

Chairman's Statement 主席報告書

I present the results and operations of Nam Fong International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2006.

Results

The audited consolidated profit of the Group for the year ended 31 December 2006 was approximately HK\$60,068,000 and the basic earnings per share was HK4.42 cents, as compared to the consolidated profit of approximately HK\$328,527,000 and basic earnings per share of HK24.16 cents for 2005.

Dividends

The directors do not recommend payment of dividend for the year (2005: Nil).

Net Asset Value

The consolidated net asset value per share of the Group as at 31 December 2006 was approximately HK\$0.32 based on 1,360,000,000 shares in issue, as compared to HK\$0.24 per share for 2005.

Business Review

Property Investment

The Group's major property investment remained at Liwan Plaza, with a gross floor area of 29,408 square meter, which is located at Shang Xia Jiu Road, Liwan District, Guangzhou, the People's Republic of China (the "PRC"). During the year ended 31 December 2006, the net proceeds from the sale of investment properties at Liwan Plaza amounted to approximately HK\$30,000,000.

本人謹提交南方國際控股有限公司(「本公司」)及其附屬公司(統稱為「本集團」)截至二零零六年十二月三十一日止年度之業務報告。

業績

本集團截至二零零六年十二月三十一日止年度之經審核綜合溢利約為60,068,000港元，每股基本盈利為4.42港仙，而二零零五年之綜合溢利約為328,527,000港元及每股基本盈利為24.16港仙。

股息

董事會建議本年度不派發股息(二零零五年：無)。

資產淨值

於二零零六年十二月三十一日，以已發行1,360,000,000股股數計算，本集團之綜合資產淨值每股約為0.32港元，而二零零五年為0.24港元。

業務回顧

物業投資

本集團主要的物業投資仍然為中華人民共和國(「中國」)廣州市荔灣區上下九路荔灣廣場商場樓面面積29,408平方米。截至二零零六年十二月三十一日止年度，出售荔灣廣場之投資物業淨收入約為30,000,000港元。



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Property Development

The Group's major properties under development (PUD), Jiangnan Nam Fong Garden Phase II ("Jiangnan Garden II"), is located at Chang Gang Zhong Road, Guangzhou. At present, the demolition work on the site area of Jiangnan Garden II, together with the fencing off of the site and the installment of sewage system have been completed. Currently, the Group is awaiting the approval by the Guangzhou Planning Bureau of the revised construction design, construction of the project will be commenced as soon as the Group receives the approval from the Guangzhou Planning Bureau which is expected to be obtained by the mid of 2007. According to the current construction design, Jiangnan Garden II will comprise four 30-storey towers including a 3-storey commercial podium, 27-storey residential units and a 3-storey car park at basement level with an expected total gross floor area of approximately 108,738 square meter.

Another PUD project, Yue Xiu Plaza project, is located at Xiao Bei Road, Guangzhou. As announced on 16 November 2006, the Group had disposed the holding company of the project which sole asset is the development project. Such disposal was completed in January 2007.

Prospect

The land value and the trading price of real estate in Guangzhou and its peripheral regions increased due to the continuous impact of the new land policies on the real estate market. The value of the land and the projects under development held by the Group rose even more than 50% given their prominently prime locations. The Group anticipates the profit potential of its projects to be increasing with their relatively lower costs.

物業發展

本集團主要的發展中物業位於廣州市昌崗中路江南南方花園第二期(「江南花園二期」)，現在已完成整個地塊的拆遷工作，並完成圍牆圍蔽及排水設施。目前，本集團正等待廣州市規劃局對新的建築設計方案的審批，本集團預計該項目於二零零七年中取得廣州市規劃局的批准後將可儘快動工。根據新的建築設計方案，江南花園二期將由四幢三十層高之大樓組成，包括三層商場、每幢二十七層住宅單位及三層地庫停車場，總建築面積約為108,738平方米。

另一發展中物業為位於廣州市小北路之越秀廣場項目，於二零零六年十一月十六日之公佈，本集團已出售其持有該唯一發展項目之控股公司，該出售已於二零零七年一月完成。

展望

新的土地政策持續對房地產市場產生影響，廣州乃至周邊地區土地價值及房產交易價格不斷上升，本集團持有土地及發展中項目由於地段優勢明顯，其價值已上升超過五成，由於本集團項目獲得成本相對較低，故各項目可預期的利潤空間不斷加大。



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Recently, the Jiangnan Garden II project of the Group has been popular in the real estate market of Guangzhou. Many investors had actively showed their interests in participation. The Group will focus on the development of the Jiangnan Garden II project. The Group intends to fund the development project by way of bank borrowings, proceeds from pre-sale of certain residential properties and by internal resources. Notwithstanding the above, the Group may also consider other fund raising activities which may be in the interests of the Group.

The Group has been engaged in the property development business for a long period of time and has established its market position in Guangzhou, the PRC. Apart from Jiangnan Garden II project, the Group will continue to explore quality properties with a view to expanding its land bank should suitable opportunities arise.

Capitalizing on the prime opportunities arising from the ever-booming real estate market, the management team of the Group is now seeking every opportunity for more extensive cooperation. It is expected that the Group will soon stride into a stage of rapid development. The year of 2007 will be critical for our development. It is confident that the Group can fully complete all of its project funding and development during 2007.

Appreciation

On behalf of the Board, I would like to thank our shareholders for their continued support to the Group and the dedicated management and staff for their valuable contributions during the year.

Tong Shi Jun
Chairman

Hong Kong, 30 May 2007

本集團江南花園二期項目近期來一直備受廣州地產界關注，眾多投資者均主動表示了合作意向，本集團將重點放在發展江南花園二期項目，本集團計劃以銀行借貸、進行預售部份住宅及內部資源作為發展該項目之資金。除上述者外，本集團亦會考慮其他有利於本集團的籌集資金形式。

本集團從事物業發展已有一段長時間，並已在中國廣州市建立了一定的市場地位，除了江南花園二期項目外，本集團將繼續物色優質物業，並在適合的機會出現時擴大其土地儲備量。

不斷上升的房地產市場為本集團提供了良好的發展契機，本集團管理團隊正不斷尋求更廣泛的合作，預期本集團儘快進入高速發展軌道。二零零七年將是本集團發展的關鍵性階段，本集團有信心在二零零七年全面完成所有項目資金及發展安排。

感謝

本人謹代表董事會對一直支持本集團之股東及於本年度盡心作出寶貴貢獻之管理人員與員工，衷心致謝。

主席
佟世均

香港，二零零七年五月三十日

