

各位股東：

本人欣然向各位提呈本公司二零零四年度經營業績報告。二零零四年本公司取得了良好的業績，截止十二月三十一日，按照香港會計準則，全年營業額為人民幣2,395,825,000元，實現除稅後溢利人民幣269,200,000元，每股基本盈利為人民幣0.14元。

二零零四年，在國家宏觀調控的大背景下，北京市房地產市場經歷了前所未有的土地、金融政策的調整，受嚴格土地管理、經營性用地供應完全市場化、提高資金貸款門檻及央行加息等政策的影響，房地產市場進入實力型、專業化的全新競爭態勢。同時，在奧運經濟的推動下，北京市投資物業和零售商業亦步入新一輪的增長期，市場競爭更加激烈，使本公司面臨更為複雜的經營環境和更為嚴酷的競爭形勢。

年內，本公司經營與往年相比，作出了重大調整並取得顯著效果。公司圍繞股東價值最大化的目標，準確把握市場方向，充分發揮競爭優勢，不斷強化專業管理，積極擴大市場佔有份額，公司綜合盈利得到較大提升。發展物業通過大幅提高開發面積，傾力打造高品質住宅，在沒有土地轉讓收入的情況下，商品房銷售較去年上升45.1%。投資物業通過資源整合、產品結構調整，優勢迅速顯現，資產得以全面盤活，經營效益增長幅度為歷年最高。五洲皇冠

Dear Shareholders,

I am pleased to present to you the operating results of the Company for the year ended 31st December 2004. The Company gained excellent results during the year. As at 31 December pursuant to the Hong Kong Statements of Standard Accounting Practice ("SSAPs"), turnover for the year achieved RMB2,395,825,000, profit after taxation amounted to RMB269,200,000, basic earnings per share was RMB0.14.

Under the influence of the austere measures of the PRC in 2004, the Beijing property market was subject to unprecedented adjustments in land and financial policies. The stringent land administration, market-oriented supply of land for business operations, the tightening of grant of loans by financial institutions coupled with the increased interest rate of the central bank shifted the competition focus in the property market towards capabilities and professionalism. Stimulated by the prospect of Olympic Games, the investment properties and retail operation markets in Beijing entered a new growth period with increased competitions. As such, the Company faced a more complicated operational environment and severe competitions.

Compared with last year, the Company made major adjustment to its operations and achieved excellent results during the year. With the aim of bringing the highest return to shareholders, the Company was able to capitalise on the market trend, fully utilise its competitive advantages, and reinforce on its professional management the important endeavour of increasing market share, which thus, led to an enhancement in its integrated profitability. Through increasing the developing areas with a focus on high quality residential buildings, the sale of commodity houses was increased by 45.1%, despite the lack of any income resulting from the sale of land. Merits of the investment properties were rapidly brought out through integrating the resources and adjusting the product mix. The success of the investment operation was reflected in the unprecedented growth

假日酒店在開業第一年經營毛利率已接近本市五星級酒店平均水平，五洲大酒店和國際會議中心更是徹底打破多年微利狀況。零售商業及時跟進市場變化，綜合運用一系列創新營銷方式，在競爭加劇的外部經營環境下仍保持了良好的經營態勢。

二零零四年三月，本公司在境內向公眾首次發行人民幣普通股（A股）的申請經中國證監會股票發行審核委員會第13次會議審核通過，完成了A股發行實質性進展。本公司持有的北京奧林匹克公園（B區）國家會議中心項目可行性研究報告已取得國家發改委的核准批覆，並於十二月破土動工。

in operating results. In merely one year of operation, Crowne Plaza Park View Wuzhou Beijing achieved a gross profit margin comparable to those of other five star hotels in Beijing. Both Continental Grand Hotel and International Convention Centre have seen substantial improvement from the previous track of insignificant profit. The Company's retail operation was in line with the market trend. Coupled with a series of creative marketing strategies, the Company's retail operation maintained a continuous growth, despite the extremely competitive business environment.

In March 2004, the Company's proposed first issuance of ordinary shares (A shares) to the public in the domestic market, traded in Renminbi, was approved by the Listing Committee of the China Securities Regulatory Commission ("CSRC") at its 13th meeting, making a remarkable progress in the Company's proposed issuance of A shares. The Company has also obtained approval from the State Development and Reform Commission regarding the feasibility study of the Beijing Olympic Park (Zone B) National Convention Centre Project, which was deployed in December.

北京五洲皇冠假日酒店

Crowne Plaza Park View Wuzhou Beijing



北京五洲大酒店

Beijing Continental Grand Hotel

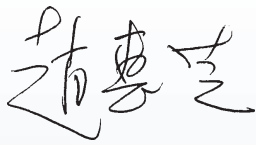


展望二零零五年，北京將全面啟動奧運工程建設，加快城市建設步伐，提高經濟增長速度。本公司將抓住機遇，以提高公司的整體盈利水平為核心，制定並實施未來五至十年發展規劃，加快發展物業的開發速度，穩步擴張零售商業，繼續提高投資物業收益，積極推進奧運工程建設，為股東帶來更加滿意的回報。

最後，本人謹代表本公司董事會（「董事會」）向各位股東給予本公司的鼎力支援以及全體員工的辛勤工作表示衷心的感謝！

Looking into 2005, the construction projects for the Olympic Games will fully commence in Beijing. The pace of city development will accelerate, and the economic growth will be robust. The Company will seize every opportunity to increase the overall profit and will establish and execute development plans for the coming five to ten years. It will also accelerate the construction of development properties, steadily expand the retail operation business, continue to enhance the revenue from investment properties, diligently carry out the construction of the Olympic Project, with a hope to bring satisfactory return to all shareholders.

Finally, on behalf of the board of directors of the Company (the "Board"), I would like to express my sincere gratitude for the faithful support from all shareholders and the diligent work of all the staff.



趙惠芝

ZHAO Hui-Zhi

董事長

Chairman

中國·北京 二零零五年一月二十六日

Beijing, PRC, 26th January 2005