

Management Discussion and Analysis

管理層討論及分析



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Leveraging on Forte's strong market presence, sound reputation, renowned brand name and solid financial position, the Company will be benefited from the macro business environment in China and the Company's market share will be further enhanced.

憑藉復地於行業內確立的地位、良好的信譽和品牌以及雄厚的資金實力，公司將可受惠於利好的宏觀營商環境，進一步提高市場份額。

Market Overview

In 2003, China experienced the fastest growth in GDP since 1997. Despite the impacts of the outbreak of Severe Acute Respiratory Syndrome ("SARS") during the second quarter of 2003, China's overall GDP growth rate for the year remained as high as 9.1%. While its GDP reached RMB11,669.4 billion, the GDP per capita exceeded USD1,000 for the first time, which is an emblem of a new phase of social and economic development in China. Apparently, China's economy is in the limelight of the global economy.

市場概要

二零零三年是中國國內生產總值（「GDP」）自一九九七年以來增長最快的一年，儘管年內第二季度受非典型肺炎（「非典」）爆發影響，全年GDP增長依舊高達9.1%，總額達為人民幣116,694億元，而人均GDP首次突破1,000美元，標誌著中國社會與經濟進入一個新的發展階段。中國經濟無疑成為全球經濟的亮點。

During the 90th century, the PRC's property industry was in the prime stage of development with the completion of the reforms of land use right and residential housing commercialization. Consumption in residential properties accounts for an important portion of domestic consumption. The China's real estate industry has become one of the pillar industry of the domestic economy which also attracts global attention. In June 2003, the People's Bank of China issued the "Notice on Further Strengthening the Administration of Real Estate Loans" with an aim of reducing domestic banks' risk exposure. However, it also raised the entry barrier for the real estate industry, which substantially affected the development and survival of small property developers. The acceleration of market consolidation is beneficial to property developers with solid foundation, extensive experience in development and mature operation model, such as the Company, to further expand its business. In addition, the State Council issued the Notice regarding "Expedition of the Sustainable and Healthy Development of the Property Market" in August 2003, recognizing the importance of the real estate industry and stating its support for a sustainable development of a healthy property market in China. The total investment amount in the property development sector in China was over RMB1,010.6 billion, representing 29.7% surge from 2002. Total Gross Floor Area ("GFA") completed in China during the year amounted to 325 million sq.m., representing an increase of 21.5% compared to last year and total GFA sold increased by 29.1% to 322 million sq.m. during the year. Property sales recorded a growth of 34.1% to RMB767.1 billion in 2003. (Sources: the National Bureau of Statistics and the Real Estate Department of the Ministry of Construction)

自從九十年代初中國在土地使用權制度和住房商品化制度的改革後，經過十多年的發展，中國房地產正處最好的發展時期，住宅消費已成為國內消費的重要部分，中國房地產業已經成為國民經濟的支柱產業，並吸引了全球的視野。二零零三年六月中國人民銀行頒布了《關於進一步加強房地產信貸業務管理的通知》，其意在幫助國內銀行規避風險，但亦提高了房地產行業的進入門檻，對實力不足的房地產商的生存與發展將構成重大影響。房地產行業進一步整合集中，將有利於本公司這類實力較強、開發經驗豐富、營運模式成熟的房地產發展商進一步擴大業務規模。此外，國務院在二零零三年八月下發了《關於促進房地產市場持續健康發展的通知》，確定了房地產業的支柱地位和對中國房地產市場總體健康發展表示支持。全國房地產開發投資額超過人民幣10,106億元，較二零零二年增加29.7%，年內，全國完成房屋落成總建築面積達3.25億平方米，同比增長21.5%，而完成房屋銷售總建築面積較去年增加29.1%，達3.22億平方米。房地產銷售額為人民幣7,671億元，同比增長34.1%。(資料來源：國家統計局、建設部住宅與房地產業司)

Shanghai Property Market

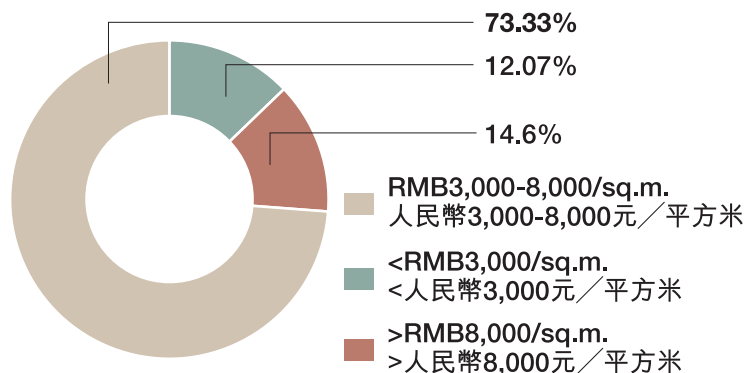
Shanghai is the core city of the PRC's economy and the focus of foreign enterprises. Foreign investment motivated Shanghai's economic growth. In 2003, real estate industry has become one of the pillar industries in Shanghai, accounting for 7.4% of its GDP. Property price in Shanghai has been rising for six consecutive years, reflecting the momentum of Shanghai's economic development. In 2003, the rapid growth of Shanghai property market continued and the total investments increased. Market demand and supply remained strong while the overall market structure was reasonable. Various published market indices show remarkable results of the Shanghai property market in 2003. Completed development investment amounted to RMB90.114 billion, representing a 20.3% surge from 2002. The GFA of new and second-hand residential properties sold during the year amounted to 23,764,000 sq.m. and 23,062,800 sq. m., representing an increase of 20.5% and 28.8% respectively. The markets for new and second-hand properties developed simultaneously. Strong market demand facilitated the absorption of vacant units. In 2003, the GFA of vacant residential units in Shanghai reduced by 25.8% to 2,579,400 sq.m. while the GFA of residential units with a period of vacancy over one year dropped by 27.7% to 970,800 sq.m. (Source: Shanghai Statistics Bureau)

上海房地產市場概述

上海作為中國經濟的重心，受到國外資本的廣泛重視，大量外資湧進上海，進一步促進了上海經濟的增長。二零零三年，房地產業在上海已成為重要支柱產業之一，佔GDP達7.4%。上海房價持續六年的增長，反映了上海經濟發展的良好狀態。二零零三年，上海房地產市場繼續保持快速增長，投資總量擴張，市場供需兩旺，結構總體合理。上海房地產市場二零零三年度各項已發表的市場主要指標均錄得歷史新記錄：完成開發投資額達人民幣901.14億元，較二零零二年增長20.3%。年內，一手及二手商品房銷售總建築面積分別為23,764,000平方米及23,062,800平方米，增幅達20.5%及28.8%。二手房市場與新房交易市場已達成同步發展的狀態。旺盛的市場需求對空置房的消化與吸納起到了積極的作用。二零零三年，上海住宅空置總建築面積為2,579,400平方米，減少25.8%；而空置一年以上的住宅空置總建築面積為970,800平方米，減少27.7%。(資料來源：上海市統計局)

The price of residential properties in Shanghai property market continued to rise. According to the statistics provided by the National Bureau of Statistics, the average property price for residential properties in Shanghai reached RMB5,118 per sq.m., representing an increase of 24.2% in 2003. With reference to the price breakdown of registered pre-sold units in Shanghai, the mid-end residential units with a price range between RMB3,000 to RMB8,000 per sq.m. accounted for 73.33% of the market share.

上海房地產市場住宅價格不斷上升，根據國家統計局的統計數字，二零零三年上海樓市住宅銷售均價已達每平方米人民幣5,118元，同比上升24.2%。從上海市已登記的住宅預售價格分段比例來看，售價介乎每平方米人民幣3,000至8,000元的中檔住宅仍佔市場份額達73.33%。



(Source: Shanghai Statistics Bureau)
(數據來源：上海市統計局)

In 2003, the Shanghai property market was active and maintained the growing trend in terms of sales, volume and prices, both supply and demand are strong. The residents' living standards were further improved and enhanced. The real estate industry contributed significantly to the prosperity of Shanghai's economy.

縱觀二零零三年，上海房地產市場在銷量和價格兩方面都繼續保持上升的走勢，市場保持購銷兩旺的局面，民眾的住房條件得到進一步改善和提高，房地產業為上海城市經濟發展作出了重大貢獻。

Shanghai ranked first among the "Composite Competitiveness of 200 cities in the PRC" in terms of living environment, business environment and enterprise competitiveness in 2003. In addition, the afforestation coverage ratio in Shanghai has reached 35% and was recognised by the Ministry of Construction of the PRC as one of the "State Garden Cities", which enhanced the livability in Shanghai. It is anticipated that in 2004, the supply of residential housing in Shanghai will increase remarkably and the demand and supply will become more balanced. As such, although the trend of rising property price will still exist, the growth will be more steady. With the effect of market's self-adjustments and the municipal government's macro economic policy, 2004 will be another prosperous year for Shanghai property market.

在二零零三年，中國200個城市綜合競爭力排名中，上海在生活環境、商務環境和企業本體競爭力方面均錄得第一名的排行，同時上海的綠化覆蓋率已約達35%，獲得中國建設部授予「國家園林城市」的稱號，提高了上海城市環境的「適居性」水平。預料二零零四年上海市住房供應將有較大幅度的增加，供求關係更趨平衡。由此，房價雖繼續呈上升趨勢，但漲幅將趨向平緩。隨著市場自我調節和市政府推行宏觀調控政策，二零零四年上海房地產市場仍將是一個持續繁榮的一年。

Nanjing Property Market

Nanjing's economy achieved a historical breakthrough in 2003. The GDP of Nanjing reached RMB157.62 billion, representing an increase of 15.1% from that of last year. Market demand for residential housing remained strong throughout the year, mainly due to the strengthening and the acceleration of urban redevelopment by the Government. In 2003, the total GFA of new residential housing pre-sold was 7,390,200 sq.m., representing an increase of 34% compared to 2002. In respect of the price of residential housing, the annual average pre-sold price increased by 12.2% to RMB3,360 per sq.m. (Source: The National Economic and Social Development Statistics Reports of Nanjing in 2003)

Wuhan Property Market

Economic growth in Wuhan accelerated during 2003. The GDP for 2003 reached RMB166.24 billion, representing an increase of 12.1% compared to last year, which is the highest in the past six years. The robust economy contributed to the high sales volume in the property market. The total GFA completed and sold in respect of residential housing were approximately 6,002,400 sq.m and 5,427,900 sq.m., representing an increase of 14.8% and 20.5% respectively. The average price for pre-sold residential housing amounted to approximately RMB2,353.4 per sq.m.. As at the end of 2003, the total GFA of vacant residential housing was approximately 1,841,200 sq.m., representing a decrease of 40.3% over the same period last year. (Source: The National Economic and Social Development Statistics Reports of Wuhan in 2003)

南京房地產市場概述

二零零三年南京市經濟總量實現歷史性突破。全年GDP為人民幣1,576.2億元，較二零零二年增長達15.1%。由於政府加大城市建設、加快舊城改造力度等原因，全年住房市場需求旺盛，二零零三年新建商品房預售總建築面積為7,390,200平方米，同比增長34%。而住宅價格方面，全年預售均價為每平方米人民幣3,360元，較二零零二年上升12.2%。(數據來源：南京市二零零三年國民經濟和社會發展統計公報)

武漢房地產市場概述

二零零三年武漢市國民經濟增長加速。全年生產總值人民幣1,662.40億元，增幅達12.1%，為近六年來最高。良好的經濟發展帶來房地產市場產銷兩旺，全年房地產住宅竣工及銷售總建築面積分別為6,002,400平方米及5,427,900平方米，增長達14.8%及20.5%。住宅預售均價達每平方米人民幣2,353.4元。截止二零零三年底住宅空置總建築面積約為1,841,200平方米，同比下降40.3%。(數據來源：武漢市二零零三年國民經濟和社會發展統計公報)

Business Review

Under the favourable business environment of Shanghai's property market, the Company achieved notable results through effective operations and dedication of its management and staff. Three major accomplishments are as follows:

1. Despite the outbreak of "SARS" and sustained high temperature during the Year, 13 projects (including 5 joint venture projects in which the Group has interests) were completed and in occupation ahead of schedule. The total GFA completed and in occupation during the Year amounted to approximately 815,800 sq.m. Through its multi-project management system, the Group was able to have a full control over the timing and quality of its property projects.
2. The Group increased its land bank through public tender and acquisition of other project companies during the Year. The Group's land bank increased by a total GFA of approximately 4,496,000 sq.m. (in which approximately 2,557,000 sq.m. is attributable to the Group according to its equity interests), which forms a strong foundation for its long-term development.
3. The Group continued to strengthen its industry position and brand name recognition. Its renowned brand name boosted the sales of the Group's projects. During the Year, the sales of the Group's projects (include joint venture projects in which the Group has interests) reached for a total GFA of 513,000 sq.m.. Among the property units sold in 2003, over 50% of which were through referral or purchases by existing customers.

業務回顧

在上海房地產利好的營商環境下，通過本集團管理層及員工卓有成效的經營與努力，本公司取得了良好的業績，主要成就體現在三個方面：

1. 在回顧年度內，雖然經歷了「非典」爆發和罕有的持續高溫，但本集團共有13個項目（包括由本集團擁有股權的合資經營企業開發的五個項目）均較預定時間提前落成入伙。年內，落成入伙總建築面積約達815,800平方米。通過本集團多項目管理系統，使本集團擁有對項目進度及質量的全面管理能力。
2. 通過參與投標及收購項目公司股權增加土地儲備。而新增加的土地儲備的總建築面積約為4,496,000平方米（其中按集團權益計算約為2,557,000平方米），為集團長遠的發展奠定良好基礎。
3. 集團行業地位和品牌知名度繼續提升，品牌效益顯著，物業銷售十分暢旺。本集團及本集團擁有股權的合資經營企業在回顧期內共銷出513,300平方米建築面積的物業。二零零三年度售出物業單位中，超過50%以上是由本集團原客戶推薦或原客戶再次購買而達成。

Project Development Progress

During the Year, there were 25 projects under development, amongst which, 13 projects were completed and in occupation and the total GFA completed and in occupation amounted to approximately 815,800 sq.m.

項目發展進度

在本年度內，本集團相繼有25個項目進行開發，其中有13個項目實現落成入伙，總建築面積約為815,800平方米。

Projects Completed and in Occupation in 2003 二零零三年度落成入伙項目

| No. | Name of Project | Location | Approximate total GFA completed and in occupation (sq.m.) | Interest attributable to the Group |
|-----|---|--|---|------------------------------------|
| 序號 | 項目名稱 | 地點 | 總概約落成入伙建築面積（平方米） | 集團權益 |
| 1 | All New Shanghai (Phase 2) 上海知音苑（第二期） | Lane 1028 Changshou Road, Putuo District, Shanghai 上海市普陀區長壽路 1028 弄 | 112,400 | 100.00% |
| 2 | Jade Paradise 玉華東苑 | Lane 1600 Zhenhua Road, Boashan District, Shanghai 上海市寶山區真華路 1600 弄 | 25,800 | 100.00% |
| 3 | Gu Bei New Garden (Phase 1) 古北新苑第一期 | Lane 1398 Gubei Road, Changning District, Shanghai 上海市長寧區古北路 1398 弄 | 24,200 | 90.00% |
| 4 | Gu Bei New Garden (Phase 2) 古北新苑第二期 | Lane 1398 Gubei Road, Changning District, Shanghai 上海市長寧區古北路 1398 弄 | 76,300 | 90.00% |
| 5 | Forte Sunny City (Phase 2A) 復地太陽城（第二期 A） | No. 8 Gulang Road, Putuo District, Shanghai 上海市普陀區古浪路 8 號 | 34,100 | 98.00% |
| 6 | Pudong Experience (Phase 2) 東方知音苑（第二期） | Lane 699, Boshan Road East, Pudong New District, Shanghai 上海市浦東新區博山東路 699 號 | 80,700 | 98.90% |

| No. | Name of Project | Location | Approximate total GFA completed and in occupation (sq.m.) | Interest attributable to the Group |
|----------|--|---|---|------------------------------------|
| 序號 | 項目名稱 | 地點 | 總概約落成入伙建築面積 (平方米) | 集團權益 |
| 7 | Forte Allen Poem (Phase 1A) 復地愛倫坡 (第一期A) | Lane 599 Lai Ting South Road, Jiuting Town, Songjiang District, Shanghai 上海市松江區九亭鎮涑亭南路 599 弄 | 22,400 | 70.00% |
| 8 | Chun Shen Forte City (Phase 1) 春申復地城 (第一期) | Lane 3355 Dushi Road, Minhang District, Shanghai 上海市閔行區都市路 3355 弄 | 85,500 | 90.00% |
| 9 | Graceful Oasis (Phase 1) 錦繡華城 (第一期) | Lane 3088 Jinxiu Road, Pudong New District, Shanghai 上海市浦東新區錦繡路 3088 弄 | 98,300 | 40.00% |
| 10 | Graceful Oasis (Phase 2) 錦繡華城 (第二期) | Lane 3088 Jinxiu Road, Pudong New District, Shanghai 上海市浦東新區錦繡路 3088 弄 | 87,800 | 40.00% |
| 11 | Graceful Oasis (Phase 3) 錦繡華城 (第三期) | Lane 3088 Jinxiu Road, Pudong New District, Shanghai 上海市浦東新區錦繡路 3088 弄 | 59,000 | 40.00% |
| 12 | Graceful Oasis (Phase 6A) 錦繡華城 (第六期A) | Lane 3088 Jinxiu Road, Pudong New District, Shanghai 上海市浦東新區錦繡路 3088 弄 | 40,100 | 40.00% |
| 13 | Gubei New City (East Wing Phase 1) 古北新城 (東塊第一期) | Lane 511 Wuzhong Road, Minhang District, Shanghai 上海市閔行區吳中路 511 弄 | 69,200 | 50.00% |
| Total 合計 | | | 815,800 | |

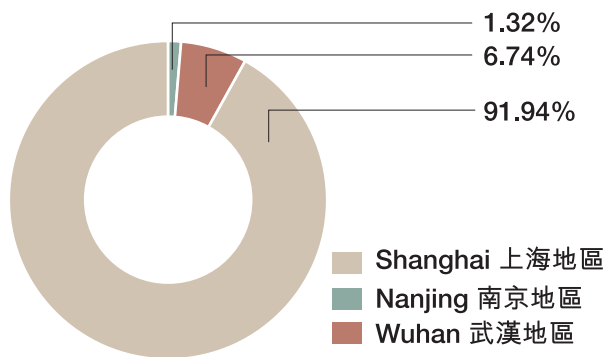
Note: The above projects include projects developed by joint venture companies in which the Group has interests.

註：以上項目含由本集團擁有股權的合資經營企業開發之項目

Sales Performance

Although the Group encountered the tough challenges of the outbreak of “SARS” and the persistent high temperature in 2003, the property sales were adjusted to adapt the changing market environment under the Company’s pragmatic strategies. Total GFA sold during the Year was approximately 513,300 sq.m. (including projects developed by joint ventures companies in which the Group has interests).

In 2003, the Group extended its reach to other PRC cities. During the Year, it had successfully started property sales in Nanjing, Jiangsu Province and in Wuhan, Hubei Province. The total GFA sold in Nanjing and Wuhan amounted to approximately 6,800 sq.m. and 34,600 sq.m. respectively. The success in Nanjing and Wuhan established a solid foundation for the Group to enhance its business expansion outside Shanghai.

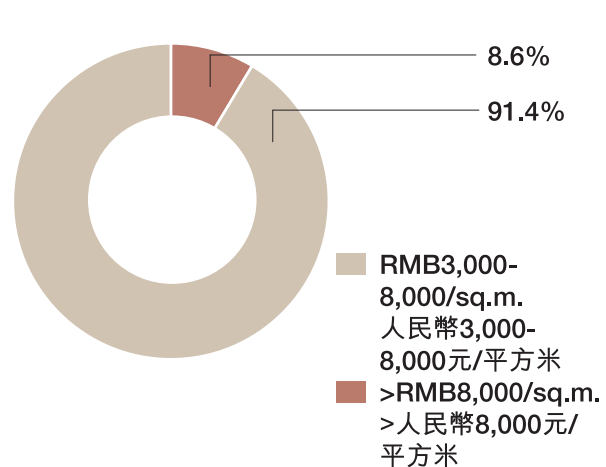


Proportion of the Company's properties held for sale in the market in respect of geographical locations
公司銷售物業在市場之分佈比例

銷售業績

雖然本集團在二零零三年面臨「非典」爆發和持續高溫的嚴峻考驗，但本集團通過積極策劃，物業銷售主動適應市場的變化，全年實現物業銷售總建築面積約為513,300平方米（包括由本集團擁有股權的合資經營企業開發之項目）。

本集團在二零零三年度積極開拓中國其他城市之房地產開發業務，本年度已成功在江蘇省的南京及湖北省的武漢開始銷售物業。公司在南京及武漢的物業銷售總建築面積分別約為6,800平方米及34,600平方米。集團在南京及武漢取得之成功，為本集團走出上海，奠定堅實基礎。



Analysis on the Company's properties held for sale in respect of price structure
公司銷售物業在價格結構方面的分析

Total GFA sold by contract in 2003
二零零三年度簽約售出總建築面積

| No. 序號 | Name of Project 項目名稱 | Location 地點 | Total GFA sold (sq.m.) 總概約售出 建築面積 (平方米) | Interest attributable to the Group 集團權益 |
|-----------|--|--|--|--|
| 1 | All New Shanghai (Phase 2) 上海知音苑 (第二期) | Lane 1028 Changshou Road, Putuo District, Shanghai 上海市普陀區長壽路 1028 弄 | 16,200 | 100.00% |
| 2 | Gu Bei New Garden (Phase 2) 古北新苑 (第二期) | Lane 1398 Gubei Road, Changning District, Shanghai 上海市長寧區古北路 1398 弄 | 21,000 | 90.00% |
| 3 | Forte Sunny City (Phase 2A) 復地太陽城 (第二期 A) | No. 8 Gulang Road, Putuo District, Shanghai 上海市普陀區古浪路 8 號 | 20,700 | 98.00% |
| 4 | Forte Sunny City (Phase 3) 復地太陽城 (第三期) | No. 8 Gulang Road, Putuo District, Shanghai 上海市普陀區古浪路 8 號 | 8,800 | 98.00% |
| 5 | Pudong Experience (Phase 1) 東方知音苑 (第一期) | Lane 699, Boshan East Road, Pudong New District, Shanghai 上海市浦東新區博山東路 699 號 | 2,700 | 98.90% |
| 6 | Pudong Experience (Phase 2) 東方知音苑 (第二期) | Lane 699, Boshan East Road, Pudong New District, Shanghai 上海市浦東新區博山東路 699 號 | 62,900 | 98.90% |
| 7 | Forte Elegant Garden (Phase 1) 復地雅園 (第一期) | No. 29 Fuxing East Road, Huangpu District, Shanghai 上海市黃浦區復興東路 29 號 | 4,400 | 99.78% |
| 8 | Forte Allen Poem (Phase 1A) 復地愛倫坡 (第一期 A) | Lane 599 Lai Ting South Road, Jiuting Town, Songjiang District, Shanghai 上海市松江區九亭鎮涑亭南路 599 弄 | 16,900 | 70.00% |
| 9 | Forte Allen Poem (Phase 1B) 復地愛倫坡 (第一期 B) | Lane 599 Lai Ting South Road, Jiuting Town, Songjiang District, Shanghai 上海市松江區九亭鎮涑亭南路 599 弄 | 25,300 | 70.00% |
| 10 | Chun Shen Forte City (Phase 1) 春申復地城 (第一期) | Lane 3355 Dushi Road, Minhang District, Shanghai 上海市閔行區都市路 3355 弄 | 51,900 | 90.00% |

| No. 序號 | Name of Project 項目名稱 | Location 地點 | Total GFA sold (sq.m.) 總概約售出 建築面積 (平方米) | Interest attributable to the Group 集團權益 |
|-----------|--|--|--|--|
| 11 | Chun Shen Forte City (Phase 2) 春申復地城 (第二期) | Lane 4580 Dushi Road, Minhang District, Shanghai 上海市閔行區都市路 4580 弄 | 19,000 | 90.00% |
| 12 | Domo City (Phase 2) 多摩園景 (第二期) | Lane 381 Xingzhi Road, Baoshan District, Shanghai 上海市寶山區行知路 381 弄 | 61,900 | 60.00% |
| 13 | Yi He Hua Cheng (Phase 1) 頤和華城 (第一期) | Zhenbei Road/Henggang River, Putuo District, Shanghai 上海市普陀區真北路/橫港河 | 35,000 | 50.00% |
| 14 | Forte Cui Wei New City (Phase 1A) 復地翠微新城 (第一期A) | No. 16 Cuiwei Heng Road, Hanyang District, Wuhan 武漢市漢陽區翠微橫路 16 號 | 34,600 | 60.00% |
| 15 | Forte Shengtang Artistic County (Phase 1) 復地盛唐藝郡 (第一期) | Nos. 138-158 Focheng Xi Road, Nanjing 南京市佛城西路 138~158 號 | 6,800 | 99.67% |
| 16 | Graceful Oasis (Phase 1) 錦繡華城 (第一期) | Lane 3088 Jinxiu Road, Pudong New District, Shanghai 上海市浦東新區錦繡路 3088 弄 | 43,200 | 40.00% |
| 17 | Graceful Oasis (Phase 2) 錦繡華城 (第二期) | Lane 3088 Jinxiu Road, Pudong New District, Shanghai 上海市浦東新區錦繡路 3088 弄 | 2,300 | 40.00% |
| 18 | Graceful Oasis (Phase 3, Phase 6A) 錦繡華城 (第三期、第六A期) | Lane 3088 Jinxiu Road, Pudong New District, Shanghai 上海市浦東新區錦繡路 3088 弄 | 73,000 | 40.00% |
| 19 | Gubei New City (East Wing Phase 1) 古北新城 (東塊第一期) | Lane 511 Wuzhong Road, Minhang District, Shanghai 上海市閔行區吳中路 511 弄 | 4,900 | 50.00% |
| 20 | Other projects 其他項目 | | 1,800 | |
| Total 合計 | | | 513,300 | |

Note: The above projects include projects developed by joint venture companies in which the Group has interests.

註：上表包含由本集團擁有股權的合資經營企業開發之項目。

Property agency services and properties sales planning services

Shanghai Resource Property Consultancy Co., Ltd. (“Resource Consultancy”), a subsidiary of the Company, provides property sales planning services and property agency services to property developers. It was awarded the champion of the Golden Bridge Prize (金橋獎) of Top 20 Property Agencies of Shanghai in 2002 and was one of Top 20 Property Brandname in the PRC given by the Fifth Property Fair (住交會) in 2003. During the Year, the total GFA sold by Resource Consultancy amounted to approximately 403,500 sq.m.

Land bank

During the Year, the Group continued to increase its land bank through public tender and acquisition of other project companies. During the Year, the Group increased its land bank by a total GFA of approximately 4,496,000 sq.m. (in which approximately 2,557,000 sq.m. is attributable to the Group according to its equity interests). As at the end of 2003, the Group’s land bank was maintained at a total GFA of approximately 7,227,000 sq.m. (in which approximately 4,370,000 sq.m. is attributable to the Group according to its equity interests). Amongst the total GFA of 4,370,000 sq.m., a total GFA of approximately 1,438,000 sq.m. has been granted land use rights certificate. The Group is applying for the land use rights certificate for a total GFA of 2,932,000 sq.m. The existing land bank of the Group is sufficient for development in the next four to five years.

銷售代理與策劃業務

策源顧問是本集團的控股子公司，為房地產發展商提供銷售策劃及銷售代理服務。於二零零三年內策源顧問獲二零零二年度上海市房地產營銷二十強金橋獎第一名、獲二零零三年第五屆中國「住交會」中國房地產二十強中介代理品牌機構之一。年內，策源顧問累計代理銷售物業總建築面積約達403,500平方米。

土地儲備

在本年度內，本集團通過積極參與土地投標及收購項目公司股權，繼續增加土地儲備。年內，新增土地儲備的總建築面積約為4,496,000平方米(其中按本集團權益計算約為2,557,000平方米)。截至本年度年結日止，本集團擁有土地儲備的總建築面積約為7,227,000平方米(其中按本集團權益計算約為4,370,000平方米)。在按集團權益計算的土地儲備的總建築面積中，約1,438,000平方米之土地儲備已獲得《房地產權證》，而本集團正在辦理總建築面積約2,932,000平方米之土地的《房地產權證》。本集團目前的土地儲備量足夠滿足集團未來四至五年的發展需要。

Employees

As at 31 December 2003, the Group had 869 full-time employees. The employees aged below 40 accounted for 76.2%. The employees with education level of university or above accounted for 25.2%. Technicians accounted for 23.4%. Operational management staff accounted for 23.7%. The staff salaries are determined on the basis of market conditions, individual performance, education qualification and experience. The remuneration package covers pension insurance, medical insurance, unemployment insurance and housing reserve fund.

The Group endeavors to provide training facilities for the employees. The scope of the induction and on-going training programs includes management skill and technology training, overseas exchange programs and other courses. The Group also encourages the employees to engage in self-learning program by awarding scholarships.

Forte was named as one of the Top 10 Employers in the Real Estate Industry of China in 2003, according to an evaluation which was jointly organized by 21st Century Talent Report, Sina.com and Mercer Human Resources Consulting due to its good corporate culture and high level of job satisfaction of its staff.

Business Outlook

It is expected that with the continuing growth of the economy in China, residential housing will become a major part of consumption in Shanghai and other major cities in China in the coming years. The Directors expect the future prospects of the residential property industry in China will be promising.

As the PRC government's policy on land supply become more regulated and transparent, the credit policy of banks for property development business will be tightened. Leveraged on the Company's strong market presence, sound reputation, renowned brand name and solid financial position, the Company will be benefited from the macro business environment in China and the Company's market share will be further enhanced.

僱員

於二零零三年十二月三十一日，本集團共聘用869名全職員工。40歲以內員工佔76.2%，大學本科以上學歷員工佔25.2%，工程技術人員佔23.4%，經營管理人員佔23.7%。員工薪酬乃視乎參考市場情況、個別員工之表現、學歷及經驗而定。本集團提供之僱員福利，包括養老保險金計劃、醫療保險計劃、失業保險計劃及住房公積金。

本集團致力為僱員提供培訓設施。入門及持續性培訓計劃的範疇包括管理技巧及技術訓練、海外交流計劃及其他課程。本集團亦透過頒發獎學金來鼓勵僱員參與自學計劃。

在《二十一世紀人才報》、新浪網和美世諮詢公司共同舉辦的二零零三年度全國房地產行業最佳僱主評選中，復地以良好的企業文化和較高員工滿意度榮獲中國房地產十佳僱主之一的稱號。

業務展望

市場預期中國經濟將繼續蓬勃發展，住宅將成為上海及一些中國主要城市未來數年的持續消費熱點。董事預期中國之住宅房地產行業將前景無限。

隨著國家的土地供應政策日益規範及透明，銀行對房地產發展業務的信貸標準將進一步提高。憑藉復地於行業內確立的地位、良好的信譽和品牌以及雄厚的資金實力，公司將受惠於利好的宏觀營商環境，進一步提高市場份額。

Amidst the growing economy, the Company will strengthen its long-term competitiveness and maximize shareholders' values by pursuing the following strategies:

- Focus on the mass residential property market in Shanghai and selectively enter into other markets with significant potentials.
- Pursue any opportunities arisen from the market consolidation of the property industry and expand the scale of operations through acquisitions and mergers.
- Maintain its leading position through economies of scale, cost control and enhance the brand name image.
- Maintain sufficient land bank by various means.
- Adopt best practice and international standards and be responsive to rising aspiration of home purchases, including adopting innovative approach to design and layout of the property development projects.

在經濟強勁發展的背景下，本公司通過以下業務發展策略增強長期競爭力，為股東創造更多的價值：

- 繼續專注上海大眾住宅的市場，同時有選擇地進入其他具有良好經濟發展前景的市場。
- 抓住房地產產業整合的機會，通過收購、兼併進一步擴大業務規模。
- 同時通過規模效益、成本控制和強化品牌，在房地產市場中繼續保持領先地位。
- 通過多種渠道，繼續保持足夠的土地儲備。
- 遵照國際最佳應用守則及標準，在建築及室內設計方面採用創新的方式，致力滿足置業人士不斷上升的需求。

Financial Analysis

Revenue and results of operations

In 2003, the Group overcame impacts of various unfavourable factors such as the outbreak of “SARS”. As a result of continuous hard work of its management and staff, the Group derived a net profit attributable to shareholders of RMB448,847,000 for the Year, exceeding the estimated profit of not less than RMB440,000,000 as stated in the Prospectus in connection with the Company’s global offering of its H Shares in February 2004 (the “Global Offering”). For the year ended 31 December 2003, the Group’s turnover amounted to RMB2,182,031,000. Profit from operating activities was RMB577,214,000. Net profit attributable to shareholders was RMB448,847,000, and basic earnings per share were RMB0.303. (The above earnings per share was calculated based on net profit attributable to shareholders of RMB448,847,000 divided by 1,480,430,000 Domestic Shares in issue on the assumption that such 1,480,430,000 Domestic Shares had been in issue throughout the two years ended 31 December 2002 and 2003, and as if the sub-division of the Company’s ordinary shares from one ordinary share of nominal value of RMB1.00 each into five ordinary shares of nominal value of RMB0.20 each, as described in Appendix VII to the Prospectus, had taken place as at 1 January 2002).

財務分析

收入與經營業績

二零零三年本集團克服了「非典」等種種不利因素的影響，經過公司全體員工的持續努力，股東應佔溢利錄得人民幣448,847,000元，超越了本公司刊載的與本公司於二零零四年二月的H股全球發售（「全球發售」）有關的招股章程中作出的不少於人民幣440,000,000元的溢利估計。於截至二零零三年十二月三十一日止年度，本集團的營業額為人民幣2,182,031,000元，經營業務溢利為人民幣577,214,000元，股東應佔純利為人民幣448,847,000元，每股基本盈利為人民幣0.303元，上述每股盈利是根據本年度股東應佔純利人民幣448,847,000元除以已發行之1,480,430,000股每股面值人民幣0.20元的內資股（「內資股」）計算（假設1,480,430,000股內資股於整個截至二零零三年及二零零二年十二月三十一日止兩個年度已獲發行，及就本公司於招股章程附錄七所述，本公司股份面值拆細由每股面值人民幣1.00元之普通股拆細為5股每股面值約人民幣0.20元之普通股一事於二零零二年一月一日已經發生）。

Because of the healthy and flourishing property market, active sales as well as stringent and efficient cost control measures, the Group achieved a gross profit margin of 30.7% in 2003. Set out below is the breakdown of the Group's turnover for the Year:

在房產市場健康繁榮、銷售暢旺及本集團嚴格且卓有成效的成本管理控制下，本集團二零零三年的毛利率達到30.7%。本集團主營業務的營業額分佈如下：

| | | 2003 RMB'000 人民幣千元 |
|--|-------------|--|
| Sale and pre-sale of properties | 銷售及預售物業 | 2,277,186 |
| Property agency fees | 物業代理及中介費 | 32,066 |
| Property sales planning fees | 物業銷售策劃費 | 847 |
| Construction supervisory fees | 建築工程監理費 | 410 |
| | | 2,310,509 |
| Less: Business tax and government surcharges | 減：營業稅及政府附加費 | (128,478) |
| Turnover | 營業額 | 2,182,031 |

Financial resources, liquidity and liabilities

During the Year, the Group's liquidity maintained at a healthy level. Its financial resources were allocated in a reasonable manner. As at 31 December 2003, the total assets of the Group amounted to RMB3,972,310,000, in which current assets accounted for RMB1,993,161,000. Total liabilities accounted for RMB2,804,206,000, in which the current liabilities amounted to RMB2,423,083,000 and non-current liabilities amounted to RMB381,123,000. The shareholders' equity was RMB1,033,293,000.

As at 31 December 2003, the Group's cash and bank deposits amounted to RMB467,945,000. The Directors believe that the Group has sufficient working capital for its operations and the liquidity of assets and solvency is good.

財政資源、流動資金及負債狀況

於年內，本集團的資金流動性維持在健康水平，而財政資源亦作出合理分佈。於二零零三年十二月三十一日，本集團的總資產達到人民幣3,972,310,000元，其中流動資產達人民幣1,993,161,000元，總負債為人民幣2,804,206,000元，其中流動負債為人民幣2,423,083,000元，非流動負債為人民幣381,123,000元，股東權益已達到人民幣1,033,293,000元。

於二零零三年十二月三十一日，本集團之現金和銀行存款達到人民幣467,945,000元，董事相信本集團有充足資金作為日常營運用途，資產流動性良好，償債能力充分。

Pledge of assets

As at 31 December 2003, properties under development with a book value of RMB263,947,025 were pledged to banks for guarantee of bank facility.

Contingent Liabilities

The Group provided bank guarantees in favor of their customers in respect of the mortgage loans provided by the banks to such customers for their purchases of the Group's properties until submission of the relevant property ownership certificates by the relevant customers to the banks. As at 31 December 2003, the Group provided bank guarantees of approximately RMB889,040,700. Save as disclosed above, the Group did not have any outstanding loan capital, bank overdrafts, and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, or guarantees or other material contingent liabilities outstanding as at 31 December 2003, apart from intra-group liabilities.

Commitments

As at 31 December 2003, the capital expenditures of committed projects contracted was RMB2,560,457,000. In addition, as at 31 December 2003, lease payments under non-cancellable operating leases were RMB20,078,000. RMB7,050,000 should be repaid within a year. RMB8,402,000 should be repaid in the second to fifth years, inclusive and RMB4,626,000 should be repaid over five years.

Foreign Exchange risks

The Group conducts its business almost exclusively in Renminbi and does not have any direct exposure to foreign exchange fluctuations. In view of the stable exchange rate between Renminbi and US dollars, the Directors do not foresee any material foreign exchange risk for the Group. However, there is no assurance that any foreign exchange exposure will not adversely affect the operating results of the Group in future.

資產抵押

截至二零零三年十二月三十一日止，賬面價值約為人民幣263,947,025元的發展中物業，已抵押於銀行作為本集團取得銀行信貸之擔保。

或然負債

本集團為銀行就給予購買本集團物業之客戶的按揭提供擔保，擔保將於有關客戶向承按銀行呈交有關的房產所有權的權益證書的時候終止。於二零零三年十二月三十一日，已提供的擔保餘額達人民幣889,040,700元，除上文所披露者外，於二零零三年十二月三十一日，除集團內公司間的負債外，本集團並無任何未償還借貸資本、銀行透支、承兌負債、或其他類似債務、債權證、按揭、抵押或貸款或承兌信貸、租購承擔、未償還的擔保或其他重大或然負債。

承擔

於二零零三年十二月三十一日，本集團所承擔的項目以合同方式承擔的資本開支人民幣2,560,457,000元，此外，於二零零三年十二月三十一日，不可撤銷經營性租約項下為人民幣20,078,000元，當中人民幣7,050,000元需於一年內支付，人民幣8,402,000元需於二至五年(包括首尾兩年)內支付，另外人民幣4,626,000元於五年後支付。

滙兌風險

本集團絕大部分業務均以人民幣經營，故毋須承受任何直接外滙波動風險。然而鑒於人民幣對美元的滙率穩定，董事並不預期本集團有任何重大的滙兌風險，但不能保證外滙風險在未來不會對集團的經營業務產生影響。

Audit committee

The Company' has an audit committee which was established in February 2003 in accordance with the requirements of the Code of Best Practice for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company, namely Mr. Charles Nicholas Brooke, Mr. Chen Yingjie and Mr. Zhang Hongming.

Proposed Amendments to Articles of Association

The Company proposes to make certain amendments to its Articles of Association in accordance with the relevant requirements under the revised Rules Governing the Listing of Securities on the Stock Exchange as announced on 30 January 2004. The proposed amendments to the Articles of Association are subject to approval of the shareholders of the Company by way of special resolutions at the forthcoming annual general meeting of the Company to be held on 11 June 2004. Details of the proposed amendments are set out in the notice for the annual general meeting of the company dated 23 April 2004.

審核委員會

本公司已根據最佳應用守則的規定，就審閱及監督本集團的財務匯報過程的目的，於二零零三年二月成立審核委員會（「審核委員會」）。審計委員會由三名獨立非執行董事組成，包括蒲祿祺先生、陳穎杰先生及張泓銘先生。

建議修訂公司章程細則

本公司擬根據於二零零四年一月三十日宣佈的聯交所經修訂證券上市規則的相關規定，將公司章程細則作若干修訂。建議修訂公司章程細則須待股東於本公司將於二零零四年六月十一日舉行的應屆股東週年大會上透過特別決議案批准後，方可作實。建議修訂事項的詳情已載於二零零四年四月二十三日刊發。