

主席報告

Chairman's Statement



本集團業務已經進入快速增長階段，前景一片光明。

The Group is in a stage of rapid growth with promising prospects.

本集團二零零五財政年度之綜合營業額及股東應佔溢利分別為港幣27.1億元及港幣3.8億元，比二零零四年分別增長43.2%及17倍（二零零四年依據新會計準則重列數據計算），對比二零零四年按原會計準則編製之相應數據則分別增長12.4%及156.1%。每股盈利為港幣24.8仙，比二零零四年增長16.7倍（二零零四年依據新會計準則重列數據計算），對比二零零四年按原會計準則編製之每股盈利則增長148.2%。董事會建議宣派末期股息每股港幣3.3仙，全年股息亦為港幣3.3仙，同比增長10%。

本集團財務報告從二零零五年起採用了若干新會計準則（詳情請參閱綜合財務報表之附註2）。同時也按照新會計準則要求重列了二零零四年之損益表及二零零四年十二月底之資產負債表等。對本集團賬目影響較大的是關於營業額結算之會計變更，從二零零五年中期財務報告起，本集團已採用竣工結算法為營業額結算依據，而二零零五年以前則採用完工比例法結算。

The Group's consolidated turnover and profit attributable to shareholders for financial year 2005 were HK\$2.71 billion and HK\$384 million respectively, representing an increase of 43.2% and 17 times over 2004 (based on the restated figures for 2004 prepared in accordance with the new accounting standards), and an increase of 12.4% and 156.1% as compared with the reported figures for 2004 prepared in accordance with the original accounting standards. Earnings per share were HK24.8 cents, increased by 16.7 times over 2004 (based on the restated figures for 2004 prepared in accordance with new accounting standards), and an increase of 148% as compared with the earnings per share for 2004 prepared in accordance with the original accounting standards. The Directors recommends a final dividend of HK3.3 cents per share, making a total dividend of HK3.3 cents per share for the full year and representing an increase of 10% year-on-year.

Starting from 2005, the Group adopted certain new accounting standards in its financial reports, details of which are set out in note 2 of the consolidated financial statements. Some of the Group's financial statements, such as income statement for 2004 and the balance sheet as at 31st December, 2004, have been restated in accordance with the new accounting standards. The more apparent impact from the adoption of the new accounting standards mainly relates to the accounting policy for turnover recognition. Starting from the 2005 interim financial reporting period, the Group recognized its turnover using the completion method, instead of the stage of completion method being used prior to 2005.

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重大業務重組與配股集資

為了更好地捕捉中國地產行業的發展機遇，建立在中國地產行業的領導地位，二零零五年十一月本集團宣佈以港幣約32億元向大股東華潤集團收購包括北京華潤大廈、上海華潤時代廣場、深圳華潤中心一期和在建中的華潤中心二期用地等大型優質收租物業，收購價對比被收購資產的公平淨市場值約有35.7%的折讓，被收購資產的總樓面面積達40.6萬平方米，使本集團的業務模型從住宅開發商變為綜合性地產商。

董事會相信收購會為本集團帶來若干商業得益，並且符合股東整體的共同利益。第一，本集團可透過收購成為母公司華潤集團在中國經營地產業務的上市旗艦，充分利用華潤集團的地產資源；第二，收購可將本集團由純住宅發展商變為綜合性地產公司，此業務模型相對於以住宅開發為主的其他中國上市地產公司有明顯的差異性；第三，收購可使本集團獲得持續租金收入，提升本集團盈利穩定性及現金流量透明度，同時減低營運風險；第四，由於所收購資產均為位處中國大城市黃金地段的甲級投資物業，有利於本集團獲得長期潛在資本升值；第五，收購可加強本集團財務狀況，大幅增加股東資金，減少負債比率，更有能力為未來發展與擴充提供資金。此外，收購可為本集團提供機會，將業務擴展至深圳，並強化於北京、上海、成都、武漢及合肥的現有業務。

Major Business Restructuring and Fund-raising through Share Placement

In order to capture more development opportunities and establish its leadership position in the real estate industry in the PRC, the Group announced the acquisition of a group of premier large scale rental properties, which included Beijing China Resources Building, Shanghai China Resources Times Square, Shenzhen City Crossing Phase 1 and the construction site for its Phase 2 development, from its major shareholder China Resources (Holdings) Company Ltd. (CRH) in November 2005 at a consideration of approximately HK\$3.2 billion. The acquisition price represented a discount of approximately 35.7% over the net fair market value of the acquired assets. The gross floor area of the acquired assets amounted to 406,088 square metres. The acquisition enabled the Group to transform its business model from a residential property developer into an integrated real estate company.

The Directors believes that the acquisition can bring various commercial benefits to the Group and is in conformity with the aligned interests of the shareholders as a whole. First, through the acquisition, the Group will establish its position as the flagship listed vehicle for real estate operation in the PRC for its parent company CRH, and will therefore have an improved access to resources of CRH for future projects. Second, the acquisition will turn the Group from a residential property developer into an integrated player of a much enlarged scale in the PRC market. This business model is substantially different from other listed real estate companies in China which focus on residential development. Third, with additions of rental-based income stream, the acquisition will enhance the Group's earning stability and cashflow visibility while mitigating its operational risks. Fourth, as the acquired assets are mostly grade A investment properties in premier locations of major cities in the PRC, the Group is better positioned to benefit from long-term potential capital appreciation. Fifth, the acquisition will strengthen the Group's financial position with a significant increase in shareholders' funds and a reduction in gearing and thus enhance its capability to fund future development and expansion. In addition, the acquisition will provide an opportunity for the Group to extend its business presence to Shenzhen, and reinforce its established operations in Beijing, Shanghai, Chengdu, Wuhan and Hefei.

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由於上述重組受到資本市場的充分肯定，在二零零六年一月本集團以每股港幣3.725元向獨立投資者配售3億股新股，集資淨額約港幣11億元。

戰略方向

在業務重組後，管理層對本集團的長遠發展戰略做了進一步的細化與修訂。本集團的戰略定位是要在中國內地提供高品質的樓宇產品和服務，滿足中等收入以上消費者日益提升的住宅需求、品牌零售商對營業場所以及高端企業對寫字樓的租賃需求，成為中國地產行業具競爭力和領導地位的綜合性地產公司。本集團的財務目標是要在公司規模和淨資產回報率方面達到行業領先水平。

為達到以上目標，本集團將繼續全國擴展，進入更多的城市，並採取住宅開發、投資物業持有兩類業務雙向發展。同時，為了保證高效的地域擴展，在住宅方面，本集團仍將重點發展近郊中低密度產品及市區高密度產品；在投資物業方面，本集團將會重點開發以大型購物中心為核心的「都市綜合體」產品（即深圳華潤中心一期的同類產品），繼而快速地在全國各地複製。

本集團會以差異化作為主要競爭戰略。差異化的設計、物業服務以及營銷構成了本集團差異化競爭戰略的核心內容，並成為本集團維持持久創新力和提升品牌競爭力的重要保障。

As the said restructuring was well received by the capital market, the Group placed 300,000,000 new shares to independent investors at a price of HK\$3.725 per share in January 2006 and raised a net proceeds of approximately HK\$1.1 billion.

Strategy

After the business restructuring, management further refined and revised the Group's long-term development strategy. The Group strategically aims at becoming a competitive and leading integrated provider of quality properties and services in the real estate industry in Mainland China to cater for the increasing demand for residential properties from middle-to-high income consumers, the demand for rental operation premises from brand retailers and the demand for offices from high-end corporations. The Group's financial goals are to reach a leading position in respect of company scale and return on equity.

To achieve the above goals, the Group will continue to expand its business nationwide and penetrate to more cities. Also, the Group will engage in both residential development and investment property holding. At the same time, to ensure an effective geographical expansion, the Group will continue to focus on developing middle-to-low density projects in the suburban area and high-density projects in the urban area in terms of residential properties, and will focus on developing integrated projects with shopping malls as the core (similar to Shenzhen City Crossing Phase 1) in terms of investment holding, and then replicate these products rapidly throughout the country.

The Group's key competitive strategy is differentiation through unique architectural designs, property management services and customer-centric selling processes. The Group will strive to be innovative in these areas through which our brand's sustainable competitive advantages will be based.

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董事會相信，本集團的競爭優勢在於有一個具差異性的業務模型，有一套清晰及操作性強的發展戰略，同時有和戰略的執行一致的激勵機制，加上華潤集團的強大股東背景支持，以及對內地市場的充分理解，還有專業的管理團隊和能支持全國擴展的管理平臺。只要能堅持執行以上的發展戰略，最終必能達到目標。

前景

董事會相信本集團已經進入了快速增長階段，前景一片光明。

首先，重組後本集團的盈利來源從較單一的物業開發變成物業開發、租金收入、長期資本漲值三足鼎立。在目前中國經濟快速增長，住房需求殷切，物業有價的情況下，董事會認為這樣的盈利組合能在最大的程度上平衡好長、短期利潤。

第二，本集團實施的全國發展策略已進入了收成期，本集團在全國各地的住宅樓盤不但銷售情況理想，利潤率逐步提高，而且逐步開始竣工結算，把成果反映在業績報表裡。董事會預計本集團二零零六年的竣工結算面積接近480,000平方米，二零零七年更有可能大幅增加到800,000平方米以上，二零零八年接近1,000,000平方米。

The Directors believes that the Group's competitive edges lie in its differentiated business model, its clear and executable development strategy, an incentive mechanism that supports the implementation of such strategies, the solid support from its majority shareholder CRH, its in-depth know-how of the local market as well as its competent management team and the operation platform that supports a nationwide business. The Directors are confident that the Group will be able to achieve its goals by adhering to the above development strategy.

Prospects

The Directors believes that the Group is in a stage of rapid growth with promising prospects.

Firstly, after the restructuring, the earning base of the Group has diversified from solely relying on property development to property development, rental income and long-term capital appreciation. Given the rapid economic growth in China, the huge demand for residential properties and the appreciation in value of commercial properties, the Directors consider that this earning profile can give the Group the best balance between short term and long term benefits.

Secondly, the nationwide development strategy implemented by the Group is bearing fruit. The nationwide residential property projects of the Group not only achieved satisfactory sales, but also attain rising profit margins. These projects are closing to completion and the results will be reflected in the financial statements through profit booking. The Directors expects that the Group's completed construction area will reach approximately 480,000 square metres in 2006 and will probably reach over 800,000 square metres and nearly 1,000,000 square metres in 2007 and 2008 respectively.

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第三，本集團的租金收入也會有增長。首先，本集團最大的租金來源深圳華潤中心一期由於剛開始營運一年多，透過逐步優化租戶組合可令租金有所提高，商場部分的租戶營業額提成也是近期租金增長的動力；此外，位於北京的置地星座和優士閣商場由於在去年下半年才開業，出租率還有提高空間，而且今年會反映其全年的租金收入；另外，上海華潤時代廣場商場部分的出租率在去年下半年有所提高，北京華潤大廈去年的新租約也有租金上漲。

第四，作為華潤集團的地產旗艦，只要符合本集團發展戰略，本集團在適當的時間會用適當的方式收購母公司其他的地產資產，成為本集團的另一增長動力。

最後，我謹代表董事局和股東，向過去一年裏努力不懈的員工們表達誠摯的謝意。

宋林
主席

二零零六年三月二十七日
香港

Thirdly, the rental income of the Group should also increase. First of all, the Group's biggest rental income contributor, Shenzhen City Crossing Phase 1, which has been in operation for just over one year, should see an increase in rent through a gradual upgrade in the tenant portfolio. Also, its turnover-rent should rise in tandem with the businesses of the tenants. In addition, as the Grand Constellation and U-Space Shopping malls located in Beijing have only commenced operation since the second half of last year, there is room for an increase in occupancy rates, while the full year rental income of the two projects will be reflected in this year. The occupancy rate of the shopping arcades of the Shanghai China Resources Times Square rose during the second half of last year and the rent relating to the new leases of Beijing China Resources Building also increased.

Fourthly, as the flagship of CRH, the Group will seek to acquire more real estate assets from its parent company at the right time with the right means as long as they are in line with the development strategy of the Group. They will become another driving force for the Group's growth.

Lastly, on behalf of the Board of Directors and the shareholders, I would like to express my sincere appreciation to all the staff for their hard work in the past financial year.

Song Lin
Chairman

27th March, 2006
Hong Kong