

TURNOVER

In 2005, benefiting from the improved market sentiment, the Group saw substantial growth in its property development business. The overall unit selling price in respect of properties delivered to buyers was up by 10% to RMB6,028 per square meter (2004: RMB 5,487 per square meter) due primarily to contributions from some project developments with relatively higher gross profit margins, such as Beijing Regal Court, Shanghai Hopson Town and Guangzhou Regal Palace. The volume of transactions stayed at high levels and increased by 40% to 1,043,249 square meters (2004: 743,590 square meters). As a result, the Group produced an impressive turnover of HK\$6,134 million (2004: HK\$3,973 million (restated)), up 54% as compared with the previous year. This record high turnover was exclusive of the Group's proportionate share of turnover in the "Qiaodao" jointly controlled entity. About 65% of the turnover revenue for the year came from five project developments, namely Beijing Regal Court, Pleasant View Garden, Gallopade Park South Court, Beijing Citta Eterna and Shanghai Hopson Town.

Cost of sales

In line with the substantial growth in turnover, the cost of sales was up by 45% to HK\$4,189 million (2004: HK\$2,896 million (restated)) but as a percentage of revenue dropped to 68% (2004: 73% (restated)) due primarily to cost savings achieved.

Gross profit

Gross profit margin for the full year increased from 27% in 2004 to 32% in 2005. This was mainly attributable to the rise in selling prices and the continued tight control exercised on costs. However, as compared with the 38% margin achieved for the first half of 2005, there was a drop of 6% caused by the (1) recognition of a relatively larger number of properties with low profit margin located in Tianjin, (2) disposal at competitive prices of certain investment properties carrying a value higher than cost and (3) costs of clubhouses being recognized as cost of development.

營業額

於二零零五年，受惠於物業市道好轉，本集團之物業發展業務錄得大幅增長。由於部份毛利率較高的發展項目如北京珠江帝景、上海合生城邦及廣州帝景華苑的收益貢獻，令已交付買家物業的整體單位售價上升 10%，至每平方米人民幣 6,028 元（二零零四年：每平方米人民幣 5,487 元）。交付面積維持於高水平增加 40% 至 1,043,249 平方米（二零零四年：743,590 平方米）。因此，本集團創出驕人之營業額，達港幣 6,134,000,000 元（二零零四年：港幣 3,973,000,000 元（重列）），較去年增長 54%。該創紀錄之營業額尚未包括本集團按比例攤佔共同控制實體「僑都」的營業額。年內的營業額當中約 65% 來自五個發展項目，即北京珠江帝景、逸景翠園、駿景花園—南苑、北京羅馬嘉園及上海合生城邦。

銷售成本

在營業額大幅增長下，銷售成本增加 45% 至港幣 4,189,000,000 元（二零零四年：港幣 2,896,000,000 元（重列））。但有賴減省成本取得成效，銷售成本佔收益之百分比得以降至 68%（二零零四年：73%（重列））。

毛利

全年毛利率由二零零四年的 27% 上升至二零零五年的 32%，主要歸因於售價上升及持續推行嚴謹之成本控制措施。然而，相對於二零零五年上半年達致的 38% 水平，毛利率下跌了 6%，原因為：(1) 套現了相對多位於天津市、利潤率較低的物業；(2) 以具競爭力之價格出售若干價值高於成本值之投資物業，及(3) 會所之相關成本確認為開發成本。

Other gains

Included in other gains are (1) "excess of acquirer's interest over cost" of HK\$192 million representing the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition paid for a 100% equity interest in Sun Advance Investments Limited ("Sun Advance") and for the first time being directly recognized in the income statement. Sun Advance and another party own, through a PRC company, the land use right of a piece of land for commercial purpose located in Pudong, Shanghai with a GFA of approximately 86,947 square meters; (2) HK\$14 million representing a revaluation gain of the Group's investment property portfolio since 31st December 2004 now taken through the income statement as required under the new applicable accounting standards; (3) HK\$56 million representing grants received from government bureaus in mainland China and (4) interest income of HK\$17 million.

Operating expenses

Operating expenses, including selling, marketing, general and administrative expenses, were up 28% to HK\$543 million (2004: HK\$423 million). The increase was in line with larger number of properties sold and completed during 2005 and to some extent caused by the start-up costs incurred for new projects, such as Huizhou Regal Riviera Bay, Guangzhou Regal Palace, Yijing Huayuan, and Yunshan Xijing. The total amount expended when measured as a percentage of turnover dropped slightly from 10.6% in 2004 to 8.9% in 2005. This was a reflection of the management's continued commitment in containing operating expenses to a reasonable level.

Finance costs

The costs of borrowing before capitalization allocated to various property projects under development increased to HK\$263 million (2004: HK\$ 205 million), up HK\$58 million or 28%. The increase was mainly attributable to a rise in interest rates, a higher level of bank borrowings and the new issue of Guaranteed Senior Notes of US\$350 million in November 2005. The Group's effective borrowing interest rate was approximately 6.8% per annum (2004: 5.7%). All borrowings were used to finance the development of existing projects and investment in new projects.

Operating profit

The Group's operating profit increased by 117% to HK\$1,681 million (2004: HK\$773 million (restated)), up HK\$908 million.

其他收益

其他收益包括：(1)「收購方權益高於成本之部份」港幣 192,000,000 元，指就收購日進投資有限公司（「日進」）（日進與另外一方透過一家中國公司擁有上海浦東一幅建築面積 86,947 平方米的商業用地）的 100% 股權而言，本集團應佔所收購可辨別資產淨值公平值高於已付收購成本的金額，並首次直接於損益表確認；(2) 港幣 14,000,000 元，指本集團投資物業組合自二零零四年十二月三十一日以來的重估增益，現按照適用的新會計準則規定計算入損益表；(3) 港幣 56,000,000 元，指從中國內地政府機關取得之補助；及(4) 利息收入港幣 17,000,000 元。

經營開支

經營開支（包括銷售、市場推廣、一般及行政支出）為港幣 543,000,000 元（二零零四年：港幣 423,000,000 元），增加 28%。此增幅與二零零五年有較多物業出售及竣工有關，一定程度上亦由於新項目（如惠州帝景灣、廣州帝景華苑、頤景華苑及雲山熹景）之初期費用所致。總支出金額佔營業額之百分比略為下降，由二零零四年的 10.6% 降至二零零五年 8.9%，反映管理層持續努力把經營開支控制在合理水平。

財務成本

分配至多個發展中物業項目之資本化前借貸成本上升至港幣 263,000,000 元（二零零四年：港幣 205,000,000 元），上升港幣 58,000,000 元或 28%。借貸成本增加主要由於利率上升，銀行借貸水平提升，以及於二零零五年十一月發行 350,000,000 美元之新發保證優先票據所致。本集團之實際借貸年利率約為 6.8 厘（二零零四年：5.7 厘）。所有借貸均用於支付現有發展及新項目投資之資金需要。

經營溢利

本集團之經營溢利增加港幣 908,000,000 元至港幣 1,681,000,000 元（二零零四年：港幣 773,000,000 元（重列）），升幅為 117%。

Share of profit of and other gains relating to a jointly controlled entity

The Group's share of profit of and other gains relating to a jointly controlled entity operating the Guangzhou Regal Riviera project increased by 232% to HK\$192 million (2004: HK\$58 million (restated)) due to (1) the additional 29.5% equity interest acquired since July 2005 and (2) the "excess of acquirer's interest over cost" of HK\$115 million representing and for the first time directly recognized in the income statement, the excess of fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition paid for a 29.5% equity interest in Guangdong Zhujiang Qiaodao Real Estate Limited, the project company of Regal Riviera.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The Group achieved a profit attributable to equity holders of HK\$1,217 million (2004: HK\$ 433 million (restated)), up HK\$ 784 million or 181%. Earnings per share rose by 163% to HK\$1.13. Underlying profit attributable to shareholders excluding the effect of "excess of acquirer's interest over cost" of HK\$307 million and revaluation gain of HK\$14 million was HK\$896 million, up HK\$463 million or 107% as compared with the previous year. The increase was mainly attributable to the growth of property development business and its related profit margin.

Segmental information

Property development is the Group's core business activity (98%). 2005 saw a wider geographical spread of financial performance. Both Tianjin and Shanghai began to deliver their developed properties to buyers and each contributed 9% and 10% of the Group's turnover revenue respectively. Guangdong remained the top revenue contributor (47%), followed by Beijing (34%).

FINANCIAL POSITION

As at 31st December 2005, total assets of the Group amounted to HK\$19,584 million (2004: HK\$14,100 million (restated)) whereas total liabilities (excluding minority interests) amounted to HK\$13,818 million (2004: HK\$10,771 million (restated)) representing an increase of HK\$5,484 million and HK\$3,047 million respectively over the previous year. The increase in total assets was mainly attributable to the increase in (1) cash raised from placement of shares and the issue of Guaranteed Senior Notes, (2) new land site acquisitions located in Guangdong Province and Shanghai and (3) amounts expended on the construction work-in-progress of development projects such as Huizhou Regal Riviera Bay, Yunshan Xijing, Hopson International Garden and Shanghai Hopson International Building.

分佔一間共同控制實體溢利及其他收益

本集團分佔一間經營廣州珠江帝景項目之共同控制實體之溢利及其他收益上升 232% 至港幣 192,000,000 元（二零零四年：港幣 58,000,000 元（重列）），分佔溢利上升乃由於 (1) 自二零零五年七月起增持該實體 29.5% 股本權益；及 (2) 收購資產公平值超越成本之款項港幣 115,000,000 元（乃首次直接於損益表確認，本集團就收購廣州珠江僑都房地產有限公司（珠江帝景之項目公司）的 29.5% 股本權益後應佔所收購可辨別資產淨值高於所付之收購成本）。

本公司股權持有人應佔溢利

本集團之股權持有人應佔溢利為港幣 1,217,000,000 元（二零零四年：港幣 433,000,000 元（重列）），上升港幣 784,000,000 元或 181%。每股盈利上升 163% 至港幣 1.13 元。股東應佔溢利扣除「收購資產公平值超越成本之款項」（港幣 307,000,000 元）及重估收益（港幣 14,000,000 元）之影響為港幣 896,000,000 元，並較去年同期上升港幣 463,000,000 元或 107%。有關升幅主要由於物業發展業務及其相關毛利率增長所致。

分部資料

物業發展為本集團之核心業務（佔 98%）。二零零五年所呈報財務表現涉及更廣泛之地區。天津及上海之落成物業已開始交付予買家，所帶來之貢獻分別佔本集團營業額收益之 9% 及 10%。來自廣東之收益仍為本集團收益之最大源頭（佔 47%），而緊隨其後的為北京（佔 34%）。

財政狀況

於二零零五年十二月三十一日，本集團之資產總值達港幣 19,584,000,000 元（二零零四年：港幣 14,100,000,000 元（重列）），而負債總額（不包括少數股東權益）達港幣 13,818,000,000 元（二零零四年：港幣 10,771,000,000 元（重列）），分別較去年同期上升港幣 5,484,000,000 元及港幣 3,047,000,000 元。資產總值增加主要由於 (1) 配發股份及發行保證優先票據所籌得之現金增加；(2) 於廣東省及上海收購之新地塊增加；及 (3) 就惠州帝景灣、雲山熹景、合生國際花園及上海合生國際大廈等發展項目之在建工程所支付之金額增加。

Aligned with this, total liabilities also increased, primarily due to additional bank borrowings obtained and the Guaranteed Senior Notes raised.

Current ratio increased from 1.09 at last year end to 1.73 this year. Total equity increased to HK\$5,765 million at 31st December 2005 from HK\$3,329 million at 31st December 2004, due mainly to the (1) contribution from the current year's profit attributable to shareholders and (2) the placement of shares to strategic investors.

LIQUIDITY AND FINANCIAL RESOURCES

The Group derived its source of fund primarily from income generated from business operations, bank borrowings, cash raised from the placement of shares and the issue of Guaranteed Senior Notes, which were, in turn, used to finance its business operations and investment in development projects.

As at 31st December 2005, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 71% (2004: 76% (restated)). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over total equity) was 79% (2004: 112% (restated))

As at 31st December 2005, the Group had cash and short-term bank deposits amounted to HK\$2,590 million (2004: HK\$737 million) of which HK\$71 million (2004: HK\$150 million) were pledged as collateral for the Group's banking facilities. In addition, the Group's bank deposits of approximately HK\$166 million (2004: HK\$108 million) were charged to certain banks in respect of the mortgage facilities granted by the banks to the buyers of the Group's properties. 80% of the cash and bank deposits was denominated in Renminbi, 3% in Hong Kong dollar and 17% in United States Dollar.

Total borrowings from banks amounted to HK\$4,003 million (2004: HK\$3,506 million) representing an increase of 14% or HK\$497 million over the previous year. Gearing, measured by net bank borrowings and the Guaranteed Senior Notes (i.e. total bank borrowings and Guaranteed Senior Notes less cash and bank deposits as a percentage of total equity), decreased from 83% (restated) as at 31st December 2004 to 71% as at 31st December 2005. The substantial improvement in gearing ratio was mainly attributable to the unutilized proceeds as of year end which were raised from the placement of shares and the issue of Guaranteed Senior Notes.

就此，負債總額亦告上升，主要乃由於取得額外銀行借貸以及藉發行保證優先票據集資所致。

流動比率由去年年底之 1.09 上升至本年度之 1.73。總權益由二零零四年十二月三十一日之港幣 3,329,000,000 元上升至二零零五年十二月三十一日之港幣 5,765,000,000 元，主要歸因於 (1) 本年度股東應佔溢利之貢獻；及 (2) 向策略投資者配發股份。

流動資金及財務資源

本集團之資金主要來自業務營運產生之收入、銀行借貸、配售股份及發行保證優先票據所籌得之現金，而該等資金又會用於應付業務營運及發展項目投資所需。

於二零零五年十二月三十一日，本集團之負債對資產比率（即負債總額對資產總額（不包括少數股東權益）之比率）為 71%（二零零四年：76%（重列））。淨負債權益比率（即負債總額減現金及銀行存款對總權益之比率）達 79%（二零零四年：112%（重列））。

於二零零五年十二月三十一日，本集團之現金及短期銀行存款達港幣 2,590,000,000 元（二零零四年：港幣 737,000,000 元），其中港幣 71,000,000 元（二零零四年：港幣 150,000,000 元）已作抵押以換取本集團之銀行貸款，此外，本集團約港幣 166,000,000 元（二零零四年：港幣 108,000,000 元）銀行存款已就批授予本集團物業之買家之按揭貸款抵押予若干銀行。現金及銀行存款當中 80% 以人民幣計算，3% 以港元計算，及 17% 以美元計算。

銀行之借貸總額達港幣 4,003,000,000 元（二零零四年：港幣 3,506,000,000 元），較去年上升 14% 或港幣 497,000,000 元。負債比率（以銀行借貸總額及保證優先票據（即銀行借貸總額及保證優先票據減現金及銀行存款）佔總權益百分比計算）由二零零四年十二月三十一日之 83%（重列）減少至二零零五年十二月三十一日之 71%。負債比率大幅改善，主要是由於自配售股份及發行保證優先票據籌得之所得款項於年底時仍未動用所致。

All of the Group's bank borrowings were either secured or covered by guarantees and substantially denominated in Renminbi with fixed interest rates whereas the Guaranteed Senior Notes were unsecured and denominated in United States dollar with fixed interest rate, representing approximately 56% and 37%, respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 31st December 2005 was as follow:-

本集團所有銀行貸款均為有抵押或已出具擔保，而大部分以人民幣計算，並以固定利率計息，而保證優先票據則無抵押及以美元計算，並以固定利率計息。兩者分別佔本集團借貸總額約 56% 及 37%。

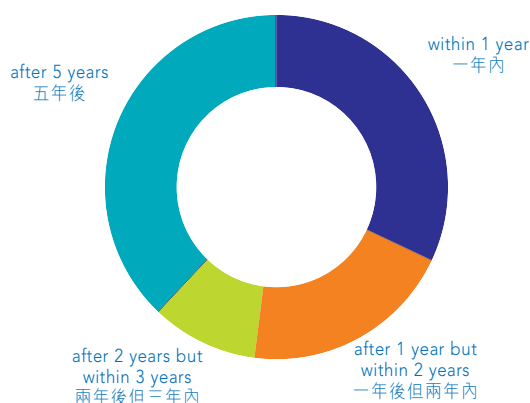
所有其他借貸均為無抵押、免息及大部份以人民幣計算。

本集團於二零零五年十二月三十一日之借貸還款時間表如下：

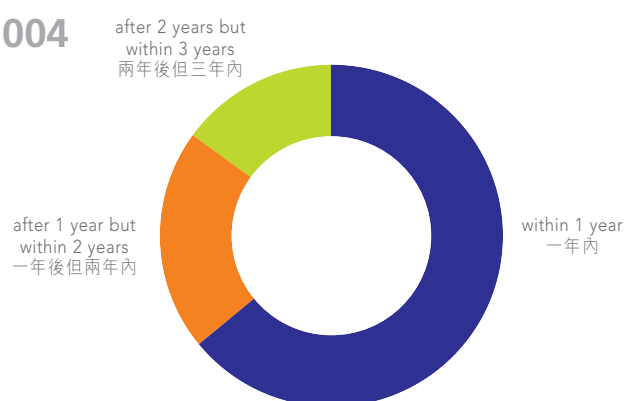
		As at 31st December 2005 於二零零五年 十二月三十一日				As at 31st December 2004 於二零零四年 十二月三十一日				
		Bank borrowings	Guaranteed Senior Notes	Other borrowings	Total	Bank borrowings	Other borrowings	Total		
		銀行借貸	優先票據 保證	其他借貸	總計	銀行借貸	其他借貸	總計		
(HK\$ million) (以百萬港元計)										
- within 1 year	- 一年內	1,837	-	452	2,289	32%	1,958	878	2,836	64%
- after 1 year but within 2 years	- 一年後但 兩年內	1,450	-	-	1,450	20%	878	69	947	21%
- after 2 years but within 3 years	- 兩年後但 三年內	716	-	-	716	10%	670	-	670	15%
- after 5 years	- 五年後	-	2,661	-	2,661	38%	-	-	-	-
Total borrowings	借貸總額	4,003	2,661	452	7,116		3,506	947	4,453	
Less: Bank deposits and cash	減：銀行存款 及現金				(2,590)				(737)	
Net borrowings	借貸淨額				4,526				3,716	

REPAYMENT PROFILE OF THE GROUP'S BORROWINGS 集團之還款時間表

2005



2004



The increase in borrowings was caused by the additional loans drawn down and the Guaranteed Senior Notes issued in November 2005 to finance the development of new projects.

As at 31st December 2005, the Group had banking facilities of approximately HK\$5,640 million (2004: HK\$3,506 million) for short-term and long-term bank loans, of which HK\$1,637 million were unutilized.

CHARGE ON ASSETS

As at 31st December 2005, certain assets of the Group with an aggregate carrying value of HK\$5,068 million (2004: HK\$3,564 million) were pledged with banks for loan facilities used by subsidiaries and a jointly controlled entity.

借貸增加，乃因發展新項目所支取額外貸款及於二零零五年十一月發行保證優先票據所致。

於二零零五年十二月三十一日，本集團就短期及長期銀行信貸取得約港幣 5,640,000,000 元（二零零四年：港幣 3,506,000,000 元），當中港幣 1,637,000,000 元尚未動用。

資產抵押

於二零零五年十二月三十一日，本集團賬面值港幣 5,068,000,000 元（二零零四年：港幣 3,564,000,000 元）之若干資產已就附屬公司及一共同控制實體所用之信貸融資抵押予銀行。

CONTINGENT LIABILITIES

As at 31st December 2005, the Group provided guarantees to banks for:-

		As at 31st December	
		於十二月三十一日	
		2005	2004
		二零零五年	二零零四年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
- mortgage facilities granted to buyers of the Group's properties	- 就購買本集團物業之買家提供按揭貸款而向銀行作出之擔保	4,024	3,271
- loans borrowed by related companies	- 就關連公司之銀行貸款向銀行作出之擔保	-	80
		4,204	3,351

CAPITAL COMMITMENTS

The Group's capital commitments in respect of land and property construction costs and capital contribution to a jointly controlled entity were as follows:

		As at 31st December	
		於十二月三十一日	
		2005	2004
		二零零五年	二零零四年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Authorized and contracted for	已授權及已訂約		
- Property construction costs	- 物業建築成本	5,767	3,639
- Capital contribution to a jointly controlled entity	- 於一間共同控制實體之資本貢獻	101	162
Acquisition of further interest in a jointly controlled entity	進一步收購一間共同控制實體之權益	130	469
Acquisition of equity interests in certain mainland China entities	收購若干中國大陸實體之股本權益	956	-
		6,954	4,270
Authorized but not contracted for	已授權但未訂約		
- Land costs	- 土地成本	885	1,087
- Property construction costs	- 物業建築成本	15,682	18,376
		16,567	19,463
		23,521	23,733

或然負債

於二零零五年十二月三十一日，本集團就下列各項向銀行具擔保：

資本承擔

本集團就土地及物業建築成本，以及對一間共同控制實體出資之資本承擔如下：

The Group's share of capital commitments of the jointly controlled entity not included in the above were as follows:

並未包括在上文之本集團攤佔一間共同控制實體之資本承擔如下：

		As at 31st December	
		於十二月三十一日	
		2005	2004
		二零零五年	二零零四年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Authorized and contracted for	已授權及已訂約		
– Land costs	– 土地成本	105	68
– Property construction cost	– 物業建築成本	231	184
		336	252
Authorized but not contracted for	已授權但未訂約		
– Land costs	– 土地成本	91	51
– Property construction costs	– 物業建築成本	1,282	967
		1,373	1,018
		1,709	1,270

The Group has operating lease commitments in respect of premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

本集團就多份有關租賃物業之不可註銷經營租賃協議而有經營租賃承擔。根據不可註銷租約於日後之最低應付租金如下：

		As at 31st December	
		於十二月三十一日	
		2005	2004
		二零零五年	二零零四年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Amounts payable	下列期內須付之款項		
– within one year	– 一年內	8	5
– within two to five years	– 二至五年內	27	3
		35	8

With the continuous cash inflow from property sales, the committed banking facilities and the cash in hand, the Group should be in an adequate liquidity position to meet these on-going capital commitments by stages.

由於物業銷售持續產生現金流入，加上已承諾之銀行信貸及手頭現金，本集團應具備足夠流動資金以應付不同階段之持續資本承擔。

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

財資政策及資本結構

本集團就其財資及融資政策取態審慎，並專注於風險管理及與本集團的基本業務有直接關係的交易。