



The Group is principally engaged in the property development of mid-range residential and commercial properties as well as leasing of commercial properties in Guangdong Province. The Group has already built its reputation in Shenzhen. The Group actively provides residential housing with innovative design to its target customers who are people from middle class pursuing high quality living. The target customers of its leasing business of commercial property are local or overseas famous chain stores, department stores, supermarkets and food, entertainment and hairdressing service enterprises.

During the period under review, the Chinese government implemented a series of stringent macro-economic regulatory measures, such as the central bank raising interest for individual residential loan (commercial loan), the 9 ministries and commissions of the State Council issued a joint document providing quantization requirement on house area, proportion in building of smaller-sized apartments, first payment for new housing etc, bringing forward the “90 square meters and double 70%” requirement. The State also strengthened land management control, prohibited land speculation activities, imposed full tax on individual housing that are transferred within 5 years from its purchase, regulated and limited foreign capital’s entering into the property market, etc., to cool down the over-heated property market. Despite of such measures taken, the GDP of Guangdong province in 2006 amounted to RMB2,596.9 billion, representing an increase of 14.1% from the corresponding period of last year. The per capita disposable income of Guangdong province and Shenzhen city were RMB16,016 and RMB22,567 respectively, representing an increase of 8.4% and 5% from last year respectively. Benefited from strong economic growth in the region and rapid urbanization construction, in addition to common people’s pursuit for better living condition, the need for property remains strong. (source: Bureau of Statistics of Guangdong Province)

本集團主要在中國廣東省從事中檔住宅、商業物業的開發和商業物業的租賃業務。本集團過去在中國深圳已成功建立聲譽，本集團以追求優質生活的中產階級人士為目標客戶，積極向他們提供富有創新設計的住宅產品。同時本集團的商業物業的租賃目標客戶為本地及海外著名連鎖零售店、百貨店、超市和餐飲、娛樂、美容服務企業。

回顧期內，中國政府推行一系列嚴格宏觀經濟調控措施，例如央行提高個人住房貸款（商貸）利率、國務院9部委聯合發文對房地產項目的戶型面積、小戶型所佔比率、新房首付款等方面做出量化規定，提出90平方米、雙70%的標準、國家加強土地管理控制禁止閒置土地的投機活動、對個人購房不足五年轉手交易全額徵稅、規範和限制外資進入房地產市場等措施，為過熱的物業市場降溫。儘快如此，2006年廣東國民經濟國內生產總值25,969億元，比上年同期增長14.1%。廣東省和深圳市城鎮居民人均可支配收入分別為人民幣16,016元和22,567元，較去年相比，分別增長8.4%和5%。受惠於區內強勁的經濟增長和急劇的城市化建設，加上百姓對居住改善的追求，房地產需求依然強勁。（資料來源：廣東省統計局）

In 2006, the average selling price per square meter of commodity housing in Guangdong province was RMB5,314, representing an increase of 11.9% from 2005. Particularly, the selling price of commodity property in Shenzhen rose by a bigger percentage with the average selling price per square meter amounting to RMB9,384, representing an increase of 25.3% from last year. In addition, the sales amount of commodity housing in Guangdong province during the year was RMB249.1 billion, representing an increase of 19.5%. A total of 51,060,000 square meters of GFA sold, representing an increase of 9.0%. Furthermore, the investment amount of property development in China in 2006 amounted to RMB1,938.2 billion, representing an increase of 17.6% from last year. (source: Bureau of Statistics of Guangdong Province).

In respect of property development, the Group will continue its focus on the development of mid-market properties with fair design and quality to cater for customer's needs. As to leasing business, in addition to the provision of general property management service provided, the Group also has a professional management team responsible for market research, advertisement and marketing activities and arrangement of unified improvement and make selections on potential tenants with their reputation, business nature and size as considering factors, so as to meet the strategic positioning of commercial property operation. As a result, all businesses of the Group achieved fair growth in 2006.

FINANCIAL REVIEW

OVERALL PERFORMANCE

In 2006, the Group sold development properties of approximately 74,000 square meter. The Group sustained a relative healthy level of profit margin and financial structure. Basic earnings per share assuming that the 1,036,100,000 shares in issue as at the date of this report were in issue throughout 2006 and 2005 was RMB0.67 (2005: RMB0.06). Basic earnings (before "Increase in fair value of investment properties" of RMB566 million less "Deferred tax" of RMB85 million) per share, assuming that the 1,036,100,000 shares in issue as at the date of this report were in issue throughout 2006 and 2005 was RMB0.21 (2005: RMB0.06).

OPERATING RESULTS

The turnover in 2006 was approximately RMB521.0 million (2005: RMB148.5 million). The substantial increase was mainly due to the increase in floor area delivered upon completion of Hong Long Plaza in late 2006. The net profit attributable to the equity holders of the Company of approximately RMB699.0 million comprised of RMB115.6 million, RMB102.0 million and RMB481.4 million for operating profits, gain on disposal of Hong Long High Technology Park and fair value increase in investment properties after all taxes respectively.

2006年，廣東省商品房的每平方米平均售價為人民幣5,314元，較2005年上升11.9%，特別是深圳市的商品房銷售價格上漲幅度更大，平均每平方米售價為人民幣9,384元，較去年上升25.3%。此外，2006年廣東省全年商品房銷售額2,491億元，增長19.5%，銷售面積5,106萬平方米，增長9.0%。再者，2006年中國房地產發展的投資額達人民幣1,938.2億元，較去年增長17.6%。(資料來源：廣東省統計局)

地產發展方面，本集團繼續專注開發較佳設計和品質的中檔物業，滿足客戶的需求。租賃業務方面，集團除了提供一般的物業管理服務外，亦由專業的管理團隊負責市場分析，擬定廣告活動，統一裝修，並藉考慮各租戶的聲譽、性質和業務規模予以選取，以滿足商業物業經營的策略性定位。因此2006年本集團的業務均獲得較佳增長。

財務回顧

整體表現

於2006年，本集團出售開發物業約74,000平方米。本集團維持穩健的純利率及財務架構水平。假設於本報告日期已發行的1,036,100,000股股份於2006年及2005年全年已發行，每股基本盈利為人民幣0.67元(2005年：人民幣0.06元)。假設於本報告日期已發行的1,036,100,000股股份於2006年及2005年全年已發行，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)為人民幣0.21元(2005年：人民幣0.06元)。

經營業績

於2006年的營業額約為人民幣521,000,000元(2005年：人民幣148,500,000元)。該大幅增長乃主要由於在2006年後期鴻隆廣場竣工時所交付的樓面面積增加所致。本公司權益持有人應佔純利約為人民幣699,000,000元，當中包括已扣除所有稅項的經營溢利、出售鴻隆高科技工業園時的收益及投資物業的公平值增加分別為人民幣115,600,000元、人民幣102,000,000元及人民幣481,400,000元。

The gross profit margin in 2006 was about 51% (2005: 62%). The change in gross profit margin was mainly due to the sale mix of properties. In 2005, approximately 11,667 square meters and 2,685 square meters of residential units and retail shops in Harbour City were sold. While in 2006 approximately 80 square meters of retail shops in Harbor City, 71,860 square meters of residential units and 2,141 square meters of retail shops in Hong Long Plaza were sold. The selling price for retail shops and thus the gross profit margin is much higher than residential units.

One of the key achievements in 2006 was the completion of Hong Long Plaza in late 2006. It strengthened the Group's properties portfolio by increasing the leasable floor area of approximately 58,513 square meters and recurrent cash flow was generated from property rental income and management fee.

There was no material acquisition and disposal of subsidiaries and associated companies in 2006. Subsequent to year end, the Group acquired the remaining 6.37% equity interest in Shenzhen Hong Long Commercial Management Company Limited ("Hong Long Commercial") for a consideration of RMB680,000. After this acquisition, Hong Long Commercial became a wholly-owned subsidiary of the Group. Hong Long Commercial is the operating arm for property leasing business.

On 2 February 2007, the Group exercised its right under an equity transfer agreement dated 8 August 2006 in relation to the acquisition of the further 49% equity interest in Huizhou Yintaida Company Limited for a consideration of RMB85 million. Upon the completion of the registration procedures, Huizhou Yintaida Company Limited will become a wholly-owned subsidiary of the Group. The registration procedures are still in progress up to the date of this report.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Cash and cash equivalents as at 31 December 2006 amounted to RMB31.5 million (2005: RMB 3.7 million).

The Group had total borrowings of approximately RMB470.3 million as at 31 December 2006 (2005: RMB 226.2 million). The borrowings to be repayable within one year were approximately RMB470.3 million (2005: RMB 126.2 million), and the Group's total bank loans and other borrowings divided by total assets as at 31 December 2006 was 27% (2005: 27%).

As at 31 December 2006, the Group had current assets of approximately RMB738.8 million (2005: RMB 594.3 million) and current liabilities of approximately RMB818.2 million (2005: RMB 576.9 million).

於2006年的毛利率均為51% (2005年：62%)。毛利率的變動主要銷售物業組合所致。於2005年，售出港灣麗都花園住宅單位及零售店舖分別約11,667平方米及2,685平方米。於2006年，售出港灣麗都花園約80平方米的零售店舖，鴻隆廣場約71,860平方米的住宅單位及約2,141平方米的零售店舖。零售店舖的售價及因此所產生的毛利率較住宅單位的為高。

2006年的主要成就之一是鴻隆廣場於2006年年底完成，為本集團增添約58,513平方米可出租樓面，增強了本集團的房地產組合，可從物業租金收入及管理費賺取經常性現金流。

2006年並無重大的附屬公司及聯營公司收購和出售活動。於年底後，本集團以人民幣680,000元代價購入深圳市鴻隆商業管理有限公司(「鴻隆商業」)餘下6.37%股權。這項收購後，鴻隆商業成為本集團全資附屬公司。鴻隆商業為本集團旗下經營房地產租賃業務的公司。

於2007年2月2日，本集團行使其於2006年8月8日訂立的股權轉讓協議的權利，以人民幣85,000,000元代價購入惠州銀泰達實業有限公司的49%股權。於登記手續完成後，惠州銀泰達實業有限公司將成為本集團的全資附屬公司。截至本報告日，登記手續尚在進行中。

流動資金、財務資源及資產負債比率

於2006年12月31日，現金及現金等價物為人民幣31,500,000元(2005年：人民幣3,700,000元)。

於2006年12月31日，本集團的借貸總額約為人民幣470,300,000元(2005年：人民幣226,200,000元)。須於一年內償還的借貸約為人民幣470,300,000元(2005年：人民幣126,200,000元)，而本集團於2006年12月31日的銀行借貸總額除以總資產為27%(2005年：27%)。

於2006年12月31日，本集團有流動資產約人民幣738,800,000元(2005年：人民幣594,300,000元)及流動負債約人民幣818,200,000元(2005年：人民幣576,900,000元)。

Following the listing on 22 February 2007, the Company raised net funds of approximately RMB467 million. This has further improved the financial position of the Company.

The management is comfortable that when opportunities of land bank acquisition arise in future and require additional funding, the Group is able to utilise its internal reserve and debt financing to satisfy necessary funding requirement. In view of the current gearing position, the management also believes that the Group is in a good position to obtain debt financing on favourable terms.

CHARGE ON ASSETS

As at 31 December 2006, bank loans of approximately RMB140 million were secured by certain bank deposits, investment properties and building held for own use of the Group of approximately RMB8.0 million, RMB69.5 million and RMB2.7 million respectively.

On 5 October 2006, a wholly owned subsidiary of the Company, Access Achievement Limited ("Access"), issued a zero coupon convertible note ("Convertible Note") and a zero coupon loan note ("Loan Note") of US\$8 million and US\$17 million respectively. The Convertible Note and Loan Note were secured by the entire issued share capital of Access and the paid-up capital of Hong Long Properties (Shenzhen) Company Limited ("HL Properties"). Pursuant to the relevant deed of release, 71% of the issued share capital of Access and 71.78% of the paid-up capital of HL Properties" have been released from charge upon partial settlement of US\$8 million in March 2007.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets, loans and transactions are principally denominated in Renminbi. The appreciation in the currency value of the Renminbi contributed positively to the Group's bottom line. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposure in 2006.

CONTINGENT LIABILITIES

Save for the guarantees given to banks for mortgage facilities (at a maximum of RMB370 million) granted to purchasers of the Group's properties, the Group had no material contingent liabilities as at 31 December 2006.

緊隨本公司於2007年2月22日上市後，本公司籌集約人民幣467,000,000元的淨資金，進一步增強本公司的財務狀況。

管理層深信，如果日後有收購土地儲備的機會出現，而本集團需要額外資金，本集團能夠利用內部資源及債務融資滿足必要的資金需求。鑒於日前本集團的資本負債比率不高，管理層亦相信本集團不難按有利條件獲得債務融資。

對資產的抵押

於2006年12月31日，銀行貸款約人民幣140,000,000元分別由本集團分別約值人民幣8,000,000元、人民幣69,500,000元及人民幣2,700,000元的若干銀行存款、投資物業及持作自用樓宇作抵押。

於2006年10月5日，本公司的全資附屬公司 Access Achievement Limited (「Access」) 發行本金額分別為8,000,000美元及17,000,000美元的零票息可換股票據(「可換股票據」)及零票息貸款票據(「貸款票據」)。可換股票據及貸款票據以 Access 全部已發行股本及鴻隆地產(「鴻隆地產」)繳足資本抵押。根據相關的解除契約，在2007年3月部份繳清8,000,000美元時，Access之已發行股本之71%及鴻隆地產繳足資本71.78%的抵押已獲解除。

匯率波動風險及有關對沖

本集團的貨幣資產、貸款和交易主要以人民幣計值。人民幣的幣值升值對本集團的純利有正面貢獻。於2006年，本集團並沒有參與任何衍生工具活動以對沖資產負債表的風險。

或然負債

除就授予本集團物業買方之抵押信貸給予銀行之擔保(最高為人民幣370,000,000元)外，本集團於2006年12月31日並無任何重大或然負債。

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.

EMPLOYEES

As at 31 December 2006, the Group had a staff force of approximately 162. Of this, most were stationed in Mainland China. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as pre-IPO Share Options and Share Option Scheme as fully disclosed in the Prospectus). Total staff costs incurred in 2006 was up 6.9% to RMB4.6 million.

財資政策及資本結構

本集團就其財資政策及取態審慎，並專注於風險管理及與本集團之相關業務有直接關係之交易。

僱員

於2006年12月31日，本集團擁有約162名員工，員工絕大有部份在中國內地工作。僱員的薪酬與市場趨勢一致，可與業內的薪酬水平相比。本集團僱員的薪酬包括基本薪金、花紅及長期獎勵（例如於招股章程全面披露的首次公開發售前購股權及購股權計劃）。於2006年所產生的員工成本總額上升6.9%至人民幣4,600,000元。