st December, 2007: HK\$4,151.6 million) had been offset against the corresponding carrying amount of the disposed held-for-trading investments of HK\$1,525.0 million (year ended 31st December, 2007: HK\$3,963.1 million) and its related transaction cost of HK\$4.2 million (year ended 31st December, 2007: HK\$5.7 million). The gains and losses were then presented in turnover and comparative figures for 2007 have been amended to conform with the current year's presentation.

For property leasing, following the completion of renovation on the first phase of Windsor House and on the cinema portion of Silvercord at the end of 2007, new letting transactions with very favourable rentals have been recorded, thus the rental income in retail section jumped by 21.2%. Rental income from non-retail section had also shown a very satisfactory increase of 30.6% during the Year. The Year recorded an increase of 24.3% in total rental income to HK\$961.6 million as compared with the corresponding period in 2007 of HK\$773.3 million. Together with the attributable rental income generated from associates of HK\$116.0 million (year ended 31st December, 2007: HK\$89.3 million), the total attributable rental income to the Group after minority interest reached to approximately HK\$1,074.6 million (year ended 31st December, 2007: HK\$859.3 million), which achieved a 25.0% increase over the same period last year.

Gross profit for the Year amounted to HK\$985.1 million, a 49.1% decrease as compared with the same period last year.

業績

持續經營業務

本年度之營業額為1,264,900,000港元(截至二零零七年十二月三十一日止年度: 4,478,100,000港元(重列)·重列前列作8,446,900,000港元)·較去年同期減少71.8%·主要由於出售發展物業之營業額減少有關。

本年度內·本集團將出售持作買賣投資之呈報方式更改為以淨額基準呈報。出售所得款項1,413,100,000港元(截至二零零七年十二月三十一日止年度: 4,151,600,000港元)已與所出售持作買賣投資之相應賬面值1,525,000,000港元(截至二零零七年十二月三十一日止年度: 3,963,100,000港元)及其相關之交易成本4,200,000港元(截至二零零七年十二月三十一日止年度: 5,700,000港元)對銷。收益及虧損其後於營業額中呈報·而二零零七年之比較數字已依據本年度呈列方式更改。

在物業租賃方面·於二零零七年年底完成翻新皇室大廈第一期及新港中心戲院部分後·錄得租金豐厚之出租交易·因此零售部分之租金收入上升21.2%·非零售部分之租金收入於本年度亦取得理想增加30.6%。本年度錄得之租金總收入較去年同期增加24.3%·由二零零七年773,300,000港元增至961,600,000港元。連同應佔聯營公司租金收入116,000,000港元(截至二零零七年十二月三十一日止年度: 89,300,000港元)·本集團扣除少數股東權益後應佔租金總收入約為1,074,600,000港元(截至二零零七年十二月三十一日止年度: 859,300,000港元)·較去年同期增加25.0%。

本年度的毛利為985,100,000港元·較去年同期減少49.1%。

Financial Operation Review

財務業務回顧

RESULTS (cont'd)

Continuing Operations (cont'd)

In relation to property development, a profit of HK\$186.0 million (year ended 31st December, 2007: HK\$1,201.8 million) was recorded. Sale of MOD 595 in Mongkok had been successful and had contributed an attributable profit to the Group of approximately HK\$52.3 million. Certain units at Gemstar Tower in Hung Hom (61.96% interest) and at The Zenith in Wanchai (87.5% interest) sold during the Year had contributed an attributable profit to the Group of HK\$61.3 million (year ended 31st December, 2007: HK\$27.4 million) and HK\$9.8 million (year ended 31st December, 2007: HK\$757.0 million) respectively. In addition, Miami Crescent in Sheung Shui (50% interest) and Indihome in Tsuen Wan (50% interest) continuously had generated profit of HK\$26.6 million (year ended 31st December, 2007: HK\$47.4 million) and HK\$5.8 million (year ended 31st December, 2007: HK\$26.1 million) respectively, which were included in share of results of associates. For the sale of Parc Palais in Homantin (10% interest), a contribution of HK\$25.4 million (year ended 31st December, 2007: HK\$33.0 million) was recorded in investment income.

Investment properties of the Group were revalued as at 31st December, 2008 and recorded a decrease in fair value of HK\$7,467.7 million as a result of the downturn of the property markets in Hong Kong and Mainland China.

During the Year, the total gains recognised on listed securities investments were HK\$3,690.5 million (year ended 31st December, 2007: HK1,200.0 million), including listed equity securities investments included in available-for-sale investments, listed held-for-trading investments and treasury products.

業績 (續)

持續經營業務 (續)

有關物業發展方面，錄得溢利186,000,000港元（截至二零零七年十二月三十一日止年度：1,201,800,000港元）。旺角MOD 595之銷售情況理想，並帶來約52,300,000港元之本集團應佔溢利。紅磡駿昇中心（佔61.96%權益）及灣仔尚翹峰（佔87.5%權益）之若干單位已於本年度出售，並為本集團分別帶來61,300,000港元（截至二零零七年十二月三十一日止年度：27,400,000港元）及9,800,000港元（截至二零零七年十二月三十一日止年度：757,000,000港元）之應佔溢利。此外，上水邁爾豪園（佔50%權益）及荃灣樂悠居（佔50%權益）持續帶來分別26,600,000港元（截至二零零七年十二月三十一日止年度：47,400,000港元）及5,800,000港元（截至二零零七年十二月三十一日止年度：26,100,000港元）之溢利，該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25,400,000港元（截至二零零七年十二月三十一日止年度：33,000,000港元），已列入投資收入。

於二零零八年十二月三十一日本集團就投資物業進行物業估值及錄得公平值減少7,467,700,000港元，乃因香港及中國大陸物業市場趨勢下降。

於本年度內，上市證券投資（包括待售投資中之上市股本證券投資、上市持作買賣投資及財資產品）已確認收益總額3,690,500,000港元（截至二零零七年十二月三十一日止年度：1,200,000,000港元）。

Financial Operation Review

財務業務回顧

RESULTS (cont'd)

Continuing Operations (cont'd)

The Group had disposed all listed equity securities investments included in available-for-sale investments. A gain of HK\$3,647.8 million (year ended 31st December, 2007: HK\$888.7 million) was recognised as net investment income, after deducting transaction costs of HK\$8.2 million (year ended 31st December, 2007: HK\$2.0 million), which was transferred from a cumulative gain of HK\$3,656.0 million (year ended 31st December, 2007: HK\$890.7 million) in equity as securities investments reserve. Together with the respective dividend income of HK\$116.2 million (year ended 31st December, 2007: HK\$86.1 million), the total gains of HK\$3,764.0 million (year ended 31st December, 2007: HK\$974.8 million) were recognised for the Year. In addition to the profit recognised in the consolidated income statement, a deduction of fair value changes on listed equity securities of available-for-sale investments of HK\$4,501.1 million (year ended 31st December, 2007: addition of HK\$4,505.8 million) was recognised to the securities investments reserve during the Year.

In respect of the performance of other listed held-for-trading investments and treasury products, the Group had recorded loss of HK\$77.0 million (year ended 31st December, 2007: profit of HK\$344.0 million) and HK\$73.5 million (year ended 31st December, 2007: profit of HK\$225.3 million) before and after finance costs respectively. The components in the consolidated income statement for the Year were gross loss of HK\$116.1 million (year ended 31st December, 2007: profit of HK\$182.7 million), unrealised gain of HK\$26.4 million (year ended 31st December, 2007: HK\$26.0 million), realised loss on equity-linked note of HK\$16.2 million (year ended 31st December, 2007: realised gains on equity-linked note and derivative financial instruments of HK\$68.3 million) and dividend and interest income of HK\$28.9 million (year ended 31st December, 2007: HK\$67.0 million). Net gain on finance costs of HK\$3.5 million (year ended 31st December, 2007: finance cost of HK\$118.7 million) included interest expense and exchange gain in the sum of HK\$4.4 million (year ended 31st December, 2007: HK\$106.4 million) and HK\$7.9 million (year ended 31st December, 2007: loss of HK\$12.3 million) respectively.

業績 (續)

持續經營業務 (續)

本集團已出售全部待售投資中之上市股本證券投資。錄得扣除交易成本8,200,000港元(截至二零零七年十二月三十一日止年度: 2,000,000港元)後於投資收入淨額中確認收益3,647,800,000港元(截至二零零七年十二月三十一日止年度: 888,700,000港元)·當中3,656,000,000港元(截至二零零七年十二月三十一日止年度: 890,700,000港元)之累計收益乃轉撥自股本權益中之證券投資儲備盈餘。連同有關股息收入116,200,000港元(截至二零零七年十二月三十一日止年度: 86,100,000港元)·於本年度確認之總收入為3,764,000,000港元(截至二零零七年十二月三十一日止年度: 974,800,000港元)。除於綜合收益表中確認之收益外·本年度之待售投資的上市股本證券之公平值變動減少4,501,100,000港元(截至二零零七年十二月三十一日止年度: 增加4,505,800,000港元)已於證券投資儲備盈餘中確認。

至於其他上市之持作買賣投資及財資產品的表現·本集團分別錄得扣除財務費用前後虧損77,000,000港元(截至二零零七年十二月三十一日止年度: 溢利344,000,000港元)及73,500,000港元(截至二零零七年十二月三十一日止年度: 溢利225,300,000港元)。計入本年度之綜合收益表之各項包括毛虧損116,100,000港元(截至二零零七年十二月三十一日止年度: 收益182,700,000港元)·未變現收益26,400,000港元(截至二零零七年十二月三十一日止年度: 26,000,000港元)·已變現股票掛鈎票據虧損16,200,000港元(截至二零零七年十二月三十一日止年度: 已變現股票掛鈎票據及衍生金融工具收益68,300,000港元)及股息及利息收入28,900,000港元(截至二零零七年十二月三十一日止年度: 67,000,000港元)。財務費用淨收益3,500,000港元(截至二零零七年十二月三十一日止年度: 財務費用118,700,000港元)包括利息開支及匯兌收益總額分別為4,400,000港元(截至二零零七年十二月三十一日止年度: 106,400,000港元)及7,900,000港元(截至二零零七年十二月三十一日止年度: 虧損12,300,000港元)。

Financial Operation Review

RESULTS (cont'd)

Continuing Operations (cont'd)

Other income recorded an increase of 20.8% to HK\$39.0 million when compared with the same period last year. Administrative expenses decreased by 2.2% to HK\$224.1 million as compared with the same period last year. Finance costs recorded a decrease of 50.8% to HK\$283.2 million as compared with the same period last year.

Other gains and losses recorded a net gain of HK\$10.2 million (year ended 31st December, 2007: losses of HK\$71.7 million), including gains on purchase of convertible bonds of G-Prop (Holdings) Limited ("G-Prop") and redemption of the remaining convertible bonds of G-Prop and impairment loss recognised in respect of advance to an associate.

The share of results of associates for the Year was a loss of HK\$8.4 million as compared to the profit of HK\$601.4 million for the same period last year, it was mainly due to the decrease in contribution from sales of development properties and decrease in fair value of investment properties.

Discontinued Operation

On 1st February, 2008, G-Prop entered into a conditional agreement with Fame Ascent Investments Limited to dispose the operation in production and sale of methanol (the "Methanol Project") for approximately HK\$183.7 million. The disposal was completed on 25th July, 2008, following the disposal, the results of Methanol Project was reported as a discontinued operation and presented separately in the consolidated income statement in accordance with Hong Kong Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations".

LOSS, CORE PROFIT, DIVIDENDS, REPURCHASE AND CASH PAYMENT

Loss

Loss attributable to equity holders of the parent for the Year (from continuing and discontinued operations) was HK\$1,494.4 million as compared to profit of HK\$8,195.8 million for the same period last year. The loss for the Year was mainly due to the fair value losses on investment properties. Loss per share was HK\$0.67 (year ended 31st December, 2007: earnings of HK\$3.60).

財務業務回顧

業績 (續)

持續經營業務 (續)

其他收入較去年同期增加20.8%至39,000,000港元，行政開支較去年同期減少2.2%至224,100,000港元。財務費用較去年同期減少50.8%至283,200,000港元。

其他收益及虧損錄得收益淨額10,200,000港元（截至二零零七年十二月三十一日止年度：虧損71,700,000港元），包括購買金匡企業有限公司（「金匡」）之可換股債券之收益、贖回餘下金匡之可換股債券之收益及就墊付一間聯營公司款項確認之減值虧損。

本年度攤佔聯營公司業績虧損8,400,000港元，而去年同期收益為601,400,000港元，主要由於發展物業銷售貢獻減少以及投資物業公平值減少。

已終止經營業務

於二零零八年二月一日，金匡與名昇投資有限公司訂立一項有條件協議，以約183,700,000港元出售生產及銷售甲醇之業務（「甲醇項目」）。該出售已於二零零八年七月二十五日完成，於出售後，甲醇項目之業績乃根據香港財務報告準則第5號「持作出售之非流動資產及已終止經營業務」按已終止經營業務呈報，並於綜合收益表中分開呈列。

虧損、核心溢利、股息、回購及現金支出

虧損

本年度母公司股本權益持有人的應佔虧損（來自持續經營業務及已終止經營業務）為1,494,400,000港元，而去年同期溢利為8,195,800,000港元。本年度的虧損主要來自投資物業的公平值變動虧損。每股虧損為0.67港元（截至二零零七年十二月三十一日止年度：盈利3.60港元）。

Financial Operation Review

財務業務回顧

LOSS, CORE PROFIT, DIVIDENDS, REPURCHASE AND CASH PAYMENT (cont'd)

虧損、核心溢利、股息、回購及現金支出（續）

Core Profit

If the net losses on the major non-cash items of HK\$5,943.2 million (2007: gains of HK\$5,463.7 million) are excluded, the Group will have a core profit attributable to equity holders of the parent for the Year of HK\$4,448.8 million (2007: HK\$2,732.1 million) and a core earnings per share of HK\$2.00 (2007: HK\$1.20), an increase of 62.8% and 66.7% over 2007 respectively.

The major non-cash items are fair value losses on investment properties together with their respective deferred tax credit of HK\$6,235.7 million (2007: gains of HK\$5,463.7 million) and credit effect of deferred tax on reduction in tax rate in respect of the fair value changes on investment properties of HK\$292.5 million.

Dividends

A final dividend of HK22.5 cents per share in amount of HK\$517.1 million for the year ended 31st December, 2007 (year ended 31st December, 2006: HK18.0 cents) and an interim dividend of HK13.5 cents per share in amount of HK\$306.2 million for the half year ended 30th June, 2008 (half year ended 30th June, 2007: HK13.5 cents) were paid in cash and in form of new shares in lieu of cash (scrip dividend) during the Year. 90.7% and 9.3% were paid in cash and in scrip dividend respectively for the final dividend as well as 98.7% and 1.3% were paid in cash and in scrip dividend respectively for the interim dividend.

A final dividend and a special dividend have been recommended at HK1 cent (2007: HK22.5 cents) and HK99 cents (2007: nil) per share respectively. Together with interim dividend of HK13.5 cents (2007: HK13.5 cents) per share, the total dividend for the Year is HK113.5 cents (2007: HK36 cents) per share.

Repurchase

During the period from March 2008 to December 2008, the Company has utilised HK\$2,287.9 million (2007: nil) in repurchase of the Company's shares, such amount is equivalent to HK102.7 cents per share, calculated based on weighted average number of shares during the Year.

核心溢利

如撇除主要非現金項目虧損淨額5,943,200,000港元（二零零七年：收益5,463,700,000港元），本年度母公司股本權益持有人的應佔核心溢利將為4,448,800,000港元（二零零七年：2,732,100,000港元），而每股核心盈利將為2.00港元（二零零七年：1.20港元），分別較二零零七年增加62.8%及66.7%。

主要非現金項目為有關投資物業公平值變動之虧損連同其各自遞延稅項撥回6,235,700,000港元（二零零七年：收益5,463,700,000港元）以及由於稅率減少引至有關投資物業公平值變動之遞延稅項撥回292,500,000港元。

股息

截至二零零七年十二月三十一日止年度的末期股息每股22.5港仙（截至二零零六年十二月三十一日止年度：18.0港仙），合共517,100,000港元，及截至二零零八年六月三十日止半年的中期股息每股13.5港仙（截至二零零七年六月三十日止六個月：13.5港仙），合共306,200,000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90.7%及9.3%分別以現金及以股代息形式派付，而中期股息的98.7%及1.3%分別以現金及以股代息形式派付。

本年度建議宣派之末期股息及特別股息分別為1港仙（二零零七年：22.5港仙）及99港仙（二零零七年：無）。連同中期股息每股13.5港仙（二零零七年：13.5港仙），本年度派息總額為每股113.5港仙（二零零七年：36港仙）。

回購

於二零零八年三月至二零零八年十二月期間，本公司用作回購本公司股份之金額為2,287,900,000港元（二零零七年：無），該款項相等於每股102.7港仙，乃以本年度股份之加權平均股數基準計算。

Financial Operation Review

LOSS, CORE PROFIT, DIVIDENDS, REPURCHASE AND CASH PAYMENT (cont'd)

Cash Payment

Based on (a) the core profit for the Year of HK\$4,448.8 million (2007: HK\$2,732.1 million) or HK\$2.00 (2007: HK\$1.20) per share; (b) the amount utilised for share repurchase during March 2008 to December 2008 of HK\$2,287.9 million or HK102.7 cents per share; and (c) final and special dividends of HK100 cents (2007: HK\$22.5 cents) per share proposed and interim dividend of HK13.5 cents (2007: HK13.5 cents) per share paid for the Year, the ratio of such cash payment to the core profit is 108% (2007: 30.0%)

NET ASSET VALUE

As at 31st December, 2008, the Group's total net asset to equity holders of the parent amounted to approximately HK\$34,651 million (31st December, 2007: HK\$47,162 million), a decrease of HK\$12,511 million or 26.5% when compared with 31st December, 2007. With the total number of ordinary shares in issue of 2,077,750,079 shares as at 31st December, 2008 (31st December, 2007: 2,300,443,378 shares), the net asset value per share to equity holders of the parent was HK\$16.68, a decrease of 18.6% over 31st December, 2007 (HK\$20.50). The movement in net asset value was mainly due to (a) loss for the Year of HK\$1,494.4 million; (b) reduction in the reserve for the listed available-for-sale investments of HK\$8,159.0 million; and (c) reduction in share premium for share repurchase of HK\$2,289.2 million.

As at 31st December, 2007, the carrying amount of the cumulative gain on fair value changes of listed equity securities investments in equity as securities investments reserve (the "Listed Equity Securities Investments Reserve") was approximately HK\$8,157.1 million. A reduction in fair value on the listed equity securities investments of approximately HK\$4,501.1 million (year ended 31st December, 2007: addition of approximately HK\$4,505.8 million) was recognised for the Year and a cumulative gain of approximately HK\$3,656.0 million (year ended 31st December, 2007: HK\$890.7 million) was transferred to consolidated income statement upon disposal. The carrying amount of the Listed Equity Securities Investments Reserve as at 31st December, 2008 is HK\$nil.

財務業務回顧

虧損、核心溢利、股息、回購及現金支出(續)

現金支出

根據(a)本年度之核心溢利4,448,800,000港元(二零零七年:2,732,100,000港元)或每股2.00港元(二零零七年:1.20港元);(b)於二零零八年三月至二零零八年十二月期間用於回購股份之金額2,287,900,000港元或每股102.7港仙;及(c)本年度建議之末期及特別股息每股100港仙(二零零七年:22.5港仙)連同已派付之中期股息每股13.5港仙(二零零七年:13.5港仙),該現金支出與核心溢利之比率為108%(二零零七年:30%)。

資產淨值

於二零零八年十二月三十一日,母公司股本權益持有人的應佔本集團的總資產淨值約為34,651,000,000港元(二零零七年十二月三十一日:47,162,000,000港元),較二零零七年十二月三十一日減少12,511,000,000港元或26.5%。根據二零零八年十二月三十一日的已發行普通股總數2,077,750,079股(二零零七年十二月三十一日:2,300,443,378股)計算,母公司股本權益持有人的每股資產淨值為16.68港元,較二零零七年十二月三十一日(20.50港元)減少18.6%。資產淨值變動主要與(a)本年度虧損1,494,400,000港元、(b)上市待售投資之儲備減少8,159,000,000港元及(c)因回購股份而減少股份溢價2,289,200,000港元有關。

於二零零七年十二月三十一日,上市股本證券投資公平值變動累計收益於股本權益之證券投資儲備(「上市股本證券投資儲備」)之賬面值約8,157,100,000港元。於本年度,已確認約4,501,100,000港元(截至二零零七年十二月三十一日止年度:4,505,800,000港元)之上市股本證券投資公平值減少及約3,656,000,000港元(截至二零零七年十二月三十一日止年度:890,700,000港元)之累計收益已因出售而轉撥至綜合收益表。截至二零零八年十二月三十一日止上市股本證券投資儲備盈餘賬面值為零港元。

Financial Operation Review

財務業務回顧

NET ASSET VALUE (cont'd)

Included in the total net asset is net deferred tax liabilities of HK\$3,769 million on fair value gains of investment properties. If the deferred tax liabilities are excluded, the total net asset to equity holders of the parent will become HK\$38,420 million or HK\$18.5 per share.

During the Year, the Group had acquired additional 36.51% interest in G-Prop and acquired and redeemed certain convertible bonds of G-Prop, disposals of certain investment properties and bought and sold listed and unlisted securities investments. 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.

SECURITIES INVESTMENTS

As at 31st December, 2007, the listed equity securities investments and treasury products was HK\$11,808.0 million. During the Year, the Group disposed all the listed equity securities investments. As at 31st December, 2008, after adding the fair value gain of HK\$26.4 million, the carrying amount of the treasury products was HK\$24.4 million, which was included in current liabilities.

During the Year, Chi Cheung Investment Company, Limited ("Chi Cheung", a 61.96% subsidiary of the Company) and G-Prop (a 50.20% subsidiary of the Company) acquired various long term floating rate notes and fixed rate notes (the "FRN") in principal amount of US\$28.5 million and EUR3.8 million as available-for-sale investments. The denominated currencies of the FRN are United States dollars and Euro and the maturity dates are between 2011 to 2016. The interest rates are calculated mainly with reference to the respective country's LIBOR. No hedging for interest rate and foreign currency were subsisted during the Year.

As at 31st December, 2008, the carrying amount of the FRN amounted to HK\$216.7 million, representing 0.42% of the total assets of the Group at the year end.

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.

資產淨值(續)

總資產淨值包括有關投資物業公平值收益的遞延稅項負債3,769,000,000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38,420,000,000港元或每股18.5港元。

於本年度，本集團增購金匡36.51%權益及購買及贖回其若干可換股債券、出售若干投資物業及買賣上市證券投資。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。

證券投資

於二零零七年十二月三十一日，上市證券股本投資及財資產品為11,808,000,000港元。於本年度，本集團已出售全部上市股本證券投資。於二零零八年十二月三十一日，財資產品賬面值為24,400,000港元已包括公平值變動增加26,400,000港元，並列入流動負債中。

於本年度，至祥置業有限公司（「至祥」，擁有61.96%權益之附屬公司）及金匡（擁有50.20%權益之附屬公司）購入若干長期浮息票據及定息票據（「計息票據」），計息票據之本金額為28,500,000美元及3,800,000歐元列作待售投資。計息票據以美元及歐元計值及到期日介乎二零一一年至二零一六年。利率計算主要參照各地區浮動利率。於年內並無就利率及外幣作出對沖。

於二零零八年十二月三十一日，計息票據賬面值為216,700,000港元，佔本集團年底總資產0.42%。

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。

Financial Operation Review

EQUITY

The number of issued ordinary shares as at 31st December, 2008 and 31st December, 2007 were 2,077,750,079 shares and 2,300,443,378 shares respectively.

CONVERTIBLE BONDS

The zero-coupon convertible bonds (the "Bonds") were issued by G-Prop on 25th October, 2007 in a face value of HK\$180 million due in 2010. On 31st October, 2008, G-Prop, upon request of the bondholders, had redeemed the Bonds with principal amount of HK\$180,000,000 (including the Bonds with face value of HK\$108 million held by a wholly-owned subsidiary of the Company) in full at par value by cash. The Bonds so redeemed had been cancelled simultaneously. As at 31st December, 2008, the Group had no outstanding Bonds.

DEBT AND GEARING

As at 31st December, 2008, the Group's bank and other borrowings amounted to HK\$11,669 million (31st December, 2007: HK\$12,330 million). Cash and deposit at bank amounted to HK\$10,419 million (31st December, 2007: HK\$6,168 million), pledged deposit amounted to HK\$478 million (31st December, 2007: HK\$486 million) and net borrowings amounted to HK\$772 million (31st December, 2007: HK\$5,676 million).

Total debt to equity ratio was 33.1% (31st December, 2007: 25.9%) and net debt to equity ratio was 2.2% (31st December, 2007: 11.9%), which are expressed as a percentage of total borrowings, and net borrowings respectively, over the total equity of HK\$35,303 million (31st December, 2007: HK\$47,666 million).

The decrease in net debt to equity ratio was due to an increase in cash and deposit balances. Increase of cash and deposit balances was mainly due to the disposals of listed available-for-sale investments.

財務業務回顧

股本

於二零零八年十二月三十一日及二零零七年十二月三十一日的已發行普通股數目分別為2,077,750,079股及2,300,443,378股。

可換股債券

金匡於二零零七年十月二十五日發行面值為180,000,000港元於二零一零年到期之零息可換股債券（「債券」）。於二零零八年十月三十一日，金匡應債券持有人之要求以現金按面值全部贖回本金額為180,000,000港元之債券（包括由本公司之一間全資附屬公司持有之面值為108,000,000港元之債券）。贖回之債券已同時註銷。於二零零八年十月三十一日本集團並無未行使債券。

債務及資本與負債比率

於二零零八年十二月三十一日，本集團的銀行及其他借貸為11,669,000,000港元（二零零七年十二月三十一日：12,330,000,000港元）。現金及銀行結存為10,419,000,000港元（二零零七年十二月三十一日：6,168,000,000港元），抵押存款為478,000,000港元（二零零七年十二月三十一日：486,000,000港元），而借貸淨額為772,000,000港元（二零零七年十二月三十一日：5,676,000,000港元）。

總債務與股本權益比率為33.1%（二零零七年十二月三十一日：25.9%），而淨債務與股本權益比率為2.2%（二零零七年十二月三十一日：11.9%），乃將借貸總額及借貸淨額分別除以股本權益總額35,303,000,000港元（二零零七年十二月三十一日：47,666,000,000港元）得出的百分比。

由於現金及定期存款增加，令淨債務與股本權益的比率下降。現金及定期存款增加主要與出售上市待售投資有關。

Financial Operation Review

財務業務回顧

DEBT AND GEARING (cont'd)

At the balance sheet date, the Group's bank and other borrowings were denominated in Hong Kong dollars. Of the Group's bank and other borrowings of HK\$11,669 million, 27.1%, 20.2%, 51.2% and 1.5% 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. No hedging for interest rate and non-Hong Kong dollars assets or investments were subsisted at the end of the year.

PLEDGE OF ASSETS

As at 31st December, 2008, 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\$28,643.2 million (31st December, 2007: HK\$37,048.5 million), HK\$60.3 million (31st December, 2007: HK\$47.6 million), HK\$319.6 million (31st December, 2007: HK\$239.2 million), HK\$2,995.2 million (31st December, 2007: HK\$561.9 million) and HK\$149.3 million (31st December, 2007: HK\$485.7 million) were pledged to the Group's bankers to secure general banking and loan facilities granted to the Group.
- (b) As at 31st December, 2008, a cash deposit of HK\$328.7 million was pledged to the Group's financial institutions to secure the derivative financial instruments transaction.

As at 31st December, 2007, the Group's investments held-for-trading with carrying amount of approximately HK\$194.7 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.

債務及資本與負債比率(續)

於結算日，本集團之銀行及其他借貸以港元計值。於本集團之銀行及其他借貸總額11,669,000,000港元中，27.1%、20.2%、51.2%及1.5%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計算利息。於年底並無就利率及非港元計值的資產或投資作出對沖。

資產抵押

於二零零八年十二月三十一日，本集團已抵押以下資產：

- (a) 本集團賬面值分別約為28,643,200,000港元(二零零七年十二月三十一日：37,048,500,000港元)、60,300,000港元(二零零七年十二月三十一日：47,600,000港元)、319,600,000港元(二零零七年十二月三十一日：239,200,000港元)、2,995,200,000港元(二零零七年十二月三十一日：561,900,000港元)及149,300,000港元(二零零七年十二月三十一日：485,700,000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) 於二零零八年十二月三十一日，本集團約為328,700,000港元之現金存款，已就本集團有關衍生金融工具之交易保證，抵押予本集團之財務機構。

於二零零七年十二月三十一日，本集團賬面值約為194,700,000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。

Financial Operation Review

PLEDGE OF ASSETS (cont'd)

- (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 advance to an associate and advance to an investee company of approximately HK\$1,275.0 million (31st December, 2007: HK\$1,152.0 million) to financial institutions to secure banking general credit facilities granted to associate and investee company.

FINANCIAL AND INTEREST INCOME/EXPENSES

Interest income was included in turnover and investment income. Interest income for the Year was HK\$228.4 million, representing a decrease of 15.7% from that of 31st December, 2007 (HK\$270.8 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\$274.3 million, representing a 50.5% decrease over the interest expenses of HK\$553.8 million recorded for the same period last year. The decrease in interest expenses was mainly due to decrease in interest rate during the Year. Interest capitalised for the Year was HK\$52.7 million as compared to HK\$101.0 million for last year. The average interest rate over the year under review was 2.63% (2007: 4.81%), 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 306 staff (year ended 31st December, 2007: 300 staff) (excluding about a total of 301 staff (year ended 31st December, 2007: 270 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

資產抵押 (續)

- (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1,275,000,000港元(二零零七年十二月三十一日: 1,152,000,000港元)轉歸及授讓財務機構。

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228,400,000港元，較二零零七年十二月三十一日(270,800,000港元)減少15.7%。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274,300,000港元，較去年同期錄得之利息支出553,800,000港元減少50.5%。利息支出減少主要與本年度利率減低有關。本年度之資本化利息為52,700,000港元，而去年則為101,000,000港元。於回顧年度之平均利率為2.63%(二零零七年: 4.81%)，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306人(截至二零零七年十二月三十一日止年度: 300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301人(截至二零零七年十二月三十一日止年度: 270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

財務業務回顧

MAINLAND CHINA AND MACAU

Excluding the discontinued operation, profit contribution from the Group's investment in the Mainland China (including gross profit, fair value changes on investment properties, share of results of associates and taxation) for the Year amounted to HK\$116.7 million (year ended 31st December, 2007: HK\$222.8 million). The Group's net investment as at 31st December, 2008 amounted to HK\$6,877.5 million (31st December, 2007: HK\$4,295.4 million) representing approximately 13.3% of the Group's total asset value and 19.8% of the Group's net asset value.

Further, the Group's net investment in Macau as at 31st December, 2008 amounted to HK\$1,665.0 million (31st December, 2007: HK\$1,660.7 million) representing approximately 3.2% of the Group's total asset value.

LISTED SUBSIDIARIES

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

On 5th February, 2008, the Group acquired 740,518,325 shares of G-Prop, representing 36.51% shareholding, at a consideration of approximately HK\$120.8 million. Accordingly, the Group held 50.20% shareholding of G-Prop and G-Prop became a subsidiary of the Company.

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, 2008 and that valuation was used in preparing 2008 year results. The Group's investment properties were valued at HK\$30,303 million (31st December, 2007: HK\$38,498 million), a 20.5% decrease over 2007 after adjusted for additions and disposals of investment properties during the Year. The decrease in fair value of approximately HK\$7,468 million was recognised in the consolidated income statement for the Year. The Group also shared a decrease in fair value of investment properties of the associates of HK\$63 million (net of deferred tax of HK\$14 million) for the Year. Development properties and non-investment properties of the Group were stated at cost less impairment, if any, in the financial statements.

中國大陸及澳門

如撇除於中國大陸之已終止經營業務，本集團於中國大陸之投資為本年度間帶來溢利（包括毛利、投資物業的公平值變動、攤佔聯營公司業績及稅項）116,700,000港元（截至二零零七年十二月三十一日止年度：222,800,000港元）。而本集團之投資淨額於二零零八年十二月三十一日達6,877,500,000港元（二零零七年十二月三十一日：4,295,400,000港元），分別佔本集團資產總值及本集團資產淨值約13.3%及19.8%。

此外，於二零零八年十二月三十一日本集團於澳門之投資淨額為1,665,000,000港元（二零零七年十二月三十一日：1,660,700,000港元），佔本集團資產總值約3.2%。

上市附屬公司

於年結日，本集團於至祥擁有61.96%權益。

於二零零八年二月五日，本集團以代價約120,800,000港元收購740,518,325股金匡股份，相當於36.51%股權，因此，本集團持有50.20%金匡股權，金匡遂成為本公司之附屬公司。

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二零零八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二零零八年財務報表。本集團投資物業之估值為30,303,000,000港元（二零零七年十二月三十一日：38,498,000,000港元），經作出本年度投資物業之增加及出售之調整後較二零零七年減少20.5%。公平值減少約7,468,000,000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之減少63,000,000港元（已扣除遞延稅項14,000,000港元）。本集團之發展物業及非投資物業乃於財務報表中按成本扣除減值（如有）列賬。