

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Performance

The economies of both Hong Kong and mainland China were adversely affected by the outbreak of SARS virus during the first half of 2003. However, buyers' confidence and sales volume in the residential property market improved towards the later part of the year. Overall, with the benefits of the continued growth in mainland China's economic development, the Group achieved a record breaking turnover for the year ended 31st December 2003, which increased by 56% from HK\$2,127 million to HK\$3,326 million compared to the previous year. This 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 2003 amounted to HK\$625 million (2002: HK\$528 million) representing an increase of 18% on the prior year.

The Group's business in Beijing was satisfactory. The first phase of Fresh Life Garden was completed and delivered to buyers in the fourth quarter of 2003. Pre-sale for the other two Beijing projects, Cittá Eterna and Beijing Regal Court made good progress due to the increased construction progress and an improved sentiment of the general Beijing property market since mid-2003. Projects located in the Beijing area contributed a substantially increased portion in turnover of the Group, representing 34% in 2003 (2002: 7.0%).

Sales in Guangzhou area were encouraging although keen competition and rigid market conditions continued to exist. Sales volume, in terms of gross floor area sold, increased by 21% from 449,754 sq.m. (3,710 units) in 2002 to 543,078 sq.m. (4,543 units). Projects, such as Gallopade Par-South Court and Huanan New City remained well accepted by the market.

財務回顧

表現

於二零零三年上半年，香港及中國大陸的經濟均受到非典型肺炎的嚴重影響，然而至年度較後期間，買家對住宅物業市場的信心轉強，而住宅物業的銷售量亦上升。整體而言，受惠於中國大陸的經濟持續增長，本集團截至二零零三年十二月三十一日止年度的營業額創出紀錄，由二零零二年的2,127,000,000港元增加56%至3,326,000,000港元（不包括本集團擁有40%權益的一間共同控制實體營業額）。該共同控制實體於二零零三年的總營業額達625,000,000港元（二零零二年：528,000,000港元），較過往年度上升18%。

本集團於北京的業務令人滿意。珠江綠洲家園第一期建築已完成並於第四季交樓。因工程進度增加以及自二零零三年中起北京整體房地產市場的氣氛已見改善，北京另外兩個項目珠江羅馬嘉園及北京珠江帝景的預售進展良好。北京地區的項目為本集團營業額作出的貢獻有大幅增長，於二零零三年達34%（二零零二年：7.0%）。

儘管廣州市場競爭十分激烈以及緊張的市場情況依然存在，但本集團於該地區的銷情卻令人鼓舞。就已售出總樓面面積而言，由二零零二年的449,754平方米（3,710單位）上升21%至543,078平方米（4,543單位）。駿景花園－南苑及華南新城等項目繼續取得良好的市場反應。

Management Discussion and Analysis

During the year, the Group experienced a fall in gross profit ratio from 37% in 2002 to 27% and a higher direct cost-to-turnover margin of 73% (2002: 63%). This phenomenon was to a large extent attributable to the disposal of old inventories at reduced prices, a general decline in unit selling prices of certain projects in Guangzhou area prompted by intense competitions, and the increased interest charges capitalized as a result of greater amounts of bank borrowings raised to finance the development of projects.

Total general and administrative expenses dropped mildly by 4.3% to HK\$140 million in 2003 (2002: HK\$146 million). This was primarily owing to the Group's stringent cost control measures imposed and less start-up costs incurred in Beijing this year, as its operation was in the second year of running. However, the rising staff costs due principally to the Group's expansion in Beijing and Tianjin remained significant.

The control efforts made to tighten the Group's spending on advertising and marketing achieved some results. The level of selling and marketing expenses expressed as a percentage over turnover fell from 9.4% in 2002 to 7.0% in 2003 although the amount expended increased by 15.3% to HK\$231 million (2002: HK\$201 million).

During the year, the Group incurred interest expenses before capitalization totalling HK\$164 million (2002: HK\$104 million). The average interest rate of borrowing costs incurred during the year ended 31st December, 2003 was approximately 5.6% per annum (2002: 6.0% per annum).

Profit from operations covered 3.2 times of the interest expenses before capitalization, compared to 4.2 times for the previous year.

管理層討論及分析

年內，本集團的毛利率由二零零二年的37%下降至27%，直接成本對營業額比率則上升至73%（二零零二年：63%）。出現此情況主要由於市場競爭激烈，若干位於廣州之項目整體售價下調，促使本集團以較低單位售價出售舊存貨，以及因借入較多銀行貸款以為發展項目提供融資而令資本化利息增加。

一般及行政費用總額輕微下跌4.3%至二零零三年的140,000,000港元（二零零二年：146,000,000港元），主要由於本集團在年內採取嚴厲的控制成本措施及北京業務進入第二年營運，故所涉及的開辦成本減少。儘管如此，由於本集團擴展北京及天津業務，致令僱員成本繼續顯著上升。

本集團控制廣告及市場推廣費用略見成效。雖然銷售及市場推廣費用上升15.3%至231,000,000港元（二零零二年：201,000,000港元），但銷售及市場推廣費用對營業額比率則由二零零二年的9.4%下跌至二零零三年的7.0%。

年內，本集團的撥充資本化利息前利息開支合共達164,000,000港元（二零零二年：104,000,000港元）。於截至二零零三年十二月三十一日止年度借貸成本之平均利率約為每年5.6%（二零零二年：年利率6.0%）。

經營溢利為撥充資本化利息前利息開支的3.2倍，而去年則為4.2倍。

Management Discussion and Analysis

管理層討論及分析

Whilst the Group's taxation expenses increased by 9.7% from HK\$230 million in 2002 to HK\$252 million in 2003, the effective tax rate decreased slightly, due mainly to the favourable effect of different tax rates between Hong Kong (17.5%) and the mainland China (33%), from 45% in 2002 to 40% in 2003.

Results

The Group had a strong year in 2003 with profit attributable to shareholders at HK\$315 million, being HK\$86 million or 38% higher than that in 2002. The significant increase was mainly attributable to a significant increase in turnover as more residential units were sold, particularly in the Beijing area.

Segment Information

For the year ended 31st December 2003, 97% (2002: 98%) of the Group's turnover and 93% (2002: 96%) of the Group's operating profit were derived from the property development business. The management expects that while a greater emphasis will be placed on its property investment portfolio in 2004, the property development business remains the major profit contributor to the Group in the foreseeable future.

Financial position

As at 31st December 2003, total assets of the Group amounted to HK\$10,344 million and its total liabilities (excluding minority interests) amounted to HK\$7,127 million, representing an increase of HK\$1,597 million and HK\$1,121 million respectively on the previous year. Total assets increased mainly due to an increased construction progress for the Group's newly developed projects, in particular, in the Beijing area. However, the additional investments made were financed by bank loans and, to a certain extent, accounts payable thereby leading to a corresponding increase in total liabilities.

本集團的稅項開支由二零零二年的230,000,000港元增加9.7%至二零零三年的252,000,000港元，但同期的有效稅率則由二零零二年的45%微降至二零零三年的40%。主要由於香港(17.5%)與中國大陸(33%)兩地稅率不同帶來有利影響。

業績

本集團於二零零三年表現強勁，股東應佔溢利為315,000,000港元，較二零零二年增加86,000,000港元或38%。大幅增長主要由於售出較多住宅單位，其中尤以北京為甚，導致營業額上升。

分部資料

於截至二零零三年十二月三十一日止年度，本集團營業額的97% (二零零二年：98%) 及經營溢利的93% (二零零二年：96%) 來自物業發展業務。管理層預期物業發展業務於可見將來將繼續成為本集團的主要盈利來源。儘管如此，本集團於二零零四年將更為著重物業投資業務。

財務狀況

於二零零三年十二月三十一日，本集團總資產達10,344,000,000港元、總負債達7,127,000,000港元(不包括少數股東權益)，較去年分別增加1,597,000,000港元及1,121,000,000港元。總資產增加主要由於本集團的新發展項目，尤以北京地區項目為甚，的工程進度增加。儘管如此，額外投資乃由銀行貸款及在某程度上由應付賬款融資，因此令總負債亦相應增加。

Management Discussion and Analysis

Current ratio increased from 1.16 at last year end to 1.28 this year representing an increase of 10.3%. Shareholders' equity increased to HK\$2,694 million at 31st December 2003 from HK\$2,444 million (restated) at 31st December 2002, due mainly to the contribution from the current year's profit attributable to shareholders.

Liquidity and borrowings

As at 31st December 2003, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 69% (2002: 69% (restated)). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 105% (2002: 97% (restated)).

As at 31st December 2003, the Group had cash and short-term bank deposits amounting to HK\$660 million (2002: HK\$489 million) of which HK\$256 million (2002: HK\$232 million) were pledged as collateral for the Group's banking facilities. In addition, the Group's bank deposits of approximately HK\$53 million (2002: HK\$49 million) were charged by certain banks in respect of the processing of mortgage facilities granted by the banks to buyers of the Group's properties. 96% of the cash and bank deposits was denominated in Renminbi, 3% in Hong Kong dollars and 1% in United States Dollars.

Total borrowings from banks amounted to HK\$3,046 million, (2002: HK\$2,307 million) representing an increase of 32% or HK\$739 million over the previous year. Gearing, measured by net bank borrowings as a percentage of shareholders' equity, increased from 74% (restated) last year to 89% this year. The increase in bank borrowings and the rise in gearing ratio were,

管理層討論及分析

流動比率由去年的1.16上升至今年的1.28，增幅為10.3%。股東權益由二零零二年十二月三十一日的2,444,000,000港元(重列)增至二零零三年十二月三十一日的2,694,000,000港元，增加主要源自本年度的股東應佔溢利。

流動資金及借貸

於二零零三年十二月三十一日，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69%(二零零二年：69%(重列))。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105%(二零零二年：97%(重列))。

於二零零三年十二月三十一日，本集團的現金及短期銀行存款達660,000,000港元(二零零二年：489,000,000港元)，其中256,000,000港元(2002：232,000,000港元)已作抵押以換取本集團的銀行貸款。此外，本集團約53,000,000港元(2002：49,000,000港元)的銀行存款已由若干銀行就處理批授予本集團物業之買家之按揭貸款用作抵押。現金及銀行存款當中96%以人民幣計算，3%以港元計算，及1%以美元計算。

總銀行借貸為3,046,000,000港元(二零零二年：2,307,000,000港元)，較去年增加32%或739,000,000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74%(重列)增至本年度的89%。銀行貸款及負債比率上升主要由於提取額外貸款以提供融資位於北京及天

Management Discussion and Analysis

管理層討論及分析

to a large extent, caused by the additional loans drawn down to finance the development of projects in Beijing and Tianjin, and the replenishment of landbank in Shanghai. Reliance on bank loan financing will continue to persist as the Group is in the middle of a rapid expansion phase. Nonetheless, as sales of the developed projects progress, the Group's gearing ratio is expected to gradually decline.

Gearing ratios above, to some extent, were affected by the first time adoption of SSAP12.

Approximately 98% of Group's bank borrowings was denominated in Renminbi with fixed interest rates and 2% of the Group's bank borrowings was denominated in United States dollars with floating interest rate.

The Group's bank borrowings as at 31st December 2003 were all secured with a repayment profile set out below:-

津的項目發展及增購上海的土地儲備所致。由於本集團正處於高速擴展階段，因此，需繼續倚賴銀行貸款。儘管如此，由於已發展項目將陸續出售，預期本集團的負債比率將逐漸下降。

上述負債比率在一定程度上因首次採納會計實務準則第12號而受影響。

本集團銀行貸款約98%以人民幣計算，並以固定利率計息；本集團銀行貸款約2%以美元計算，並以浮動利率計息。

於二零零三年十二月三十一日，本集團的銀行借貸均為有抵押，還款年期如下：

HK\$ million	以百萬港元計	As at 31st December 2003 二零零三年 十二月三十一日		As at 31st December 2002 二零零二年 十二月三十一日	
Within 1 year	一年內	1,384	45.4%	1,485	64.4%
After 1 year but within 2 years	一至兩年	1,550	50.9%	340	14.7%
After 2 years but within 3 years	兩至三年	112	3.7%	482	20.9%
Total bank borrowings	總銀行借貸	3,046	100%	2,307	100%
Less: Bank deposits and cash	減：銀行存款及現金	(660)		(489)	
Net bank borrowings	淨銀行借貸	2,386		1,818	

Management Discussion and Analysis

管理層討論及分析

As at 31st December 2003, the Group had banking facilities of approximately HK\$3,046 million (2002: HK\$2,307 million) for short-term and long-term bank loans, which were fully utilized.

於二零零三年十二月三十一日，本集團就短期及長期銀行貸款取得3,046,000,000港元(二零零二年：2,307,000,000港元)銀行信貸並已全數動用。

Charges on Assets

As at 31st December 2003, certain assets of the Group with an aggregate carrying value of HK\$2,738 million (2002: HK\$2,347 million) were pledged with banks for loan facilities used by subsidiaries, a jointly controlled entity and related companies.

資產抵押

於二零零三年十二月三十一日，本集團若干總賬面值2,738,000,000港元(二零零二年：2,347,000,000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。

Contingent liabilities

As at 31st December 2003, the Group provided guarantees to banks for:-

或然負債

於二零零三年十二月三十一日，本集團就以下項目向銀行提供擔保：

		2003 二零零三年 HK\$ million 百萬港元	2002 二零零二年 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	1,861	1,323
- loans borrowed by a jointly controlled entity	— 一間共同控制實體的借貸	94	85
- loans borrowed by related companies	— 關連公司的借貸	86	107
- loans borrowed by an associate	— 一間聯營公司的借貸	-	9
		2,041	1,524

Management Discussion and Analysis

管理層討論及分析

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\$2,431 million at 31st December 2003 (2002: HK\$4,137 million). With the continuous cash inflow from property sales and the committed banking facilities coupled with the cash in hand, the Group is in an adequate liquidity position to meet these on-going capital commitments by stages.

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.

資本承擔

於二零零三年十二月三十一日，本集團涉及土地及物業建築成本及對一間共同控制實體注資的已批准及已訂約資本承擔為2,431,000,000港元(二零零二年：4,137,000,000港元)。由於物業銷售產生持續現金流入，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。

財資政策及資本結構

本集團就其財資政策及資本結構取態審慎，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。