



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

FINAL RESULTS

FOR THE YEAR ENDED 31ST DECEMBER 2005

FINANCIAL HIGHLIGHTS

(for the year ended 31st December 2005)

- **Turnover was HK\$6,134 million**
- **Profit attributable to shareholders amounted to HK\$1,217 million, representing a significant growth of 181%**
- **Basic earnings per share were HK\$1.13**
- **Total dividends per share for the year were HK33.95 cents**

BUSINESS REVIEW

Industry Overview

In 2005,

- The economy of the People's Republic of China ("PRC") was strong and its gross domestic product ("GDP") grew by 9.9% from 2004.
- The macroeconomic austerity measures adopted by the PRC government had different impacts on the real estate markets in major cities. In Guangzhou where the property market was relatively mature and stable, the transaction area of commodity properties recorded a rise of 8.6% over 2004. In Beijing, the market showed some corrections, reflecting an increase of 19.2% in the average unit prices of pre-sold commodity properties and a decrease of 18.7% in the volume as compared to 2004. Sales of properties slowed down significantly in Shanghai but stayed relatively stable in Tianjin.

Sales performance

During the year under review, the Group had, inclusive of an investment project – Regal Riviera, a landbank of 12.95 million square meters as of 31st December 2005. Details of the properties sold under sale and pre-sale contracts are as follows:

- In Guangzhou, benefited from the improving infrastructure facilities and transportation networks in the areas of our projects, inclusive of an investment project, Regal Riviera a total gross floor area (“GFA”) of 578,978 square meters, of which 514,932 square meters were attributable to the Group, with a carrying value of HK\$3.417 million (2004: HK\$3,647 million) were sold.
- In Beijing, reinforced by the successful completion of properties delivered to the buyers, a total GFA of 296,327 square meters with a carrying value of HK\$2,087 million (2004: HK\$1,580 million) were sold.
- In Tianjin and Shanghai, a total GFA of 136,530 square meters, of which 111,264 square meters were attributable to the Group, with a carrying value of HK\$793 million (2004: HK\$1,052 million) were sold.
- As at 31st December 2005, the GFA for which the Group had entered into sale and pre-sale contracts but not yet delivered to buyers amounted to 574,173 square meters. Following the delivery of these properties, the sale and pre-sale amount of HK\$3,597 million will be booked into the Group’s accounts in 2006 and thereafter.

Project development progress

- All existing project developments of the Group made satisfactory progress during 2005. A total GFA of 1,115,598 square meters were completed.
- A total GFA of 1,584,973 square meters were expected to complete in 2006.

Landbank replenishment

In 2005,

- The Group acquired the entire interest in land sites located in Beijing with a GFA of 201,323 square meters, the entire equity interest in a company owning a land site in Shuikou Town, Huizhou with a GFA of 1,275,122 square meters and a 50% equity interest in a company owning a land site in Shanghai for commercial purpose with a GFA of 86,947 square meters.
- In addition, the Group entered into several equity transfer agreements with various transferors to acquire their land sites in Guangzhou, Shanghai and Tianjin with a total GFA of approximately 847,000 square meters.

Prospects

- The current trends indicate that the economy in China will continue to grow steadily and with this continued increase in disposable income of residents in the Mainland, the demand for housing will persist.
- The PRC property market is expected to further consolidate as a result of the tightening of credit controls and the formalization of land transfer procedures imposed by the authorities. Large-scale developers such as the Group will benefit from the consolidation.
- The Group will continue to invest in major cities where it has already had a strong foothold and at the same time will explore development opportunities in secondary cities with great potential. The Group is well positioned for further growth.

The Board of Directors (the “Board”) of Hopson Development Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2005 together with the restated comparative figures for the corresponding previous year.

The 2005 final financial statements of the Company have been reviewed by the Company’s audit committee and the Board.

In 2005, the Group adopted the new/revised Hong Kong Financial Reporting Standards (the “HKFRSs”) and Hong Kong Accounting Standards (the “HKASs”). The 2004 comparatives have been restated in accordance with the new HKFRSs.

CONSOLIDATED INCOME STATEMENT

For the year
ended 31st December

		2005	2004
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales	3&4	6,133,894	3,973,184
Cost of sales		<u>(4,189,275)</u>	<u>(2,895,770)</u>
Gross profit		1,944,619	1,077,414
Other gains	5	279,376	117,706
Selling and marketing costs	6	(202,920)	(180,699)
General and administrative expenses	6	<u>(340,035)</u>	<u>(241,898)</u>
Operating profit		1,681,040	772,523
Finance costs	7	(59,966)	(13,375)
Share of profit/(loss) of an associate		44	(734)
Share of profit of and other gains relating to a jointly controlled entity		<u>191,509</u>	<u>57,732</u>
Profit before taxation		1,812,627	816,146
Taxation	8	<u>(611,446)</u>	<u>(298,338)</u>
Profit for the year		<u><u>1,201,181</u></u>	<u><u>517,808</u></u>
Attributable to:			
Equity holders of the Company		1,217,323	432,785
Minority interest		<u>(16,142)</u>	<u>85,023</u>
		<u><u>1,201,181</u></u>	<u><u>517,808</u></u>
Earnings per share for profit attributable to the equity holders of the Company during the year (in HK\$ per Share)			
– basic	9	1.13	0.43
– diluted	9	<u>1.13</u>	<u>0.43</u>
Dividends	10	<u><u>412,494</u></u>	<u><u>90,270</u></u>

CONSOLIDATED BALANCE SHEET

		As at 31st December	
		2005	2004
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Leasehold land and land use rights		426,499	760,827
Properties and equipment		938,913	709,777
Investment properties		2,583,313	2,835,469
Properties under development for long-term investment		234,411	338,586
Intangible assets		102,142	(155,846)
Investment in an associate		80	36
Investment in a jointly controlled entity		867,632	256,761
Deferred tax assets		51,962	47,272
		<u>5,204,952</u>	<u>4,792,882</u>
Current assets			
Land use rights		5,131,465	3,775,910
Properties under development for sale		4,320,803	2,775,320
Completed properties for sale		1,071,604	1,177,729
Prepayments, deposits and other current assets		1,171,863	758,574
Accounts receivable	11	90,324	80,789
Due from related companies		2,285	2,170
Pledged/charged bank deposits		237,068	258,650
Cash and cash equivalents		2,353,280	477,959
		<u>14,378,692</u>	<u>9,307,101</u>

As at
31st December

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Current liabilities			
Accounts payable	<i>13</i>	800,524	662,854
Land cost payables		1,000,039	828,128
Borrowings	<i>12</i>	1,837,342	1,957,752
Deferred revenue		2,840,429	3,408,938
Accruals and other payables		816,237	451,049
Due to an associate		5,146	1,192
Due to directors		13,891	5,667
Due to related companies		266,362	479,818
Due to a jointly controlled entity		148,117	391,006
Due to holding company		18,997	–
Current tax liabilities		584,191	353,051
		<u>8,331,275</u>	<u>8,539,455</u>
Net current assets		<u>6,047,417</u>	<u>767,646</u>
Total assets less current liabilities		11,252,369	5,560,528
Non-current liabilities			
Land cost payables		522	190,566
Borrowings	<i>12</i>	4,826,851	1,547,805
Deferred revenue		47,255	49,640
Deferred tax liabilities		612,466	374,743
Due to a director		–	10,000
Due to holding company		–	59,000
		<u>5,487,094</u>	<u>2,231,754</u>
Net assets		<u>5,765,275</u>	<u>3,328,774</u>
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		121,360	100,300
Reserves	<i>14</i>	5,342,348	3,073,427
		<u>5,463,708</u>	<u>3,173,727</u>
Minority interest		301,567	155,047
Total equity		<u>5,765,275</u>	<u>3,328,774</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company		Minority interest	Total
	Share Capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2004	100,200	2,544,804	489,334	3,134,338
Surplus on revaluation of investment properties	–	207,246	36,730	243,976
Revaluation reserve transferred to the income statement upon disposal of investment properties	–	(52,317)	(9,472)	(61,789)
Currency translation differences	–	(7)	–	(7)
Net income recognised directly in equity	–	154,922	27,258	182,180
Profit for the year	–	432,785	85,023	517,808
Total recognised income for the year ended 31st December 2004	–	587,707	112,281	699,988
Proceeds from issue of share, net of share issue expenses – Employee share option scheme	100	1,066	–	1,166
Capital contribution by minority interest of subsidiaries	–	–	4,365	4,365
Acquisition of minority interest in subsidiaries	–	–	(369,929)	(369,929)
Acquisition of subsidiaries	–	–	46	46
Dividends paid	–	(60,150)	(81,050)	(141,200)
	100	(59,084)	(446,568)	(505,552)
Balance at 31st December 2004	100,300	3,073,427	155,047	3,328,774
	Share Capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2005	100,300	3,073,427	155,047	3,328,774
Reclassification of negative goodwill to retained earnings	–	164,890	–	164,890
Balance at 1st January 2005 after opening adjustments	100,300	3,238,317	155,047	3,493,664
Currency translation differences	–	62,133	5,171	67,304
Profit/(loss) for the year	–	1,217,323	(16,142)	1,201,181
Total recognised income/(expense) for the year ended 31st December 2005	–	1,279,456	(10,971)	1,268,485
Proceeds from issue of share, net of share issue expenses – Placements	20,060	936,659	–	956,719
– Employee share option scheme	1,000	42,000	–	43,000
Share-based payment (Share options granted)	–	23,447	–	23,447
Capital contribution by minority interest of subsidiaries	–	–	30,700	30,700
Acquisition of a subsidiary	–	–	191,758	191,758
Dividends paid	–	(177,531)	(64,967)	(242,498)
	21,060	824,575	157,491	1,003,126
Balance at 31st December 2005	121,360	5,342,348	301,567	5,765,275

Notes:

(1) Basis of preparation and accounting policies

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual accounts for the year ended 31st December 2004, except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRS”) which are effective for accounting periods commencing on or after 1st January 2005.

The changes to the Group’s accounting policies and the effect of adopting these new policies are set out in Note 2 below.

(2) Changes in accounting policies

(a) Effect of adopting new/revised HKFRS

In 2005, the Group adopted the new/revised standards of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associate
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKAS-Int 15	Operating Leases – Incentives
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciated Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations
HK-Int 2	The Appropriate Policies for Hotel Properties
HK-Int 3	Revenue – Pre-completion Contracts for the Sale of Development Properties
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The effect of the changes in the accounting policies described above on equity, results and earnings per share are as follows:

	As at 1st January 2005 <i>HK\$'000</i>
Increase/(decrease)	
Equity	
Amortisation of leasehold land and land use rights (i)	(23,468)
Change in basis of revenue recognition (iii)	(406,141)
Decrease in deferred tax on change of basis of recovery of revalued assets (ii)	385,658
Reclassification of negative goodwill to retained earnings (iv)	164,890
	<u>120,939</u>
	<u><u>120,939</u></u>
	For the year ended 31st December 2004 <i>HK\$'000</i>
Increase/(decrease)	
Results	
Amortisation of leasehold land and land use rights (i)	(4,251)
Change in basis of revenue recognition (iii)	(193,370)
	<u>(197,621)</u>
	<u><u>(197,621)</u></u>
Attributable to:	
Equity holders of the Company	(178,465)
Minority interest	(19,156)
	<u>(197,621)</u>
	<u><u>(197,621)</u></u>
	For the year ended 31st December 2004 <i>HK\$</i>
Increase/(decrease)	
Earnings per share	
Basic and diluted	
Amortisation of leasehold land and land use rights (i)	(0.01)
Change in basis of revenue recognition (iii)	(0.17)
	<u>(0.18)</u>
	<u><u>(0.18)</u></u>

	Effect on adoption of HKAS 17 HK\$'000 (Note i)	Effect on adoption of HKAS-Int 21 HK\$'000 (Note ii)	Effect on adoption of HK-Int 3 HK\$'000 (Note iii)	Effect on adoption of HKFRS 3 HK\$'000 (Note iv)	Total HK\$'000
Increase/(decrease)					
Consolidated income statement items					
for the year ended 31st December 2004					
Sales	-	-	(476,729)	-	(476,729)
Cost of sales	4,251	-	(149,152)	-	(144,901)
Selling and marketing costs	-	-	(1,272)	-	(1,272)
Share of profit of a jointly controlled entity	-	-	7,239	-	7,239
Taxation	-	-	(125,696)	-	(125,696)
Profit for the year					
- attributable to equity holders of the Company	(4,881)	-	(173,584)	-	(178,465)
- attributable to minority interest	630	-	(19,786)	-	(19,156)
	<u>(4,251)</u>	<u>-</u>	<u>(193,370)</u>	<u>-</u>	<u>(197,621)</u>
Earnings per share (HK\$)					
- basic and diluted	<u>(0.01)</u>	<u>-</u>	<u>(0.17)</u>	<u>-</u>	<u>(0.18)</u>
Consolidated balance sheet items					
as at 1st January 2005					
Properties and equipment	(44,395)	-	-	-	(44,395)
Investment properties	-	-	192,460	-	192,460
Leasehold land and land use rights	1,043,114	-	-	-	1,043,114
Properties under development for long-term investment	(716,433)	-	2,214	-	(714,219)
Land pending development	(300,920)	-	-	-	(300,920)
Intangible assets	-	12,620	(17,103)	164,890	160,407
Investment in a jointly controlled entity	-	-	(26,588)	-	(26,588)
Deferred tax assets	-	-	26,741	-	26,741
Land use rights	4,104,162	-	-	-	4,104,162
Properties under development for sale	(3,769,761)	-	896,394	-	(2,873,367)
Completed properties for sale	(339,235)	-	477,818	-	138,583
Accounts receivable	-	-	(255,756)	-	(255,756)
Total assets	<u>(23,468)</u>	<u>12,620</u>	<u>1,296,180</u>	<u>164,890</u>	<u>1,450,222</u>
Deferred revenue	-	-	2,094,008	-	2,094,008
Accruals and other payables	-	-	2,962	-	2,962
Deferred tax liabilities	-	(373,038)	(394,649)	-	(767,687)
Total liabilities	<u>-</u>	<u>(373,038)</u>	<u>1,702,321</u>	<u>-</u>	<u>1,329,283</u>
Net assets	<u>(23,468)</u>	<u>385,658</u>	<u>(406,141)</u>	<u>164,890</u>	<u>120,939</u>
Reserves	(23,163)	340,292	(397,171)	164,890	84,848
Minority interest	(305)	45,366	(8,970)	-	36,091
Total equity	<u>(23,468)</u>	<u>385,658</u>	<u>(406,141)</u>	<u>164,890</u>	<u>120,939</u>

(3) Turnover

Turnover comprises (1) sale of completed properties held for sale which is recognized when a legally-binding agreement has been executed and the respective property delivered to the buyers; (2) rental income which is recognized on a straight-line basis over the period of the relevant leases and (3) property management fees which are recognized when the services are rendered.

(4) Segment information

In accordance with the Group's internal financial reporting, the Group has determined the geographical segments be presented as the primary reporting format and the business segments as the secondary reporting format.

Analysis of the Group's results by geographical segments is as follows:

For the year ended 31st December 2005:

	Guangdong Province <i>HK\$'000</i>	Beijing <i>HK\$'000</i>	Shanghai <i>HK\$'000</i>	Tianjin <i>HK\$'000</i>	Others <i>HK\$'000</i>	Un- allocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Total gross segment sales	2,902,468	2,066,455	615,733	558,429	75,192	-	6,218,277
Inter-segment sales	(11,082)	-	-	-	(73,301)	-	(84,383)
Sales	<u>2,891,386</u>	<u>2,066,455</u>	<u>615,733</u>	<u>558,429</u>	<u>1,891</u>	<u>-</u>	<u>6,133,894</u>
Operating profit/(loss)	684,665	650,128	421,922	(29,369)	11,732	(58,038)	1,681,040
Share of profit of an associate	44	-	-	-	-	-	44
Share of profit of and other gains relating to a jointly controlled entity	191,509	-	-	-	-	-	191,509
Finance costs							<u>(59,966)</u>
Profit before taxation							1,812,627
Taxation							<u>(611,446)</u>
Profit for the year							<u><u>1,201,181</u></u>

For the year ended 31st December 2004:

	Guangdong	Beijing	Shanghai	Tianjin	Others	Un-	Group
	Province					allocated	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total gross segment sales	2,297,666	1,665,820	–	21	119,231	–	4,082,738
Inter-segment sales	(7,133)	–	–	–	(102,421)	–	(109,554)
Sales	2,290,533	1,665,820	–	21	16,810	–	3,973,184
Operating profit/(loss)	497,574	340,057	(19,597)	(35,707)	15,864	(25,668)	772,523
Share of loss of an associate	(734)	–	–	–	–	–	(734)
Share of profit of a jointly controlled entity	57,732	–	–	–	–	–	57,732
Finance costs							(13,375)
Profit before taxation							816,146
Taxation							(298,338)
Profit for the year							517,808

For the year ended 31st December 2005:

	Guangdong	Beijing	Shanghai	Tianjin	Others	Un-	Group
	Province					allocated	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets	9,449,135	4,413,130	2,419,199	1,948,052	434,454	51,962	18,715,932
Interest in an associate	80	–	–	–	–	–	80
Interest in a jointly controlled entity	867,632	–	–	–	–	–	867,632
Total assets	10,316,847	4,413,130	2,419,199	1,948,052	434,454	51,962	19,583,644
Liabilities	5,228,752	1,991,303	1,424,468	880,714	3,096,475	1,196,657	13,818,369
Depreciation	7,152	6,328	570	2,060	174	–	16,284
Amortisation	41,616	1,392	15,686	586	1,755	–	61,035
Capital expenditure	169,921	62,878	144	199,786	508	–	433,237

For the year ended 31st December 2004:

	Guangdong					Un-	
	Province	Beijing	Shanghai	Tianjin	Others	allocated	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets	7,810,061	3,532,642	1,209,076	1,226,679	17,456	47,272	13,843,186
Interest in an associate	36	-	-	-	-	-	36
Interest in a jointly controlled entity	256,761	-	-	-	-	-	256,761
Total assets	<u>8,066,858</u>	<u>3,532,642</u>	<u>1,209,076</u>	<u>1,226,679</u>	<u>17,456</u>	<u>47,272</u>	<u>14,099,983</u>
Liabilities	<u>4,859,033</u>	<u>2,973,490</u>	<u>1,145,120</u>	<u>670,335</u>	<u>395,437</u>	<u>727,794</u>	<u>10,771,209</u>
Depreciation	<u>5,016</u>	<u>2,275</u>	<u>543</u>	<u>720</u>	<u>205</u>	<u>-</u>	<u>8,759</u>
Amortisation	<u>35,117</u>	<u>21,977</u>	<u>8,733</u>	<u>1,832</u>	<u>55</u>	<u>-</u>	<u>67,714</u>
Capital expenditure	<u>318,662</u>	<u>188,869</u>	<u>35,742</u>	<u>557,829</u>	<u>159</u>	<u>-</u>	<u>1,101,261</u>

Analysis of the Group's results by business segments is as follows:

	For the year ended	
	31st December	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales		
Property development	5,990,942	3,855,018
Property investment	46,983	44,994
Property management	95,969	73,172
	<u>6,133,894</u>	<u>3,973,184</u>

	As at 31st December	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets		
Property development	15,448,405	9,873,629
Property investment	3,139,363	3,890,488
Property management	76,202	31,797
Unallocated	51,962	47,272
	<u>18,715,932</u>	<u>13,843,186</u>
Investment in an associate	80	36
Investment in a jointly controlled entity	867,632	256,761
	<u>19,583,644</u>	<u>14,099,983</u>

	For the year ended 31st December	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure		
Property development	267,819	21,065
Property investment	164,230	1,079,304
Property management	1,188	892
	<u>433,237</u>	<u>1,101,261</u>

Analysis of sales by category:

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of properties	5,953,608	3,825,647
Rental income from investment properties	46,983	44,994
Property management fees	95,969	73,172
Others	37,334	29,371
	<u>6,133,894</u>	<u>3,973,184</u>

(5) Other gains

	For the year ended 31st December	
	2005 HK\$'000	2004 HK\$'000
Excess of acquirer's interest over cost of acquisition	191,688	–
Fair value gains on investment properties	14,232	–
Government grants	56,074	113,222
Interest income from banks	17,382	4,484
	<u>279,376</u>	<u>117,706</u>

(6) Expenses by nature

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	For the year ended 31st December	
	2005 HK\$'000	2004 HK\$'000
Advertising costs	175,130	135,497
Amortisation of goodwill (included in general and administrative expenses)	–	5,233
Amortisation of leasehold land and land use rights	15,721	4,849
Amortisation of Issuance costs and premium of senior notes	1,685	–
Auditors' remuneration	2,350	1,500
Depreciation of properties and equipment	16,284	8,759
Direct operating expenses arising from investment properties that		
– generate rental income	1,342	3,902
– did not generate rental income	3,121	597
Employment cost (including directors' emoluments)	187,528	143,626
Loss on sale of properties and equipment	7,047	255
Net exchange loss	8,483	549
Operating lease rental in respect of premises	<u>9,296</u>	<u>5,114</u>

(7) **Finance costs**

	For the year ended 31st December	
	2005	2004
	HK\$'000	HK\$'000
Interest expense:		
– on bank loans wholly repayable within five years	231,670	205,213
– on senior notes not wholly repayable within five years	31,247	–
Total borrowing costs incurred	262,917	205,213
Less: Amount capitalised as part of the cost of properties under development	(202,951)	(191,838)
	59,966	13,375

The average interest rates of borrowing costs capitalised for the year ended 31st December 2005 was approximately 5.9% (2004: 5.7%) per annum.

(8) **Taxation**

Taxation consists of:

	For the year ended 31st December	
	2005	2004
	HK\$'000	HK\$'000
Current tax		
Hong Kong profits tax	17,426	18,087
Mainland China enterprise income tax	484,998	496,357
Mainland China land appreciation tax	36,518	394
	538,942	514,838
Transfer to/(from) deferred tax		
Hong Kong profits tax	(7,650)	–
Mainland China enterprise income tax	(78,117)	(272,724)
Mainland China land appreciation tax	158,271	56,224
	72,504	(216,500)
	611,446	298,338

Share of jointly controlled entity's taxation for the year ended 31st December 2005 of approximately HK\$78,866,000 (2004: HK\$57,269,000) is included in the income statement as share of profits of and other gains relating to a jointly controlled entity.

(9) Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31st December	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>1,217,323</u>	<u>432,785</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,075,707</u>	<u>1,002,749</u>
Basic earnings per share (HK\$ per share)	<u>1.13</u>	<u>0.43</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has 10,000,000 share options outstanding during the year ended 31st December 2005 which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

During the year ended 31st December 2005, average market price of the Company's share is lower than the exercise price of the 6,536,000 share options outstanding as at 31st December 2005. Accordingly, the 6,536,000 share options are anti-dilutive for the year ended 31st December 2005.

	For the year ended 31st December	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>1,217,323</u>	<u>432,785</u>
Weighted average number of ordinary shares in issue ('000)	1,075,707	1,002,749
Adjustments for share options ('000)	<u>1,971</u>	<u>97</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>1,077,678</u>	<u>1,002,846</u>
Diluted earnings per share (HK\$ per share)	<u>1.13</u>	<u>0.43</u>

(10) Dividends

	For the year ended 31st December	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interim dividend paid of HK\$0.0975 (2004: HK\$0.03) per ordinary share	117,351	30,090
Proposed final dividend of HK\$0.242 (2004: HK\$0.06) per ordinary share	<u>295,143</u>	<u>60,180</u>
	<u>412,494</u>	<u>90,270</u>

The proposed final dividends had to be approved by shareholders at Annual General Meeting subsequent to year end. The financial statements as at 31st December 2005 have not reflected such dividend payable.

(11) Accounts receivable

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance by the tenants on a monthly basis.

The ageing analysis of accounts receivable was as follows:

	As at 31st December	
	2005	2004
	HK\$'000	HK\$'000
0 to 3 months	35,697	65,602
3 to 6 months	1,433	9,972
6 to 9 months	448	2,488
9 to 12 months	25,368	1,425
Over 12 months	27,378	1,302
	90,324	80,789

(12) Borrowings

	As at 31st December	
	2005	2004
	HK\$'000	HK\$'000
Non-current		
Bank borrowings	2,165,949	1,547,805
Senior notes	2,660,902	–
	4,826,851	1,547,805
Current		
Bank borrowings	1,837,342	1,957,752
Total borrowings	6,664,193	3,505,557

In November 2005, the Company issued 8.125% senior notes with an aggregated nominal value of US\$350,000,000 (equivalent to approximately HK\$2,730,000,000), for a total consideration of approximately HK\$2,733,182,000. The senior notes mature in seven years (November 2012) and are repayable at their nominal value of US\$350,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes on and after 9th November 2009 at the redemption prices specified in the offering circular, plus accrued and unpaid interest to the redemption date.

(13) Accounts payable

The ageing analysis of accounts payable (including amounts due to related parties of trading in nature) was as follows:

	As at 31st December	
	2005	2004
	HK\$'000	HK\$'000
0 to 3 months	800,524	662,854

As at 31st December 2005, approximately HK\$449,404,000 (2004: HK\$123,344,000) of accounts payable was due to subsidiaries of minority shareholders of certain subsidiaries of the Company in respect of property construction fees.

(14) Reserves*For the year ended 31st December 2005*

	Share premium <i>HK\$'000</i>	Investment property revaluation reserve <i>HK\$'000</i>	Statutory reserves <i>HK\$'000</i>	Cumulative currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2005	619,915	1,147,498	133,378	3,959	1,168,677	3,073,427
Reclassification of negative goodwill to retained earnings	-	-	-	-	164,890	164,890
Reclassification of revaluation reserve to retained earnings	-	(1,147,498)	-	-	1,147,498	-
	<u>619,915</u>	<u>(1,147,498)</u>	<u>133,378</u>	<u>3,959</u>	<u>1,168,677</u>	<u>3,073,427</u>
Balance at 1st January 2005 after opening adjustments	619,915	-	133,378	3,959	2,481,065	3,238,317
Transfer to reserves	-	-	20,636	-	(20,636)	-
Currency translation differences	-	-	-	62,133	-	62,133
Profit for the year	-	-	-	-	1,217,323	1,217,323
Dividend relating to 2004	-	-	-	-	(60,180)	(60,180)
Dividend relating to 2005	-	-	-	-	(117,351)	(117,351)
Employee share options scheme – value of services provided	23,447	-	-	-	-	23,447
Issue of shares						
– placements	957,865	-	-	-	-	957,865
– employee share option scheme	42,000	-	-	-	-	42,000
Share issue expenses	(21,206)	-	-	-	-	(21,206)
	<u>1,622,021</u>	<u>-</u>	<u>154,014</u>	<u>66,092</u>	<u>3,500,221</u>	<u>5,342,348</u>
Balance at 31st December 2005						
Representing–						
2005 Final dividend proposed					295,143	
Others					3,205,078	
					<u>3,500,221</u>	
Analysed by–						
Company and subsidiaries					3,174,591	
Jointly controlled entity					327,438	
Associate					(1,808)	
					<u>3,500,221</u>	

For the year ended 31st December 2004

Balance at 1st January 2004	618,849	992,569	84,499	3,966	844,921	2,544,804
Transfer to reserves	-	-	48,879	-	(48,879)	-
Currency translation differences	-	-	-	(7)	-	(7)
Profit for the year	-	-	-	-	432,785	432,785
Transfer to income statement upon disposal	-	(52,317)	-	-	-	(52,317)
Revaluation						
- gross	-	300,120	-	-	-	300,120
- tax	-	(92,874)	-	-	-	(92,874)
Dividend relating to 2003	-	-	-	-	(30,060)	(30,060)
Dividend relating to 2004	-	-	-	-	(30,090)	(30,090)
Issue of shares under employee share option scheme	1,070	-	-	-	-	1,070
Share issue expenses	(4)	-	-	-	-	(4)
	<u>619,915</u>	<u>1,147,498</u>	<u>133,378</u>	<u>3,959</u>	<u>1,168,677</u>	<u>3,073,427</u>
Balance at 31st December 2004	<u>619,915</u>	<u>1,147,498</u>	<u>133,378</u>	<u>3,959</u>	<u>1,168,677</u>	<u>3,073,427</u>

Representing-	
2004 Final dividend proposed	60,180
Others	1,108,497
	<u>1,168,677</u>

Analysed by-	
Company and subsidiaries	1,034,600
Jointly controlled entity	135,929
Associate	(1,852)
	<u>1,168,677</u>

(15) The adoption of the new/revised HKFRSs and HKASs has also resulted in changes in the presentation of the interim financial statements and certain comparative figures have been restated to conform with the presentation and basis of preparation for the current year.

DIVIDEND

The Board of Directors has recommended a final dividend of HK24.2 cents (2004: HK6 cents) per share. This, together with the interim dividend of HK9.75 cents (2004: HK3 cents) per share, will give a total dividends of HK33.95 cents (2004: HK9 cents) per share for the year ended 31st December 2005.

The final dividend will be paid on Wednesday, 28th June 2006 to shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 15th June 2006 subject to the approval of shareholders at the Annual General Meeting to be held on Thursday, 15th June 2006.

FINANCIAL REVIEW

Turnover

In 2005, benefiting from the improved market sentiment, the Group saw substantial growth in its property development business. The overall unit selling price in respect of properties delivered to buyers was up by 10% to RMB6,028 per square meter (2004: RMB5,487 per square meter) due primarily to contributions from some project developments with relatively higher gross profit margins, such as Beijing Regal Court, Shanghai Hopson Town and Guangzhou Regal Palace. The volume of transactions stayed at high levels and increased by 40% to 1,043,249 square meters (2004: 743,590 square meters). As a result, the Group produced an impressive turnover of HK\$6,134 million (2004: HK\$3,973 million (restated), up 54% as compared with the previous year). This record high turnover was exclusive of the Group's proportionate share of turnover in the "Qiaodao" jointly controlled entity. About 65% of the turnover revenue for the year came from five project developments, namely Beijing Regal Court, Pleasant View Garden, Gallopade Park South Court, Beijing Citta Eterna and Shanghai Hopson Town.

Cost of Sales

In line with the substantial growth in turnover, the cost of sales was up by 45% to HK\$4,189 million (2004: HK\$2,896 million (restated)) but as a percentage of revenue dropped to 68% (2004: 73% (restated)) due primarily to cost savings achieved.

Gross Profit

Gross profit margin for the full year increased from 27% in 2004 to 32% in 2005. This was mainly attributable to the rise in selling prices and the continued tight control exercised on costs. However, as compared with the 38% margin achieved for the first half of 2005, there was a drop of 6% caused by the (1) recognition of a relatively larger number of properties with low profit margin located in Tianjin, (2) disposal at competitive prices of certain investment properties carrying a value higher than cost and (3) costs of clubhouses being recognized as cost of development.

Other gains

Included in other gains are (1) "excess of acquirer's interest over cost" of HK\$192 million representing the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition paid for a 100% equity interest in Sun Advance Investments Limited ("Sun Advance") and for the first time being directly recognized in the income statement. Sun Advance and another party own, through a PRC company, the land use right of a piece of land for commercial purpose located in Pudong, Shanghai with a GFA of approximately 86,947 square meters; (2) HK\$14 million representing a revaluation gain of the Group's investment property portfolio since 31st December 2004 now taken through the income statement as required under the new applicable accounting standards; (3) HK\$56 million representing grants received from government bureaus in mainland China and (4) interest income of HK\$17 million.

Operating expenses

Operating expenses, including selling, marketing, general and administrative expenses, were up 28% to HK\$543 million (2004: HK\$423 million). The increase was in line with larger number of properties sold and completed during 2005 and to some extent caused by the start-up costs incurred for new projects, such as Huizhou Regal Riviera Bay, Guangzhou Regal Palace, Yijing Huayuan, and Yunshan Xijing. The total amount expended when measured as a percentage of turnover dropped slightly from 10.6% in 2004 to 8.9% in 2005. This was a reflection of the management's continued commitment in containing operating expenses to a reasonable level.

Finance costs

The costs of borrowing before capitalization allocated to various property projects under development increased to HK\$263 million (2004: HK\$205 million), up HK\$58 million or 28%. The increase was mainly attributable to a rise in interest rates, a higher level of bank borrowings and the new issue of Guaranteed Senior Notes of US\$350 million in November 2005. The Group's effective borrowing interest rate was approximately 6.8% per annum (2004: 5.7%). All borrowings were used to finance the development of existing projects and investment in new projects.

Operating profit

The Group's operating profit increased by 117% to HK\$1,681 million (2004: HK\$773 million (restated)), up HK\$908 million.

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

The Group's share of profit of and other gains relating to a jointly controlled entity operating the Guangzhou Regal Riviera project increased by 232% to HK\$192 million (2004: HK\$58 million) (restated) due to (1) the additional 29.5% equity interest acquired since July 2005 and (2) the "excess of acquirer's interest over cost" of HK\$115 million representing and for the first time directly recognized in the income statement, the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition paid for a 29.5% equity interest in Guangdong Zhujiang Qiaodao Real Estate Limited, the project company of Regal Riviera.

Profit attributable to equity holders of the Company

The Group achieved a profit attributable to equity holders of HK\$1,217 million (2004: HK\$433 million (restated)), up HK\$784 million or 181%. Earnings per share rose by 163% to HK\$1.13. Underlying profit attributable to shareholders excluding the effect of "excess of acquirer's interest over cost" of HK\$307 million and revaluation gain of HK\$14 million was HK\$896 million, up HK\$463 million or 107% as compared with the previous year. The increase was mainly attributable to the growth of property development business and its related profit margin.

Segmental information

Property development is the Group's core business activity (98%). 2005 saw a wider geographical spread of financial performance. Both Tianjin and Shanghai began to deliver their developed properties to buyers and each contributed 9% and 10% of the Group's turnover revenue respectively. Guangdong remained the top revenue contributor (47%), followed by Beijing (34%).

Financial position

As at 31st December 2005, total assets of the Group amounted to HK\$19,584 million (2004: HK\$14,100 million (restated)) whereas total liabilities (excluding minority interests) amounted to HK\$13,818 million (2004: HK\$10,771 million (restated)) representing an increase of HK\$5,484 million and HK\$3,047 million respectively over the previous year. The increase in total assets was mainly attributable to the increase in (1) cash raised from placement of shares and the issue of Guaranteed Senior Notes, (2) new land sites acquisitions located in Guangdong Province and Shanghai and (3) amounts expended on the construction work-in-progress of development projects such as Huizhou Regal Riviera Bay, Yunshan Xijing, Beijing International Garden and Shanghai Hopson International Building.

Aligned with this, total liabilities also increased, primarily due to additional bank borrowings obtained and the Guaranteed Senior Notes raised.

Current ratio increased from 1.09 at last year end to 1.73 this year. Total equity increased to HK\$5,765 million at 31st December 2005 from HK\$3,329 million at 31st December 2004, due mainly to the (1) contribution from the current year's profit attributable to shareholders and (2) the placement of shares to strategic investors.

Liquidity and financial resources

The Group derived its source of fund primarily from income generated from business operations, bank borrowings, cash raised from the placement of shares and the issue of Guaranteed Senior Notes, which were, in turn, used to finance its business operations and investment in development projects.

As at 31st December 2005, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 71% (2004: 76% (restated)). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over total equity) was 79% (2004: 112% (restated)).

As at 31st December 2005, the Group had cash and short-term bank deposits amounted to HK\$2,590 million (2004: HK\$737 million), of which HK\$71 million (2004: HK\$150 million) were pledged as collateral for the Group's banking facilities. In addition, the Group's bank deposits of approximately HK\$166 million (2004: HK\$108 million) were charged to certain banks in respect of the mortgage facilities granted by the banks to the buyers of the Group's properties. 80% of the cash and bank deposits was denominated in Renminbi, 3% in Hong Kong dollar and 17% in United States dollar.

Total borrowings from banks amounted to HK\$4,003 million (2004: HK\$3,506 million), representing an increase of 14% or HK\$497 million over the previous year. Gearing, measured by net bank borrowings and the Guaranteed Senior Notes (ie. total bank borrowings and Guaranteed Senior Notes less cash and bank deposits as a percentage of total equity), decreased from 83% (restated) as at 31st December 2004 to 71% as at 31st December 2005. The substantial improvement in gearing ratio was mainly attributable to the unutilized proceeds as of year end which were raised from the placement of shares and the issue of the Guaranteed Senior Notes.

All of the Group's bank borrowings were either secured or covered by guarantees and substantially denominated in Renminbi with fixed interest rates whereas the Guaranteed Senior Notes were unsecured and denominated in United States dollar with fixed interest rate, representing approximately 56% and 37% respectively of the Group's total borrowings.

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

The Group's borrowings repayment profile as at 31st December 2005 was as follow:

(HK\$ million)	As at 31st December 2005				As at 31st December 2004				
	Bank borrowings	Guaranteed Senior Notes	Other borrowings	Total	Bank borrowings	Other borrowings	Total		
- within 1 year	1,837	-	452	2,289	32%	1,958	878	2,836	64%
- after 1 year but within 2 years	1,450	-	-	1,450	20%	878	69	947	21%
- after 2 years but within 3 years	716	-	-	716	10%	670	-	670	15%
- after 5 years	-	2,661	-	2,661	38%	-	-	-	-
Total borrowings	4,003	2,661	452	7,116		3,506	947	4,453	
Less: Bank deposits and cash				(2,590)				(737)	
Net borrowings				<u>4,526</u>				<u>3,716</u>	

The increase in borrowings was caused by the additional loans drawn down and the Guaranteed Senior Notes issued in November 2005 to finance the development of new projects.

As at 31st December 2005, the Group had banking facilities of approximately HK\$5,640 million (2004: HK\$3,506 million) for short-term and long-term loans, among which HK\$1,637 million were unutilized.

Contingencies

Contingent liabilities not provided for in the financial statements are as follows:

	As at 31st December	
	2005	2004
	<i>HK\$ million</i>	<i>HK\$ million</i>
Guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties	4,024	3,271
Guarantees given to banks for bank borrowings of related companies	–	80
	<u>4,024</u>	<u>3,351</u>

Capital commitments

The Group's capital commitments were as follows:

	As at 31st December	
	2005	2004
	<i>HK\$ million</i>	<i>HK\$ million</i>
Authorized and contracted for		
– Property construction costs	5,767	3,639
– Capital contribution to a jointly controlled entity	101	162
– Acquisition of further interest in a jointly controlled entity	130	469
– Acquisition of equity interests in certain mainland China entities	956	–
	<u>6,954</u>	<u>4,270</u>
Authorized but not contracted for		
– Land costs	885	1,087
– Property construction costs	15,682	18,376
	<u>16,567</u>	<u>19,463</u>
	<u>23,521</u>	<u>23,733</u>

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

	As at 31st December	
	2005	2004
	<i>HK\$ million</i>	<i>HK\$ million</i>
Authorized and contracted for		
– Land costs	105	68
– Property construction costs	231	184
	<hr/> 336 <hr/>	<hr/> 252 <hr/>
Authorized but not contracted for		
– Land costs	91	51
– Property construction costs	1,282	967
	<hr/> 1,373 <hr/>	<hr/> 1,018 <hr/>
	<hr/> 1,709 <hr/>	<hr/> 1,270 <hr/>

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 lease are as follows:

	As at 31st December	
	2005	2004
	<i>HK\$ million</i>	<i>HK\$ million</i>
Amounts payable		
– within one year	8	5
– within two to five years	27	3
	<hr/> 35 <hr/>	<hr/> 8 <hr/>

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

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.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars. However, the Group experienced no significant foreign exchange movement and the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollars and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

EMPLOYEES

As at 31st December 2005, the Group, excluding its associate and jointly controlled entity, employed a total of 4,078 (as at 31st December 2004: 3,596) staff, the great majority of which were employed in mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$188 million (2004: HK\$144 million) for the year ended 31st December 2005.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions during the year under review. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31st December 2005.

CORPORATE GOVERNANCE

Throughout the year ended 31st December 2005, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules which became applicable to the Company in respect of the year under review, except for Code provisions A.4.1 and E.1.2 as described below.

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The non-executive Directors of the Company are not appointed for a specific term except for Mr. Steven Shafran who is appointed for a term of three years subject to re-election. The other non-executive Directors (including the independent non-executive Directors) are not appointed for specific term. This constitutes a deviation from Code provision A.4.1. However, as all the non-executive Directors are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the Code.

Code E.1.2 stipulates that the chairman of the board should attend annual general meetings. The Chairman of the Board did not attend the annual general meeting for the year 2005 due to other business commitment.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2005.

AUDIT COMMITTEE

The Company's audit committee is composed of all the three independent non-executive Directors of the Company and a non-executive Director, Mr. Hu Yongmin. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited accounts for the year ended 31st December 2005 with the Directors.

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12th June 2006 to Thursday, 15th June 2006, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 9th June 2006.

ANNUAL REPORT

The 2005 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson>.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

DIRECTORS

As at the date of this announcement, the Board is composed of seven executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Wu Jiesi (Chief Executive Officer), Mr. Xiang Bin, Mr. Au Wai Kin, Mr. Chen Chang Ying, Mr. Tam Lai Ling and Ms. Xiao Yan Xia, three non-executive Directors, namely Mr. Steven Shafran, Ms. Chen Xiaohong and Mr. Hu Yongmin and three independent non-executive Directors, namely Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver.

By order of the Board

Chu Mang Yee

Chairman

Hong Kong, 13th April 2006

* *for identification purpose only*