

Management Discussion and Analysis



Mr. Tang Jun
President

In view of the rapid development of PRC's economy, gradual improvement in income level, continuous increase in population and the accelerating urbanization rate, and with PRC's accession into WTO acting as a catalyst to the development of PRC's economy, both the demand and supply in PRC's property market will remain strong. Leveraging on its proactive attitude and thanks to the favorable environment, Beijing Capital Land has achieved impressive and satisfactory business development in 2003.

Business Environment

Overview of the PRC Property Market

PRC's economy continues to grow rapidly and outperforms that of other developed countries in the world. PRC's Gross Domestic Product (GDP) in 2003 was RMB11,669.4 billion, which was a 9.1% surge from the previous year and a year of fastest growth since 1997. At the same time, GDP per capita exceeded US\$1,000 for the first time, marking an important step for PRC to fulfill its goal of becoming a moderately well-off society. Social consumption patterns will evolve and luxury standards will become higher, where automobiles, computers and high-end electronic appliances will quickly become necessities for many households. In general, the pursuance for better lifestyles and improving living conditions has become the concerted wish of the population. (Source: National Bureau of Statistics)

Management Discussion and Analysis

Although the PRC's property market was affected by Severe Acute Respiratory Syndrome ("SARS") in 2003 and experienced temporary adjustment as new policies had been launched, the overall property market maintained a good impetus of healthy development. At present, the rapidly growing economy of the PRC, rising income per capita, growing population, speedy urbanization process and the country's accession into the World Trade Organisation ("WTO"), which have all helped to spur the country's economic development. As such, the PRC's property market maintains active in both supply and demand, and becomes the driving power in speeding up economic growth. With the support from both the central and local governments, relevant regulations are being perfected to lay the foundation for long-term development of this industry.

In 2003, PRC's property market was characterized by its active supply and demand, as well as the rapid growth in the investment and development of real estate. In 2003, national property development investment reached over RMB1,000 billion, representing an increase of 29.7% as compared to the same period last year. Areas completed amounted to 325 million sq. m., representing an increase of 21.5% when compared with the corresponding period in last year while areas sold reached over 200 million sq. m., representing an increase of over 30% when compared with the same period last year, showing a trend of excess sales when considering the increase in supply. Sales amounted to over RMB500 billion, which increased by over 35% as compared to the same period last year. Over 96.2% of commodity housing purchases were contributed by individual buyers. (Sources: National Bureau of Statistics, Housing and Real Estate Department under the Ministry of Construction)

In June and August 2003, The People's Bank of China ("PBC") promulgated the Notice Calling for Intensified Management over Real Estate Credit (Yin Fa No. [2003]121, abbreviated as "Document No. 121") and the State Council issued the Notice in Relation to the Facilitation of Continual Healthy Development of Property Market (abbreviated as "Document No. 18") respectively. These documents demonstrated the State's direction of promoting a stable, healthy, rapid and standardized development of the property industry. The Government has, for its first time, clearly acknowledged the real estate industry as one of the pillar industries of the Nation's economy. The above policies regulate operations of the property market, reduce the manipulation of land, control the supply of commodity housing and avoid the imbalance of supply and demand. At the same time, the abovementioned policies are expected to accelerate the consolidation of the property market and eliminate single-project property developers that are weak in development and short of capital and land reserve. Meanwhile, for larger property developers with capital advantage and development capability, these notices will become the key catalysts for obtaining bigger market shares.



Jai Run Garden (Upper East Side)
(Graphics of Artist's Impression)

Management Discussion and Analysis

Overview of the Beijing Property Market

The Beijing property market recorded healthy development in the year under review despite a short-term drawback in sales due to the outbreak of SARS. In general, both supply and demand of Beijing commodity housing market remained active, mainly due to the following factors:

- (1) Beijing recorded steady economic progress, its GDP for 2003 amounted to RMB361.19 billion, or 10.5% higher than that of the same period last year, its GDP per capita reached US\$3,820, or 9.2% higher than that of the same period last year. Since 1999, Beijing had kept double-digit growth for 5 consecutive years;
- (2) The annual income increased significantly, annual disposal income per capita of Beijing reached RMB14,000 in 2003, which is 11.4% higher than that of the same period last year;
- (3) Real estate, as the powerhouse for investment and economy, received tremendous support from the Government — planned residential area per capita will increase from 18 sq. m. to 35 sq. m. by the year 2010, which in turn spurs healthy development in the property industry;
- (4) Population growth and urbanization of Beijing drove the booming Beijing property market. In the year 2003, number of permanent residents reached 14,564,000, represented an increase of 332,000 in comparison to last year. (Source: Statistical Communique 2003 National Economic and Social Development of the City of Beijing)
- (5) The overall wealth enlargement of the community, the gradual formation of middle and upper classes and growing secondary market all contribute to the rising consumption and becoming common needs of the community for improving living environment. According to the statistics of Beijing Real Estate Bureau, transfers of the secondary properties amounted to 1,180,000 sq. m., represents over 100% higher than that of 2002;
- (6) Beijing has invested heavily in urban infrastructure construction in the wake of the Olympics 2008. During 2003, investment of completed infrastructure in Beijing was RMB41.8 billion, represents 19.4% of total social fixed assets investment. (Source: Statistical Communique 2003 National Economic and Social Development of the City of Beijing)



**Entrepreneur Garden
(Winner Circle)**

Management Discussion and Analysis

In 2003, completed commodity housing areas in Beijing was approximately 25.94 million sq. m. or 8.8% higher than that of the corresponding period; areas sold was 18.96 million sq. m. or 11% higher than that of the corresponding period. It is obvious that the sales growth exceeded supply growth in the property market of Beijing. Added value of the city's property market reached RMB18.6 billion or recorded a year-on-year growth of 11.8%, representing 5.1% of Beijing's GDP and demonstrating the importance of the property industry in Beijing's economy. As at 31st December 2003, commodity housing areas which have been vacant for over a year decreased by 3.779 million sq. m. or a year-on-year decrease of 7%. On the other hand, nearly 80% of those vacant areas are located outside the Third Ring Road while the prime locations in Beijing are still in the status of excess demand. (Source: Beijing Statistics Bureau)

Residential market flourished both in supply and demand. The total completed areas of residential commodity housing were 20.81 million sq. m., or 8% higher than that of the corresponding period; saleable areas sold were 17.71 million sq. m., or 10.4% higher than that of the corresponding period; sales amounted to RMB78.9 billion, or 10.1% higher than that of the corresponding period. The growth in sales still exceeded the growth in supply. As at the end of 2003, commodity housing areas that have been vacant for over a year was decreased by 3.107 million sq. m., representing a year-to-year decrease of 3.8%. (Source: Beijing Statistics Bureau)

Boosted by the continuous burgeoning business activities and the gradual increase in foreign investment ratio, sales of commercial property increased every month during 2003. Over 260,000 sq. m. of commercial properties in Beijing were sold, with average price of RMB15,500 per sq. m. (Source: Beijing Real Estate Bureau)

For office market, according to statistics by DTZ Debenham Tie Leung, the average vacancy rate for grade A offices in Beijing was 14.8% for the fourth quarter of 2003, as compared to 17% as at the end of the previous year. 2004 marks the third year of PRC's accession into the WTO, and it is obvious that the market will further open up to foreign investment corporations in respect of their form of establishment, service scope and geographical restrictions, industries like finance, insurance and telecommunications that require more grade A offices will benefit significantly. Meanwhile, the on-going adjustment and expansion of state-owned enterprises and institutions will also help boost the demand for high-class offices.



Capital Commercial Centre
(Graphics of Artist's Impression)

Management Discussion and Analysis

Business Review

The Group achieved satisfactory business development in 2003 by capitalizing on the favorable environment and our proactive attitude. The Group's major achievements in 2003 were characterized by the following four aspects:

- (1) optimizing the capital structure through the successful listing of the Company on the Hong Kong Stock Exchange in June;
- (2) increasing land bank to set the foundation for long term and rapid development;
- (3) cooperating with GIC Re, the Group's first international partner for the development of new projects and pave the way for the internationalisation of the Group's project quality;
- (4) realizing remarkable sales results and record-breaking net profit creating best returns for the shareholders.



Central Plaza

Management Discussion and Analysis

Property Development

During the period under review, the Group completed 6 projects with a total gross floor area of 345,000 sq. m. The decoration works of the 2 hotels are in progress.

Development projects completed in FY 2003

Property	Location	Types	Approximate GFA Completed (Sq. m.)	Interests Attributable to Beijing Capital Land
Sydney Coast	Xisanqi, Haidian District	Villas, Apartments, Commercial	65,000	100%
Sunny Scenic View Block D	23 Huangsi Avenue, Xicheng District	Residential/Commercial	35,000	24.3%
Entrepreneur Garden (Winners Circle)	Xierqi, Haidian District	Residential/Commercial	142,000	40%
Zhongguancun Softpark	R6, Zone D, Software Park, Zhongguancun, Haidian District	Office	21,000	45%
Central Holiday Inn	No. 92 Zaolinqian Avenue, Xuanwu District,	Hotel	39,000	100%
Finance Street Inter-continental Hotel	No. 6, Zone A, Finance Street, Xicheng District	Hotel	43,000	34%
Total			345,000	



Bird's Eye View of Zhongguancun Soft Park (Capital Space) (Graphics of Artist's Impression)

Management Discussion and Analysis

Sales Results

During the period under review, turnover of the Group reached RMB1,920,522,000. Sales of the Group in the second half year was satisfying, including a total consideration of RMB575 million recognised as sales in respect of the development of Hujialou Office Building Project with independent third parties. Of the area sold, approximately 46% came from the sale of residential properties and approximately 54% was contributed by the sale of office and commercial properties.

During the period, the Group's properties were well received by the market. Total residential areas sold in the year were approximately 182,000 sq. m. For example, Phase II of Sunny Scenic View, has attracted tremendous market interest and recorded an impressive sales performance. More than 90 apartments which worth over RMB70 million were sold out on the launch day. Apart from that, Sunshine Lotus (Top Land) received overwhelming response despite that it was launched during the SARS period. Over 100 suites, representing approximately 30% of total units available in phase one, were sold in the soft launch in the end of April. By the end of December, the accumulated areas sold reached 36,000 sq. m., representing 64% of the total saleable areas.

The Group has also achieved impressive sales in office. Both Huaxia Bank and China Reinsurance Company contracted to acquire office spaces of the International Finance Centre with an aggregate sales of about RMB441,820,000 during the period under review. As at 31st December 2003, all of the office portion of International Finance Centre were sold out, with an accumulated sales of RMB1,011 million.

In the end of November 2003, Beijing Capital Land introduced seven projects including Sydney Coast, Sunshine Lotus (Top Land), Jia Run Garden (Upper East Side) and Vancouver Garden (First Forest) to Hong Kong market by attending the first "Beijing Real Estate Exhibition Hong Kong".

Hong Kong Midland Realty was appointed as the sole agent of those said projects and facilitate the process for Hong Kong people to purchase quality properties of Beijing Capital Land. The Group's expansion into the Hong Kong property sales market is thus expedited.



Beijing Capital Land Participated in the Beijing Real Estate Exhibition Hong Kong

Management Discussion and Analysis

The following table shows the sales of the Group's major development projects launched during the period under review:

Contracted Sales Areas in 2003

Property	Location	Types	Approximate Areas Sold (Sq. m.)	Interests Attributable to the Group
Residential Housing			181,130	
Sydney Coast	Xisanqi, Haidian District	Villas/Apartments/Commercial	31,800	100%
Sunshine Lotus (Top Land)	A1, Shuguangxi, Chaoyang District	Office/Apartments	36,000	56.7%
Sunny Scenic View	No. 23, Huangsi Avenue, Xicheng District	Residential/Commercial	44,900	24.3%
Jia Run Garden (Upper East Side)	Daqingsi, Jiangtaixiang, Chaoyang District	Residential/Commercial	8,000	25.9%
Entrepreneur Garden (Winners Circle)	Xierqi, Haidian District	Residential/Commercial	46,600	40%
Other Properties		Residential	14,000	
Office			132,400	
International Finance Center	No.6, Zone A, Finance Street, Xicheng District	Office/Commercial	27,400	100%
Phase I of Beijing International Business Park	Hujialouxili, Chaoyang District	Office/Apartments/Commercial/Hotels	105,000	80%
Total			313,700	



Sunny Scenic View

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Property Investment

The Group will hold Finance Street Inter-continental Hotel and Central Holiday Inn as long-term investment, which are five-star and four-star grade hotels respectively. The major renovations of the two hotels were substantially completed in 2003 and are expected to commence operations later this year. Both hotels are located at prime locations in Beijing, with the view of catering to the niche market of high-end hotels in the neighborhood. We expect the two hotels will bring in promising recurrent income to the Group and help expand the Group's revenue base.

Property Agency Service

The Group is the largest shareholder of Beijing GoldenNet Property Investment Consultant Co., Ltd. ("GoldenNet"). GoldenNet has been the top property agency in Beijing in terms of agency revenue for four consecutive years including the year of 2003. During the year under review, the accumulated properties area sold by GoldenNet exceeded 510,000 sq. m. and the agency revenue for properties exceeded RMB3.2 billion.

Beijing SCJF Property Agency Co., Ltd. ("SCJF"), in which the Group owns 33% equity interest, is now one of the largest professional property agency in Beijing and engaged mainly in the transfer of secondary properties, leases, sales, application of home ownership certificates, surveying and mortgage services of secondary properties. During the year under review, SCJF doubled its chain outlets from 6 to 12, covering eight regions of Beijing City. In 2003, the Company has sold 40,000 sq. m. of secondary properties, representing a growth of 76% when compared with the previous year. The transactions of secondary properties in Beijing reached RMB1.814 billion, representing a year-on-year growth of 104%. (Source: Beijing Statistics Bureau)

Property Management

Our subsidiary, SunZ Property Co., Ltd. ("SunZ") continued to provides property management services for high end residential projects and apartments. In addition, SunZ also obtained the property management services for 4 additional office buildings, namely Jingmen Building (京門大廈), Jianyangkema Building (建陽科貿大廈), New Asia Building (新亞大廈) and Digital PRC Building (神州數碼大廈) in 2003. Together, a total of 11 properties with a GFA of 1,335,000 sq. m. are currently under the management of SunZ. SunZ has been awarded second class national property management enterprises and Sunshine Spring Garden, which is under SunZ's management, was accredited as a national best estate. During the SARS outbreak, SunZ's employees held firm to their positions and combated



Central Holiday Inn

Management Discussion and Analysis

SARS together with the residents of the community. Such professionalism and unity won the support and appreciation from all property owners, the community and peers. SunZ was elected as the representative of over 1,700 property companies in Beijing to share its valuable experience in the conference for combating SARS.

Land Bank

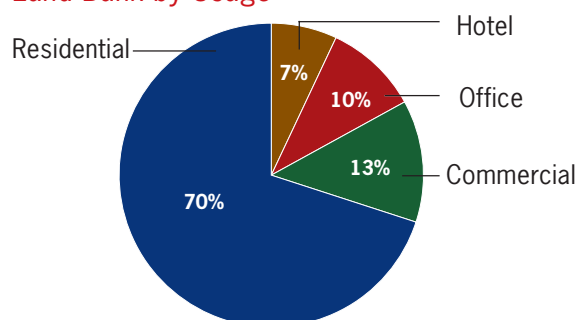
Beijing Capital Land possesses abundant land resources. Its land bank, when fully developed, will amount to a total GFA of approximately 3.25 million sq. m., of which 92% are in the northern part of Beijing and occupy the prime locations of the capital. 65% of the Group's land bank has obtained long term land use rights certificates. The Group's land bank is sufficient for development in the next five years.

In order to further regulate the procedures for land transfer and avoid improper land transactions, the Beijing State-Owned Land Bureau has issued Supplementary Regulations In Respect of Prohibiting Operative Project State Owned Land Use Rights Transfer Agreement (關於停止經營性項目國有土地使用權協議出讓的補充規定), a new policy governing the transfer of land in the early 2004. According to the foresaid policy, all land use right of the land under operative project shall be transferred through tenders, bidding and other formats of public auction. The purpose of these policies is to maintain the stability of market supply and price for future development. A more standardised market environment is beneficial to the operation of Beijing Capital Land.

Apart from that, the Group has also obtained development rights of the He Ping Lane Project together with its strategic shareholder GIC Re in the year under review. At present, the proposed He Ping Lane project has a gross floor area (above ground) of approximately 300,000 sq. m. of which 240,000 sq. m. is for residential development, and 30,000 sq. m. for commercial purpose. Located at Chaoyang District in Beijing, the He Ping Lane project is well situated in an area renowned as one of Beijing's most popular and mature residential district.

In addition, the Group has also obtained the development rights of Shiliuzhuang Residential Project during the year. The distance between the centre of the Shiliuzhuang Project's district and Tiananmen is approximately 8.1 km and the total GFA of the project is approximately 219,000 sq. m. Three highways connecting the southern and northern regions under the Municipal Planning will pass through the centre of the Shiliuzhuang Project. Those highways together with Line 5 and Line 10 of the Beijing Mass Transit Railway will form a new transportation network which will enhance the accessibility of the district. We are confident that the Group is capable to acquire quality land bank for the Group's development.

Land Bank by Usage



For the Year Ended 31st December 2003



Hujialou Business & Residential District Phase I

(Graphics of Artist's Impression)

Management Discussion and Analysis

Use of Proceeds of H Share Issue

The Company issued 564,630,000 H shares in June 2003. The H shares commenced trading on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 19th June 2003. The net proceeds of the issue (after deducting expenses and the consideration paid to the State Social Security Fund for their divestment of Domestic Shares) amounted to approximately RMB825,757,000. In accordance with the Company's prospectus issued in 2003 for the issue of H Shares, it was planned that for the total proceeds of RMB825,757,000, an aggregate of RMB400,000,000 of the proceeds would be applied to finance the development of 5 projects, RMB300,000,000 would be used to repay a shareholder's loan due to Capital Group with the remaining proceeds would be used for general working capital. As at 31st December 2003, the Company has utilized RMB674,807,000 of the proceeds and the actual usages are as follows:

Unit: RMB'000

Name of Projects		Investment amount stated in the Prospectus	Total actual usage of proceeds as at 31st December 2003	Differences between the proposed investment amount and actual usage of proceeds
Project 1	The Center	120,000	89,050	(30,950)
Project 2	Capital Development Tower	30,000	30,000	—
Project 3	Sunshine Lotus	30,000	30,000	—
Project 4	Vancouver Garden	100,000	100,000	—
Project 5	Phase I of Beijing International Business Park (Hujialou Business & Residential District Phase I)	120,000	—	(120,000)
Repayment of a shareholder's loan		300,000	300,000	—
General working capital		125,757	125,757	—
Total		825,757	674,807	(150,950)

After utilizing the proceeds as aforesaid, there remains RMB150,950,000 (representing 18% of the total proceeds) has not been utilized and the Company will apply the unused proceeds in 2004 in accordance with the stage of development of the projects.



Vancouver Garden
(Graphics of Artist's Impression)

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Investor Relations

Interactive communications with investors about corporate strategy and developments is a high priority work of Beijing Capital Land. The Group also strives to maintain high transparency and open-minded attitude to the investment community. The Group disseminates relevant corporate information on a timely basis through various channels and outlined its business activities in its annual and interim reports. Regular press releases are distributed and information is also available on the Group's website at www.bjcapitalland.com.

The Group holds press conferences and analysts' meetings immediately after results announcement. In addition to regular meetings with securities analysts and investors, the management of the Group also participates in a number of large-scale conferences and seminars, and meets with the investors during overseas road shows. During the year under review, we have met with over 190 analysts and investors. These measures helped provide investors with a better understanding to the Group's business strategy and the Beijing property market in general.

Prospects

The PRC is poised to become a strong country in the world, and its economy is expected to continue its robust growth momentum. The growth of the country's GDP can potentially reach 7% or above. As the capital of the PRC, Beijing is the focus of the whole country and will be the powerhouse of the national economic development. In light of the accelerating urbanization of Beijing, improvement in municipal facilities, expansion of traffic network and the hosting of 2008 Olympic Games, the development potential of Beijing property market is immense. Based on these fundamentals, GDP per capita in Beijing will maintain its upward trend and, with the improvement of living standard, the demand for high-end residential properties will grow as well. The positioning of the Group, together with its development strategies, caters to the needs of the market and is instrumental to the Group's future developments. Furthermore, the PRC's accession into WTO has brought forth positive effects onto the Beijing property market, including commercial and residential properties, office buildings and hotels, which are all beneficial to Beijing Capital Land.

In the future, Beijing Capital Land will continue to focus on Beijing's property market by:

- strengthening our advantages in developing and marketing mid-to-high-end residential properties and grade A commercial buildings



Buyers Queuing Up at the Sales Office of Sunny Scenic View

Management Discussion and Analysis

- maintaining a balanced property portfolio so as to provide a more stable operating income for the Group
- actively conducting feasibility study to investigate the most appropriate method to expand into the property market of other major cities in the PRC with extreme caution and pragmatism

Furthermore, the Group intends to issue up to 1,200,000,000 A Shares and to raise not more than RMB3 billion, and the proceeds from the issue will be applied mainly to finance the development and construction of Capital Commercial Center and Hujialou Commercial and Residential Complex, and the acquisition of certain quality real estate projects in Beijing. The proposed issue is subject to approvals from Shareholders at the extraordinary general meeting to be held on 22nd March 2004.

In the coming year, Beijing Capital land will keep properties supply in the Beijing real estate market in order to bring steady income for the Group. The Group will further improve its operating efficiency and cost control. In addition, we will continue to improve the employee incentive scheme as well as the project management capability of the Group. We will keep abreast of existing strategy to explore the property market of Beijing under the principle of balanced development so as to bring higher return for the shareholders.

Financial Analysis

1. Revenue and Operating Results

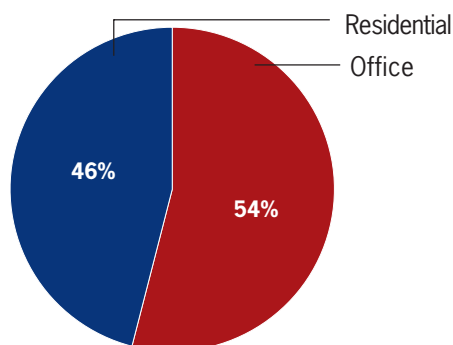
After the Group has overcome various unfavorable factors, such as SARS, and the concerted efforts of all staffs throughout 2003, the profit attributable to shareholders exceeded that of the listing profit forecast for the year 2003. During the year 2003, the Group's turnover was approximately RMB1,920,522,000, operating profit was approximately RMB473,383,000 and profit attributable to shareholders was approximately RMB255,351,000. Earnings per share was approximately RMB18.54 cents.



Beijing International Finance Center

Management Discussion and Analysis

Sales by Usage



For the Year Ended 31st December 2003

During 2003, turnover of the Group was RMB1,920,522,000. Sales revenue generated from office properties contributed to approximately 54% of the total sales revenue, which mainly comprised of sales of the Hujialou office premise Project, and International Finance Center to Huaxia Bank and PRC Reinsurance Company respectively. Sales revenue generated from residential properties contributed to approximately 46% of the total sales revenue, which included sales of Sydney Coast and Sunny Scenic View.

The gross profit margin of the Group reached 26.6% for the year 2003. The higher gross profit margin was due to higher margin generated from sales of office/commercial properties.

2. Financial Resources, Liquidity and Liability Position

During the period under review, the Group maintained a healthy cash flow and capital resources were reasonably allocated. As at 31st December 2003, the Group's total assets were RMB7,833,412,000 (current assets were RMB5,972,134,000) and the total liability was RMB5,040,915,000 (current liabilities were RMB3,074,993,000 and non-current liabilities were RMB1,965,922,000), and the shareholder's equity reached RMB2,181,108,000.

The Group is of good liquidity and sufficient solvent ability. Current ratio as at 31st December 2003 was 1.94.

As at 31st December 2003, the Group's cash and short-term bank deposits amounted to RMB1,493,870,000, which represented sufficient cash flow for operations.

Bank loans of the Group as at 31st December 2003 was RMB2,368,000,000, which was mainly used to fulfil the capital requirements of the Group's properties development projects.

Since the Group invests in Beijing, all of the Group's bank loans come from banks in PRC and are borrowed and repaid in RMB, there are no currency risks involved. All of the Group's bank borrowings were arranged on a non-floating rate basis.



Entered into a Property Purchase and Sale Contract with Huaxia Bank

Management Discussion and Analysis

As at 31st December 2003 our gearing ratio was 44%. Our gearing ratio is calculated by dividing the aggregate of (i) the Group's short term and long term bank loans, (ii) net amounts due to ultimate holding company (iii) net of cash and bank balances (the balance of (i), (ii) and (iii) being referred to as "(A)"), by the aggregate of (A) and net assets of the Group.

3. Entrusted Deposits and Matured Time Deposits

As at 31st December 2003, the Group had not held any deposits under trusts or any time deposits in financial institutions in the PRC. All of the Group's cash were held in commercial banks in the PRC in accordance with applicable laws and regulations. The Company had no bank deposits which can't be withdrawn upon maturity.

4. Pledged Assets

As at 31st December 2003, construction-in-progress and properties under development with total book value of approximately RMB535,607,000 and RMB151,298,000 respectively were pledged to banks as guarantee for bank loans granted to the Group.

5. Contingent Liabilities

The Group has arranged bank financing for certain purchasers of our properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding guarantees amounted to RMB885,280,000 as at 31st December 2003.

As at 31st December 2003, other than guarantees provided for a short term bank borrowing of RMB40,000,000 and a long term bank borrowing of RMB360,000,000 to subsidiaries of the Company and a short term bank borrowing of RMB250,000,000 to associated companies of the Company, the Group had no material external guarantee.



Sales Office of Sunshine Lotus (Top Land)

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Others

1. Human Resources

As at 31st December, 2003, the Group's total number of employees were 549 employees, 75% of which were under the age of 40 and 48% of which received undergraduate or higher levels of education. Among our employees, 72% were technical staff while operations management staff accounted for 28%. 1% of our employees were foreign senior management.

In order to establish its core competence in human resources, the Company has been exploring and implementing new measures in the development management of human resources, in particular in the fields of selecting, training and retaining competent employees. The Company has established the salary and benefits system, performance incentive management system, competency valuation system and staff training system and will keep improving the aforesaid electronic systems.

In the "Competition of the Best Employer in PRC's Real Estate Industry 2003" jointly organized by 21st Century Rencaibao (二十一世紀《人才報》), sina.com and Mercer Consulting, Beijing Capital Land was elected as one of the top ten best employers in PRC for its promising business development and affectionate approach in management.

Beijing Capital Land held recruitment seminar in the Guanghua School of Management of Peking University and the Business Administration School of Tsinghua University on 23rd and 24th December 2003 respectively. The Group not only received hundreds of applications, but also acquired valuable experience in recruiting employees in renowned colleges.



The Summit "The Fortune and Living Environment of CBD" was held by Beijing Capital Land

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2. Community services

- (1) In May 2003, Beijing Capital Land donated RMB300,000 to the People's Government of Huairou District to support the Huairou District in combating SARS.
- (2) In June 2003, Beijing Capital Land embodied its social commitment through the donation of HK\$1,000,000 to the Hong Kong Community Chest.
- (3) In December 2003, the Company was accredited as "Selected Units in Cultivating Talents and Promoting Education" by the Education Committee of Haidian District, Beijing. In order to complete the construction of the Sunshine Spring Garden Secondary School for use on time and maintain its quality, our Sunshine Spring Garden Project Team has adopted various measures even in the SARS period, such as rationalizing the construction procedures, guaranteeing construction safety and stabilizing the construction team. Eventually, it succeeded in delivery a high quality Sunshine Spring Garden Secondary School for use on time and received overwhelming responses from the community.
- (4) In December 2003, Beijing Capital Land donated RMB350,000 to Beijing Engineering Institute (北京工程學院) for the setting up of "Beijing Capital Land Scholarship (首創置業獎學金)" with RMB40,000 appropriated for students with financial difficulties. The scholarship aims to help cultivating talents in the field of urban planning, construction and management; give incentives to students to keep learning painstakingly, exerting themselves and improving the overall standards of students.