



## A SOLID FOUNDATION FOR SUSTAINABLE GROWTH

穩定基礎 持續增長



### CHIEF EXECUTIVE'S REVIEW 行政總裁報告

I am delighted to report the Group's first annual results since our successful initial public offering ("IPO") on the main board of the Stock Exchange of Hong Kong Limited in October 2006. We achieved sharp increases in both turnover and net profit in 2006, well exceeding our forecast as set out in the IPO prospectus.

本人謹此欣然提呈本集團自二零零六年十月於香港聯交所主板成功進行首次公開招股（「首次公開招股」）以來的首份年度業績。於二零零六年，我們的營業額及純利均大幅增長，超出我們在首次公開招股售股章程中所作出的預測。



**Mr. Tse Sai Tung, Stones**  
*Group Managing Director & CEO*  
集團董事總經理兼行政總裁  
謝世東先生

## Operating Environments

With China's rapid economic growth, accelerated urbanisation and continued rise in disposable income, the Group see abundant opportunities in China's property market. From the successive issues of regulatory policies, we are aware of the central government's intention to further regulate the property sector and to avoid an overheated market environment, which is beneficial to the long-term healthy growth of the industry.

The Group is well prepared for recent changes in policy measures imposed by the government. As for the PRC government's announcement of the enforcement of the Land Appreciation Tax ("LAT"), while the implementation details are still being considered by individual municipal and provincial governments, we would like to reiterate that the Group has made full provision in our projects and hence, the collection of LAT for our past projects would not have any significant impact on the Group's earnings. We will continue to adhere to a prudent approach in investment strategy to control vulnerability of business operations in response to such policy changes.

Having witnessed the government's efforts to better regulate the property industry in recent years, we are of the view that repercussions from the previous rounds of macroeconomic policies will lead to consolidation amongst developers. More opportunities will emerge along with such market adjustments. With our sound financial position, the Group will be able to capitalise on opportunities presented and review the possibility to acquire quality projects from smaller or less-capitalised developers.

## 經營環境

隨著中國的經濟增長步伐加快、城市化進程加速及可支配收入持續增長，本集團深感中國物業市場存在無限商機。自連續頒布調控政策以來，本集團意識到中央政府有意進一步監控物業市場及避免市場環境過熱的強烈信息，該等措施實有利於行業的長遠健康發展。

本集團現時已做好充分準備以應對政府頒佈的各種政策措施的變動。關於中國政府宣佈加強徵收土地增值稅（「土地增值稅」）的通知，本公司管理層重申本集團已就我們的項目作出全額撥備。雖然目前各省市級政府仍在考慮有關實施的具體方式，但就本集團過往項目收取土地增值稅將不會對本集團的盈利產生任何重大影響。本集團在投資策略方面將繼續堅持審慎的方法，以控制為應付該等政策變動而導致有關業務營運出現的波動。

政府於最近幾年不斷着力監管房地產行業，本集團認為，以往所頒布宏觀經濟措施的影響將會導致物業發展商間的整合。更多機遇將隨著市場調整湧現。由於本集團財務狀況健全，故將能夠利用已出現的機遇，從此等規模較小或資金緊絀的物業發展商收購該等優質項目。

## Business Review

In 2006, we sold and delivered 251,588 sq.m. in Phase VC of Cambridge Forest Newtown, 46,364 sq.m. in Phase 1 of Cambridge Waters and 11,646 sq.m. of Cambridge Watertown which altogether represented a 84% increase as compared to 2005. Amid the stabilised market in Shanghai, the Group continued to demonstrate its proven ability for the sales and marketing of the residential projects during the reporting period, which is a compelling testimony and endorsement of our strategy to focus on the solid middle to upper-middle market. The new phases of three residential projects in Shanghai, namely, Phase VI of Cambridge Forest Newtown, Phase IIB & C of Cambridge Waters and Phase II of Cambridge Watertown, are all actively under development with satisfactory progress. The construction of The Peninsula Shanghai on the Board commenced in October 2006 and is expected to be completed on schedule in the second half of 2009. Planning for the new Holiday Inn Hotel Complex in Shanghai and Crowne Plaza resort hotel in Huangshan are in progress.

Since our listing in October, the Group has carried out its plan to replenish its landbank with the majority of the IPO proceeds. In November 2006, within one month after our listing, we acquired a prime site in the popular residential area of Kunming with a developable GFA of approximately 377,000 sq.m. In March 2007, we also successfully acquired another piece of land in Kunming which is adjoining the previously acquired site, adding a GFA of approximately 221,000 sq.m. and formed a combined development project with the total GFA amounting to 598,000 sq.m. We further enhanced our landbank in Huangshan in February 2007 by an additional 234,000 sq.m. With such new additions, our current landbank size has reached approximately 2,000,000 sq.m., which is about 71% above the pre-IPO landbank. Such new acquisitions have been in line with the Group's strategy to develop large-scale and multi-phase residential projects at sub-urban areas of the cities, targeting the middle to upper-middle income groups. We believe that such quality landbank will form a solid base for our sustainable business growth.

## Future Outlook

With extensive experience and clear strategies for China's property industry, we are confident that our management team's profound knowledge and understanding of the property development and investment market will enable the Group to fully capitalise opportunities arising from China's strong domestic demand that is supported by robust economic growth and rising GDP.

## 業務回顧

於二零零六年，本集團售出及交付總建築面積為251,588平方米的康橋半島第五C期、總建築面積為46,364平方米的康橋水都第一期及總建築面積為11,646平方米的康橋水鄉（合共較二零零五年增長84%）。上海的物業市場穩定，本集團繼續展示其於報告期間內在住宅項目的銷售及市場推廣方面已被認可的能力，這是支持本集團專注於中端及中高端市場策略的有力證據及認可。本集團在上海三個住宅項目的新一期物業（即康橋半島第VI期、康橋水都第IIB及C期及康橋水鄉第II期）均在積極發展中，進度令人滿意。本集團已於二零零六年十月份開始在外灘興建上海半島酒店，並預期將於二零零九年下半年落成。本集團在上海興建新假日酒店綜合項目及在黃山興建皇冠假日度假酒店亦在籌備中。

本集團自十月份上市以來，利用大部份首次公開招股所得款項用作補充土地儲備。於二零零六年十一月，即在本集團上市後的一個月內，本集團收購一幅位於昆明著名的住宅區域內的黃金地塊，可供發展的總建築面積約為377,000平方米。於二零零七年三月，本集團亦成功在昆明收購另一幅與先前所收購的地塊鄰近的土地，總建築面積增加約221,000平方米，形成一個總建築面積為598,000平方米的綜合發展項目。二零零七年二月，本集團透過額外收購總建築面積為234,000平方米的地塊，進一步增加其於黃山的土地儲備。由於該等額外新收購的土地，本集團目前的土地儲備可供發展的建築面積已達約2,000,000平方米，高出首次公開招股前的土地儲備約71%。該等新的收購項目與本集團在市郊發展大規模及多期住宅項目的策略相符合，目標客戶是具有中端至中高端收入的客戶群。本集團相信，該等優質土地儲備將為我們的持續業務增長奠定穩定的基礎。

## 未來展望

由於本集團管理層在中國物業行業擁有豐富經驗及清晰的策略，以及對物業發展及投資市場擁有廣泛的知識及深刻的瞭解，本集團因此有信心將可充分利用因中國的經濟快速增長及不斷上升的國內生產總值帶來的強勁內需而帶來的機遇。

In 2007, the new phases of our three existing residential projects in Shanghai, namely, Phase VI of Cambridge Forest Newtown, Phase IIC of Cambridge Waters and Phase II of Cambridge Watertown, are due to be completed and delivered. Phase IIA and IIB of Cambridge Waters, Phase III of Cambridge Watertown, as well as the newly acquired Kunming project will also be under construction. Presale for such projects under development will be well-spanned throughout the year. The three hotel projects of the Group, namely, Peninsula Shanghai, Holiday Inn in Shanghai, and Crowne Plaza Resort in Huangshan, will all be under construction. These hotel projects will be able to benefit from rising demand for hotel accommodation due to rapid development of China's tourism industry, as well as the much anticipated first Olympic Games in 2008 and the World Expo to be held in Shanghai, in 2010. Our understanding and insight into China's property market has led us into deciding that securing a stable source of recurrent income will enable us to expand the scale of our business while sustaining a healthy cash flow. The Group has hence adhered to a balanced portfolio strategy to our exposure in hotel and investment properties, while targeting a substantial growth in residential sales.

Our other focus is to strategically increase the size of our land bank. Our immediate target is to accumulate sufficient land bank to cover our project pipeline for the next four to five years, while maintaining an optimum asset turnover ratio. We will leverage our successful experience in Shanghai to strategically expand into other parts of China, targeting cities of regional importance, with developing infrastructure, reasonable land prices and good growth potential. We will continue to explore opportunities arising from high-growth cities in China and prudently adhere to our well thought-out land bank replenishment strategy by seeking to expand via various methods, including project partnerships or acquiring projects from other developers.

Our vision is to become one of the leading national developers that is managed by a highly professional team. We will continue to rely on our industry expertise and our experienced and quality team, with clear and focused strategies, applying the highest possible standard in delivering the finest results to our stakeholders and investors.

**Stones Tse***Group Managing Director and CEO*

12 April 2007

於二零零七年，本集團在上海的三個現有住宅項目的新一期物業（即康橋半島第VI期、康橋水都第IIC期及康橋水鄉第II期）預期將推出市場及完工。康橋水都第IIA及IIB期、康橋水鄉第III期以及最近收購的昆明項目亦予興建。該等正在發展的項目將於下個年度內進行預售。本集團的三個酒店項目（即位於上海的海島酒店及假日酒店以及位於黃山的皇冠假日度假酒店）均將予興建。該等酒店項目將能從因中國旅遊業的快速發展以及二零零八年首次於中國舉辦的奧運會及二零一零年上海世界博覽會對酒店住宿日益增長的需求中受益。本集團對中國物業市場的瞭解及洞察力讓我們深知，穩定的經常收入來源將可令我們在維持穩健現金流量的同時，擴充本集團的業務規模。本集團由此採取一項平衡的組合策略，在實現住宅銷售額取得重大增長目標的同時，將我們的業務擴充至酒店及投資物業領域。

本集團另一業務重點是策略性地增加我們的土地儲備規模。本集團的近期目標是在維持最佳資產變現率的同時，累積充足土地儲備，以滿足本集團日後四至五年項目供給的需求。本集團將憑藉我們在上海的成功經驗，策略性地將業務擴充至中國其他地方，目標城市是具有發展中的基建、合理土地價格及良好增長潛力的地區重點城市。本集團將繼續探求中國高增長城市所帶來的機遇，並透過不同方法（包括項目合夥發展或從其他發展商收購項目）進行擴充，來實施我們經過深思熟慮的土地儲備策略。

本集團希望成為由優秀專業團隊管理的全國主要發展商之一。本集團將繼續通過我們的行業專長及經驗豐富的高質素團隊，具清晰且集中的策略，高標準地為我們的股東及投資者帶來最佳回報。

**謝世東***集團董事總經理兼行政總裁*

二零零七年四月十二日