

launch in August 2003, more than 90% of the units in its 110,000 square meters Phase I project have been sold. Phase I is expected to complete and ready for occupation by the end of 2004. The construction work for Phase II has been started in March 2004 and is expected to complete by August 2005. Pre-sale of Phase II has started in June 2004. Out of the 684 units launched for pre-sale, 180 units were sold within the first month.

REDOMICILE SCHEME

The Board approved the redomicile scheme of the Company in August 2003 through incorporation of a new holding company in the Cayman Islands with the name of "First International Investment Company Limited". The first scheme was submitted to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9th October 2003 and an announcement was put out on newspapers immediately afterwards.

In February 2004, the Board resolved to change the name of the new holding company to "New Capital International Investment Limited". The 11th proof of the scheme document has been submitted to the Stock Exchange for approval in September 2004. Once the approval is obtained from the Stock Exchange, the Company can arrange for shareholders meeting and proceed with the completion of the redomicile scheme.

FUTURE PROSPECTS

Since 2002, the Beijing municipal government has issued a series of directives intended to curtail an overly rapid growth of investment in real estate development by limiting credit availability and tightening the supply of land. These measures will tend to eliminate the smaller, financially weaker developers from the market while leaving the larger developers with a better and more transparent environment to operate. It will also stimulate developers to put more