

Chairman's Statement



Mr. Liu Xiaoguang
Chairman

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Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Beijing Capital Land Ltd ("BCL" or the "Company", together with its subsidiaries the "Group"), I am pleased to present the Company's annual report for the year ended 31 December 2004.

2004 marked a year of progressive development and remarkable achievements. A series of macroeconomic austerity measures were effectively implemented by the Government of the People's Republic of China ("PRC"). The nation continued to post steady and healthy growth while the demand of the property market remained robust. In addition, stringent land approval and land supply policies, together with the regulation of open land transfers, created a business environment favourable for the rapid development of integrated property operators with established scale and prominent strengths, like BCL. Amidst the rapidly changing operating environment, BCL fully embraced its proactive spirit to strengthen its overall competitiveness, enhance its corporate governance standards and drive its business growth.

During the year under review, the Group capitalized on its unique operation model and acute market insight to successfully capture the immense potential brought forth by the strong demand in the Beijing property market. The Group proactively launched a number of quality projects which attained overwhelming sales performance. During the year, the gross floor area ("GFA") for contracted sales area was approximately 328,000 sq.m., representing a year-on-year increase of 4.6%. Contracted sales revenue amounted to approximately RMB2,930,000,000, an increase of 21% as compared to the previous year. The proactive launch of development projects, together with the effective control in reducing construction cost, contributed to an encouraging growth in the net profit of the Group. During the year under review, the Group's net profit increased by 11%, reaching a record high of RMB283,197,000. The Board proposed a final dividend of RMB7 cents per share for the year ended 31 December 2004.

In order to curb over investment, the PRC Government promulgated stringent monetary control by tightening the credit of real estate projects, raising standard loan rate and relaxing the upper limit of the loan rate. However, by leveraging on its strong financing capability and prominent business reputation, the Group not only maintained close relationships with domestic commercial banks and the China Development Bank, but also diversified its financing channels. During the year, the Group successfully obtained a loan facility of US\$32,000,000 from DBS Singapore, reflecting the recognition of the Group's business model and enormous development potential by the international banking industry.

Sufficient land resources have always been one of the Group's leading competitive edges. All land transfers have been conducted through public tenders, bidding and public auction since 1 September 2004. During the year under review, the Group purchased two quality residential sites in Beijing at the public auction, which further enhanced the Group's land reserves in prime locations of Beijing. The two quality land sites are located at Shi Li Pu of Chaoyang District and Xi'erqi of Haidian District respectively. While maintaining its competitive leads in land resources, the Group will proactively explore the business of land development, so as to lay solid foundation for the Group's sustainable long-term development.

Looking ahead, the 2008 Olympic Games in Beijing will expedite economic development and accelerate urban construction of the capital city. As the infrastructure of the city continues to develop and transportation networks keep extending further, it is expected to promote the development of the real estate market, providing a booming prospect for the Group. With the view of capturing the opportunities arising from the property market, the Group will continue to maintain its leading edges in land resources, capital resources and human resources. We will identify more cooperation opportunities with international developers and investors. The Group endeavours to adjust its product mix, enhance investment portfolio, further improve product quality by strengthening its cooperation with international developers and investors, and extend its business in districts outside Beijing. BCL is committed to leading the burgeoning property market and becoming a top quality property operator in Asia.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincerest gratitude to our business partners, customers and shareholders for their unfailing support as well as to all our staff members for their dedicated efforts. BCL endeavours to maintain and further enhance its corporate governance standards and transparency. The Group will capitalize on its extensive market experience and industry know-how to extend its business reach. Building on its solid business foundation, visionary management and unique sales and operation strategies, the Group is confident of achieving new heights in the years to come. Let us join hands to create an even brighter future.



Liu Xiaoguang
Chairman

Beijing, the PRC, 22 March 2005