

RESULTS

Turnover for the year ended 31st December, 2005 (the "Year") amounted to HK\$2,275.0 million (year ended 31st December, 2004: 5,257.4 million), a 56.7% decrease over the same period last year. It was mainly due to the decrease in turnover of securities investment and the turnover for sales of development properties.

For property leasing, the Year recorded an increase of 2.9% in rental income as compared with the corresponding year in 2004, amounting HK\$715.6 million (2004: HK\$695.4 million).

Gross profit for the Year amounted to HK\$784.7 million, a 18.2% decrease as compared with the same period last year.

In relation to property development, sale of Parc Palais in King's Park (10% interest) has been satisfactory again. The sale recognised in the Year had generated a contribution of HK\$78.0 million (year ended 31st December, 2004: HK\$174.1 million) which was included in investment income. Furthermore, 80% profit sharing from subsequent re-sale of two houses at Barker Road had generated a profit of HK\$50.2 million and was recorded in the Year.

As a result of continued growth in property market, the Group had reviewed the carrying amount of the development property project at Tai Yuen Street and the full amount of impairment loss of HK\$977 million was written back, of which, the Group has an effective amount of HK\$847.8 million.

In respect of the performance of listed securities investments and treasury products, the Group has recorded gross profit of HK\$59.1 million (year ended 31st December, 2004: HK\$74.4 million), loss on fair value changes of HK\$138.0 million (year ended 31st December, 2004: unrealised holding gain of HK\$165.0 million), realised gain on disposal of available-for-sale investments of HK\$86.3 million (year ended 31st December, 2004: nil), gain on other treasury products and interest income of HK\$262.5 million (year ended 31st December, 2004: HK\$17.8 million) and exchange gain of HK\$24.4 million (year ended 31st December, 2004: HK\$14.5 million) for the Year. Gain on fair value changes on available-for-sale investments of HK\$330.4 million was recognised to equity during the Year.

業績

截至二零零五年十二月三十一日止年度（「本年度」）的營業額為2,275,000,000港元（截至二零零四年十二月三十一日止年度：5,257,400,000港元），較去年同期減少56.7%，主要與證券投資的交易額及銷售發展物業的營業額減少有關。

在物業租賃方面，本年度的租金收入較二零零四年增加2.9%，達715,600,000港元（二零零四年：695,400,000港元）。

本年度的毛利為784,700,000港元，較去年同期減少18.2%。

在物業發展方面，京士柏君頤峰（10%權益）的銷售保持理想，在本年度入賬的售樓收入為78,000,000港元（截至二零零四年十二月三十一日止年度：174,100,000港元），已列入投資收入。此外，重售白加道兩幢洋房（攤佔80%溢利）帶來溢利50,200,000港元，已於本年度入賬。

鑑於物業市場持續增長，太原街的發展物業項目的賬面值經本集團檢討過後，已全數撥回減值虧損977,000,000港元，按本集團的實際權益計為847,800,000港元。

至於上市證券投資及財資產品的表現，本集團於本年度錄得毛利59,100,000港元（截至二零零四年十二月三十一日止年度：74,400,000港元）、公平值變動虧損138,000,000港元（截至二零零四年十二月三十一日止年度：未變現持有收益165,000,000港元）、出售待售投資的已變現收益86,300,000港元（截至二零零四年十二月三十一日止年度：無）、其他財資產品的收益及利息收入262,500,000港元（截至二零零四年十二月三十一日止年度：17,800,000港元）以及滙兌收益24,400,000港元（截至二零零四年十二月三十一日止年度：14,500,000港元）。待售投資的公平值變動收益330,400,000港元已於年內確認為股本權益。

RESULTS (cont'd)

Other income recorded a decrease of 28.9% to HK\$100.2 million when compared with the same period last year. Administrative expenses increased by 6.1% to HK\$128.5 million as compared with the same period last year. Finance costs recorded an increase of 4.7 times to HK\$315.0 million as compared with the same period last year.

The share of result of associates for the Year increased by 1.1 times to HK\$430.0 million as compared with the same period last year (year ended 31st December, 2004 (restated): HK\$208.2 million), including share of gain on privatisation of The Kwong Sang Hong International Limited and fair value gains on investment properties. Profit on completed sales on Miami Crescent was booked in the Year.

Profit attributable to equity holders of the parent for the Year was HK\$6,154.6 million as compared to HK\$1,619.1 million (restated) for the same period last year. Earnings per share was HK300.0 cents (year ended 31st December, 2004 (restated): HK78.1 cents).

If the major non-cash items of HK\$5,040.5 million (2004: HK\$282.8 million) (see below) are excluded, profit attributable to equity holders of the parent for the Year will become HK\$1,114.1 million (2004: HK\$1,336.3 million) and earnings per share will become HK54.3 cents (2004: HK64.5 cents), a decrease of 16.6% and 15.8% over 2004 respectively.

A final dividend of HK11 cents per share for the year ended 31st December, 2004 (year ended 31st December, 2003: HK12 cents) and an interim dividend of HK9 cents per share for the half year ended 30th June, 2005 (half year ended 30th June, 2004: HK8.5 cents) were paid during the Year.

業績 (續)

其他收入較去年同期減少 28.9% 至 100,200,000 港元。行政開支較去年同期增加 6.1% 至 128,500,000 港元。財務費用較去年同期增加 4.7 倍至 315,000,000 港元。

本年度的攤佔聯營公司業績較去年同期增加 1.1 倍至 430,000,000 港元 (截至二零零四年十二月三十一日止年度 (經重列) : 208,200,000 港元) , 當中包括應佔 The Kwong Sang Hong International Limited 私有化的收益以及投資物業的公平值變動收益。邁爾豪園已完成的銷售的溢利已於本年度入賬。

本年度母公司股本權益持有人的應佔溢利為 6,154,600,000 港元, 而去年同期 (經重列) 為 1,619,100,000 港元。每股盈利為 300.0 港仙 (截至二零零四年十二月三十一日止年度 (經重列) : 78.1 港仙) 。

如撇除重大非現金項目 5,040,500,000 港元 (二零零四年 : 282,800,000 港元) (見下文) , 本年度母公司股本權益持有人的應佔溢利將為 1,114,100,000 港元 (二零零四年 : 1,336,300,000 港元) , 而每股盈利將為 54.3 港仙 (二零零四年 : 64.5 港仙) , 分別較二零零四年減少 16.6% 及 15.8% 。

截至二零零四年十二月三十一日止年度的末期股息每股 11 港仙 (截至二零零三年十二月三十一日止年度 : 12 港仙) 及截至二零零五年六月三十日止半年的中期股息每股 9 港仙 (截至二零零四年六月三十日止半年 : 8.5 港仙) 已於本年度派付。

RESULTS (cont'd)

A final dividend has been recommended to pay at HK12 cents (2004: HK11 cents) per share. Together with interim dividend of HK9 cents (2004: HK8.5 cents) per share, the total dividend for the Year is HK21 cents (2004: HK19.5 cents) per share, representing a total dividend payout of 7% (2004 restated: 25%). If the income on the two major non-cash items for the Year is excluded, the dividend payout ratio for the Year will become 38.7% (2004: 30.3%). The two major non-cash items are fair value gains on investment properties together with their deferred tax expenses of HK\$4,192.7 million and written back of loss from stock of properties of HK\$847.8 million.

NET ASSET VALUE

As at 31st December, 2005, the Group's total net asset to equity holders of the parent amounted to approximately HK\$23,302 million (31st December, 2004 (restated): HK\$16,212 million), an increase of HK\$7,090 million or 43.7% when compared with 31st December, 2004. With the total number of ordinary shares in issue of 2,091,506,780 as at 31st December, 2005 (2004: 2,030,214,000 shares), the net asset value per share to equity holders of the parent was HK\$11.14, an increase of 39.4% over 31st December, 2004 (restated): HK\$7.99). The increase in net asset value per share was mainly due to the profit retained for the Year.

Included in the total net asset is deferred tax liabilities of HK\$2,876 million on fair value gains on investment properties. If the deferred tax liabilities are excluded, the total net asset to equity holders of the parent will become HK\$26,178 million or HK\$12.52 per share.

During the Year, the Group had made payment for the right to develop the Reclamation Street project, was granted the right to develop the Larch Street/Bedford Road, committed to acquire the lands in Macau and acquired certain residential properties, bought and sold listed securities investment. Other than the existing projects and those disclosed in the annual report, the Group did not have any future plans for material investment or acquiring capital assets.

業績 (續)

本公司董事會建議派發末期股息每股 12 港仙 (二零零四年: 11 港仙)。連同中期股息每股 9 港仙 (二零零四年: 8.5 港仙)，本年度的股息總額為每股 21 港仙 (二零零四年: 19.5 港仙)，相當於總派息率 7% (二零零四年 (經重列): 25%)。如撇除本年度兩項重大非現金項目的收入，本年度的派息率將為 38.7% (二零零四年: 30.3%)。該兩項重大非現金項目分別為有關投資物業的公平值變動收益連同遞延稅項支出 4,192,700,000 港元以及撥回物業存貨的虧損 847,800,000 港元。

資產淨值

於二零零五年十二月三十一日，母公司的股本權益持有人應佔本集團的總資產淨值約為 23,302,000,000 港元 (二零零四年十二月三十一日 (經重列): 16,212,000,000 港元)，較二零零四年十二月三十一日增加 7,090,000,000 港元或 43.7%。根據二零零五年十二月三十一日的已發行普通股總數 2,091,506,780 股 (二零零四年: 2,030,214,000 股) 計算，母公司的股本權益持有人的每股資產淨值為 11.14 港元，較二零零四年十二月三十一日 (經重列): 7.99 港元) 增加 39.4%。每股資產淨值增加主要與本年度的保留溢利有關。

總資產淨值包括有關投資物業的公平值變動收益的遞延稅項負債 2,876,000,000 港元。如撇除該遞延稅項負債，母公司的股本權益持有人的總資產淨值將為 26,178,000,000 港元或每股 12.52 港元。

於年內，本集團繳付新填地街項目的發展權費用、獲授予洋松街/必發道的發展權、承諾收購澳門若干土地，並購入若干住宅物業、買入及賣出上市證券投資。除現有項目及年報所披露者外，本集團並無有關重大投資或購買資本資產的未來計劃。

SECURITIES INVESTMENT

At 31st December, 2005, the listed securities investment and structured products, which formed part of the Group's cash management activities, amounted to HK\$7,602.8 million (31st December, 2004: HK\$1,632.4 million), representing 18.8% (31st December, 2004: 6.3%) of the total assets at the year end, comprised mainly blue chips listed shares in Hong Kong and overseas, equity-linked notes, stock option, equity-linked swaps and interest rate swaps.

RISK MANAGEMENT

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control the various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audits in the best interests of the Group.

EQUITY

The number of issued ordinary shares as at 31st December, 2005 and 31st December, 2004 were 2,091,506,780 and 2,030,214,000 respectively.

CONVERTIBLE BONDS

In April and May 2005, the Company had issued zero coupon Convertible Bonds (the "Bonds") in an principal amount of HK\$1,810,000,000, due 2010 with a call and put option in May 2007. The Bonds are convertible on or after 20th May, 2005 into the fully paid ordinary shares at an initial price of HK\$7.37 per share, subject to adjustment.

The face value of convertible bonds outstanding as at 31st December, 2005 was approximately HK\$1,367 million, with adjusted conversion price of HK\$7.17.

證券投資

於二零零五年十二月三十一日，為本集團資金管理其中一部份的上市證券投資及結構性產品達 7,602,800,000 港元（二零零四年十二月三十一日：1,632,400,000 港元），佔年終的總資產 18.8%（二零零四年十二月三十一日：6.3%），主要包括香港及海外地區的上市藍籌股、股票掛鈎票據、購股權、股票掛鈎掉期合約及利率掉期合約。

風險管理

本集團設有一套完善的風險管理程序，以識別、衡量、監察及控制其面對的各種風險，同時輔以積極管理、有效的內部監控及足夠的內部審核，以保障本集團的最佳利益。

股本權益

於二零零五年十二月三十一日及二零零四年十二月三十一日的已發行普通股數目分別為 2,091,506,780 股及 2,030,214,000 股。

可換股債券

本公司於二零零五年四月及五月發行本金額為 1,810,000,000 港元於二零一零年到期的零息可換股債券（「債券」），債券附有可於二零零七年五月行使的認購及認沽期權。債券可於二零零五年五月二十日或之後以初步價格每股 7.37 港元（可予調整）兌換為繳足股款普通股。

於二零零五年十二月三十一日未行使的可換股債券的面值約為 1,367,000,000 港元，經調整的換股價為 7.17 港元。

DEBT AND GEARING

As at 31st December, 2005, the Group's bank and other borrowings amounted to HK\$12,889 million (31st December, 2004: HK\$7,053 million). Cash, deposit at bank and United States currency treasury bills amounted to HK\$1,755 million (31st December, 2004: HK\$1,852 million) and net borrowings amounted to HK\$11,134 million (31st December, 2004: HK\$5,201 million).

Total debt to equity ratio was 54.4% (31st December, 2004 restated: 43.8%) and net debt to equity ratio was 47.0% (31st December, 2004 restated: 32.3%), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total equity of HK\$23,703 million (31st December, 2004 (restated): HK\$16,122 million).

The increase of the total debt to equity ratio and the net debt to equity ratio were mainly due to an increase in borrowings and the issuance of convertible bonds to finance the new development projects and to hedge the cost of overseas securities investments.

If the structured products are included, the net borrowings are HK\$3,532 million (31st December, 2004: HK\$3,568 million) and the net debt to equity ratio will become 14.9% (31st December, 2004 (restated): 22.1%)

Excluding outstanding convertible bonds, at the balance sheet date, the Group's bank and other borrowings were denominated in Hong Kong dollars (63.5%), US dollars (28.9%), Japanese Yen (6.3%) and Australian dollars (1.3%). Of the Group's total bank and other borrowings HK\$11,754 million, 51.8%, 25.0%, 23.0% and 0.2% were repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank and other borrowings carried interest rates by reference to HIBOR and LIBOR. No hedging for interest rate subsisted at the end of the year.

債務及資本與負債比率

於二零零五年十二月三十一日，本集團的銀行及其他借貸為12,889,000,000港元（二零零四年十二月三十一日：7,053,000,000港元）。現金、銀行結存及美國貨幣國庫債券為1,755,000,000港元（二零零四年十二月三十一日：1,852,000,000港元），而借貸淨額為11,134,000,000港元（二零零四年十二月三十一日：5,201,000,000港元）。

總債務與股本權益比率為54.4%（二零零四年十二月三十一日（經重列）：43.8%）而淨債務與股本權益比率為47.0%（二零零四年十二月三十一日（經重列）：32.3%），乃將銀行及其他借貸及借貸淨額分別除以總股本權益23,703,000,000港元（二零零四年十二月三十一日（經重列）：16,122,000,000港元）得出的百分比。

總債務及淨債務與股本權益比率之增加主要與借貸增加及發行可換股債券有關，而發行債券的所得款項主要用以應付新發展項目的資金需要以及對沖海外證券投資的成本。

如計入結構性產品，借貸淨額為3,532,000,000港元（二零零四年十二月三十一日：3,568,000,000港元），而淨債務與股本權益比率將為14.9%（二零零四年十二月三十一日（經重列）：22.1%）。

於結算日，撇除未行使的可換股債券，本集團的銀行及其他借貸分別以港元（63.5%）、美元（28.9%）、日圓（6.3%）及澳元（1.3%）計值。於本集團的銀行及其他借貸總額11,754,000,000港元中，51.8%、25.0%、23.0%及0.2%須分別於一年內、一至兩年、兩至五年及五年後償還。本集團的銀行及其他借貸主要參照香港銀行同業拆息及倫敦銀行同業拆息計算利息。於年底並無就利率作出對沖。

PLEDGE OF ASSETS

As at 31st December, 2005, the Group's investment properties, development properties, securities investments, US currency treasury bills and time deposits with their respective book value of approximately HK\$23,263.2 million (31st December, 2004: HK\$19,016.6 million), HK\$2,138.0 million (31st December, 2004: HK\$877.0 million), HK\$7,366.0 million (31st December, 2004: HK\$1,633.4 million), HK\$493.9 million (31st December, 2004: HK\$526.6 million) and HK\$124.5 million (31st December, 2004: HK\$129.5 million) were pledged to secure general banking facilities and other loan facilities of the Group.

FINANCIAL AND INTEREST INCOME/EXPENSES

Interest income was included in turnover and investment income. Finance costs included interest expenses on bank and other loans, arrangement, facility and commitment fee expenses. Interest income for the Year was HK\$293.0 million, representing an increase of 7.3 times from that of 31st December, 2004 (HK\$35.3 million). Interest capitalized for the Year was HK\$23.8 million as compared to HK\$5.8 million for the last year. Excluding imputed interest, interest expenses for the Year amounted to HK\$274.3 million, representing a 3.3 times increase over the interest expenses of HK\$64.1 million recorded for the same period last year. An exchange gain on translation of foreign currency loans of HK\$24.4 million (year ended 31st December, 2004: HK\$14.5 million) was recorded during the Year. The increase in interest expenses was mainly due to increase in interest rate and increase in borrowings during the Year. The average interest rate over the year under review was 3.51% (2004: 0.95%), which was expressed as a percentage of total interest expenses over the average total borrowing.

資產抵押

於二零零五年十二月三十一日，本集團賬面值分別約為 23,263,200,000 港元（二零零四年十二月三十一日：19,016,600,000 港元）、2,138,000,000 港元（二零零四年十二月三十一日：877,000,000 港元）、7,366,000,000 港元（二零零四年十二月三十一日：1,633,400,000 港元）、493,900,000 港元（二零零四年十二月三十一日：526,600,000 港元）及 124,500,000 港元（二零零四年十二月三十一日：129,500,000 港元）之投資物業、發展物業、證券投資、美國貨幣國庫債券及定期存款已作抵押以令本集團獲得一般銀行信貸及其他信貸。

財務及利息收入／支出

營業額及投資收入包括利息收入。財務費用包括銀行及其他貸款之利息支出、安排、信貸及承擔費用支出。本年度之利息收入為 293,000,000 港元，較二零零四年十二月三十一日（35,300,000 港元）增加 7.3 倍。本年度資本化之利息為 23,800,000 港元，而上年度則為 5,800,000 港元。撇除名義利息，本年度之利息支出為 274,300,000 港元，較去年同期錄得之利息支出 64,100,000 港元增加 3.3 倍。本年度有關換算外幣貸款的滙兌收益為 24,400,000 港元（截至二零零四年十二月三十一日止年度：14,500,000 港元）。利息開支的增加主要與本年度利率上升及借貸增加有關。於回顧年度內之平均利率為 3.51%（二零零四年：0.95%），乃以總利息支出除以平均借貸總額得出。

REMUNERATION POLICIES AND SHARE OPTION SCHEME

During the year under review, the Group employed a total of 249 (year ended 31st December, 2004: 230) staff (excluding about a total of 225 (year ended 31st December, 2004: 210) estate management staff employed under the Group's estate management company, Perfect World Company Limited).

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Year.

PRC

Profit contribution from the Group's investment in the PRC (including gross profit, fair value changes on investment properties and share of results of associated companies) for the Year amounted to HK\$95.0 million representing 1.5% of the profits attributable to equity holders of the parent (year ended 31st December, 2004 (restated): HK\$150.5 million). The Group's China investment as at 31st December, 2005 amounted to HK\$1,170.5 million representing approximately 2.9% of the Group's total asset value (31st December, 2004 (restated): HK\$932.5 million).

MACAU

In December 2005, the Company has made a commitment for acquisition of 70.01% of Moon Ocean Ltd., which is holding the interests in five parcels of lands in Macau, in the amount of approximately HK\$1,597 million, representing approximately 4% of the Group's total assets.

LISTED SUBSIDIARIES

At the year end date, the Group owned 61.93% interest in Chi Cheung Investment Company, Limited and 50.1% interest in G-Prop (Holdings) Limited.

酬金政策及購股權計劃

於回顧年度內，本集團共有僱員 249 人（截至二零零四年十二月三十一日止年度：230 人）（不包括受僱於本集團之物業管理公司忠信物業管理有限公司之物業管理員工合共 225 人（截至二零零四年十二月三十一日止年度：210 人））。

僱員薪金乃根據其表現、經驗及目前業內慣例釐定。酬金包括薪金以及按市況及個人表現釐定之年終花紅。執行董事繼續檢討僱員工作表現，並於需要時給予獎勵及靈活處理，鼓勵員工在工作上更加投入和有更好表現。本年度並無採納購股權計劃。

中國

本集團於中國之投資為本年度帶來溢利（包括毛利、投資物業之公平值變動及攤佔聯營公司業績）95,000,000 港元，佔母公司之股本權益持有人應佔溢利之 1.5%（截至二零零四年十二月三十一日止年度（經重列）：150,500,000 港元）。本集團之中國投資於二零零五年十二月三十一日達 1,170,500,000 港元，佔本集團之資產總值約 2.9%（二零零四年十二月三十一日（經重列）：932,500,000 港元）。

澳門

於二零零五年十二月，本公司承諾購入 Moon Ocean Ltd. 之 70.01% 權益，承擔金額約為 1,597,000,000 港元，佔本集團資產總值約 4%。Moon Ocean Ltd. 持有五幅位於澳門之土地。

上市附屬公司

於年結日，本集團於至祥置業有限公司擁有 61.93% 權益，另於金匡企業有限公司擁有 50.1% 權益。

THE KWONG SANG HONG INTERNATIONAL LIMITED

In November 2004, Power Jade Capital Limited, a 50% associate of the Group, had proposed privatisation of Kwong Sang Hong by way of a scheme of arrangement. The scheme was approved by shareholders of Kwong Sang Hong in the Special General Meeting held on 5th January, 2005. Kwong Sang Hong withdrew its listed status and has become a 50% associate of the Group effective from 2nd February, 2005. The Group has utilised HK\$187.7 million cash in acquiring the additional 15.64% interest in Kwong Sang Hong.

PROPERTY VALUATION

A property valuation has been carried out by Messrs. Norton Appraisals Limited, independent qualified professional valuers, in respect of the Group's investment properties as at 31st December, 2005 and that valuation was used in preparing 2005 financial statements. The Group's investment properties were valued at HK\$24,063 million (2004 (restated): HK\$19,343 million), a 26% increase over 2004 after adjusted for additions and disposals of investment properties during 2005. The increase in fair value of approximately HK\$4,977 million was credited to the income statement for the Year. The Group also shared an increase (net of deferred tax of HK\$42 million) in fair value changes on investment properties of the associates of HK\$134 million for the Year. Development properties and non-investment properties of the Group were stated at cost less impairment, if any, in the financial statements.

THE KWONG SANG HONG INTERNATIONAL LIMITED

於二零零四年十一月，本集團持有 50% 權益之聯營公司 Power Jade Capital Limited 建議透過協議計劃將廣生行私有化。該計劃獲廣生行股東於二零零五年一月五日舉行之股東特別大會上批准。廣生行之上市地位由二零零五年二月二日起撤銷，並成為本集團持有 50% 權益之聯營公司。本集團動用 187,700,000 港元現金購入廣生行 15.64% 額外權益。

物業估值

獨立合資格專業估值師普敦國際評估有限公司已就本集團於二零零五年十二月三十一日持有之投資物業進行物業估值，有關估值乃用於編製二零零五年財務報表。本集團投資物業之估值為 24,063,000,000 港元（二零零四年（經重列）：19,343,000,000 港元），經作出二零零五年投資物業之增加及出售之調整後較二零零四年增加 26%。公平值變動之增加約 4,977,000,000 港元已計入本年度之收益表。本集團亦攤佔本年度聯營公司投資物業之公平值變動之增加 134,000,000 港元（已扣除遞延稅項 42,000,000 港元）。本集團之發展物業及非投資物業乃於財務報表中按成本扣除減值（如有）列賬。