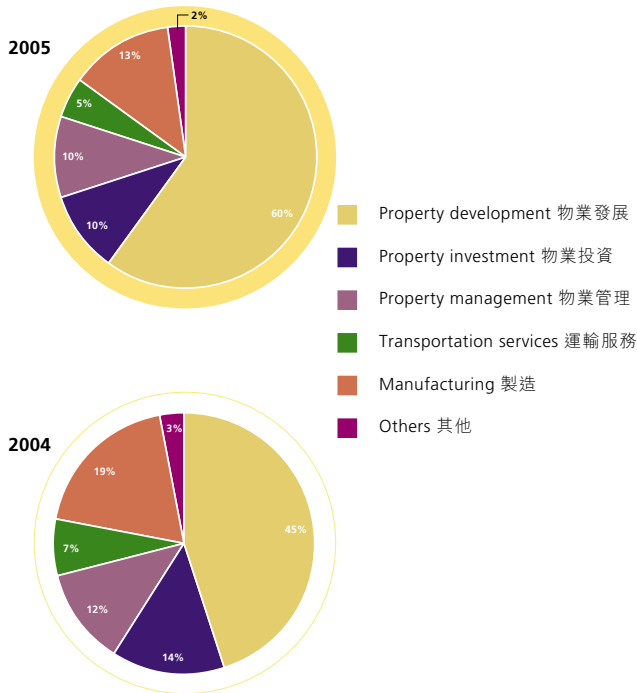


## Management Discussion and Analysis 管理階層討論與分析

### Turnover

#### 營業額

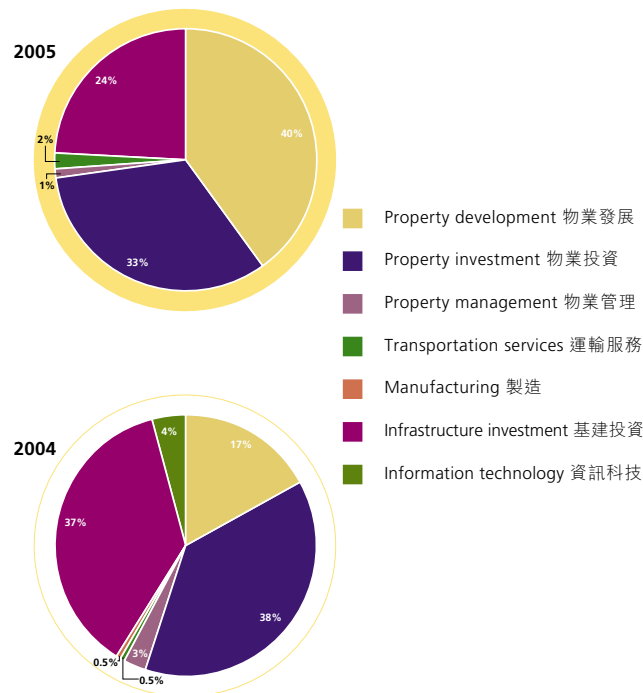


### Contribution to Net Profit

(excluding loss-making business segments and amortisation of negative goodwill arising from acquisition of associates)

#### 純利貢獻

(扣除虧損分類業務及收購聯營公司產生之負商譽攤銷)



## Business Review

In 2005, the Group recorded a turnover of HK\$3,003.4 million, representing an increase of 50% over the previous year. Net profit attributable to the shareholders was HK\$534.3 million, representing an increase of 26% over the previous year. Its operational cash flow amounted to HK\$1,592.8 million, representing an increase of 117% over 2004. At the end of the year, the Group's net assets after minority interests increased by 29% over the previous year to HK\$ 1.93 per share.

## 業務回顧

二零零五年，本集團實現營業額3,003.4百萬港元，比上年增長50%；實現股東應佔純利534.3百萬港元，比上年增長26%；經營性現金流達1,592.8百萬港元，比上年增長117%。年末，扣除少數股東權益後本集團淨資產比上年增長29%，達每股1.93港元。



Shum Yip Coast phase 1 深業新岸線一期

The Group grasped a good opportunity in the real estate development in China and concentrated its resources on expanding its real estate and related businesses. The return of infrastructure investment was increased in a stable pace while the net profit attributable to shareholders continuous to grow.

## Land Reserve

The Group now owns sufficient land reserves in major cities in the Pearl River delta region and certain provincial capitals in the Central China region. The total gross floor area amounts to 3.58 million square meters (excluding the gross floor area of newly-started real estates), which will accommodate our growth in the next five to seven years. During the year, the Group acquired two land parcels with a gross floor area of 587,000 square meters.

本集團抓住國內地產發展的良好時機，集中資源拓展地產及配套領域的各項業務，基建投資回報穩步提升，股東應佔純利連續增長。

## 土地儲備

本集團現時在珠三角地區的重點城市，以及華中部分省會城市擁有較為充足的土地儲備，總建築面積約358.0萬平方米（不包括新近開工樓盤之建築面積），足夠集團未來5-7年開發之用途。其中年內新增土地二幅，建築面積為58.7萬平方米。



Professional Property Management 專業物業管理



Fairy Spring Mountain Villa 仙泉山莊

## Property Development

During the year, the Group achieved a rapid increase in its sales income on the basis of its good reputation and outstanding management service. The key properties of the Group, Shum Yip Coast phase 1 and Prosperous City, and other residential buildings sold extremely well and the total gross floor area sold by contract amounted to 320,000 square meters, representing an increase of 78% over the previous year. The turnover reached HK\$1,798.6 million, representing an increase of 102% over the previous year. Motivated by the increase of the average selling price, the average gross profit margin of property development experienced a significant increase over the previous year.

## Property Investment

During the year, thanks to the continuous increase of the value of properties in Shenzhen, the Group's property investment business recorded a stable increase. The leased area of various categories of properties was over 900,000 square meters, the overall occupancy rate reached 98% and the rental income was HK\$299.6 million, representing an increase of 7% over the previous year.

During the year, the Group's investment property portfolio reported an appreciation of HK\$128.1 million, which was recognized in the income statement for the year under the revised accounting policy which took effect on 1 January 2005.

## 物業開發

年內，本集團憑藉良好的市場口碑、優質的管理服務，實現了銷售收入的較快增長。旗下主力樓盤，深業新岸線一期、盛世鵬程等住宅項目銷售暢旺，合同銷售總建築面積為32萬平方米，比上年增長78%；實現營業額1,798.6百萬港元，比上年增長102%；受平均銷售價格上漲的帶動，物業開發平均毛利率比上年有顯著提高。

## 物業投資

年內，受益於深圳區域物業價值的不斷提升，本集團物業投資業務穩步上升，各類物業出租面積逾90萬平方米，綜合出租率達到98%，實現租賃收入299.6百萬港元，比上年增長了7%。

年內，本集團所屬投資物業組合重估增值128.1百萬港元，根據二零零五年一月一日更改後會計政策，全部計入本年收益表中。

Shenzhen Shum Yip Logistics Group Holdings Co., Ltd (referred to "Shum Yip Logistics" hereinafter), a 51% owned subsidiary of the Company, was incorporated under the pertinent laws of the People Republic of China ("PRC"). In accordance with its business license, the operation period of Shum Yip Logistics will expire on 20 June, 2006. The Group is currently holding discussions with other shareholders of Shum Yip Logistics on the extension of the operation period, possible business reorganization and shareholding structure of Shum Yip Logistics. The Directors are of the opinion that the result of its consultations with other shareholders of Shum Yip Logistics cannot be reliably ascertained at the current stage. Should the Group and other shareholders fail to reach any consensus on the extension of its operation period, Shum Yip Logistics might have to be liquidated pursuant to the provisions of the pertinent PRC laws and regulations, in which case the book value of Shum Yip Logistics's assets and liabilities will have to be adjusted as required.

Net assets after minority interests of Shum Yip Logistics as at 31 December 2005 and net profit after minority interests for the year ended 31 December 2005 represented approximately 10% (2004: 11%) and 8% (2004: 3%) of the consolidated net assets after minority interests of the Company as at 31 December 2005 and the consolidated net profit after minority interests of the Company for the year ended 31 December 2005, respectively.

As the Company continues to negotiate with other shareholders of Shum Yip Logistics on the extension of the operation period, possible business reorganization and shareholding structure of Shum Yip Logistics, the directors consider that no adjustments are required against the book value of Shum Yip Logistics's assets and liabilities as at the balance sheet date.

## Property Management

In 2005, the Group's property management companies further expanded excellent professional services outside Shenzhen, the Group's property companies managed properties with a total gross floor area of 29 million square meters and the income amounted to HK\$295.6 million, representing an increase of 23% over the previous year.

本集團擁有51%股權之附屬公司深圳深業物流集團股份有限公司(以下簡稱「深業物流」)·乃根據中華人民共和國(「中國」)相關法律註冊成立之公司。依照營業執照·深業物流的經營期將於二零零六年六月二十日終止。目前·本集團正與其他股東就深業物流經營延期·可能的業務重組及股權結構等事項進行磋商。董事認為目前階段尚不能可靠地確定與深業物流其他股東最終的協商結果。如果本集團與深業物流其他股東無法就延期事項達成共識·深業物流可能將遵照中國有關法律與條例的規定予以清算·則該公司的資產和負債的賬面金額將需要進行必要的調整。

深業物流於二零零五年十二月三十一日扣除少數股東權益後淨資產及截至二零零五年十二月三十一日止年度之扣除少數股東權益後純利分別約佔本公司於二零零五年十二月三十一日扣除少數股東權益後綜合淨資產10%(二零零四年:11%)及本公司截至二零零五年十二月三十一日止年度扣除少數股東權益後綜合純利8%(二零零四年:3%)。

隨著本公司進一步與深業物流之其他股東就深業物流經營延期·可能之業務重組及股權結構等事項展開磋商·董事認為毋須就深業物流於結算日之資產和負債之賬面值作出調整。

## 物業管理

二零零五年·本集團所屬物業管理公司繼續向特區外拓展專業優質服務·所屬物業管理總建築面積逾2,900萬平方米·實現收入295.6百萬港元·較上年增長23%。



## PROPERTIES COMPLETED DURING 2005 二零零五年竣工物業

Project Name 項目名稱	Location 地區	Usage 用途	Interest attributable to the Group 權益
Prosperous City 盛世鵬程	Shenzhen 深圳	Residential 住宅	50.00%
Shum Yip Coast Phase I 深業新岸線一期	Shenzhen 深圳	Residential 住宅	100.00%
Tianan IT Square Phase II 天安創新科技廣場二期	Shenzhen 深圳	Factory 廠房	25.50%
Block15 and 16 of Yangguang Garden Phase II 陽光花園二期15、16棟	Shenzhen 深圳	Residential 住宅	100.00%
Shum Yip Logistics Tower 深業物流大廈	Shenzhen 深圳	Commercial 商用	51.00%

## PROPERTIES UNDER DEVELOPMENT DURING 2005 二零零五年在建物業

Project Name 項目名稱	Location 地區	Usage 用途	Interest attributable to the Group 權益
Shum Yip Coast Phase II 深業新岸線二期	Shenzhen 深圳	Residential 住宅	100.00%
No. 11 Light steel Structure Warehouse 11號輕鋼結構倉庫	Shenzhen 深圳	Warehouse 倉庫	45.00%
Sea Pine Building 海松大廈	Shenzhen 深圳	Factory 廠房	51.00%
The 5th Avenue Phase I 第五大道一期	Shenzhen 深圳	Residential 住宅	29.00%
Yangguang Garden Phase III 陽光花園三期	Shenzhen 深圳	Residential 住宅	100.00%
Bussiness Space-time Centre 商務時空大廈	Shenzhen 深圳	Office 辦公	100.00%

## PROPERTIES UNDER DEVELOPMENT SCHEDULED TO COMMENCE IN 2006 AND 2007 二零零六年及二零零七年計劃開工物業

Project Name 項目名稱	Location 地區	Usage 用途	Interest attributable to the Group 權益
Shum Yip Coast Phase III 深業新岸線三期	Shenzhen 深圳	Residential 住宅	100.00%
Golf Seaview Garden Phase III 高爾夫海景花園三期	Shenzhen 深圳	Residential 住宅	25.50%
Azure Mangrove Garden Phase III 碧海紅樹園三期	Shenzhen 深圳	Residential 住宅	51.00%
Wuhan NanHu Project Phase I 武漢南湖項目一期	Wuhan 武漢	Residential 住宅	51.00%
Noah mountain Forest Phase I 諾亞山林一期	Changsha 長沙	Residential 住宅	100.00%
Shanbeikeng Project Phase I 山背坑項目一期	Huizhou 惠州	Residential 住宅	100.00%
The 5th Avenue Phase II 第五大道二期	Shenzhen 深圳	Residential 住宅	29.00%
Shum Yip Logistics carparks 深業物流停車庫	Shenzhen 深圳	Carpark 停車庫	51.00%

Gross floor area (sq.m.) 建築面積 (平方米)	Area attributable to the Group (sq.m.) 權益面積 (平方米)
155,729.00	77,864.50
195,876.00	195,876.00
85,116.62	21,704.74
46,461.06	46,461.06
18,638.90	9,505.84
501,821.58	351,412.14

Gross floor area (sq.m.) 建築面積 (平方米)	Area attributable to the Group (sq.m.) 權益面積 (平方米)	Expected year of completion 預計竣工年度
126,885.52	126,885.52	2007
4,950.00	2,227.50	2006
139,622.00	71,207.22	2006
145,473.00	42,187.17	2006
64,364.88	64,364.88	2006
30,334.00	30,334.00	2006
511,629.40	337,206.29	

Gross floor area (sq.m.) 建築面積 (平方米)	Area attributable to the Group (sq.m.) 權益面積 (平方米)	Expected year of completion 預計竣工年度
255,998.78	255,998.78	2008
112,740.00	28,748.70	2008
43,900.00	22,389.00	2007
80,040.00	40,820.40	2008
91,542.00	91,542.00	2006
114,750.00	114,750.00	2007
168,000.00	48,720.00	2007
23,954.00	12,216.54	2006
890,924.78	615,185.42	



Bengbu Huaihe Highway Bridge 蚌埠淮河橋公路

Generating Units of Shenzhen Mawan Power Co., Ltd  
深圳媽灣電廠有限公司發電機組

## Infrastructure Investment

During the year, the Group's infrastructure investment projects saw a stable increase in the overall returns. In particular, Road King Infrastructure Limited, a company listed in Hong Kong and an investment entity of the Group, recorded satisfactory results and contributed a net profit of HK\$105.9 million to the Group, representing an increase of 15% over the previous year, in view of persistent oil and coal price increase and rising transport costs, Shenzhen Mawan Power Co., Ltd., an investment entity of the Group, saw a significant increase in its operating cost and contributed a net profit of HK\$86.4 million to the Group, representing a decrease of 6% from the previous year.

## 基建投資

年內，本集團的基建投資項目之總體回報穩步提高。本集團投資的本港上市公司路勁基建有限公司，業務表現理想，為本集團帶來純利貢獻105.9百萬港元，比上年增長15%；投資的深圳媽灣電廠有限公司為本集團帶來純利貢獻86.4百萬港元，受燃油、燃煤等原材料價格持續上漲及運輸成本上升的影響，營運成本大幅提高，利潤較上年下降6%。

## Information Technology

During the year, Shenzhen Topway Video Communication Co., Ltd, in which the Group held a stake, began to change digital Set-top-boxes. The monthly fee for the transmission box increased from RMB16 to RMB28. There was also a significant increase of its broadband internet users, representing a 27.3% increase of turnover over previous year. Nevertheless, the company incurred a loss of HK\$133.4 million in the year due to the lump-sum amortization of the related costs of the purchase of digital Set-top-boxes amounted to HK\$240.0 million during the year, and therefore the Group assumed a loss of HK\$41.5 million in the year.

## Transportation Operations

During the year, the Group's transportation operations recorded a turnover of HK\$148.5 million, representing 5% of the consolidated turnover of the Group. It also recorded a segment profit of HK\$21.5 million, representing 3% of the Group's consolidated segment profit.

## Industry Manufacturing

During the year, the Group shared a loss of HK\$66.7 million due to a loss in the investment of Shenzhen Seg-Hitachi, Color Display Service Co., Ltd..

## 資訊科技

年內，本集團投資持有的深圳市天威視訊有限公司實施數字電視轉換，單機月收費從原來的人民幣16元提高到人民幣28元，寬帶上網用戶量大幅提高，營業額比上年增長27.3%。然而，該公司於年內實施數字電視轉換需一次性攤銷數字化機頂盒採購等相關費用240.0百萬港元，導致該公司本年度錄得虧損133.4百萬港元，因此，本集團於本年度攤佔41.5百萬港元的虧損。

## 運輸業務

本年度，本集團運輸業務實現營業額148.5百萬港元，佔本集團綜合營業額的5%；實現分類業務盈利21.5百萬港元，佔本集團綜合分類業務盈利的3%。

## 工業製造

年內，本集團投資參股之深圳賽格日立彩色顯示器件有限公司出現虧損，集團因而需攤分66.7百萬港元的虧損。



## Prospects

The Eleventh Five-Year Plan of China has explicitly defined the industrial position of the property industry as the pillar of the national economy. Meanwhile, the domestic property industry has also experienced the standardized regulations of the macro-policies of China in the recent years. As such, we believe that the property industry will maintain a favourable and healthy development trend in 2006, the starting year of the Eleventh Five-Year Plan.

In the recent years, the Group has enhanced the profitability of its various property-related businesses and achieved initial successes by strengthening its market orientation, optimizing its professional management and improving supportive environments. In the coming years, the Group will continue to strengthen the property business and expand its investment to projects on utilities and infrastructure to make the operational results satisfactory to the shareholders.

## Financial Position

As at 31 December 2005, the Group maintained a sound financial position, with its net assets after minority interests amounting to HK\$4,792.5 million (2004: HK\$3,712.6 million), net assets after minority interests per share amounting to HK\$1.93 (2004: HK\$1.50), representing a growth of 29%, cash on hand amounting to approximately HK\$3,508.5 million (2004: HK\$3,384.6 million), and total borrowings amounting to HK\$4,182.2 million (2004: HK\$4,872.0 million), among which HK\$2,132.7 million was long-term portion (2004: HK\$2,813.8 million). The ratio of net borrowings to net assets after minority interests was 14.1% (2004: 40.1%), representing a decrease of 26 percentage points.

## 業務展望

我國的「十一五」規劃已經明確了房地產業作為國民經濟支柱的產業定位，同時，國內房地產行業經過近年來的國家宏觀政策的規範調控，我們相信，二零零六年作為「十一五」的開局一年，房地產市場將繼續保持良性、健康向上的發展態勢。

近年來，本集團致力於提高地產業務的競爭力，通過提高市場定位、優化專業管理、改善配套環境來提升所屬各項地產相關業務的盈利水平，成效逐步顯現。未來幾年，本集團將繼續強化地產業務，積極拓展優良的公用、基建項目的投資，努力創造令股東滿意的經營業績。

## 財務狀況

於二零零五年十二月三十一日，本集團維持穩健之財務狀況，除少數股東權益後淨資產為4,792.5百萬港元（二零零四年：3,712.6百萬港元），每股資產淨值為1.93港元（二零零四年：1.50港元），增長29%。現金結存約3,508.5百萬港元（二零零四年：3,384.6百萬港元），借款總額4,182.2百萬港元（二零零四年：4,872.0百萬港元），其中，長期部分借款2,132.7百萬港元（二零零四年：2,813.8百萬港元），淨借款佔除少數股東權益後淨資產比率為14.1%（二零零四年：40.1%），下跌26個百分點。

The majority of the Group's revenues, expenses and cashflow are denominated in RMB as most of the Group's operating businesses are located in the PRC. Assets and liabilities of the Group are mostly denominated in RMB and US Dollars. As such, the Group has limited foreign exchange exposure. No instrument has been applied for hedging purposes during the year.

由於本集團旗下大部分經營性業務均處於中國大陸，收入、支出及現金流均以人民幣為貨幣單位，而本集團持有之資產及所承擔之債務主要亦分別以人民幣及美元為貨幣單位，因此，本集團面對之匯兌風險並不高。於年內，本集團亦無以任何金融工具作對沖用途。

## Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

## 購買、出售或贖回本公司證券

於本年度內，本公司及其任何附屬公司概無購買、出售或回購本公司任何上市股份。

## Capital Structure

As at 31 December 2005, Shum Yip Holdings Company Limited, the parent company of the Company, held approximately 55.94% interests in the Company as the major shareholder.

## 股本結構

於二零零五年十二月三十一日，本公司母公司深業（集團）有限公司持有公司約55.94%權益，現乃公司之最大股東。

During the year, the Company granted totally 56,000,000 share options to directors and employees with the excisable price at HK\$1.088 per share. During the year, no share option was exercised.

年內，本公司授出合共56,000,000份購股權予董事及僱員，每股行使價為1.088港元。年內，概無購股權獲行使。

As at 31 December 2005, the Company's share capital in issue was 2,482,413,966 shares.

於二零零五年十二月三十一日，本公司已發行股本為2,482,413,966股。

## Headcount and Remuneration

As at 31 December 2005, the Group had a total of 10,381 employees, 31 of whom, mainly administration and finance staff, are based in Hong Kong whilst 10,350 are stationed in the PRC.

Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. The management regularly reviews the Group's remuneration policy and appraises work performance of its staff.

Employee's remunerations include salaries, allowances, medical benefits and mandatory provident fund. Depending on the performances of individual staff members and the Group's results, employees may be granted bonus in monetary terms or granted share options under the Group's share option scheme.

## 員工人數及薪酬

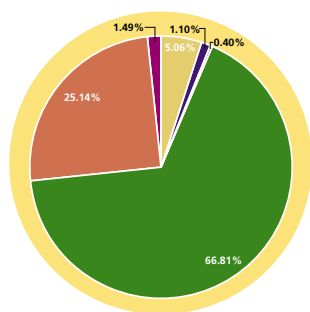
於二零零五年十二月三十一日，本集團共聘用10,381名員工，其中在香港工作的員工31名，主要為管理及財務人員，其餘10,350名為在國內工作之員工。

本集團員工之薪酬乃按其個人之工作表現、專業資格、行業經驗及相關市場趨勢釐定。集團管理層並會對薪酬政策作出定期檢討及評估員工之工作表現。

員工之薪酬包括薪金、津貼、醫療保險及強制性退休公積金，本集團亦會按個別員工表現及集團業績等因素，向員工發放獎金花紅及按本集團購股權計劃向員工授出購股權。

## Property Portfolio 物業組合分類圖

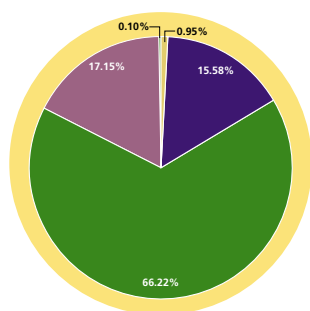
### Usage 用途



#### THE GROUP'S SHARE OF GFA (sq.m.) 本集團應佔建築面積(平方米)

Shop 商舖	185,017.16	5.06%
Office 寫字樓	40,339.47	1.10%
Commercial and residential 商/住	14,531.87	0.40%
Residential 住宅	2,444,417.67	66.81%
Industrial 工業	919,889.51	25.14%
Carpark 停車場	54,432.93	1.49%
	3,658,628.61	100.00%

### Occupation 佔用情況



#### THE GROUP'S SHARE OF GFA (sq.m.) 本集團應佔建築面積(平方米)

Held for sale 持作出售物業	34,667.56	0.95%
Under development 發展中物業	570,182.57	15.58%
Held for future development 持作未來發展物業	2,422,811.24	66.22%
Held for investment 持作投資物業	627,419.09	17.15%
Held under agreement 持作合約	3,548.15	0.10%
	3,658,628.61	100.00%