



*“Seeing how New Heritage has evolved  
into a listed corporation today, there is no-let-up  
in the management’s drive to take the business  
we excel to a new level, delivering  
our property development projects that fulfill  
the expectations of our investors and customers.”*

*~ Paul Tao, Managing Director, New Heritage Holdings Ltd.*

“今日新澤已蛻變為上市企業，  
管理層帶領本公司的業務精益求精的熱誠絲毫未減，  
務求本公司的業務發展項目  
可滿足投資者及客戶的期望。”

~ 新澤控股有限公司董事總經理陶錫祺

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### REVIEW OF OPERATIONS

The year under review underpinned our operating philosophy: we are clear in our strategy and focus, engaging principally in property development and investment businesses in the cities of Suzhou and Beijing to deliver the best value and quality to our customers. We generally lay our emphasis on projects with gross development floor areas of 30,000-80,000 square metres. This allows for a shorter turnaround cycle and quicker cash inflow and, in turn, gives a good boost to our internal rate of return in an effective way. This helps set New Heritage apart from its competitors and takes the Group onto the path of continuous growth.



*Suzhou Garden Villa high rise apartments*  
錦華苑多層公寓樓

Strong underlying performance in the property market in China and customers' quest for quality and variety in design in new developments has enabled us to establish a solid foothold in Suzhou, backed by our well-known reputation for thoughtful design and architectural layout as well as superior property management services provided for our developed residential properties. Further, the Group is also on the lookout for expanding into the property development arena in addition to investment business in Beijing.

In 2005, New Heritage reported a revenue of HK\$149.1 million, which was down 24.6% owing to a reduction in the number of properties disposed. Yet the Group's gross profit margin continued to improve, moving up from 25.9% in 2004 to 47.4% in 2005. This was a result of prevailing market conditions and maintenance of a good cost structure.

Total gross floor area of development properties sold and delivered, which included 11,868 square metres at Suzhou Garden Court and 7,530 square metres at Suzhou Garden Place, lowered by 54.64% as compared to a total of 42,761 square metres of development properties sold a year earlier. Average selling price per square metre posted an increase of approximately 72%.

#### 業務回顧

回顧年度彰顯集團的經營哲學：我們的發展策略和焦點清晰明確，專注在蘇州及北京從事物業發展及投資業務，為客戶提供最佳的價值及質素。集團著重發展總發展建築面積為30,000至80,000平方米的項目。這令樓宇建造及交付周期縮短，提供更快的現金流入，有效提高集團的內部回報率。這讓新澤在芸芸競爭對手手中脫穎而出，令集團踏上持續增長之路。



*Suzhou Garden Court apartments*  
錦麗苑公寓樓

中國物業市場基調強勁，加上客戶對新發展物業設計的質素及多樣化的追求，使集團能夠在蘇州市建立穩固的地位。集團名聞遐邇、匠心獨運的設計及建築規劃，以及為所發展住宅物業提供的卓越物業管理服務，使本集團贏得各方的讚譽。此外，我們正計劃在北京從事投資業務之餘，亦涉足物業發展市場。

二零零五年，由於出售物業數目減少，新澤的收益下跌24.6%至149,100,000港元。但集團毛利率持續改善，由二零零四年的25.9%上升至二零零五年的47.4%，這是當前市況及實施良好的成本控制及風險管理措施所致。

已出售及交付的發展物業總建築面積，包括錦麗苑11,868平方米及錦寧閣7,530平方米，較一年前出售的發展物業合共42,761平方米下跌54.64%。每平方米的平均售價則錄得約72%的升幅。

# MANAGEMENT DISCUSSION AND ANALYSIS

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During the year under review, New Heritage acquired the entire issued share capital of New Heritage Investments Limited, with the latter becoming a subsidiary of the Group that holds a 30.05% interest in Beijing Landmark Towers Co., Ltd. ("BLTCL"). BLTCL owns Beijing Landmark Towers, a first class commercial complex located in a prime district of Beijing, BLTCL has a track record of delivering encouraging cash dividend payouts over the past years, and it starts to contribute to the Group subsequent to the acquisition.



*Classical courtyard villas in the Group's award-winning project*  
集團獲獎項目內的四合院別墅

### Land Bank at a Glance

New Heritage had an attributable gross floor area 102,428 square metres in its land bank in Suzhou on 31 December 2005. The figure included a site added to the Group's land bank upon a successful auction which culminates in a conclusion of an Assignment of the Right to Use State Land Contract with Suzhou Land Resources Bureau dated 10 October 2005 in relation to the acquisition of a piece of land for residential and commercial purposes in the Wuzhong District of Suzhou. This translates into a gross floor area of approximately 62,000 square metres.

Additionally, New Heritage signed two letters of intent with two prospective partners in 2005 respectively with regard to joint development of sites located in the New District and old city district of Suzhou. Respective gross floor areas involved in these two prospective development projects would be around 30,000 square metres and 11,600 square metres.

### Property Development

Most of New Heritage's land reserves in Suzhou are destined to be residential properties, offering distinctive architectural designs and a variety of unit sizes to cater to the different preferences of prospective customers. It is our commitment to fulfilling the "quality living" experience of customers that has earned New Heritage a recognised brandname and an enviable reputation, giving us a competitive edge over other players in the market.

During the year under review, the Group sold an attributable HK\$141.7 million worth of properties in Suzhou. The encouraging response generated from the sales activities vindicated the upbeat market trend and a higher demand for quality housing on the back of a rise in per capita disposable income of Suzhou citizens. Suzhou Garden Towers, with aggregate gross floor area of approximately 30,000 square metres available for sale, will be introduced by the Group in 2006. The Group is confident in the sales of Suzhou Garden Towers.

於回顧年度，新澤收購新繼企業有限公司的全部已發行股本。持有北京亮馬河大廈有限公司（「北京亮馬河大廈有限公司」）30.05%權益的新繼企業有限公司，遂成為集團旗下附屬公司。北京亮馬河大廈有限公司擁有北京亮馬河大廈。該大廈是位處北京市黃金地段的高級商業綜合大樓，在過去數年有令人鼓舞的現金股息分派紀錄，其於收購後並會開始對本集團之盈利作出貢獻。



*Suzhou Garden Court - Luxury villas*  
錦麗苑豪華別墅

### 土地儲備一覽

於二零零五年十二月三十一日，新澤在蘇州的土地儲備的應佔建築面積為102,428平方米。此數字包括集團於年內成功透過拍賣，在二零零五年十月十日與蘇州市國土資源局訂立國有土地使用權出讓合同，收購一幅位於蘇州市吳中區的商住用途土地，落成後的建築面積約62,000平方米。

此外，新澤於二零零五年內分別與兩家有意合作的業務夥伴就共同發展位於蘇州市新區及舊城區的項目而簽署兩份意向書。該兩個有意發展項目涉及的有關建築面積分別約為30,000平方米和11,600平方米。

### 物業發展

新澤在蘇州的大多數土地儲備都是住宅物業，為不同口味的準客戶提供別樹一幟的建築設計及不同面積的單位。我們致力為客戶帶來「優質生活」的體驗，使新澤的品牌贏得廣泛認同，在市場具有領先同儕的競爭優勢。

於回顧年度，集團在蘇州售出價值應佔141,700,000港元的物業。銷售業務的市場反應令人鼓舞，證明市場走勢樂觀，加上蘇州市民的人均可動用收入持續上升，對優質居住環境的需求與日俱增。集團將於二零零六年內推出總建築面積約30,000平方米之錦昌苑以供銷售。集團對錦昌苑之銷售充滿信心。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Status of Major Developments

#### Suzhou Garden Villa

The first development project undertaken by the Group in Suzhou. The total development comprised a residential area of 73,044 square metres, in the form of residential apartments, villas, classical courtyard houses, and a commercial area of 9,500 square metres. Most of the residential units have been sold and as at 31 December 2005, the Group still holds one villa & 2 residential apartments for sale purpose and 18 apartments and the commercial retail plaza are still held by the Group for investment purpose.

#### Suzhou Garden Court

Located in the New District of Suzhou city and completed in 2004, Suzhou Garden Court sold part of its apartments in the same year. During the year of 2005, an additional gross floor area of 11,868 square metres of developed residential properties were sold and handed over. As at 31 December 2005, the Group still holds a residential unit for sale purpose.

#### Suzhou Garden Place

Situated also in the New District of Suzhou city, and representing an aggregate gross floor area of 7,530 square metres, Suzhou Garden Place started its pre-sales in September 2005 after having commenced construction in May of the same year. The 11-storey building offers single level and duplex apartments to buyers having a taste for both relaxing and sophisticated lifestyles. As at 31 December 2005, all 60 residential units at the site were sold and delivery completed.

#### Suzhou Garden Towers

Suzhou Garden Towers, located in a prime site of the New District of Suzhou city, commenced construction in 2005. Designed as twin high-rise apartment towers erected over a retail commercial podium, the prestigious development is a metropolitan style residential and commercial complex with shops and car parks as added convenience for dynamic city dwellers. The development will go on pre-sale in the first half of 2006 and completion and delivery are expected in the same year. The Group intends to hold the retail commercial podium for investment purpose.

#### Wuzhong District project

Site acquisition occurred in October 2005 and site delivery is expected in April 2006. This site will be developed into residential properties with a gross floor area of approximately 45,000 square metres and a shopping arcade with a gross floor area of approximately 17,000 square metres. The Group expect construction of this project will be completed in 2007 and sales programme will also be launched in same year.

### 主要發展物業的情況

#### 錦華苑

集團第一個於蘇州開發的項目。整個項目共包括73,044平方米的住宅面積，包括公寓、別墅、四合院以及9,500平方米的商業面積。絕大部份的住宅單位於二零零五年十二月三十一日已經出售，集團尚持有一幢待售別墅、兩個待售公寓單位及持有18個公寓及商業面積作投資用途。

#### 錦麗苑

位於蘇州市新區的錦麗苑，於二零零四年落成，大部份單位於該年出售。於二零零五年年內，再出售了建築面積達11,868平方米的已發展住宅物業並已交付。於二零零五年十二月三十一日，本集團仍持有一個待售公寓單位。

#### 錦寧閣

同樣位於蘇州市新區的錦寧閣，總建築面積達7,530平方米，於二零零五年五月開始施工，並於同年九月開始預售。錦寧閣樓高十一層，有單層及複式單位可供選購，為買家提供舒適及品味超凡的生活。截至二零零五年十二月三十一日，整個項目六十個住宅單位全部售罄，並已完成交付。

#### 錦昌苑

位於蘇州市新區黃金地段的錦昌苑於二零零五年開始施工。該項目由兩幢矗立於零售商場平台上的高層公寓樓組成，為具有大都會格調的商住大樓。當中各類商舖與停車場使生活多姿多采的城市人倍感方便。錦昌苑將於二零零六年上半年預售，並預期於同年完成及交付。集團計劃將零售商場作投資用途。

#### 吳中區項目

於二零零五年十月買地及預期土地交付於二零零六年四月完成。該地盤將發展為設有建築面積約45,000平方米的住宅物業及建築面積約17,000平方米的購物中心。集團預期此項目將於二零零七年完成建築並於同年發售。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

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### Investment in an associate

During the year, Beijing Landmark Towers Co., Ltd., an associate of the Group contributed a profit of approximately HK\$8 million to the bottom line, which comprises rental and operational returns derived from its office towers, service apartments, business hotel and retail podium.

Beijing Landmark Towers is a remarkable asset: a multi-purpose business, accommodation and retail joint venture entity which has become an eye-catching landmark in the Chaoyang District of Beijing since its completion in 1990 and enjoys a high occupancy rate.

During the period under review, Beijing Landmark Towers has undergone a facelift by having a large number of its hotel rooms renovated and a fully equipped conference centre added to the existing premises. The new conference centre, with purpose-built facilities and a capacity for 1,000 people, would help satisfy the ever demanding needs for conferencing and banqueting from business travelers and tenants and capture the many business opportunities presented by the convention market. This forms a solid base for a steadier income flow in the years to come.



Beijing Landmark Towers service apartment block (left) and twin office towers (right)  
北京亮馬河大廈服務式公寓樓 (左) 及 2 座辦公大樓 (右)

### 於聯營公司的投資

年內，集團之聯營公司北京亮馬河大廈有限公司提供約8,000,000港元盈利貢獻，包括來自辦公大樓、服務式公寓、商務酒店及零售商場的租金及經營收入。

北京亮馬河大廈是一座多用途商務、住宿及零售合營實體，深具投資價值。自一九九零年落成後，已成為北京朝陽區最矚目的地標，入住率高企。

於回顧年度，北京亮馬河大廈換上全新面貌，大部份酒店房間翻新工程順利完成，並增添了設備完善的會議中心。新會議中心設有專用設施並可容納1,000人，有助於滿足商務旅客及租客對會議及宴會服務不斷趨升的需求，讓集團捕捉會議市場上的眾多商機。這對來年穩健的收入建立了良好的基礎。

# MANAGEMENT DISCUSSION AND ANALYSIS

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### FINANCIAL REVIEW

#### Overall Performance

In 2005, the Group's total gross floor area of development properties sold and delivered stood at 19,398 square metres. Gross profit margin continued to improve, moving up to 47.4% from 25.9% a year earlier, thanks to favourable market environment, prudent cost management and good risk management. EBDITA margin and net profit margin also maintained at relatively high levels. The Group sustained a sound financial structure and healthy cash flow. Basic earnings per share was HK24.6 cents.

#### Operating Results

During 2005, turnover of the Group was approximately HK\$149.1 million (2004: HK\$197.7 million). The decrease in turnover was mainly attributable to a decrease in revenues generated from the disposal of properties. In 2004, the Group sold 16 apartments in Phase I to Phase III of Suzhou Garden Villa and 277 apartments in Suzhou Garden Court which generated revenues of approximately HK\$188.7 million. In 2005, the Group sold 80 apartments and 7 villas in Suzhou Garden Court and 60 apartments in Suzhou Garden Place which aggregately generated approximately HK\$141.7 million of revenues.

Due to prevailing market conditions and effective cost control measures, the Group managed to achieve a gross profit margin of 47.4% (2004: 25.9%).

In 2005, the net profit attributable to the equity holders of the Group was approximately HK\$55.9 million (2004: HK\$31.4 million).

#### Liquidity, Financial Resources and Gearing

Cash and cash equivalents as at 31 December 2005 amounted to HK\$84.8 million (2004: HK\$21.9 million).

The Group had total borrowings of approximately HK\$103.4 million as at 31 December 2005 (2004: HK\$89.3 million). The borrowings to be repayable within one year were approximately HK\$78.5 million (2004: Nil), and the Group's gearing ratio as at 31 December 2005 was 31.1% (2004: N/A), which was calculated based on interest bearing borrowings to total shareholders' funds.

As at 31 December 2005, the Group had current assets of approximately HK\$243.2 million (2004: HK\$115.9 million) and current liabilities of approximately HK\$122.0 million (2004: HK\$115.5 million). The Group had total assets of approximately HK\$492.2 million and total liabilities of approximately HK\$152.1 million, representing a debt ratio (total liabilities over total assets) of 30.9% as at 31 December 2005 (2004: 99.1%).

### 財務回顧

#### 整體表現

於二零零五年，本集團已出售及已交付發展物業的總建築面積為19,398平方米。毛利率持續改善，由去年的25.9%升至47.4%，這有賴於有利的市場環境、審慎的成本管理及良好的風險管理。未計折舊、利息、稅項、攤銷前盈利的利潤率及純利率亦保持在較高的水平。本集團保持健全的財務架構及健康的現金流量。每股基本盈利為24.6港仙。

#### 經營業績

於二零零五年期間，本集團的營業額約為149,100,000港元(二零零四年：197,700,000港元)。營業額下跌主要是出售物業產生的收益下跌所致。於二零零四年，本集團售出錦華苑一至三期的16間公寓及錦麗苑的277間公寓，所產生的收益約為188,700,000港元。於二零零五年，本集團出售錦麗苑80間公寓和7幢別墅及錦寧閣的60間公寓，合共產生收益約141,700,000港元。

由於當前市況及有效的成本控制措施，本集團得以達到47.4%的毛利率(二零零四年：25.9%)。

於二零零五年，本集團權益持有人應佔純利約為55,900,000港元(二零零四年：31,400,000港元)。

#### 流動資金、財務資源及資產負債比率

於二零零五年十二月三十一日，現金及現金等價物為84,800,000港元(二零零四年：21,900,000港元)。

於二零零五年十二月三十一日，本集團的借貸總額約為103,400,000港元(二零零四年：89,300,000港元)。須於一年內償還的借貸約為78,500,000港元(二零零四年：無)，而本集團於二零零五年十二月三十一日的資本負債比率(按附息借貸除以股東資金總額計算)為31.1%(二零零四年：不適用)。

於二零零五年十二月三十一日，本集團有流動資產約243,200,000港元(二零零四年：115,900,000港元)及流動負債約122,000,000港元(二零零四年：115,500,000港元)。本集團的總資產及總負債分別約為492,200,000港元及152,100,000港元，即於二零零五年十二月三十一日的負債比率(總負債除以總資產)為30.9%(二零零四年：99.1%)。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析



### FINANCIAL REVIEW (Cont'd)

Management is comfortable that when opportunities of land bank acquisition arise in future and require additional funding, the Group is able to utilise its internal reserve and debt financing to satisfy necessary funding requirement. In view of the current gearing position, management also believes that the Group is in a good position to obtain debt financing on favourable terms.

#### Charge on Assets

As at 31 December 2005, bank loan of approximately HK\$103.4 million was secured by the Group's certain bank deposits, investment properties and leasehold interest in land included in properties held under development of approximately HK\$42.3 million, HK\$69.2 million and HK\$3.1 million respectively.

#### Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, US dollars and Renminbi. During the year, there was no significant fluctuation in the exchange rates of the Hong Kong dollars and US dollars. The appreciation in the currency value of the Renminbi contributed positively to the Group's bottom line. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposure in 2005.

#### Contingent Liabilities

As at 31 December 2005, the Group had no material contingent liabilities.

#### 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.

#### Employees

As at 31 December 2005, the Group had a staff force of approximately 172. Of this, 153 were stationed in the Chinese Mainland and 19 in Hong Kong. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives. Total staff costs incurred in 2005 was up 55.9% to HK\$6.4 million, representing approximately 4.3% of the Group's revenue for the year.

### 財務回顧 (續)

管理層深信，如果日後有收購土地儲備的機會出現，而本集團需要額外資金，本集團能夠利用內部資源及債務融資滿足必要的資金需求。鑒於目前本集團的資本負債比率不高，管理層亦相信本集團不難按有利條件獲得債務融資。

#### 對資產的抵押

於二零零五年十二月三十一日，銀行貸款約103,400,000港元分別由本集團約值42,300,000港元的若干銀行存款，約值69,200,000港元的投資物業及包括在發展中物業約值3,100,000港元之租賃土地權益作抵押。

#### 匯率波動風險及有關對沖

本集團的貨幣資產、貸款和交易主要以港元、美元及人民幣計值。年內，港元與美元的匯率並沒有重大波動。人民幣的幣值升值對本集團的純利有正面貢獻。本集團並沒有參與任何衍生工具活動，於二零零五年亦沒有使用任何金融工具以對沖資產負債表的風險。

#### 或然負債

於二零零五年十二月三十一日，本集團沒有重大的或然負債。

#### 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之基本業務有直接關係之交易。

#### 僱員

於二零零五年十二月三十一日，本集團擁有約172名員工。其中中國內地僱有153名員工，香港則僱有19名員工。僱員的薪酬與市場趨勢一致，可與業內的薪酬水平相比。本集團僱員的薪酬包括基本薪金、花紅及長期獎勵。於二零零五年，員工成本總額上升55.9%至6,400,000港元，佔本集團年內收益約4.3%。