



ZENG Yunshu Chairman 曾雲樞 主席

BUSINESS OVERVIEW

The year 2006 marked significant progress in the business development of Hong Long Holdings.

During the past years, the Group saw large increase in the strength, brand value and competitive advantages in its operation with the joint efforts of all staff, and achieved satisfactory results and performance. For the year ended 31 December 2006:

- Revenue up 251% to RMB521 million
- Profit up 1,000% to RMB698 million
- Profit (before "Increase in fair value of investment properties" of RMB566 million less "Deferred tax" of RMB85 million) up 279% to RMB218 million
- Basic earnings per share up 1,017% to RMB0.67.
- Basic earnings (before "Increase in fair value of investment properties" of RMB566 million less "Deferred tax" of RMB85 million) per share up 281% to RMB0.21.

The Company was successfully listed on the main board of the Stock Exchange of Hong Kong Limited ("Stock Exchange") on 22 February 2007 and net proceeds of approximately RMB467 million were raised. The Share Offer received overwhelming support from Hong Kong and international investors, with 168 times over-subscription recorded for the Public

Dear Shareholders,

I have pleasure to present the first annual report of Hong Long Holdings Limited ("Hong Long Holdings" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2006.

各位股東：

本人欣然向閣下呈上鴻隆控股有限公司（「鴻隆控股」或「本公司」）截止 2006 年 12 月 31 日的首份年報。

業務概況

2006 年是鴻隆控股業務飛躍發展的一年。

回顧過去，本集團在全體員工的共同努力下，公司的實力、品牌價值和競爭優勢得到巨大的提升，取得滿意的業績表現，截至 2006 年 12 月 31 日止年度：

- 收益增加 251% 至人民幣 521,000,000 元
- 溢利增加 1,000% 至人民幣 698,000,000 元
- 溢利（扣除「投資物業公平值增加」人民幣 566,000,000 元減「遞延稅項」人民幣 85,000,000 元）上升 279% 至人民幣 218,000,000 元
- 每股基本盈利上升 1,017% 至人民幣 0.67 元
- 每股基本盈利（扣除「投資物業公平值增加」人民幣 566,000,000 元減「遞延稅項」人民幣 85,000,000 元）上升 281% 至人民幣 0.21 元。

本公司成功於 2007 年 2 月 22 日在香港聯合交易所有限公司（「聯交所」）主板上市，成功籌集約人民幣 467,000,000 元的所得款淨額。股份發售獲得了國際和香港投資者的熱烈支持，公開發售更錄得高達 168 倍的超額認

Offer. Our successful listing enabled the Group to get access into the international capital market, forming a new platform in providing sufficient capital for the Group's future development. The Group will further increase its land bank in Southern China in the future, and focus on the development of high quality mid-market residential and commercial complexes to cater for the market needs.

DIVIDEND

The Directors do not recommend any payment of final dividend for the year ended 31 December 2006.

BUSINESS REVIEW

The Group has been holding the principle of "innovation creates the future" in its real estate development business, emphasising on project design of its property developments and continued its focus on the development of mid-market residential and commercial properties, at the same time, diversifying to the commercial property leasing business which will provide stable recurring income, enlarge our customer base and reduce market concentration risks, so as to excel those conventional real estate developers.

• PROPERTY DEVELOPMENT BUSINESS

The Group is principally engaged in the development of property projects in Guangdong Province.

In 2006, Guangdong Province experienced a relatively fast economic growth, stronger purchasing power and a continuous buoyant property market. According to the Bureau of Statistics of Guangdong Province, the GDP in Guangdong increased by 14.1% in 2006, its per capita disposable income of urban residents rose by 8.4%; the sales amount of commodity housing during the year increased by 19.5%, GFA sold increased by 9.0%, and the average selling price of commodity housing of the whole province rose by 11.9%, of which the average price in Shenzhen rose by 25.3%. The vacancy rate of residential and commercial properties decreased by 19.22% and 12.72% respectively. Favorable external environment created good conditions for the Group's development. (Source: Bureau of Statistics of Guangdong Province)

During 2006, the Group completed the development of Hong Long Plaza situated at Bao'an district of Shenzhen with total construction area on completion amounted to 172,630 square meters. Residential units of 71,860 square meters and shops of 2,141 square meters have been delivered to owners. The remaining shops of approximate 3,743 square meters will be sold in 2007 and 58,153 square meters will be retained by the Group as investment property.

購。成功上市幫助集團進入國際資本市場，為集團開創一個嶄新的平臺，為日後集團的發展提供充足的資金。本集團未來將進一步擴大華南地區的土地儲備，集中開發具有高質素的中檔住宅商業綜合大廈，滿足市場的需要。

股息

董事並不建議派付截至2006年12月31日止年度之末期股息。

業務回顧

本集團一直堅持以「創新成就未來」的開發理念，著重房地產開發的項目設計，持續專注開發中檔住宅及商業物業，同時進一步透過商業物業的租賃業務提供穩定經常性收入、擴大客戶基礎及分散市場風險，在傳統房地產開發商中突圍而出。



(Show flat of the residential unit of Hong Long Plaza 鴻隆廣場住宅單位樣板房)

• 地產開發

本集團主要在廣東省發展房地產項目，2006年廣東省的經濟較快增長，人們的購買力增強，物業市場持續走旺。根據廣東省統計局數據顯示，2006年，廣東國民經濟增長14.1%，城鎮居民人均可支配收入增長8.4%。廣東省全年商品房銷售額增長19.5%，銷售面積增長9.0%，同時全省的商品房平均房價上升11.9%，其中深圳平均房價上升25.3%。住宅、商業用房空置面積同比分別降低19.22%、12.72%。有利的外部環境為本集團的發展創造了良好的條件。(以上數據來源：廣東省統計局)

2006年內，本集團完成位於深圳寶安的鴻隆廣場項目的開發，竣工的總建築面積為172,630平方米，該項目的71,860平方米的住宅單位和2,141平方米商鋪已經交付給業主。剩餘商鋪約3,743及58,153平方米，分別於2007年出售及被保留下來作為集團的投資性物業，發展租賃業務。



(Baorun Ornament Materials Mall 寶潤裝飾材料城)



(Ganglong City Shopping Centre 港隆城購物中心)

In addition, during the year, the Group disposed of the entire Hong Long High-tech Industrial Park (鴻隆高科技工業園) project in Bao'an with a total construction area of 237,939 square meters to an independent third party. Sale proceeds from the transaction amounted to RMB328,356,000, generating a profit of approximately RMB120,053,000 for the Group.

另外本年度內，本集團將位於寶安的鴻隆高科技工業園項目，總建築面積約237,939平方米整體轉讓給一家獨立的第三方，該項目的轉讓為集團帶來約人民幣328,356,000元的銷售所得款，產生約人民幣120,053,000元的盈利。

• LEASING BUSINESS

The Group has been engaged in property leasing business since 2001 for securing more stable income, reducing market concentration risks and enhancing the market value of the Group's own investment properties, so that it can excel other conventional real estate developers.

• 租賃業務

本集團自2001年開始經營房地產租賃業務，確保獲得穩定收入，分散市場風險，提升集團擁有的投資物業的市場價值，從而使得本集團從傳統的地產開發商中突圍而出。

In 2006, the Group's leasing business experienced rapid growth. Its Gang Long City Shopping Centre (港隆城購物中心) officially commenced business. As at the end of the year, its leasing business covered large-scale professional indoor ornament materials mall, community shopping arcade, large-scale shopping center etc. to meet the needs of various sectors in the market. As compared with last year, leasing area significantly increased. As at the end of the year, leasable commercial area amounted to 87,160 square meters, income from leasing business increased significantly to RMB20,892,000 for the year, representing an increase of 13% from last year.

2006年內，本集團的租賃業務得到快速的發展，集團旗下的港隆城購物中心隆重開業。截止到本年度末，租賃業務廣泛供應多種類型，包括大型室內裝飾材料專業城、社區購物商場、大型購物中心等，以滿足市場的不同需求。同比去年，集團所經營的商業物業的租賃面積較大增長，截止本年度末，可租賃的商業面積達87,160平方米，租賃收入增長迅猛，本年度的租賃業務收入為人民幣20,892,000元，較上一年度增加13%。

• LAND RESERVES

Land reserves are indispensable resources for the business of property developers. In order to maintain sustainable development of the Group, Huizhou Yintaida Company Limited (惠州銀泰達實業有限公司), a subsidiary of the Group, acquired a new piece of land situated at Boluo County of Huizhou through tender in a public auction, with site area of approximately 54,022 square meters.

• 土地儲備

土地儲備是房地產開發商發展不可缺少的資源，為保持集團的可持續發展，2006年度內，本集團下屬公司惠州銀泰達實業有限公司在一次公開土地拍賣中成功以競投方式增添了一項位於惠州市博羅的新土地儲備，地盤面積約為54,022平方米。

(1) As of 31 December 2006, the Group owned 7 parcels of land, 6 parcels of which were situated in Huizhou, Guangdong, 1 parcel was in Meizhou, Guangdong. Total site area was

(1) 截止2006年12月31日，本集團擁有7幅土地儲備，其中6幅位於廣東惠州，1幅位於廣東梅州，土地的

530,000 square meters, and estimated total floor area will be 1,260,000 square meters.

- (2) As of 31 December 2006, the land for Shenzhen Yinghua Baoxing Building (深圳英華寶興大廈) project which was owned as to 85.71% by the Group was in the process of obtaining the relevant State-owned Land Use Right Certificate.
- (3) It should be noted that the Group has accelerated the replenishment of its land reserves starting from 2007. We are now actively negotiating with a number of business partners with an aim to increase land reserves through public tender, cooperation with local property developers or acquisition of property companies. At the same time, the Group will take a secure and prudent approach in investment, carefully evaluate and analyse during the process of increasing its land reserves, in order to keep any possible risk under control.

FURTHER DEVELOPMENT

On 6 April 2007, the Group successfully bid the Yifeng Plaza (藝豐廣場), which is situated in Luohu district of Shenzhen, through public auction held by Land and Housing Trade Centre (深圳市土地房產交易中心) in Shenzhen. Yifeng Plaza covers GFA of approximately 70,354 square meters comprising retail shops, office building, residential building and underground car park of approximately 8,858 square meters, 46,857 square meters, 4,127 square meters, and 10,512 square meters respectively. With a view to taking advantage of the continuous economic growth of Shenzhen, the Group considers it is an instant opportunity to have a new source of income upon the time when selling the properties after renovation work.

PROSPECTS

The Group is well prepared for the various measures imposed by the PRC government on property market. As for the enforcement of Land Appreciation Tax ("LAT"), the Group has made full provision in its existing projects and in the budget for coming projects. As for the regulatory issues, the Group sees the policies will lead to consolidation amongst smaller and less-competitive developers. The group is able to capitalize on such immense opportunities emerging along with the market adjustments.

Based on its success in recent years and the listing on 22 February 2007, the Group is well positioned to increase its market share and to become one of the leading property developers in Guangdong Province, the PRC. With China's rapid economic growth, continued rise in people's disposable income and accelerated urbanization, the Group expects ample opportunities in China's property market.

總面積為530,000平方米，預計總樓面面積達1,260,000平方米。

- (2) 截止2006年12月31日，本集團擁有85.71%權益的深圳英華寶興大廈項目的土地正在辦理國有土地使用權證的相關手續。
- (3) 值得關注的是，2007年以來本集團加快了土地儲備的步伐。我們正與多家業務夥伴積極洽談，計劃通過招標、競投方式或與當地房地產開發商合作或收購房地產公司與不同途徑，以增加土地儲備。同時集團在增加土地儲備的過程中，將秉承穩健而謹慎的投資、評估及分析報告的方法，以控制可能出現的風險。

其他開發項目

於2007年4月6日，本集團通過深圳市土地房屋交易中心舉行的公開拍賣對藝豐廣場(位於深圳羅湖區)成功競標。藝豐廣場之樓面面積約為70,354平方米，包括零售商舖、辦公樓、住宅樓及地下停車場，面積分別約為8,858平方米、46,857平方米、4,127平方米和10,512平方米。鑑於從經濟持續增長之深圳市中受惠，本集團認為此為快捷之機遇，以於裝修工程後出售物業時獲得新收入來源。

展望未來

本集團對中國政府就物業市場所實施的多項政策已做好充分準備。對於土地增值稅(「土地增值稅」)的實施，本集團對其現有項目及未來數年的預算已進行充分撥備。對於調控問題，本集團認為該等政策將導致小型及缺乏競爭力的開發商的合併。本集團能夠利用該等市場調整帶來的巨大商機。

由於近年的成功及於2007年2月22日的成功上市，本集團完全能夠增加其市場份額，並成為中國廣東省領先的物業開發商。隨著中國經濟的快速增長、居民可支配收入的持續增加及城市化加速推進，本集團預計中國的物業市場蘊藏大量商機。

Finally, I would like to take this opportunity to express my sincere appreciation to our fellow directors for their valuable advice, to shareholders and customers for their support and to our staff for their dedicated and persistent work.

ZENG Yunshu

Chairman

Hong Kong, 24 April 2007

最後，本人謹向本公司董事所提供的寶貴意見，致以深切的謝意，同時對股東及客戶對本公司作出的支持以及對員工孜孜不倦為本公司作出的努力表示感謝。

主席

曾雲樞

香港，2007年4月24日