

一、經營環境及展望

二零零三年，儘管受到非典疫情的影響，首都經濟仍然保持了良好發展勢頭，北京市生產總值完成人民幣3,611.9億元，比上年增長10.5%，全市經濟連續五年保持兩位數增長。北京全年完成房地產投資人民幣1,200餘億元，增長21.5%，商品房市場產銷兩旺，銷售價格保持平穩。央行121號文件、國務院《關於促進房地產市場持續健康發展的通知》等重大政策，推動了房地產市場持續平穩健康發展。

北京市政府預期，二零零四年全市生產總值增長9%，城鎮居民人均可支配收入和農人均純收入分別增長6%以上。隨着首都經濟的高速發展，居民生活質素不斷改善，消費需求將穩步上升。新參加工作居民對住房的需求；受城市化進程推動的農民住房需求；房改房大量上市導致的換房需求；對高品質商品房的需求；投資性購房需求；以及外地人購房需求等，這些需求因素決定了北京房地產市場穩步發展的趨勢，預計二零零四年北京房地產市場將繼續保持增長。

1. Operating Environment and Outlook

Despite the impact of the SARS outbreak in 2003, the capital's economy still maintained a healthy growth trend. The gross domestic production (GDP) of Beijing was Rmb361.19 billion, representing an increase of 10.5%, a double digit growth for the five consecutive years. Total investment in Beijing property exceeded Rmb120 billion, representing a growth of 21.5%. The market for commodity house remained buoyant in terms of supply and demand with the property prices remaining stable. The promulgation of Yang Hang Document No. 121(央行121號文件), the Notice Regarding Facilitating the Sustained Development of the Property Market《關於促進房地產市場持續健康發展的通知》and other policies of State Council also promoted the healthy growth of the market.

The Beijing municipal government forecasted that the capital will experience a GDP growth of 9% in 2004. It is expected that the disposable income of the population living in towns and the net income of the population living in villages will both experience a growth of 6%. With rapid economic development in Beijing, the living standard continues to improve and consumption of the population will gradually increase. The growth of the Beijing property market relies on the demand from newly employed farmers affected by urbanization, population affected by the housing reform scheme, quest for high quality commodity houses, properties as a form of investment as well as demand by non-local residents. It is expected that the Beijing property market will continue to grow in 2004.

奧運會議中心項目效果圖

Visualised picture of the Olympic Convention Centre Project



二、業務回顧

二零零三年是本公司發展史上不平凡的一年，受「非典」影響，本公司中期營業收入較上年同期下降 8.5%。進入下半年，「非典」得到有效控制，全市經濟活動穩步回升，北京地產市場出現快速上升勢頭。本公司及時抓住市場轉機，迅速扭轉了上半年的不利局面，投資物業已將「非典」造成的損失降至最低，發展物業取得了有史以來最佳成績。本公司最終完成了全年既定的經營目標，全年營業額較上年增長 32.1%，而經營溢利比上年增長 163.6%。

二零零三年投資物業的五洲大酒店和國際會議中心受「非典」影響最大，出租率和租金大幅下降，十月前的展覽會全部取消，會議收入銳減。面對危機，本公司果斷決策，及時對五洲大酒店提前進行了停業改造，並調整人員結構，於二零零三年十月重新營業；國際會議中心在不停業的情況下進行局部大修，經過下半年的努力，已挽回部分損失。二零零三年投資物業繼續進行升級改造，五洲大酒店東樓改造擴建工程順利完工，已於十月以「北京五洲皇冠假日酒店」的嶄新面目開張試運營，滙園公寓 B 座改造成亞運村賓館 B 樓也正式投入使用。經過多年的不斷改造，本公司的投資物業已形成分樓定位、功能清晰、目標市場明確的大型物業群，成為本公司穩定收益的堅實基礎。二零零三年本公司對北辰大廈進行了規劃設計調整，確定了最終設計方案，已報政府相關部門審批。

2. Business Review

2003 is an extraordinary year in the Company's history. Under the impact of the SARS outbreak, the interim operating revenue of the Company decreased by 8.5% from that of the corresponding period last year. During the second half of 2003, economic activities in Beijing began to revive as a result of the SARS outbreak being under control. The Beijing property market rebounded quickly. Seizing the opportunity, the Company rapidly recovered from the adversity faced during the first half of the year. Losses resulting from the outbreak of SARS was minimized by the property investment operation, while the results for the property development operation was record-breaking. Consequently, the Company managed to achieve its operating goal for the year with a 32.1% increase in turnover and an increase of 163.6% in operating profit.

In 2003, the Beijing Continental Grand Hotel and International Convention Centre of the property investment arm suffered from the SARS outbreak, resulting a sharp decline in both occupancy and rentals due to the cancellation of all conferences that were scheduled before October, revenue from conference services plunged. Beijing Continental Grand Hotel was closed for redevelopment and reorganization of the structure of human resources. The hotel was re-opened in October 2003. The International Convention Centre, on the other hand, had undergone major overhaul while in operation. It has already recovered part of the losses during the second half of the year. In 2003, the Company continued to upgrade and redevelop its investment properties. The East Wing of Beijing Continental Grand Hotel has been redeveloped into "Crowne Plaza Park View Wuzhou Beijing" and commenced trial operation in October 2003. Block B of the Asian Games Village Hotel, formerly Block B of Hui Yuan Apartment, was in operation. Through years of redevelopment, investment properties of the Company have been categorized by their respective functions and market position, thus providing a strong revenue stream for the Company. The Company finalised the redevelopment plan for Bei Chen Building in 2003 and has submitted the same to relevant authority for approval.

二零零三年本公司的零售商業在局部停業改造、營業面積減少、客源市場分流以及「非典」的嚴重影響下，千方百計抓緊營銷，綜合效益指標繼續保持同行業領先地位，銷售收入和利潤總額分別位居北京市十大商場第二名和第五名，在全國零售商業企業單店排名第十七位。

二零零三年是集團發展物業快速增長的一年，全年共銷售商品房 116,380 平方米，比去年增長 135%，開復工面積 666,000 平方米，為歷年新高。北京北辰置地分公司所屬綠色家園 A 區項目用地，通過競標轉讓予一家實力雄厚的外資開發商，並於十二月初收回全部轉讓款。北京北辰房地產開發股份有限公司收購了位於小湯山溫榆河畔規劃建築面積逾 200,000 平方米的住宅項目，並售出加利大廈全部尾房，實現了馬甸綜合樓的整體銷售。

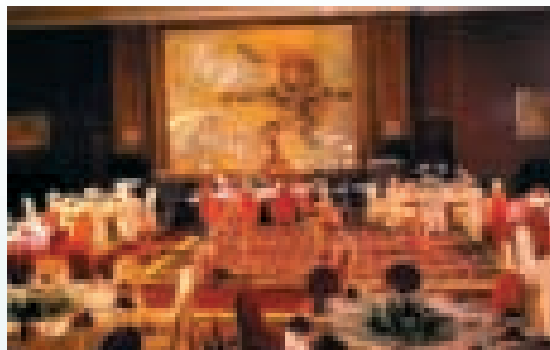
In 2003, the operating area of the Company's retail operation was reduced due to the partial renovation. The Company continues to intensify its marketing and sales efforts despite of the reduction in the operating area, diversion of customers and the impact of SARS. Consequently, the Company continued to maintain a leading position in terms of general performance in the retail sector. Turnover and profit of this operation ranked second and fifth respectively amongst the top ten shopping malls in Beijing and 17th among retail shops nationwide.

2003 marked a year of rapid development of the Group's investment properties. The aggregate area of commodity house sold amounted to 116,380 square metres for the year, representing an increase of 135% from last year. The construction area commenced and resumed amounted to a record high of 666,000 square metres. The reserved land for Block A of Green Garden, owned by Beijing North Star Land Company, was transferred by way of auction to an established foreign developer. The consideration was received in full in December. Moreover, Beijing North Star Real Estate Development Company Limited acquired a residential project situated at the Wenyu River Valley in Xiaotangshan (小湯山溫榆河畔), with a planned floor area of over 200,000 square metres for construction. In addition, the Company has sold all the remaining units of Kerrie Plaza and completed the sale of Ma Dian Commercial Complex.

滙欣大廈

Hui Xin Offices

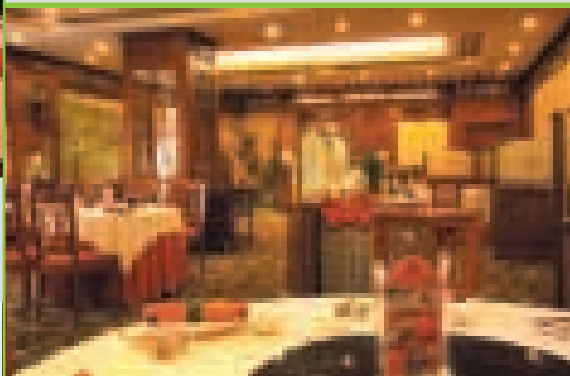




▲ 北京五洲皇冠假日酒店宴會廳
Ballroom of the Crowne Plaza Park View Wuzhou Beijing

滙欣俱樂部中餐廳

▼ Chinese restaurant at the Hui Xin Club House



經過一年多的精心準備和緊張工作，本公司於二零零三年十一月四日代表北京北辰實業股份有限公司投標聯合體取得了北京奧林匹克公園（B區）會議中心項目。能在競爭激烈的國際招標中勝出，充分顯示了本公司的實力，也為本公司今後更大的發展奠定了基礎。

二零零三年臨時股東大會批准了本公司擬在中國內地發行A股籌資的決定。本公司按照中國證監會對新股發行的各項要求和公司法、證券法、香港聯合交易所有限公司證券上市規則（「上市規則」）的規定，進一步規範公司治理結構，使本公司決策制度和程序更加科學、嚴謹。二零零三年本公司新設置了審計部，更加完善了公司內部控制機制。

As a result of more than a year's preparation and assiduous efforts, the Company, on behalf of the BNS Bidding Alliance (北京北辰實業股份有限公司投標聯合體), secured the Olympic Park Zone B Convention Centre Project (奧林匹克公園B區會議中心項目) on 4th November, 2003. The successful bidding against strong competitors demonstrated the strength of the Company and at the same time providing a strong foundation for its future development.

The Extraordinary General Meeting of 2003 resolved to approve the Company's proposed A share issue in the PRC. Pursuant to the various requirements of the China Securities Regulatory Commission ("CSRC") for new share issue and the provisions of the Company Law, Securities Law and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the Company improved its structure and quality of internal decision making systems and procedures of the Company. The Company also established an audit department during the year to further strengthen its internal control mechanism.

三、發展計劃

保障股東利益最大化是我們的工作原則，二零零四年本公司繼續本著這一原則，堅持以投資物業為穩定收益之基礎，發展物業為增長之動力的經營策略，依託首都經濟快速增長的大環境，緊緊抓住北京房地產市場持續發展的良好時機，做好、做精、做大現有物業和項目，切實作好以下工作：

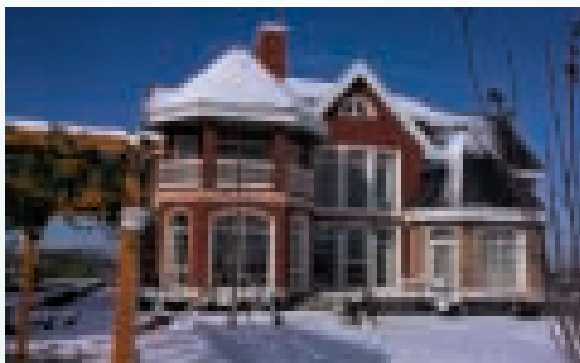
3. Development Plans

It has always been the Company priority to maximize the interest of shareholders. In 2004, we will continue to adhere to this principle by adopting the strategy of “building on the recurring revenue from investment properties and achieving growth from development properties”. Capitalising the rapid economic growth of Beijing, the Company will leverage on the opportunities arising from the sustained development of the Beijing property market and further improve and expand its existing properties and projects. It is the objective of the Company to achieve the followings:

長島瀾橋

Changdao Lanqiao Garden Villas

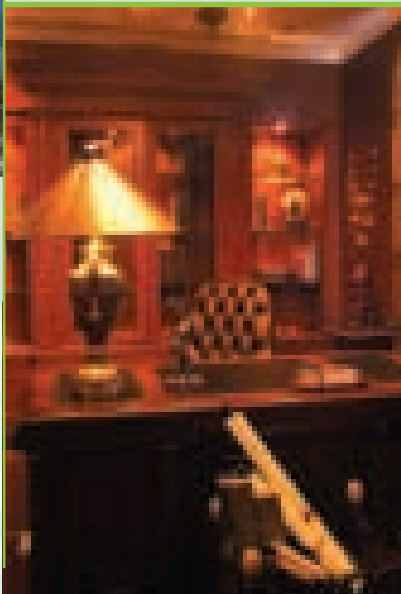




▲ 碧海方舟別墅外景
Exterior of Bi Hai Fang Zhou

碧海方舟別墅內景

▼ Interior of Bi Hai Fang Zhou



1、 保持投資物業的穩定收益

投資物業在保持現有業績基礎上，將努力拓展新的發展空間；已完成內部人員優化和業務調整的五洲大酒店和國際會議中心，力爭二零零四年效益增長；確保北辰大廈在二零零四年上半年開工建設，力爭在奧運前投入運營，產生效益。

1. Sustain the steady revenue of investment properties

Building on the existing operation, the investment properties operation will seek to explore new development. The Company has completed the restructuring of the business operation and the human resources of Beijing Continental Grand Hotel and International Convention Centre. Efforts will be made to ensure improvements in the performance in 2004. In addition, the Company will endeavor to commence the construction of Bei Chen Building within the first half of 2004, seeking for operation and income contribution to the Company before the Olympic Games.

2、 加快發展物業增長步伐

發展物業重點抓好市場營銷、成本控制和新項目開發三方面工作。二零零四年預計開復工面積將增至1,000,000平方米，新開工面積200,000平方米，竣工面積280,000平方米；新收購的小湯山住宅項目，將於二零零四年第二季度開工建設；繼續增加優質土地儲備，爭取再收購一至兩個新項目。

3、 精心組織奧運項目建設

本公司將本著「滿足奧運需要，著眼長遠經營，嚴控建設成本」的原則，精心組織國家會議中心的規劃建設。根據本公司與北京市政府簽訂的開發協議，二零零四年第一季度完成項目公司組建，第二季度完成初步設計，第三季度全面開工，二零零六年底完工。

4、 多方開拓融資渠道

二零零三年本公司已完成A股發行的內部準備工作，二零零四年本公司會繼續做好A股發行的後續工作。結合業務發展需求，開拓多種融資渠道籌措資金，以滿足業務發展對資金的需求。

2. Accelerate the expansion of the development properties operation

The operation of development properties will focus on three areas, namely marketing and sales, cost control and exploration of new projects. It is expected that the commencement and resumption of construction in 2004 will amount to a total area of 1,000,000 square metres, of which new construction area is expected to account for 200,000 square metres. It is also expected that the construction of 280,000 square metres will be completed during 2004. Construction of the newly acquired residential project in Xiaotangshan will commence in the second quarter of 2004. The Company will continue to enlarge its premium land reserve and seek to acquire one to two new projects.

3. Meticulous efforts in the planning of the Olympic project

Based on our mission to “Cater for needs of the Olympic Games with a vision of long-term operation and stringent cost control”, immense efforts will be invested in the planning and construction of the National Convention Centre. Pursuant to the development agreement entered between the Company and the Beijing municipal government, the establishment of a company for the project will be completed in the first quarter of 2004. The preliminary design of the National Convention Centre will be completed by the second quarter of 2004 while construction will commence in the third quarter of 2004 and will be completed by the end of 2006.

4. Explore different finance channels

Preparation for the issuance of A shares was completed in 2003. In 2004, the Company will continue with the work laid down for this project. In light of its business development, the Company will explore different channels to finance the development of its projects.

5、 規範運作，強化風險控制

本公司將進一步健全公司內部財務審計制度，加強預算管理、資金管理，強化財務分析。加強企業內部審計工作，督促企業經營活動更加規範化、制度化。

各位股東，二零零四年本公司管理層將同北辰實業全體員工一道，共同努力，爭取良好的業績回報股東。在此，北辰實業全體管理人員對股東的支持表示衷心感謝。

承董事會命

By Order of the Board



趙惠芝

Zhao Hui-Zhi

總經理

General Manager

中國•北京 二零零四年二月十九日

Beijing, PRC, 19th February, 2004

5. Regulate operation and strengthen risk management

The Company will further improve its internal financial audit system by strengthening its budgetary management, capital management and financial analysis efforts. The internal audit system will also be stepped up to further regulate and systemise its operating activities.

The management of the Company, together with all the staff, will continue to dedicate themselves to work diligently and bring satisfactory returns to shareholders. The Company's management and its staff would like to take this opportunity to express their sincere gratitude for the support of the shareholders.