

TURNOVER

In 2006, the Company continued to achieve good financial performance. Turnover saw steady progress and increased by 13% from HK\$6,134 million in 2005 to HK\$6,920 million. This was mainly attributable to increases in selling prices and sales volume of properties delivered.

The overall unit-selling price in respect of properties delivered to buyers this year was up by 17% to RMB7,033 per square meter (2005: RMB6,028 per square meter) due primarily to the strong demand from buyers and growth in the PRC property market. Among different regions, unit-selling prices varied. Guangdong recorded a spectacular increase of 24% following the delivery of some top-end development projects, such as Regal Riviera Villa and Yunshan Xijing. The fine living environments and the gradually completed ancillary facilities helped to enhance the marketability of the grand scale project in Tianjin, and as a result its unit-selling price jumped 22%, while Beijing recorded an increase of 13%. However, our average selling price in Shanghai declined by 1%.

The high turnover was nonetheless exclusive of the Group's 69.5% share of turnover of HK\$872 million in Regal Riviera operated by a jointly controlled entity.

Cost of Sales

In line with the substantial increase in turnover, the cost of sales was up by 8% to HK\$4,509 million (2005: HK\$4,189 million) but, as a percentage of revenue, dropped 3% to 65% (2005: 68%) due primarily to more sales with higher margin.

Gross Profit

Gross profit margin increased from 32% in 2005 to 35% in 2006. The increase was mainly due to the general rise in selling prices and the increase in the economies of scale. However, the rise in construction costs caused by the maintenance of quality improvements in new projects coupled with the disposal at competitive prices of certain investment properties whose carrying values higher than costs held back the gross margin which would otherwise have recorded a higher growth.

Other Gains

Included in other gains are (1) a sum of HK\$200 million from the recognition of the excess of the interests acquired by the Group at fair value over the costs of acquisition paid for five land sites located in Shanghai and Guangzhou, (2) a surplus of HK\$261 million from revaluation of investment properties, and (3) tax grants totalling HK\$44 million from government authorities in the mainland.

營業額

於二零零六年，本公司繼續取得良好之財務表現。營業額錄得穩步發展，由二零零五年之港幣6,134,000,000元上升13%至港幣6,920,000,000元。營業額增長主要由於已交付物業之售價及銷售量上升所致。

由於買家之強勁需求及中國物業市場之增長，本年度已交付買家物業之整體售價上升17%至每平方米人民幣7,033元（二零零五年：每平方米人民幣6,028元）。在不同地區中，單位售價各不相同。廣東於交付帝景山莊及雲山熹景等一些高端發展項目後，錄得24%的大幅增長。舒適的居住環境及逐步落成之附屬設施提升了天津大型項目的銷售，令其單位售價攀升22%，而北京則錄得13%的增長。然而，上海的平均售價則下跌1%。

然而，大幅增長之營業額尚未計入本集團攤佔由一間共同控制實體所經營之珠江帝景營業額港幣872,000,000元中的69.5%權益。

銷售成本

在營業額大幅增長下，銷售成本上升8%至港幣4,509,000,000元（二零零五年：港幣4,189,000,000元），但有賴利潤率較高的銷售項目增加，銷售成本佔收益之百分比下降3%至65%（二零零五年：68%）。

毛利

毛利率由二零零五年之32%上升至二零零六年之35%。毛利增長主要歸因於售價普遍上升及規模經濟增長。然而，由於須維持新項目品質提升而導致建築成本上升，以及按具競爭力之價格出售若干價值高於成本值之投資物業等因素拖低了毛利率之增長，因此毛利率並未大幅上升。

其他收益

其他收益包括：(1)來自確認本集團購入五幅位於上海及廣州的用地購入的權益公平值高於為此支付收購成本的差額而錄得數額港幣200,000,000元，(2)重估投資物業產生的增值港幣261,000,000元，及(3)獲中國內地政府機關發放的稅務補助金總額港幣44,000,000元。

Financial Review

財務回顧

Operating Costs

The net operating costs relating to expenses for selling, marketing, general and administration amounted to HK\$525 million, a decrease of 3% from 2005 of HK\$543 million. The decrease was made possible by a substantial exchange gain of HK\$111 million recorded in 2006 due to the strengthening of Renminbi. Excluding the exchange gain, there was a general increase in the operating expenses. The increase was mainly attributable to (1) greater amounts expended on promotional activities and staff costs for new projects; (2) donations made to public welfare organizations in the PRC, and (3) payments of urban real estate tax for the first time in Beijing.

Finance Costs

Gross interest expenses before capitalization increased to HK\$483 million (2005: HK\$263 million), up HK\$220 million or 84%. The increase was primarily due to the additional bank borrowings made in 2006 and the issue of Guaranteed Senior Notes of US\$350 million in November 2005. The effective interest rate in respect of the Group's borrowings was approximately 7.0% per annum (2005: 6.8%). All borrowings were used to finance development of existing projects and investment in new projects.

Operating Profit

Operating profit in 2006 increased by 44% from 2005 to HK\$2,391 million (2005: HK\$1,664 million), up HK\$727 million.

Share of profit of and other gains relating to a jointly controlled entity

The Group recorded a share of profit from a jointly controlled entity which amounted to HK\$128 million for 2006 (2005: HK\$192 million which included a gain of HK\$115 million derived from the excess of the minority interest acquired at fair value over cost). The drop was mainly attributable to the absence of a similar fair value gain recorded in 2006.

Profit attributable to equity holders of the Company

Profit attributable to equity holders was HK\$1,554 million for 2006 (2005: HK\$1,217 million), up HK\$337 million or 28%. Fully diluted earning per share rose by 12% to HK\$1.26. Excluding the effect of the gain representing the difference of fair value of the interests acquired over purchase costs amounting to HK\$200 million and the gain from investment property revaluation of HK\$ 261 million, underlying profit was HK\$ 1,093 million, up HK\$196 million or 22% as compared with the previous year. The increase was mainly attributable to the growth of the property development business and the higher profit margin.

經營成本

與銷售、市場推廣、一般及行政開支有關之經營成本淨額為港幣525,000,000元，較二零零五年之港幣543,000,000元下降3%。下降乃因人民幣匯價轉強而於二零零六年錄得大幅匯兌收入港幣111,000,000元所致。扣除匯兌收入，經營開支亦普遍增加。這主要歸因於(1)新項目推廣活動及員工成本金額增加；(2)向中國公益組織捐款；及(3)首次於北京支付城市房地產稅。

財務成本

擴充資本前之利息開支總額增至港幣483,000,000元（二零零五年：港幣263,000,000元），上升港幣220,000,000元或84%。這主要是因為於二零零六年增加銀行借貸及於二零零五年十一月發行350,000,000美元之保證優先票據所致。本集團之實際借貸年利率約為7.0%（二零零五年：6.8%）。所有借貸均用於支付現有發展及新項目投資之資金所需。

經營溢利

二零零六年之經營溢利較二零零五年增加港幣727,000,000元至港幣2,391,000,000元（二零零五年：港幣1,664,000,000元），升幅為44%。

分佔一間共同控制實體溢利及其他收益

本集團於二零零六年錄得分佔一間共同控制實體溢利為港幣128,000,000元（二零零五年：港幣192,000,000元包括來自購入的少數股東權益公平值超逾成本的差額產生之收益港幣115,000,000元）。下降主要是因二零零六年並無所錄得之類似公平值收益所致。

本公司股權持有人應佔溢利

二零零六年之股權持有人應佔溢利為港幣1,554,000,000元（二零零五年：港幣1,217,000,000元），上升港幣337,000,000元或28%。每股攤薄盈利上升12%至港幣1.26元。扣除一項為數港幣200,000,000元的收益（指已收購權益的公平值與收購成本的差額）及物業重估收益港幣261,000,000元之影響，實質利潤為港幣1,093,000,000元，較去年上升港幣196,000,000元或22%。利潤增加主要由於房地產開發業務增長及利潤率上升所致。

Cash flows

The Company's cash flow position was strong during the year with net cash inflow of HK\$1,074 million generated from recurring businesses, representing an increase of 10.7 times compared with HK\$92 million generated for the year ended 31st December 2005.

Segmental information

Property development remains the Group's core business activity (97%). The geographical spread of financial performance among different regions this year was similar to that of 2005. Guangdong continued its leading position as top revenue contributor within the Group (49%), followed by Beijing (31%), Shanghai (10%) and Tianjin (10%).

FINANCIAL POSITION

As at 31st December 2006, total assets of the Group amounted to HK\$25,481 million and its total liabilities (excluding minority interests) amounted to HK\$17,253 million, representing an increase of HK\$5,897 million and HK\$3,434 million respectively on the previous year. The increase in total assets was mainly attributable to the increase in (1) investments in new land sites located in Guangdong Province and Shanghai; (2) prepayments of land and acquisition costs for land sites located in Guangzhou, Beijing, Shanghai, and Tianjin, and (3) amounts expended on construction work-in-progress of new development projects. Aligned with this, total liabilities also increased, primarily due to (1) additional bank borrowings obtained to finance development projects and (2) a significantly large amount of deferred revenue booked.

Current ratio increased from 1.72 at last year end to 1.86 this year. Equity increased to HK\$8,228 million at 31st December 2006 from HK\$5,765 million at 31st December 2005, due mainly to (1) the contribution from the current year's profit attributable to shareholders; and (2) the issuance of new shares.

LIABILITY AND BORROWINGS

As at 31 December 2006, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 68% (2005: 71%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 73% (2005: 79%).

現金流量

年內，本公司的現金流量狀況保持穩健，現金流量淨額港幣1,074,000,000元來自經常性業務，較截至二零零五年十二月三十一日止年度所產生的港幣92,000,000元上升10.7倍。

分部資料

物業發展仍乃本集團之核心業務（佔97%）。本年度不同地區間所呈報財務表現涉及廣泛地區，與二零零五年類似。來自廣東之收益繼續保持其於本集團內收益之最大源頭的領導地位（佔49%），而緊隨其後的為北京（佔31%）、上海（佔10%）及天津（佔10%）。

財務狀況

於二零零六年十二月三十一日，本集團之資產總值達港幣25,481,000,000元，而負債總額（不包括少數股東權益）達港幣17,253,000,000元，分別較去年同期上升港幣5,897,000,000元及港幣3,434,000,000元。資產總值增加主要由於(1)投資位於廣東省及上海的新地塊增加；(2)支付土地及購入位於廣州、北京、上海及天津之地塊的收購成本增加；及(3)就新發展項目之在建工程所支付之金額增加。就此，負債總額亦告上升，主要由於(1)為發展項目提供資金而取得額外銀行借貸及(2)錄得巨額遞延收入。

流動比率由去年年底之1.72上升至本年度之1.86。權益由二零零五年十二月三十一日之港幣5,765,000,000元上升至二零零六年十二月三十一日之港幣8,228,000,000元，主要歸因於(1)本年度股東應佔溢利之貢獻；及(2)發行新股。

流動資金及借貸

於二零零六年十二月三十一日，本集團之負債對資產比率（即負債總額對資產總額（不包括少數股東權益）之比率）為68%（二零零五年：71%）。淨負債權益比率（即負債總額減現金及銀行存款對股東權益之比率）達73%（二零零五年：79%）。

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財務回顧

As at 31st December 2006, the Group has cash and short-term bank deposits amounting to HK\$2,570 million (2005: HK\$2,590 million) of which approximately HK\$131 million (2005: HK\$166 million) were charged to certain banks against mortgage facilities granted by the banks to the buyers of the Group's properties. 76.7% of the cash and bank deposits was denominated in Renminbi, 19.4% in Hong Kong dollars and 3.9% in United States Dollars.

Total borrowings from banks amounted to HK\$4,770 million (2005: HK\$4,003 million) representing an increase of 19.2% or HK\$767 million over the previous year. Gearing, measured by total bank borrowings and Guaranteed Senior Notes less cash and bank deposits as a percentage of equity, decreased to 59% from last year's 71%. The improvement in gearing ratio was mainly attributable to the cash flow from operation and the issuance of new shares in November 2006.

All of the bank borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the Guaranteed Senior Notes were jointly and severally guaranteed by certain subsidiaries and denominated in United States Dollars with fixed interest rate, representing approximately 56% and 31%, respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

於二零零六年十二月三十一日，本集團之現金及短期銀行存款達港幣2,570,000,000元（二零零五年：港幣2,590,000,000元），其中約港幣131,000,000元（二零零五年：港幣166,000,000元）銀行存款已就批准授予本集團物業之買家之按揭貸款抵押予若干銀行。現金及銀行存款當中76.7%以人民幣計算，19.4%以港元計算，及3.9%以美元計算。

銀行之借貸總額達港幣4,770,000,000元（二零零五年：港幣4,003,000,000元），較去年上升19.2%或港幣767,000,000元。負債比率（以銀行借貸總額及保證優先票據（即銀行借貸總額及保證優先票據減現金及銀行存款）佔權益百分比）由去年之71%減少至本年度之59%。負債比率之改善主要是由於營運資金流入以及於二零零六年十一月發行新股。

所有銀行借貸均為有抵押或已出具擔保，且大部分以人民幣計算，並以固定利率計算，而保證優先票據則由若干附屬公司共同及個別作出擔保，並以美元及固定利率計算。兩者分別佔本集團借貸總額約56%及31%。

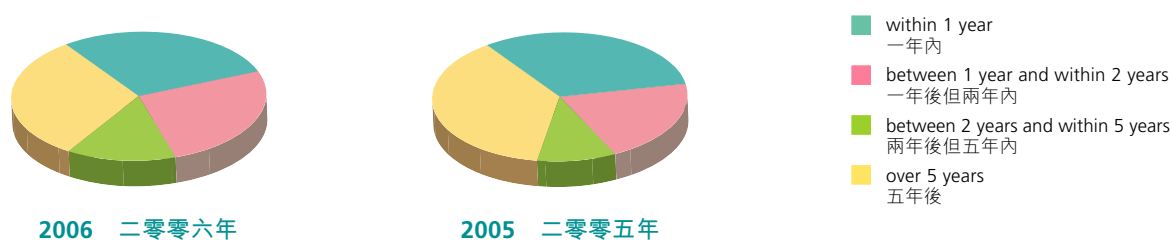
所有其他借貸均為無抵押、免息及大部分以人民幣計算。

The Group's borrowings repayment profile as at 31st December 2006 was as follows:

本集團於二零零六年十二月三十一日之借貸還款時間表如下：

		As at 31st December 2006 於二零零六年 十二月三十一日				As at 31st December 2005 於二零零五年 十二月三十一日					
		Bank borrowings	Guaranteed Senior Notes 保證 優先票據	Other borrowings 其他借貸	Total 總計	Bank borrowings	Guaranteed Senior Notes 保證 優先票據	Other borrowings 其他借貸	Total 總計		
(HK\$ million)	(以百萬港元計)										
Bank borrowings	銀行借貸										
- within 1 year	- 一年內	1,345	-	1,146	2,491	29%	1,837	-	452	2,289	32%
- between 1 year and within 2 years	- 一年後但兩年內	2,232	-	-	2,232	26%	1,450	-	-	1,450	20%
- between 2 years and within 5 years	- 兩年後但五年內	1,193	-	-	1,193	14%	716	-	-	716	10%
- over 5 years	- 五年後	-	2,652	-	2,652	31%	-	2,661	-	2,661	38%
Total borrowings	借貸總額	4,770	2,652	1,146	8,568		4,003	2,661	452	7,116	
Less: Bank deposits and cash	減：銀行存款 及現金				(2,570)					(2,590)	
Net bank borrowings	銀行借貸淨額				5,998					4,526	

REPAYMENT PROFILE OF THE GROUP'S BORROWINGS 集團之還款時間表



As at 31st December 2006, the Group had banking facilities of approximately HK\$8,017 million (2005: HK\$5,640 million) for short-term and long-term bank loans, of which HK\$3,247 million (2005: HK\$1,637 million) were unutilized.

於二零零六年十二月三十一日，本集團就短期及長期銀行貸款取得約港幣8,017,000,000元（二零零五年：港幣5,640,000,000元）之銀行信貸，其中港幣3,247,000,000元（二零零五年：港幣1,637,000,000元）仍未被動用。

Financial Review

財務回顧

CHARGE ON ASSETS

As at 31st December 2006, certain assets of the Group with an aggregate carrying value of HK\$3,811 million (2005: HK\$5,068 million) were pledged with banks for loan facilities used by subsidiaries, a jointly controlled entity and related companies.

資產抵押

於二零零六年十二月三十一日，本集團若干總賬面值為港幣3,811,000,000元之資產（二零零五年：港幣5,068,000,000元）已就附屬公司、一間共同控制實體及關連公司使用之貸款融資抵押予銀行。

CONTINGENT LIABILITIES

- (a) As at 31st December 2006, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$5,297 million (2005: HK\$4,024 million).
- (b) Details of the Group's contingent liabilities on a pending litigation are set out in Note 38 to the accompanying accounts.

或然負債

- (a) 於二零零六年十二月三十一日，本集團就授予本集團物業之買家之按揭貸款港幣5,297,000,000元（二零零五年：港幣4,024,000,000元）向銀行提供擔保。
- (b) 有關本集團在一宗待判訴訟個案之或然負債的詳情載於附隨之賬目附註38內。

COMMITMENTS

The Group's commitments as at 31st December 2006 were as follows:

承擔

於二零零六年十二月三十一日，本集團之承擔如下：

		As at 31st December 於十二月三十一日 2006 二零零六年 HK\$' million 百萬港元	As at 31st December 於十二月三十一日 2005 二零零五年 HK\$' million 百萬港元
Capital commitments	資本承擔		
Authorized and contracted for	已訂約但未入賬		
– property construction costs	– 物業建築成本	75	90
– capital contribution to a jointly controlled entity	– 於一間共同控制實體之資本貢獻	113	101
– capital contribution to a newly acquired jointly controlled entity	– 於一間新收購之共同控制實體之資本貢獻	241	–
Acquisition of further interest in a jointly controlled entity	進一步收購一間共同控制實體之權益	135	130
Acquisition of equity interests in certain Mainland China entities	收購若干中國大陸實體之土地及股本權益	1,531	956
		2,095	1,277
Authorized but not contracted for	已授權但未訂約		
– Land costs	– 土地成本	168	146
– Property construction costs	– 物業建築成本	1,528	1,461
		1,696	1,607
		3,791	2,884

		As at 31st December 於十二月三十一日 2006 二零零六年 HK\$' million 百萬港元	As at 31st December 於十二月三十一日 2005 二零零五年 HK\$' million 百萬港元
Property development commitments 物業發展承擔			
Authorized and contracted for – property construction costs	已授權及已訂約 – 物業建築成本	<u>5,656</u>	<u>5,677</u>
Authorized but not contracted for	已授權但未訂約		
– Land costs	– 土地成本	<u>1,346</u>	739
– Property construction costs	– 物業建築成本	<u>16,230</u>	<u>14,221</u>
		<u>17,576</u>	<u>14,960</u>
		<u>23,232</u>	<u>20,637</u>

The Group's share of capital commitments of the jointly controlled entity not included in the above were as follows:

並未包括在上文之本集團攤佔一間共同控制實體之資本承擔如下：

		As at 31st December 於十二月三十一日 2006 二零零六年 HK\$' million 百萬港元	As at 31st December 於十二月三十一日 2005 二零零五年 HK\$' million 百萬港元
Authorized and contracted for	已授權及已訂約		
– land costs	– 土地成本	<u>8</u>	105
– property construction costs	– 物業建築成本	<u>166</u>	<u>231</u>
		<u>174</u>	336
Authorized but not contracted for	已授權但未訂約		
– Land costs	– 土地成本	<u>95</u>	91
– Property construction costs	– 物業建築成本	<u>986</u>	<u>1,282</u>
		<u>1,081</u>	<u>1,373</u>
		<u>1,255</u>	<u>1,709</u>

Financial Review

財務回顧

The Group has operating lease commitments in respect of premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

本集團就多份有關租賃物業之不可註銷經營租賃協議而有經營租賃承擔。根據不可註銷經營租約於日後之最低應付租金總額如下：

		As at 31st December 於十二月三十一日 2006 二零零六年 HK\$' million 百萬港元	As at 31st December 於十二月三十一日 2005 二零零五年 HK\$' million 百萬港元
Amounts payable	下列年期須付之款項		
– within one year	– 一年內	34	8
– within two to five years	– 二至五年內	136	27
		170	35

With continuous cash inflow from property sales, the banking facilities available and the cash in hand, the Group should be in an adequate liquidity position to meet these on-going capital commitments by stages.

由於物業銷售持續產生現金流入，加上可動用之銀行信貸及手頭現金，本集團應具備足夠流動資金以應付不同階段之持續資本承擔。

TREASURY POLICIES

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.

財資政策

本集團就其財資及融資政策取態審慎，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。