

Chairman's Statement

主席報告



Chu Mang Yee 朱孟依
Chairman 主席

In terms of overall capabilities, the Group is one of the leading property developers in Mainland China. The long-term optimistic outlook on both the macro-economy and the property sector in China have provided tremendous development opportunities for the Group.

本集團是中國內地綜合實力最強的地產發展商之一，中國宏觀經濟及房地產行業長期向好的外部環境為本集團的發展提供了很好的發展機遇。

I am pleased to present to our shareholders the annual results of Hopson Development Holdings Limited (the "Company") for the year ended 31st December 2006.

本人欣然提呈合生創展集團有限公司(「本公司」)截至二零零六年十二月三十一日止年度的全年業績予我們的股東，以供省覽。

FINANCIAL RESULTS

For the year ended 31st December 2006, the Company and its subsidiaries (collectively referred to as the "Group") reported an increase of HK\$337 million in the audited consolidated profit attributable to shareholders to HK\$1,554 million. Fully diluted earnings per share grew by 12% over 2005 to HK126 cents. Total equity increased by 43% to HK\$8,228 million. Net assets per share amounted to HK\$6.40, representing an increase of 35% as compared to 31st December 2005. The return on total equity was 20%.

財務業績

本集團截至二零零六年十二月三十一日止年度，本公司及其附屬公司(統稱「本集團」或「集團」)之經審核綜合股東應佔溢利增加港幣337,000,000元至港幣1,554,000,000元。每股攤薄盈利港幣126仙，較二零零五年增加12%。權益總額增加至港幣8,228,000,000元，增長43%，每股淨資產港幣6.40元，較二零零五年十二月三十一日增加35%，權益總額回報率為20%。

DIVIDEND

The Board of Directors recommended the payment of a final dividend of HK27.1 cents per share for the year ended 31st December 2006. Together with the interim dividend of HK10.8 cents per share, the total dividend payout per share for the year was HK37.9 cents, representing an approximately 12% increase as compared to HK33.95 cents in 2005.

股息

董事局建議派發截至二零零六年十二月三十一日止年度之末期股息每股港幣27.1仙，連同已派發之中期股息每股10.8港仙，全年派息每股37.9港仙，較二零零五年每股派息33.95港仙增加12%。

Chairman's Statement

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MARKET OVERVIEW AND OPERATING ENVIRONMENT

The economy of China continued to maintain a stable and rapid growth in 2006. The preliminary statistics showed the annual GDP in China reached RMB20.9407 trillion and in terms of comparable price, an increase of 10.7% over last year. The annual average disposable income of urban residents per capita reached RMB11,759, an increase of 12.1% over last year, with an effective growth rate of 10.4%, after taking into account of the price factor.

In 2006, the Chinese government promulgated a series of counteracting macro-economic austerity measures largely focusing on regulating the property sector. These measures include interest rate hikes, increase in capital adequacy ratio for banks, the Six Guidelines promulgated by the State Council, the Fifteen Rules jointly issued by Nine Ministries, policies restricting foreign investment in the property sector, imposition of taxes on the secondary market transactions. These policies have caused certain impact on property buyers and property developers. However, these policies are conducive to a more stable and healthier operating environment in a longer term. The austerity measures have also raised the entry barrier of the property sector and hence provide opportunities to financially strong property developers to acquire land, and thereby increase their market shares.

Despite these austerity measures, however with a healthy macro-economic environment, the overall property sector continues to grow steadily. The annual property development investments in China reached RMB1.9382 trillion, a growth of 21.8% over last year, of which commodity properties accounted for RMB1.3612 trillion, a growth of 25.3%. The total gross floor areas ("GFA") completed for commodity properties were 530 million square meters ("sq.m.") and commodity properties sales were RMB2.051 trillion, a growth of 13.4% over the same period last year.

Guangzhou

Guangzhou is the most important market of the Group, generating nearly half of our total income. The property market in Guangzhou is relatively mature and more regulated. It plays a leading role in China in terms of development concepts and setting standards.

市場概覽及經營環境

二零零六年，中國經濟繼續保持平穩快速增長。初步核算，中國全年國內生產總值為人民幣209,407億元，按可比價格計算，比上年增長10.7%。全年城鎮居民人均可支配收入達人民幣11,759元，比上年增長12.1%，扣除價格因素，實際增長10.4%。

二零零六年中國政府頒佈了一系列針對性的調控措施，對房地產行業進行了較大程度的調控。各項措施包括調升貸款利率及銀行存款準備金率、頒佈國六條、九部委十五條、公佈政策限制外資進入、對二手房交易徵收所得稅等。這些政策對購房者和房地產開發商均產生了一定程度的影響。但最終將有助於對房地產行業進行規範運作，促使房地產行業長期穩定健康發展。宏觀調控也提高了房地產行業的進入門檻，使得資本實力強大的大型地產發展商有機會通過資本運作取得更多資金購置土地，從而獲取更大的市場份額。

雖然調控趨緊，在宏觀經濟良好的大環境下，房地產行業總體仍繼續保持了平穩發展的態勢。中國全年房地產開發投資達人民幣19,382億元，比上年增長21.8%，其中，商品住宅投資為人民幣13,612億元，增長25.3%；商品房總竣工建築面積達5.3億平方米；商品房銷售額達人民幣20,510億元，同比增長13.4%。

廣州

廣州是本集團的重要市場，本集團業務的近五成來自廣州市場。廣州房地產市場較成熟，運作較為規範，開發理念及水平在全國均居於領先地位。

MARKET OVERVIEW AND OPERATING ENVIRONMENT *(Continued)*

Guangzhou *(Continued)*

During 2006, there was a significant increase in land supply in Guangzhou. However, demand for land remained very robust. Most of the land auctions were won by larger property developers with land prices reaching unprecedented levels. The supply of newly completed commodity properties in Guangzhou was at a similar level to that of 2005 and the total transacted GFA for commodity properties reached 11.58 million sq.m., an increase of 2.1% over the same period last year. As the demand remained buoyant, the overall demand had exceeded supply and the average price of commodity properties was RMB6,315 per sq.m., an increase of 23.4% over last year.

The relatively high population in Guangzhou had driven both its economy and income per capita to grow rapidly. However, the living area per capita is relatively low. In order to develop into a cosmopolitan city, there is a continuing program to improve the infrastructure, thus posing a strong momentum in property development in Guangzhou. It is forecasted that the property market in Guangzhou will enter into a long-term stable development period. The Group is confident to capitalise the opportunities of the property market in both Guangzhou and its peripheral second-tier rural areas to further expand its property business in Guangzhou.

Beijing

One-third of the Group's business is derived from the Beijing market. Being the political and cultural hub of China, Beijing has a relatively high urban development standard with higher capacity and demand in its property market.

市場概覽及經營環境 (續)

廣州 (續)

二零零六年，廣州土地供應增長明顯。但另一方面，土地需求旺盛，土地基本由大的地產商競得，地價屢創新高。二零零六年廣州市全年新建成商品住宅的供應與二零零五年基本持平，商品房登記成交面積1,158萬平方米，同比僅增加2.1%。但市場需求旺盛，總體看來具有供不應求的現象。全年商品住宅成交均價每平方米人民幣6,315元，同比上漲23.4%。

廣州市人口較多，經濟及人均收入增長迅速，人均居住面積相對較低，為建設國際化大都市，廣州市將不斷完善基礎設施建設，這些因素將為廣州市房地產的發展提供較大動力，預計未來廣州市房地產將進入長期穩定發展期。本集團有信心把握廣州及周邊二線城鎮房地產良好發展的機遇，進一步擴大在廣州的地產業務。

北京

本集團三分之一之業務來自北京市場。北京是中國政治及文化中心，城市發展水平較高，房地產市場容量和市場需求均較大。



Huajing New City
華景新城

Chairman's Statement

主席報告

MARKET OVERVIEW AND OPERATING ENVIRONMENT *(Continued)*

Beijing *(Continued)*

In 2006, the land trading activities in Beijing were active, in particular residential sites. The land supply within the Fifth Ring Road is becoming scarce and supply of new land was gradually focusing on rural areas beyond the Fifth Ring Road. As the national policy regulated the supply of residential properties which led to the simultaneous adjustments in residential property products; this, in turn, postponed the selling schedules of properties in the market. The slow down in supply made both the demand and transaction volume to grow slowly. In 2006, the growth of total investments in property development in Beijing diminished. Total GFA sold in property market were 22.87 million sq.m., an increase of 3% over the same period last year. However, selling prices of properties increased substantially with an average price of RMB8,792 per sq.m., an increase of 16.7% over the same period last year.

As construction relating to the Olympics and the massive infrastructure constructions in the Central Business District are underway, and the speeding up of making Beijing into an international city, it will bring a continuous surge in property market in terms of investments and demand. Furthermore, with the continuous increase in income of Beijing citizens, the Beijing property market will continue to develop steadily.

市場概覽及經營環境 *(續)*

北京 *(續)*

二零零六年北京市土地市場成交活躍，住宅用地繼續成為土地市場的焦點，五環路以內的土地日漸稀缺，新土地供應逐漸以五環路外之郊縣為主。由於國家政策對住宅結構進行了調整，導致較多住宅在產品上進行調整，推遲了推出市場的時間，使供應量增長變得緩慢，需求及成交量難以快速增長。北京市於二零零六年之房地產開發投資增幅有所回落。房地產銷售面積2,287萬平米，同比僅增加3%。房地產銷售價格增幅較大，2006年平均單價每平米人民幣8,792元，同比上漲16.7%。

北京市未來隨著奧運工程及中央商業區之大規模基礎市政建設的推進，以及城市國際化進程的加快，房地產投資和需求將持續升溫，此外，隨著北京市民收入的不斷增加，北京市場將繼續保持平穩的發展態勢。



Hopson International Garden
合生國際花園

MARKET OVERVIEW AND OPERATING ENVIRONMENT (Continued)

Shanghai

Shanghai is the emerging financial hub for Asia. With its strong financial and economic foundations, it ranks first in China in terms of property market size. Currently, the Shanghai property market has implemented the State's austerity measures and is undergoing a healthy consolidation period.

As affected by the austerity measures, the demand for property from investors in Shanghai diminished while demand from end-users increased. The latter had in fact absorbed the area of completion for the year. In 2006, the overall supply and demand of new commodity properties were nearly at the similar level. On the other hand, the total transacted GFA of commodity properties in Shanghai were 25.97 million sq.m., an increase of 19% over the same period last year with an average transaction price of RMB8,682 per sq.m., an increase of 4.8% over the same period last year.

Almost two years after implementing the austerity measures, it is expected that the property market in Shanghai will restore to a stable level. With the imminent holding of World Expo, the continuous development in both sides of Huangpu River and refurbishing of old cities will thrive a promising long-term prospects to the property market in Shanghai. In addition, the demand due to the improvement of living conditions and the massive influx of expatriates will further fuel the demand of the property market in Shanghai. By taking advantage of these opportunities, the Group will further develop its property business in Shanghai.

Tianjin

Tianjin is an important region of the State's Huanbohai development strategy. It experienced strong economic growth in the past years and the property sector has entered into a rapid development stage. In 2006, the property investment in Tianjin remained stable with solid commodity property transaction volume. The property price continued to rise at a rate higher than last year's. In the years to come, there will be ample opportunities for property development in Tianjin. From the economic development standpoint, the development of Huanbohai zone is the main focus under the Eleventh Five-Year Plan. Tianjin has been recognized as the economic center in Northern China. The development of Binhai New District has already been listed as part of the national strategy and the speeding up of the unification between Beijing and Tianjin has generated strong momentum to the economic growth of Tianjin. From the supply and demand point of view, the demand of Tianjin citizens to improve their living conditions is becoming more and more pressing. The municipal government has also put more efforts in improving the image of Tianjin. Resettlement and urban planning will create great demand for housing. The Group will strive to further develop its property business in Tianjin in the coming years.

市場概覽及經營環境 (續)

上海

上海是亞洲新興金融中心，經濟實力強勁，房地產市場規模居全國之首。目前上海房地產已落實國家宏觀調控政策，處於健康調整期。

受宏觀調控的影響，上海房地產市場的投資需求減少，居民自住需求增加，並支撐了全年新建住宅的行情，二零零六年新建商品住宅的總體供求關係趨於平衡。上海市二零零六年全年商品房成交總建築面積2,597萬平方米，同比增加19%，成交均價每平米人民幣8,682元，同比上漲4.8%。

經歷了兩年左右的宏觀調控，預計上海市的房地產市場會回穩。隨著世界博覽會的即將舉行，黃浦江兩岸之繼續開發及舊城改造項目的繼續實施，上海房地產市場長期仍然看好。此外，市民改善住房條件的需求及大量外籍人士的進入均對上海房地產市場的需求產生支持作用。本集團將把握上海市房地產市場的機遇，進一步拓展在上海市的業務。

天津

天津是國家環渤海發展戰略的重點區域，近年之經濟增長強勁，房地產正處於快速發展期。二零零六年，天津市房地產投資保持穩定，商品房成交規模企穩，房價繼續同比快速增長。未來幾年，天津的房地產市場將迎來非常大的發展機遇。從經濟發展的角度看，環渤海地區是「十一五」規劃的發展重點，天津被確立為北方經濟中心，濱海新區開發被列入國家發展戰略，京津一體化進程加快都為天津經濟的增長注入了強勁的動力。從供求的角度看，天津市民改善住房條件的需求非常迫切，市政府也正在加強改善天津市整體的城市面貌，拆遷和城市改造將創造很大的置業需求。未來幾年，本集團將大力拓展天津地產業務。

Chairman's Statement

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DEVELOPMENT OF THE PROPERTY SECTOR IN THE PRC

Though the austerity measures of the Chinese government have adverse impact on the property sector in the short-run, its primary objective is to regulate the property sector in pursuing a long-term stable development. With the rapid economic development in China, both the population and disposal income per capita will continue to increase and urbanization rate keeps on improving. The demand of consumers to improve their living standards is becoming increasingly urgent. Currently, China is at a special stage of experiencing Renminbi appreciation and excess liquidity. Its asset price continues to increase and has fuelled the continuous development of the property sector. Furthermore, the role of the property sector as one of the pillars of the state economy will remain unchanged in the near future. The property market in China is therefore expected to maintain a rapid and stable development in the medium and long-run.

In future, the property market in China will further consolidate, making the already sizeable developers larger and thus occupying more market shares.

PROSPECTS OF THE GROUP

In terms of overall capabilities, the Group is one of the leading property developers in Mainland China. The Group's competitive strengths are: equipped with first class capabilities and experience in property operation and flexibility; having a sufficiently large land reserve and the experience and capabilities in acquiring new land reserve; and equipped with experience and capabilities in resource integration and cost control. The long-term optimistic outlook on both the macro-economy and the property sector in China have provided tremendous development opportunities for the Group.

中國房地產行業發展

中國政府的宏觀調控政策雖在短期內對房地產行業產生一定影響，但其根本目的在於對房地產行業進行規範，促使其長期穩定發展。隨著中國經濟持續快速的發展，人口及人均可支配收入的不斷增加，城市化比率持續上升，消費者改善居住條件的需求將更為迫切；中國目前正處於人民幣升值以及流動資金過剩的特殊時期，資產價格持續上漲，這也為房地產的持續發展提供了外部推動力。此外，房地產行業作為國民經濟少數幾個支柱產業之一的地位短期內不會改變。從中長期來看，中國房地產市場仍將快速穩定的發展。

未來中國房地產行業的集中度將進一步提高，公司間規模的差距將越來越大，大型地產商將佔有越來越大的市場份額。

集團之未來展望

本集團是中國內地綜合實力最強的地產發展商之一，與競爭對手相比，本集團的相對優勢為：具備一流的地產運作實力及經驗，機制靈活，土地儲備充足，並且擁有獲取新土地儲備，資源整合及成本控制各方面之經驗及能力。中國宏觀經濟及房地產行業長期向好的外部環境為本集團的發展提供了很好的發展機遇。



Beijing Regal Court
北京珠江帝景

PROSPECTS OF THE GROUP *(Continued)*

The business of the Group principally comes from four cities: namely Guangzhou, Beijing, Tianjin and Shanghai. As Guangzhou will host the Asian Games in 2010, Beijing will host the Olympics in 2008, Tianjin will be experiencing unprecedented opportunities to encounter rapid development and Shanghai will host the 2010 World Expo, the prospects of property markets in these four cities will develop rapidly. In turn, the Group will also be benefited from these developments. Looking ahead, while the Group will continue to focus on the above four cities as core development regions, it will also develop projects in prosperous second-tier cities which are located in the neighbouring areas of these first-tier cities. At the moment, the Group is developing the peripheral cities in Guangzhou, such as the already on sale project in Huizhou and the project in Nanhai; when appropriate, the Group will also develop projects in Shenzhen.

The Group currently has land reserve for commercial usage and will gradually develop these commercial sites into office buildings and shopping malls. We believe commercial property projects will contribute stable cash flows and steady investment returns to the Group. This will become the new earnings growth in the coming years.

In the years to come, the property sector in Mainland China will continue to consolidate. By leveraging on the Group's first class capabilities and experience in property operation, flexible systems, strong and solid financial background, the Group will continue to grasp the opportunities and to take up challenges with the goal to capture greater market share. We will aim at further enhancing our leading position in the property sector as well as creating higher returns on investments for our shareholders.

CHU MANG YEE

Chairman

Hong Kong: 17th April 2007

集團之未來展望 (續)

本集團目前主要業務來源於廣州、北京、天津及上海四個城市。廣州於二零一零年舉辦亞運會，北京於二零零八年舉辦奧運會，天津面臨飛速發展的歷史機遇，上海二零一零年舉辦世博會，四城市的未來房地產市場將因此快速發展，本集團在上述四城市的房地產業務也將迎來更好的發展機遇。未來本集團仍將以上述四城市為核心發展區域，並向周邊經濟發達的二線城市發展。目前，本集團已在廣州周邊的惠州開發並銷售項目，在南海已開發項目，並計劃尋求適當時機進入深圳開展業務。

本集團目前擁有用作商業用途的土地儲備，未來逐步開發寫字樓、購物中心等商業地產項目，相信商業地產項目將為本集團提供穩定的現金流和可觀的投資回報率，並在未來幾年成為本集團新的盈利增長點。

未來幾年，中國內地房地產的產業集中度將不斷增加，本集團將憑藉一流的地產運作經驗，靈活的機制，雄厚的資本實力繼續把握機遇，迎接挑戰，爭取更大的市場份額，進一步提升行業地位，為股東創造更高的投資回報。

主席

朱孟依

香港：二零零七年四月十七日