

# Management Discussion and Analysis

## 管理層討論及分析

### FINANCIAL REVIEW

#### Performance

Amid challenging market conditions, the Group had an active year and performed well. Turnover for the year ended 31st December, 2002 increased by 82% from HK\$1,170.9 million to HK\$2,126.8 million compared to the previous year. This record high volume does not include the turnover of a jointly controlled entity, in which the Group has a 40% interest. Total turnover of the jointly controlled entity for 2002 amounted to HK\$527.5 million (2001: HK\$91.7 million) representing an increase of 4.7 times on the prior year.

The Group's profit from operations before interest and tax for 2002, as compared to 2001, increased by 108% from HK\$209.2 million to HK\$434.9 million. Higher sales volumes contributed greatly to earnings and provided much of the impetus for the improved performance. Demand for the Group's properties was encouraging, particularly in respect of projects such as Gallopade Park – South Court, Pleasant View Garden and Fairview South Court. These three projects together contributed 57% of the total turnover for the year.

During the year, the Group continued to exercise stringent cost control measures and, as a result, a satisfactory gross profit margin of 36.6% (2001: 33.2%) and an improved direct cost-to-turnover ratio of 63.4% (2001: 66.8%) were attained. While expenses in various areas were effectively controlled, the underlying operating expenses were overall on the rise. In the face of a strong supply market, various sale-promotion initiatives and campaigns were launched, particularly for projects in Beijing where the Group's brand name was new and in Guangzhou where market competition remained aggressive. This raised the selling and marketing expenses up by 81% to HK\$227.8 million (2001: HK\$126.2 million). Also, the significant growth in staff numbers to meet the needs of business expansion and progress of project developments elevated the general and administrative expenses to HK\$119.0 million (2001: HK\$57.1 million), up 108%. That notwithstanding, the Group is resolved to pursue cost-containment efforts and keep spendings disciplined.

### 財務回顧

#### 表現

在充滿挑戰的市況下，本集團在過去一年表現活躍及理想。截至二零零二年十二月三十一日止年度的營業額由去年的1,170,900,000港元增加82%至2,126,800,000港元。此項破紀錄的營業額並不包括來自一間本集團擁有40%權益的共同控制實體的營業額。共同控制實體於二零零二年的總營業額達527,500,000港元(二零零一年：91,700,000港元)，較去年上升4.7倍。

本集團於二零零二年的未計利息及稅項前經營溢利較二零零一年的209,200,000港元上升108%至434,900,000港元。銷售數字上升帶來龐大盈利貢獻，因而大大提升表現。本集團物業需求量令人鼓舞，尤以駿景花園－南苑、逸景翠園及愉景南苑等項目為然，該三個項目合共佔該年度總營業額57%。

年內，本集團繼續施行嚴謹的成本監控措施，因此錄得毛利率36.6%(二零零一年：33.2%)的理想水平，並使直接成本對營業額比率改善至63.4%(二零零一年：66.8%)。雖然本集團有效控制多方面的開支，但整體相關經營開支均告上升。在市場供應相當充裕的情況下，本集團積極推行多項促銷計劃及活動，該等計劃及活動特別針對北京及廣州的項目，原因是本集團在北京屬新品牌，而在廣州的市場競爭相當激烈。因此，銷售及市場推廣費用均上升81%至227,800,000港元(二零零一年：126,200,000港元)。此外，為應付業務擴展及配合項目發展需要，本集團增聘員工，以致一般及行政費用增加108%至119,000,000港元(二零零一年：57,100,000港元)。儘管如此，本集團堅決奉行成本控制及節流方針。

During the year, the Group incurred interest expenses before capitalization totalling HK\$103.9 million. An analysis is set out below:

年內，本集團的撥充資本化利息前利息開支合共達103,900,000港元。有關分析如下：

		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
Interest on loans wholly repayable within five years	須於五年內全數償還的貸款利息支出	103,893	71,896
Less:	減：		
Interest capitalized as part of the cost of properties under development	作為發展中物業部分成本的已資本化利息	(91,249)	(65,958)
		<b>12,644</b>	5,938

The average interest rate of borrowing costs incurred during the year ended 31st December, 2002 was approximately 6.0% per annum (2001: 6.4% per annum).

於截至二零零二年十二月三十一日止年度借貸成本之平均利率約為每年6.0% (二零零一年：年利率6.4%)。

Profit from operations covered 4.2 times of the interest expenses before capitalization, compared to 2.9 times for the previous year.

經營溢利為撥充資本化利息前利息開支的4.2倍，而去年則為2.9倍。

### Results

Together with the improved performance of a jointly controlled entity, the Group's profit attributable to shareholders for the year under review was HK\$229.1 million, an increase of HK\$108.1 million or 89% compared to HK\$121.0 million achieved for 2001. Earnings per share of HK\$0.23 in 2002 were almost double relative to HK\$0.12 in 2001.

### 業績

計及一間共同控制實體已改善的表現，本集團於回顧年度的股東應佔溢利為229,100,000港元，較二零零一年的121,000,000港元增加108,100,000港元或89%。二零零二年每股盈利為0.23港元，較二零零一年之0.12港元增加近一倍。

### Financial Position

As at 31st December, 2002, total assets of the Group amounted to HK\$8,747 million whereas total liabilities (excluding minority interests) stood at HK\$5,650 million, representing an increase of HK\$3,121 million and HK\$2,457 million respectively on the previous year. The increase in total assets was indicative of the implementation of the Group's expansion commitments and the extent of additional investments in project developments. The increase in total liabilities mainly reflected higher levels of bank borrowings and other payables used in financing operational activities and investment expenditures.

The Group had a current ratio of 1.16 compared to 1.64 at last year end, representing a drop of 29%. Shareholders' equity increased to HK\$2,800 million from HK\$2,254 million at 31st December, 2001, primarily due to the contribution from a HK\$172 million increase of retained earnings and a HK\$359 million increase in the asset revaluation reserve.

### Liquidity and Borrowings

As at 31st December, 2002, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 65% (2001: 57%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 85% (2001: 49%).

### 財務狀況

於二零零二年十二月三十一日，本集團總資產達8,747,000,000港元，而總負債達5,650,000,000港元（不包括少數股東權益），較去年分別增加3,121,000,000港元及2,457,000,000港元。總資產增長主要是本集團致力擴展業務及對發展中項目所作新增投資的效應，而總負債增加主要由於銀行借貸及用於經營融資活動的其他應付款項及投資費用增加所致。

本集團的流動比率為1.16，去年底時則為1.64，即下跌29%。股東權益由二零零一年十二月三十一日的2,254,000,000港元增加至2,800,000,000港元，主要由於保留盈利增加172,000,000港元及資產重估儲備增加359,000,000港元所帶動。

### 流動資金及借貸

於二零零二年十二月三十一日，本集團的負債與資產比率（即總負債與總資產（不計少數股東權益）的比率）為65%（二零零一年：57%）。淨負債與資本比率（即總負債減現金及銀行存款再除以股東權益）為85%（二零零一年：49%）。

As at 31st December, 2002, the Group had cash and short-term bank deposits amounting to HK\$489 million, of which HK\$232 million were pledged as collateral for the Group's banking facilities. Total borrowings from banks came to HK\$2,307 million, representing an increase of 65% or HK\$908 million over the previous year. Gearing, measured by net bank borrowings as a percentage of shareholders' equity, increased from 41% last year to 65% this year.

The Group's bank borrowings at 31st December, 2002 were all secured and denominated entirely in Renminbi with a repayable profile set out as follows:

於二零零二年十二月三十一日，本集團的現金及短期銀行存款達489,000,000港元，其中232,000,000港元已作抵押以換取本集團的銀行貸款。總銀行借貸為2,307,000,000港元，較去年增加65%或908,000,000港元。按銀行借貸淨額所佔股東權益比率計算的負債比率由去年的41%增至本年度的65%。

於二零零二年十二月三十一日，本集團的銀行借貸均為有抵押及以人民幣計算，還款年期如下：

HK\$ million		As at 31st December, 2002 二零零二年 十二月三十一日		As at 31st December, 2001 二零零一年 十二月三十一日	
以百萬港元計					
Within 1 year	一年內	1,485	64.4%	916	65.5%
After 1 year but within 2 years	一至兩年	340	14.7%	311	22.3%
After 2 years but within 3 years	兩至三年	482	20.9%	171	12.2%
Total bank borrowings	總銀行借貸	2,307		1,398	
Less: Bank deposits and cash	減：銀行存款及現金	489		474	
Net bank borrowings	淨銀行借貸	1,818		924	

As at 31st December, 2002, the Company provided guarantee to banks for loan facilities of HK\$236 million granted to its subsidiaries.

於二零零二年十二月三十一日，本公司就授予其附屬公司為數236,000,000港元的銀行貸款提供擔保。

**Charges on Assets**

As at 31st December, 2002, certain assets of the Group with an aggregate carrying value of HK\$2,347 million (2001: HK\$2,044 million) were pledged with banks for loan facilities used by subsidiaries, a jointly controlled entity and related companies.

**Contingent Liabilities**

As at 31st December, 2002, the Group provided guarantees to banks for:

**資產抵押**

於二零零二年十二月三十一日，本集團若干總賬面值2,347,000,000港元(二零零一年：2,044,000,000港元)的資產已抵押予銀行，作為附屬公司、一間共同控制實體及關連公司所用貸款的抵押。

**或然負債**

於二零零二年十二月三十一日，本集團就以下項目向銀行提供擔保：

		2002 二零零二年 HK\$ million 百萬港元	2001 二零零一年 HK\$ million 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	1,322.9	287.8
– loans borrowed by a jointly controlled entity	– 一間共同控制實體的借貸	84.9	56.6
– loans borrowed by related companies	– 關連公司借貸	106.6	18.9
– loans borrowed by an associate	– 一間聯營公司的借貸	9.2	10.0
		<b>1,523.6</b>	373.3

### Capital Commitments

The Group's capital commitments in respect of land and property construction costs and capital contribution to a jointly controlled entity, which were authorized and contracted for, amounted to HK\$4,137 million at 31st December, 2002 (2001: HK\$2,330 million). With the continuous cash inflow from property sales and the committed banking facilities coupled with cash in hand, the Group is in an adequate liquidity position to meet these on-going capital commitments by stages.

### 資本承擔

於二零零二年十二月三十一日，本集團涉及土地及物業建築成本及對一間共同控制實體之資本貢獻的已批准及已訂約資本承擔為4,137,000,000港元(二零零一年：2,330,000,000港元)。由於物業銷售持續產生現金流入，加上已承諾的銀行信貸及手頭現金，本集團具備足夠流動資金以應付不同階段的持續資本承擔。