

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### PROPERTY DEVELOPMENT

During the year under review, the Group completed three development projects with a total Gross Floor Area ("GFA") of 350,761 sq.m..

#### 物業發展

於回顧年度期間內，本集團完成三個總建築面積（「總建築面積」）為350,761平方米的發展項目。

Project 項目	Development Projects Completed in 2006 於二零零六年完成的發展項目	
	Type 類型	Approximate GFA Completed 已完工概約總建築面積 (sq.m.) (平方米)
Cambridge Forest Newtown Phase VC 康橋半島第五C期	Apartment 公寓	269,711
Cambridge Waters Phase I 康橋水都第一期	Apartment 公寓	47,531
Cambridge Watertown 康橋水鄉	Villa 別墅	22,892
Cambridge Watertown 康橋水鄉	Townhouse 連排別墅	10,627
Total 合計		350,761



**PROPERTY SALES PERFORMANCE**

The following table shows the sales of major development projects of the Group during the year under review:

**物業銷售表現**

下表顯示本集團於回顧年度期間內主要發展項目的銷售情況：

<b>Project 項目</b>	<b>Approximate area sold and delivered in 2006 於二零零六年 已售出及交付的 概約面積 (sq.m.) (平方米)</b>	<b>Approximate sales recognised in 2006 於二零零六年 確認的 概約銷售額 (RMB'000) (人民幣千元)</b>	<b>Average selling price Average selling price 平均售價 (RMB/sq.m.) (人民幣／ 平方米)</b>
Cambridge Forest Newtown Phase VC 康橋半島第五C期	251,588	1,404,739	5,583
Cambridge Waters Phase I 康橋水都第一期	46,364	294,893	6,360
Cambridge Watertown Villa 康橋水鄉別墅	8,862	75,909	8,566
Cambridge Watertown Townhouse 康橋水鄉連排別墅	2,784	16,214	5,824
<b>Total 合計</b>	<b>309,598</b>	<b>1,791,755</b>	

**FINANCIAL ANALYSIS****Revenue**

The total revenue of the Group for the year 2006 was RMB1,887 million, being 61% above 2005 (RMB1,169 million). It was mainly attributable to the increase in sales of properties by 63% from RMB1,100 million in 2005 to RMB1,792 million in 2006. In terms of the overall unit selling price and volume of transactions, a table of analysis on the sales of properties is provided as follows:

Type 類型	2006 二零零六年		2005 二零零五年	
	GFA delivered 已交付 總建築面積 (sq.m.) (平方米)	Average selling price 平均售價 (RMB/sq.m.) (人民幣/平方米)	GFA delivered 已交付 總建築面積 (sq.m.) (平方米)	Average selling price 平均售價 (RMB/sq.m.) (人民幣/平方米)
Villa 別墅	8,862	8,566	43,106	7,363
Shops 商舖	—	—	285	7,943
Apartments and townhouses 公寓及連排別墅	300,736	5,705	125,039	6,243
Total 合計	309,598	5,787	168,430	6,532

In 2006, the Group successfully completed the development and delivery of apartments in Phase VC of Cambridge Forest Newtown and Phase I of Cambridge Waters. Therefore, the total GFA delivered experienced a substantial growth and increased by 84% to 309,598 sq.m. (2005: 168,430 sq.m.). The decrease in average selling price was mainly because of the increase in sales of apartments units, of which each unit was normally sold at a lower price per sq.m. as compared to those of the villas. The change in average selling prices of apartments was mainly caused by delivery of completed units for different projects.

**財務分析****收益**

本集團於二零零六年的總收益為人民幣18億8千7百萬元，較二零零五年(人民幣11億6千9百萬元)增長61%。有關增長乃由於物業銷售額增長63%(由二零零五年人民幣11億元增至二零零六年人民幣17億9千2百萬元)所致。就整體單位售價及交易量而言，有關物業銷售額的分析表載列如下：

於二零零六年，本集團已成功完成康橋半島第五C期公寓和康橋水都第一期的發展及交付。因此，已交付總建築面積增加84%至309,598平方米(二零零五年：168,430平方米)，實現大幅增長。平均售價減少主要由於公寓單位銷數目增加所致，該等公寓中每個單位每平方米的售價一般較別墅為低的價格出售。公寓平均售價的變動主要由於交付已完工的不同項目單位所致。

### Segmental Information

For management purposes, the Group is currently organized into four operating divisions — sales of property, lease of property, property management and other related services, and education. An analysis of the Group's revenue is as follows:

### 分部資料

就管理而言，本集團現時由四個經營分部組成——物業銷售、物業租賃、物業管理及其他相關服務及教育。本集團的收益分析如下：

Revenue Stream 收入來源	Year ended 31 December 截至十二月三十一日止年度		Change 轉變
	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	
Sales of property 物業銷售	1,791,755	1,100,205	+63%
Lease of property 物業租賃	32,427	17,594	+84%
Property management & 物業管理及其他相關服務 other related services	22,801	30,993	-26%
Education 教育	40,475	20,384	+98%
Total 合計	1,887,458	1,169,176	

Sales of property remains the Group's core business activity representing 95% of the total revenue in 2006 while the growths in both the property investment (up 84% yoy) and education (up 99% yoy) segments were strong over 2005.

物業銷售仍為本集團的核心業務，佔二零零六年總收入的95%，而物業投資（最高年度增長率為84%）及教育（最高年度增長率為99%）分部均較二零零五年顯示強勁增長。

Rental income increased by 84% from RMB18 million to RMB32 million. The impressive growth was due to the increased rental income from Trinity Village, a completed villa project located in Cambridge Forest Newtown, which is leased out on a temporary basis.

租金收入增長84%，由人民幣1千8百萬元增至人民幣3千2百萬元。取得重大增長乃主要由於來自位於康橋半島已落成並暫時出租的翠廷別墅項目租金收入增長所致。

### Cost Of Sales

Cost of sales in 2006 increased by 81% from RMB737 million to RMB1,331 million, being in line with the significant growth in revenue. In Phase VC of Cambridge Forest Newtown, the construction costs of apartment units per sq.m. were normally higher than those of villas of the same GFA, which were delivered in 2005, resulting in higher construction cost per sq.m. in 2006. Cost of properties sold increased by 88% from RMB670 million to RMB1,259 million.

### 銷售成本

二零零六年的銷售成本增長81%，由人民幣7億3千7百萬元增至人民幣13億3千1百萬元，與收益取得重大增長相符。就康橋半島第五C期而言，公寓單位每平方米的建築成本一般較總建築面積相同的別墅（該等別墅已於二零零五年交付）每平方米的建築成本為高，因而導致二零零六年每平方米的建築成本偏高。物業銷售成本增長88%，由人民幣6億7千萬元增至人民幣12億5千9百萬元。

### Gross Profit And Margin

Gross profit increased by 29% from RMB432 million in 2005 to RMB557 million in 2006. Gross profit margin for the full year dropped from 37% in 2005 to 29% in 2006. It was because the majority portion of the revenue in 2006 derived from apartment units in Phase VC of Cambridge Forest Newtown, which yielded lower profit margin as compared to villas.

### Other Operating Income

Other operating income increased by 9% from RMB14.5 million in 2005 to RMB15.8 million in 2006. A major portion of the income was arisen from grants from Shanghai municipality government and a gain on transfer of rights and obligations in a trust agreement.

### Operating Expenses

In 2006, a decrease of 37% as compared to the year 2005 was recorded in the selling and marketing costs from RMB45 million to RMB28 million. The reason behind was that fewer marketing campaigns were launched in year 2006, resulting in a decrease in advertisements and promotion expenses.

Administrative expenses increased from RMB70 million to RMB82 million, representing a modest rise of 16% over the year 2005. It was mainly attributable to the increases in the staff costs, traveling expenses and the share-based payments arising from the pre-IPO option scheme. Meanwhile, there was a write-back of provision for doubtful debts amounting to RMB16 million in 2006.

Other operating expenses was substantially reduced by 98% from RMB13 million in 2005 to RMB0.2 million in 2006 because of the write-off incurred in 2005 for the renovation costs of a property which was then operated as restaurant and leased out to a third party.

### 毛利及毛利率

毛利增長29%，由二零零五年人民幣4億3千2百萬元增至二零零六年人民幣5億5千7百萬元。全年毛利率由二零零五年37%下跌至二零零六年29%。有關下跌乃由於二零零六年的大部分收益均來自康橋半島第五C期的公寓單位（其所錄得的毛利率較別墅為低）所致。

### 其他經營收入

其他經營收入增長9%，由二零零五年人民幣1千4百5拾萬元增至二零零六年人民幣1千5百8拾萬元。收入的主要部分乃因上海市政府提供無條件資助及轉讓信託合同的權利及義務的收益而產生。

### 經營開支

於二零零六年，銷售及市場推廣成本由人民幣4千5百萬元下跌至人民幣2千8百萬元，較二零零五年下跌37%。有關下跌乃由於本集團於二零零六年推出的市場推廣活動較少而導致廣告及宣傳開支下降所致。

行政費用由人民幣7千萬元增至人民幣8千2百萬元，較二零零五年略升16%。有關增長主要由於員工成本、差旅開支及因首次公開招股前購股權計劃所產生以股份為基礎的付款增加所致。同時，於二零零六年撥回呆賬撥備人民幣1千6百萬元。

由於撇銷一項物業（該物業當時租予一位獨立第三方作餐廳經營）於二零零五年所產生的翻新成本，故其他經營開支大幅下跌98%，由二零零五年人民幣1千3百萬元下跌至二零零六年人民幣2拾萬元。

### Net Finance (Expenses)/income

The net finance expenses ran up from an income of RMB0.6 million in 2005 to expenses of RMB14 million in 2006. The increase in total finance expenses was mainly due to project loan interests being expensed-off instead of capitalised as construction costs after completion of certain development projects such as Phase VC of Cambridge Forest Newtown and Phase I of Cambridge Waters. On the other hand, the Group also enjoyed increase in interest income derived from the proceeds of the Group's listing activities in 2006.

### Share of (Loss)/Profit of Associates

The Group suffered a net loss from share of operating results of associates in 2006, amounting to RMB318,000 while in 2005 it shared a profit of RMB1,047,000 from the associates. In 2006, the share of loss of RMB1,731,000 from Peninsula Waitan outweighed the share of profit from Zhongxin amounting to RMB1,413,000.

### Revaluation Gains on Investment Properties

The Group recorded a revaluation gain of RMB39.9 million for 2006. It mainly represented the capital appreciation in value of certain retail properties in Cambridge Forest Newtown and the community centre at Phase I of Cambridge Waters. The revaluation gain of RMB42 million in 2005 was recognized following the completion of the hypermarket building in Cambridge Forest Newtown.

### Income Tax

Income tax decreased by 11% from RMB100 million in 2005 to RMB89 million in 2006. The effective tax rate also decreased from 28% in 2005 to 18% in 2006. The decreases in tax amount and effective rate were mainly arisen from the fact that a major portion of the Group's profit was contributed by Shanghai Cambridge which was subject to the income tax rate of 15% in 2006 whereas profit derived from Shanghai Oriental was charged at a higher income tax rate of 33% in 2005.

### 融資(成本)/收入淨額

融資成本淨額由二零零五年的收入人民幣6拾萬元飆升至二零零六年的開支人民幣1千4百萬元。融資成本總額增加主要由於在若干發展項目(如康橋半島第五C期及康橋水都第一期)落成後,項目貸款利息獲支銷,而不是作為建築成本予以資本化。另一方面,本集團亦錄得因本集團於二零零六年上市活動所得款項而產生的利息收入增加。

### 應佔聯營公司(虧損)/溢利

於二零零六年,本集團來自因應佔聯營公司經營業績而產生的虧損淨額為數人民幣318,000元,而於二零零五年,本集團則應佔聯營公司溢利為人民幣1,047,000元。於二零零六年,應佔上海外灘半島酒店的虧損人民幣1,731,000元超過應佔眾鑫的溢利人民幣1,413,000元。

### 投資物業重估收益

本集團於二零零六年錄得重估收益人民幣3千9百9拾萬元。有關收益主要為康橋半島若干項零售物業及康橋水都第一期社區中心的資本增值。二零零五年的重估收益人民幣4千2百萬元乃於位於康橋半島的超級市場大樓落成後確認。

### 所得稅

所得稅下降11%,由二零零五年人民幣1億元減少至二零零六年人民幣8千9百萬元。有效稅率亦由二零零五年的28%下跌至二零零六年的18%。稅金及有效稅率下降乃主要由於以下事實所致,即本集團大部分溢利來自上海康橋,而上海康橋須於二零零六年按15%的稅率繳納所得稅,然而,源自上海東方的溢利則須於二零零五年按較高的稅率33%繳納所得稅。

### Profit Attributable To Equity Holders of the Company

The Group achieved a profit attributable to equity holders of RMB390.8 million (2005: RMB262.2 million), up RMB128.6 million or 49% over the previous year. Earnings per share rose by 37% to RMB0.480 from RMB0.350 in 2005. The increase was mainly due to the growth of property development business.

Net profit margin for full year dropped slightly from 22% in 2005 to 21% in 2006, as compared to the 8% drop in gross profit margin as above mentioned. Up-holding the net profit margins in 2005 and 2006 was a reflection of the management's continued commitment in containing overall operating expenses to a reasonable level.

### Financial Position

Shareholders' fund attributable to equity holders of the Company increased by 15 times from RMB167 million in 2005 to RMB2,675 million as at 31 December 2006. The increase was mainly due to (1) issue of share for acquisition of subsidiary; (2) the proceeds raised through our initial public offering ("IPO") in October 2006 and (3) the net profit retained by the Group for 2006.

Total assets amounted to RMB5,649 million as at 31 December 2006 (2005: RMB3,691 million) and total liabilities (including minority interests) equaled RMB2,975 million (2005: RMB3,524 million). The increase was mainly due to the cash proceeds received from the IPO as above mentioned.

Trade receivables are mainly arisen from sales and lease of properties. Receivables in respect of sales and lease of properties are settled in accordance with the terms stipulated in the sales and purchase agreements or lease agreements.

Current ratio was substantially improved from 0.64 in 2005 to 1.49 in 2006.

### 本公司股權持有人應佔溢利

本集團錄得股權持有人應佔溢利人民幣3億9千零8拾萬元（二零零五年：人民幣2億6千2百2拾萬元），較上一年度增加人民幣1億2千8百6拾萬元或增長49%。每股盈利由二零零五年的人民幣0.350元上升37%至人民幣0.480元。有關增長乃主要由於物業發展業務增長所致。

全年純利率由二零零五年的22%輕微下跌至二零零六年的21%，較上文所述的毛利率下跌8%。二零零五年及二零零六年的純利率得以維持，反映了管理層持續致力於將整體經營開支維持在一個合理的水平。

### 財務狀況

本公司股權持有人應佔股東資金增長約15倍，由二零零五年人民幣1億6千7百萬元增至二零零六年十二月三十一日人民幣26億7千5百萬元。該項增長主要由於(1)因收購子公司而發行股份；(2)透過本公司於二零零六年十月進行首次公開招股（「首次公開招股」）籌集所得款項；及(3)本集團於二零零六年保留的純利。

於二零零六年十二月三十一日，資產總額為人民幣56億4千9百萬元（二零零五年：人民幣36億9千1百萬元），而負債總額（包括少數股東權益）達人民幣29億7千5百萬元（二零零五年：人民幣35億2千4百萬元）。有關增長主要來源於上文所述的首次公開招股而收取的現金所得款項。

應收帳款主要由於銷售和租賃物業產生，有關銷售和租賃物業的應收賬款將按照銷售合同和租賃合同的有關條款支付。

流動比率由二零零五年的0.64大幅改善至二零零六年的1.49。

### Liquidity and Financial Resources

The Group derived its sources of fund primarily from income generated from business operations, bank borrowings, cash proceeds raised from the IPO, which were used to finance its business operations and investment in development projects.

Net gearing (total borrowings less cash and cash equivalents including restricted cash over total equity) substantially decreased from 535% in 2005 to 9% in 2006 due to stronger equity base. As at 31 December 2006, the Group had cash and cash equivalents of about RMB819 million, representing 15 times' increase over 2005, and total borrowings of about RMB1,901 million (2005: RMB1,124 million). All borrowings were in RMB. Of the total, RMB1,111 million were repayable within one year while RMB789 million were repayable more than one year. The effective interest rate for 2006 was 6.02% (2005: 5.50%)

### Financial guarantees

As at 31 December 2006, the Group provided guarantees to banks for:

		As at 31 December 於十二月三十一日	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Mortgage facilities granted to purchasers of property units	向物業單位買家按揭貸款提供責任擔保	145,405	548,055

### Capital Commitment

		As at 31 December 於十二月三十一日	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Property development activities:	物業發展業務:		
— Contracted but not provided for	— 已訂約但未撥備	818,708	403,385
— Authorised but not contracted for	— 已授權但未訂約	1,407,707	1,818,415
Total	合計	2,226,415	2,221,800

### 流動資金及財務資源

本集團的資金來源主要來自業務營運產生的收入、銀行借款及首次公開招股所籌集到的現金所得款項，該等款項用於為其業務營運及投資發展項目提供資金。

由於股本基礎較強，資本負債比率淨額（借款總額減去現金及現金等價物及包括受限制現金後除以權益總額）由二零零五年的535%大幅下跌至二零零六年9%。於二零零六年十二月三十一日，本集團擁有現金及現金等價物約人民幣8億1千9百萬元，較二零零五年增長15倍，而借款總額則約為人民幣19億零1百萬元（二零零五年：人民幣11億2千4百萬元）。本集團貸款均為人民幣借貸，其中一年內到期的貸款為人民幣11億1千1百萬元，而長期貸款（扣除一年內到期部份）為人民幣7億8千9百萬元。實際利率為6.02%（2005：5.50%）。

### 財務擔保

於二零零六年十二月三十一日，本集團就以下各項向銀行提供擔保：



### PLEDGE OF ASSETS

As at 31 December 2006, the Group pledged a portion of its land and properties with carrying amount of RMB1,809,081,000 (2005: RMB2,115,035,000) to secure bank loans.

### USE OF PROCEEDS FROM THE IPO

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited on 10th October 2006, and the Group has raised net proceeds of approximately RMB1,322 million from the IPO. The Company had applied approximately RMB503 million into the existing development projects, land acquisition as well as the repayment of borrowings, which is in compliance with the intended use of proceeds as disclosed on page 173 of the Company's prospectus dated 26 September 2006. As at 31 December 2006, a balance of approximately RMB819 million remained as bank deposits.

### FOREIGN CURRENCY RISK

Other than the IPO proceeds, the Group conducts its business almost exclusively in Renminbi ("RMB") and does not have any other direct exposure to foreign exchange fluctuations. Should the value of RMB appreciate, the Group would be affected mainly by the level of HK\$ cash and bank balances maintained.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the State of Administration on Foreign Exchange ("SAFE") or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

### 資產抵押

於二零零六年十二月三十一日，本集團將其賬面值為人民幣1,809,081,000元（二零零五年：人民幣2,115,035,000元）的部分土地及物業抵押，以獲取銀行貸款。

### 來自首次公開招股所得款項的用途

本公司股份於二零零六年十月十日在香港聯交所主板上市，本集團已從首次公開招股籌得所得款項淨額約人民幣1,322,000,000元。本公司已動用約人民幣5億零3百萬元用於現有發展項目、土地收購以及償還借款，有關用途乃與本公司於二零零六年九月二十六日所刊發的售股章程第173頁所披露的所得款項既定用途相符。於二零零六年十二月三十一日，結餘約人民幣8億1千9百萬元留作銀行存款。

### 外幣風險

除首次公開招股所得款項外，本集團絕大部份用人民幣（「人民幣」）進行其業務，並不會遭受外匯波動的任何其他直接風險的影響。倘人民幣升值，則本集團將主要受到以港元存置的現金及銀行結餘數額水平的影響。

人民幣不可自由兌換為外幣。所有涉及人民幣的外匯交易須透過國家外匯管理局（「國家外匯管理局」）或其他獲授權進行外匯買賣的機構進行。外匯交易採納的匯率乃中國人民銀行所報的匯率（主要按供求釐定）。



### SIGNIFICANT INVESTMENTS

For the year ended 31 December 2006, the Group has no new significant external investments.

### SIGNIFICANT ACQUISITIONS AND DISPOSALS

Save as disclosed in notes 6 and 25 of the consolidated accounts, in 2006, the Group did not conduct any substantial acquisitions and disposals of subsidiaries and associated companies.

### HUMAN RESOURCES

As at 31 December 2006, the Group employed a total of 502 employees. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses will be offered to those staff with outstanding performance. Share option schemes were adopted to attract and retain talents to contribute to the Group. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

### 重大投資

截至二零零六年十二月三十一日止年度，本集團並沒有新增重大投資事項。

### 重大收購及出售資產

除已載於綜合賬目附註6及25的事項外，二零零六年內，本集團未發生重大收購或出售子公司或聯營公司。

### 人力資源

於二零零六年十二月三十一日，本集團總共僱用502名僱員。為激勵員工，本集團已採用一套與表現相掛鉤的獎勵制度。除基本薪金外，將向那些具有突出貢獻的員工提供年終花紅。購股權計劃已獲採納，以吸引及留任合資格僱員為本集團效力。有關員工培訓，本集團亦已為其員工提供不同類型的培訓課程，以提升彼等的技術及發展彼等各自的專長。

PROFESSIONAL MANAGEMENT WITH  
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