

主席報告

Chairman's Statement

本人欣然向股東提呈本集團業務營運之報告。

年度經營業績

本集團截至二零零二年十二月三十一日止年度之綜合營業額及年內股東應佔溢利分別為港幣11.3億元及港幣7,475萬元，比上年同期分別減少約67%和53%。每股盈利為港幣5.0仙，二零零一年則為港幣10.7仙。

為了達到買樓所需要的形象進度，本集團去年大多數的重點樓盤(如翡翠城二期、優士閣、峻峰華亭等)均於九月以後才進入市場，上半年本集團只集中銷售少數舊樓盤的“貨尾”單位，因而本集團在二零零二年全年的可銷售資源有較大的減少。此外，為了謹慎起見，本集團決定對部分物業存貨和賬齡較長的應收賬款提取撥備。這些均是造成本集團二零零二年度財務業績下滑的主要因素。但是，本集團已經採取了有效的措施，以保證未來新項目的穩定供應。

股息

儘管盈利有所減少，董事會建議宣派末期股息每股港幣2.7仙。這樣全年股息(每股港幣2.7仙)將要比去年(每股港幣2.2仙)增長23%，同時本財年的股息支付率達到54%。

I am pleased to present to the Shareholders my report of the operation of the Group.

Operating Results for the Year

In 2002, the Group's consolidated turnover dropped 67% to HK\$1.13 billion. Profit attributable to shareholders was HK\$74.75 million, representing a decrease of 53% over the same period of last year. Earnings per share were 5.0 HK cents, compared to 10.7 HK cents in 2001.

In order to attain a higher degree of completion, most key projects of the Group (such as La Firenze Phase 2, U-Space, Top Box, etc.) were launched only after September last year. In the first half of 2002, the Group mainly concentrated in selling a limited amount of remaining units left over from old projects. As a result, the Group experienced a substantial decline in the amount of saleable resources in 2002. Also, for conservative purpose, the Group decided to make allowance against both of its inventory of properties and long overdue accounts receivable. These were the main factors behind the setback of the Group's financial performance in 2002. However, the Group has already taken steps to ensure a steady supply of new projects in the future.

Dividends

Despite the decrease in earnings, the Board of Directors has recommended the payment of a final dividend of 2.7 HK cents per share. As such, the total dividends for fiscal year 2002 (2.7 HK cents per share) will represent an increase of 23% year-on-year over that of previous year (2.2 HK cents per share) or a dividend payout ratio of 54% in 2002.

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物業發展

在二零零二年，本集團11.3億港幣的營業額中約有94%來自於北京市的物業開發銷售收益。本集團完成了107,715平方米的銷售量，重點樓盤如下：

Property Development

During 2002, 94% of the Group's turnover of HK\$1.13 billion was generated from the sales of property development projects in Beijing City of the PRC. The Group sold and pre-sold approximately 107,715 square metres of property from the following key projects:

項目 Project	項目描述 Description	2002年售出之 建築面積 Gross Floor Area Sold in 2002 (平方米) (square metres)
京通陽光華苑 Jing Tong Sunny Uptown	位於北京市東部的低價位住宅項目 Low-end suburban residential project in eastern Beijing City	29,666
翡翠城二期 La Firenze Phase 2	位於北京市南部近郊的中檔連排別墅項目 Mid-end suburban townhouse project in southern Beijing City	18,117
華亭嘉園 Majestic Garden	位於北京市市區北面的高檔住宅項目 High-end downtown residential project in northern Beijing City	16,988
優士閣 U-Space (formerly known as Youth Court)	位於北京市市區東面的中高檔商住項目 Mid-to-high end downtown residential-cum-commercial project in eastern Beijing City	11,131
風景翠園 La Firenze Phase 1	位於北京市南部近郊的中檔獨棟別墅項目 Mid-end suburban villa project in southern Beijing City	9,216
華清嘉園 Leisure Garden	位於北京市市區西北面的中檔住宅項目 Mid-end downtown residential project in north-western Beijing City	4,032
峻峰華亭 Top Box	位於北京市市區北面的高檔商務項目 High-end downtown commercial project in northern Beijing City	2,002
停車場 Car Park		8,499
其他 Others		8,064
總數 Total		107,715

在競爭日益加劇的環境下，能給客戶提供物有所值的產品顯得極為重要。因此，本集團必須不斷提高產品質量和提供更多的賣點（例如精裝修產品等）。此外，本集團認定優良的服務是創造品牌價值與維持客戶忠誠度的基石。出於這個考慮，本集團透過重組多個職能部門，構建了一個“大客戶服務”體系，統一協調集團內的物業管理公司、“置地會”、法律部、產權服務中心及客戶服務人員，以收為客戶提供更優質服務之效。本集團更在北京市的房地產行業中率先推出了一站式的“800”客戶服務電話熱線，力求使自身的服務水平領先於同行業。

Amid an increasingly competitive environment, “value-for-money” has become vital in order to attract customers and hence the Group has to offer products with a significant higher degree of quality and more features like better renovation, etc. Moreover, good pre- and post-sales services appear to be the keys to generate brand recognition and retain customer loyalty. On the latter front, the Group has reorganized its various functional departments to form a new customer-services division which comprised of its property management subsidiary, “CRLand Club”, legal department, property title-ship services department and other customer services personnel. The Group also introduced the first “800” one-stop customer services telephone hotline amongst property companies in Beijing in a bit to further differentiate its service level from the rest of the pack.

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與此同時，本集團繼續採取嚴格的成本控制措施以增強競爭實力。這些措施主要包括招標採購和工程管理等方面；此外，本集團也利用了美元貸款較低的利率來降低融資成本。

董事會相信，當前極度分散的、競爭激烈的中國房地產市場，必然會出現整合，而本集團將憑藉它創新的產品、突出的品牌優勢、強大的財務資源和充足的土地儲備而成為市場競爭中的最終勝出者之一。

物業投資

本集團的三個重點投資物業均位於西單北大街一帶，亦即北京市市中心西側最繁華的商業與零售區。他們分別是：西單文化廣場、華威大廈和華南大廈。

本集團擁有建築面積約為36,184平方米的西單文化廣場，去年以多個短期租賃形式出租了該廣場的地下購物中心。目前該物業正進行關閉整修，預期能在今年第四季度重新開放。本集團聘用了世界知名的物業專家作為該物業的策劃顧問和獨家代理人。

本集團的聯營公司華威大廈主要用於零售和公寓用途，分別租給了多個租戶，二零零二年度的平均出租率為77%。本集團的長期投資華南大廈去年整租給兩個大租戶。

Meanwhile, the Group has implemented stringent cost control measures in such areas as procurement and construction, etc. to enhance its competitiveness. The Group has also taken advantage of the low interest rate environment of US dollars to reduce its financing costs.

The Directors believe that the PRC property market, which is currently extremely fragmented and competitive, is bound to consolidate and the Group will emerge as one of the winners on the back of its innovative products, well-regarded brand-name, abundant financial resources and sufficient land reserve.

Property Investment

The Group currently has three principal investment properties located in Xidan North Avenue which is one of the busiest commercial and retail areas in western downtown of Beijing City. These are Xidan Cultural Centre, Huawei Centre and Huanan Building.

Last year, Xidan Cultural Centre, an under-ground shopping mall of 36,184 square metres, was leased out under various short-term contracts. However, it is currently closed for a major face-lift. The Group has retained a world renowned property agency as project consultant and lease agent for this property and expects it to be re-opened in the fourth quarter of this year.

Huawei Centre, an associate of the Group offering retail and apartment space, was leased out to various tenants and had an average occupancy rate of 77% in 2002. Huanan Building, a long term investment of the Group, was all leased out to two anchor tenants in 2002.

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新投資

去年是本集團全國發展計畫的豐收年，在這一年裡，本集團分別建立了上海和成都兩個地區公司。本集團在上海市和成都市分別購入了兩塊土地，每個項目的預期總投資均為15到16億港幣。本集團計劃通過內部資源、銀行貸款和預售收款來提供這些項目所需的資金。這兩塊土地均位於上海市和成都市的中心區。上海地塊佔地面積約為60,230平方米，建築面積約為227,602平方米；成都地塊佔地面積約為387,236平方米，建築面積約為885,978平方米。董事會預期上海項目將在二零零三年年底或二零零四年年初開始銷售，而成都項目將在二零零三年下旬開始銷售。

土地儲備

在加入了上海和成都項目後，本集團透過它在北京、上海、成都的地區公司在中國境內目前擁有建築面積約為549萬平方米的土地儲備。董事會相信，目前的土地儲備量足夠支持本集團在未來的發展。

New Investment

Last year marked a year of success in the Group's nationwide expansion with the establishment of its Shanghai and Chengdu regional subsidiaries — its first investments outside of Beijing City. The Group acquired two pieces of land in Shanghai and Chengdu, respectively and each calls for an expected total investment of approximately HK\$1.5 to 1.6 billion. The Group plans to finance these projects by internal resources, bank loans and pre-sale proceeds. Both pieces of land are located in the downtown areas of the two Cities. The Shanghai site has a site area of 60,230 square metres and a gross floor area of 227,602 square metres and those of the Chengdu site are 387,236 square metres and 885,978 square metres, respectively. The Directors expect the Shanghai project to be per-sold in late 2003 or early 2004 and the Chengdu one to be launched in the second half of 2003.

Land bank

With the addition of the Shanghai and Chengdu projects, the Group currently owns land bank of approximately 5.49 million square metres, in total gross floor area terms, in the PRC through its subsidiaries in Beijing, Shanghai and Chengdu Cities, respectively. The Directors believe such amount of land reserve should be sufficient to support the Group's development in the future.

位置	Location	發展中物業 Property under Development	持作安置/ 出售物業 Property held for Resettlement/ Sales	投資和 自用物業 Property held for Investment or Own Use	長期 土地儲備 Long-term Land Reserve	總計 Total
		(平方米) (sq. metres)	(平方米) (sq. metres)	(平方米) (sq. metres)	(平方米) (sq. metres)	(平方米) (sq. metres)
北京	Beijing	1,857,547	212,461	60,331	2,244,000	4,374,339
上海	Shanghai	227,602	0	0	0	227,602
成都	Chengdu	885,978	0	0	0	885,978
總數	Total	2,971,127	212,461	60,331	2,244,000	5,487,919

* 不含聯營企業和長期投資持有的土地。本集團佔北京分公司70.4%的權益。

* Excludes land held by associates and long term investments. The Group has a 70.4% attributable interest in land held by the Beijing subsidiary.

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負債與資本負債比率

截至二零零二年十二月三十一日止，本集團借貸總額約為21億港幣，其中39%為美元貸款，其餘為人民幣貸款。儘管本集團的收入均為人民幣，本集團目前並沒有對美元貸款採取匯率對沖，這是因為董事會認為美元對人民幣匯率應當會保持穩定。但是本集團也會密切觀察外匯市場的變化，在適當的時候對部分美元貸款進行匯率對沖。

在二零零二年，本集團貸款的到期償還結構有較大的改善，年末短期貸款只佔總貸款的28.5%，總貸款中另有23.2%在一到二年內到期，剩餘的48.2%在二到五年內到期。截至二零零三年四月，本集團的大部分短期貸款已實現再融資，董事會認為有足夠能力償還年內到期的其餘貸款。董事會還相信，目前本集團貸款的到期償還結構更好地配合了本集團項目長期性的特徵，因而在一定程度上降低了財務風險。

通過利用美元貸款的低融資成本和重組人民幣貸款，本集團在二零零二年大大降低了平均債務資本成本。去年，本集團的平均借款成本為年息4.15%，而二零零一年則為年息5.5%到6%。董事會認為，通過再談判和再融資，到今年年底，本集團大部分人民幣貸款的利率還會進一步下降。本集團所有貸款均為浮動利率。二零零二年末，本集團沒有將任何資產用作其貸款的抵押。

二零零二年四月，本集團依照債券持有人的選擇和發行協議贖回了99%以上的可換股債券，因此動用了大約6,200萬美元。其餘未贖回的可換股債券將在二零零四年贖回，目前該批債券的年利率為2%。

Debt and Gearing

As of 31st December, 2002, the Group has total borrowings of approximately HK\$2.1 billion, of which, about 39% was denominated in US dollars and the rest was in Renminbi. While all of the Group's revenues are denominated in Renminbi, the Group currently does not hedge its US dollars exposure as the Directors believe the US dollars / Renminbi exchange rate is likely to remain stable. However, the Group will closely monitor the foreign exchange market and may hedge the exchange rate for part of its US dollars borrowings in the future.

During 2002, the maturity profile of the Group's loans has improved considerably. At last year end, short term loan only represented 28.5% of the Group's total borrowings. Another 23.2% of the total borrowings will be due between one to two years and the remaining 48.2% due between two to five years. By April 2003, the bulk of the Group's short term loans have been refinanced and the Directors foresee no problem repaying the rest of the loans due within this year. The Directors also believe the current maturity profile of the loans of the Group should better match the long-term nature of its projects and hence represents a smaller financial risk.

By taking advantage of low US dollars funding cost and by restructuring its Renminbi loans, the Group substantially reduced its average cost of debt capital in 2002. In last fiscal year, the average cost of borrowings of the Group stood at 4.15% per annum, this compares to 5.5 to 6% per annum one year before. The Directors believe that, through re-negotiation and refinancing, the interest rate of a large portion of the Group's Renminbi borrowings will drop further from the current levels towards the end of this year. All of the Group's borrowings are floating rate in nature. At the end of 2002, the Group's did not pledge any of its assets against its borrowings.

In April 2002, the Group redeemed over 99% of the convertible bonds for approximately US\$62 million at the option of the bond holders and in accordance with the bond issuing agreement. The rest of the convertible bonds will be redeemed in 2004 and are currently bearing an interest rate of 2% per annum.

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本集團二零零二年末淨負債對淨資產比率為33.8%。由於本集團在二零零三年與支付地價相關的資本承擔最高約為13億港幣，所以其淨負債對淨資產比率有可能會進一步上升。但是，考慮到截至二零零二年十二月三十一日，本集團尚未動用的銀行信用額度高達11億港幣，以及預期將在二零零三年收到的銷售預收款，董事會相信本集團將能應付今年的資本承擔。

截至二零零二年十二月三十一日，本集團現金與現金等值總額約達港幣7億7,200萬，其中33%為美元存款，其餘為人民幣存款。

僱員及酬金政策

截至二零零二年十二月三十一日，本集團在中國大陸和香港僱用了約1,000名全職員工。本集團根據員工的業績表現、工作經驗和市場的工資水平來決定員工的薪酬。此外，酌情給予績效獎金。其他員工福利包括公積金、保險與醫療計畫、公司舉辦的培訓以及股票期權計畫。

前景

董事會相信中國房地產市場的長期前景是美好的，房地產總體需求會保持穩定的增長，依據在於：首先，在中國的大城市裡，存在改善居住質量的巨大需求。當前的房地產市場生機蓬勃，產品推陳出新，同時加上居民人均收入的逐步提高，意味著對提高生活質量、擁有一個“更好的家”將有巨大的訴求。

其次，中國的城市化過程正在加快。自從一九七九年以來，中國城市人口增加了約3億，即年均增加1,400萬人，城市人口的增長速度因此遠遠超過全國平均人口增長速度。同時，在北京、上海等大城市，為配

Net-debt-to-equity ratio of the Group was 33.8% at the end of 2002. Since the Group has a maximum total capital commitment of approximately HK\$1.3 billion related to land costs in 2003, its net-debt-to-equity ratio may further increase. However, with unutilized banking facilities available to the Group at the balance sheet date amounting to HK\$1.1 billion and the expected pre-sale proceeds to be generated in 2003, the Directors believe the Group should have no problem financing its capital commitment.

As of 31st December, 2002, total cash and cash equivalents of the Group amounted to approximately HK\$772 million, of which, 33% was in US dollars deposits and the rest in Renminbi deposits.

Employee and Compensation Policy

As of 31st December, 2002, the Group employed approximately 1,000 full time staff in Mainland China and Hong Kong. The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. In addition, performance bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance and medical coverage, company-sponsored training programmes as well as share option scheme.

Prospects

The Directors believe that the long-term prospects of China's property market remain very promising. Demand should continue to grow at a stable rate. Such belief stems from the observations that firstly, there is a colossal need for the improvement of quality of living in major cities in China. Thanks to the housing reform in the late 90's, today's housing market in China is full of entrepreneurial spirit. This, coupled with the surging affluence of the home-buyers, means better home should be in great demand.

Secondly, China is undergoing a rapid urbanization process. Since 1979, about 300 million people have been added to urban population or an extra 14 million people per annum. Consequently, the urban population has been and should be growing much faster than the national average. Also, a large number of existing dwellers in major

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合城市的現代化，政府也對原居民進行了拆遷外移。所有這些都為中國的房地產開發商創造了前所未有的歷史機遇。

其三，中國的高儲蓄率、收入水平的迅速提高(尤其是中高收入階層的形成)、置業的觀念、政府對購房者的按揭貸款政策都有助於把對“更好的家”的訴求轉化成為真正的市場購買力。

雖然如此，董事會也不會忽略伴隨著長期增長趨勢的種種短期風險。尤其是由於越來越多的企業涉足地產行業，在某一個時期很可能會出現供應量較大的局面。政府正在加大力度規範土地劃撥制度；另一方面，人民銀行也收緊了對房地產開發商的信貸政策。董事會相信，這些政策將會促進中國房地產業的良性發展，長遠來說，它們將會導致行業的整合，最終的受益者將是如本集團般資本雄厚的大型開發商。

在這樣的背景下，憑藉充足的土地儲備，本集團將本年的工作重點放在加快銷售和現金回籠上。今年本集團在擴大土地儲備上將持審慎態度，但時機適當時亦會進一步擴大全國版圖。本集團目前正對重慶、南京等城市進行考察。董事會有信心，本集團會成為中國未來規模最大、盈利能力最強的房地產公司之一。

我謹代表董事會和股東，向過去一年裡努力不懈的員工們表達誠摯的謝意。

主席
寧高寧

香港，二零零三年四月十七日

cities like Beijing and Shanghai have been relocated and resettled to facilitate modernization of the Cities. These have created an unprecedented opportunity for property developers in China.

Thirdly, the high savings rate of people in China, the rising income level (especially the emergence of the higher income classes), the traditional emphasis on home ownership as well as government's pro-market mortgage policies should help translate the need for a better home into genuine demand of property purchase.

This being said, the Directors are also mindful of the temporary risks accompanying the secular growth trend. In particular, the Chinese property market seems to be experiencing some overheating. The government has also tightened the allocation of land supply and the People's Bank of China has adopted stricter credit policies towards developers. The Directors believe such policies are good and should bring forth the consolidation of the industry which should ultimately benefit well-capitalized developers like the Group.

Under such a backdrop and with enough land reserve, the focus of the Group this year is to generate sales and cash. The Group will be very selective in land bank replenishment this year but will nevertheless look to further expand its national footprint when the right opportunity comes. The Group is currently studying the residential real estate markets of cities like Chingqing and Nanjing etc. The Directors are confident that the Group will become one of the biggest and most profitable property companies in China in the future.

On behalf of the Board of Directors and the Shareholders, I would like to express my sincere appreciation to all the staff for their hard work in the past year.

Ning Gaoning
Chairman

17th April, 2003, Hong Kong