



主席韓國龍先生
Mr. Hon Kwok Lung, Chairman

RESULTS

In 2004, audited profit from ordinary activities attributable to shareholders was HK\$37,732,000, representing an increase of HK\$76,488,000 compared with last year. Basic earnings per share was HK0.74 cent (2003: loss per share of HK2.06 cents).

BUSINESS REVIEW

During the year under review, in face of the complicated operating environment arisen from the macro control policies, the Group dedicated itself to strengthening foundation and stable development to proactively enhance and develop its three core businesses, and effectively strengthened its profitable businesses, successfully making a turnaround.

業績

二零零四年經審核股東應佔一般業務盈利為37,732,000港元，較上年度增加76,488,000港元；每股基本盈利為0.74港仙（二零零三年為每股虧損2.06港仙）。

業務回顧

回顧年內，縱使面對因宏觀調控構成的複雜經營環境，本集團以固本強基、穩健發展為宗旨，積極鞏固和發展集團三個主營業務，有效地強化有盈利的業務，成功實現轉虧為盈。

The PRC enjoyed robust economic growth in 2004. In light of the rapid growth in the industrial production value of the PRC, there were indications of excessive investments in some industries, leading to tight energy supply and rising prices. Accordingly, the government adopted a series of stringent controls to guide the economy from over-heating. The Group's three core businesses had all been positively or adversely affected by the macro controls to different degrees.

PROPERTY BUSINESS

During the year, stringent controls on sales and transfers of land and stepped-up controls of banking facilities were introduced to the property market in Beijing in order to alleviate the inflationary pressure. However, some believe that stringent control policies on land management could result in a lack of supply, thereby leading to rising property prices. Beijing Jing Guan Property Development Co. Ltd., a subsidiary of the Group, has benefited from this trend, and coupled with the excellent geographic location of its development project "Sunpalace Mercury Garden", as well as its desirable architectural style, beautiful surroundings and quality constructions, its prices continued to soar. Out of the saleable areas of 78,579.18 square meters that were put on sale in 2004, sales of 65,664.81 square meters (including floor areas taken up) have been completed, representing 85.30% of the saleable areas that were put on sale. Considerable fluctuations on property prices and sales would be likely in the property market in Beijing in the near future, while market competition will continue to intensify, alongside with more mergers and acquisitions. In the long run, the property market will further standardise; companies with strong capabilities will be able to differentiate themselves from competitors, and the property market will experience consolidation.

Capturing the business opportunities, on 29 November 2004, the Group entered into agreements with 北京海澱區商業設施建設經營公司 (Commercial Facility

二零零四年·中國經濟強勁·鑒於中國內地工業產值高速增長·有跡象顯示部份行業投資過多·導致能源緊張·價格上漲·政府因此採取了一系列的緊縮調控措施以防經濟過熱·本集團三個主營業務均受到宏觀調控不同程度的正面及負面影響。

地產業務

北京房地產市場於年內實施了嚴控土地出售及轉讓並加強銀行信貸管理·目的是要紓緩北京房地產通漲壓力·但一些輿論認為嚴格的土地管理政策會引致供應不足而導致房價上漲·本集團之附屬公司北京京冠房地產開發有限公司因此而受惠·加上開發項目「太陽星城水星園」地理環境優越·戶型設計合理·環境優雅·建築質量優質·房價一路攀升·二零零四年開盤銷售面積78,579.18平方米·完成銷售面積65,664.81平方米(含認購)·佔開盤銷售85.30%·短期內北京房地產的房價及銷售可能出現較大的起伏·市場競爭加劇·收購合併加速·長期而言·市場秩序將更加規範·實力公司凸顯競爭優勢·房地產行業將出現一次整固。

集團把握商機·於二零零四年十一月二十九日·本集團與北京海澱區商業設施建設經營公司(「商業

Construction and Management Company of Haidian District of Beijing) (“Commercial Facility”) and 北京海開房地產集團公司(Beijing Haikai Real Estate Group Company) (“Beijing Haikai”) in relation to the acquisition of an aggregate of 21% shareholdings interest in 北京海澱科技園建設股份有限公司(Beijing Haidian Science Park Development Co., Ltd.) (“Haidian Science Park Development”) held by Commercial Facility and Beijing Haikai.

Haidian Science Park Development is a major state-owned holdings company with a registered capital of RMB600 million specialising in the construction of the Zhongguancun Science Park. Its scope of business includes land development, construction of urban infrastructures and property development and operation.

WATCHES AND TIMEPIECES BUSINESS

Despite the intense competition and the deteriorating condition brought by the vicious price-slashing strategies of the four leading watches and timepieces brandnames in the PRC during the year, the Group's subsidiary EBOHR Luxuries International Company Limited remained cautious, and concentrated its resources on enhancing its four centres, namely “design, research and development centre”, “quality control centre”, “brand operation centre” and “information management centre”; while at the same time closely monitored the market trends, formulated its pricing system as well as implemented flexible sales strategies, generating an operating profit of HK\$9,962,000 to the Group.

TIMBER BUSINESS

Due to the soaring prices of logs and the prices of major petro-chemicals rising in folds following the fluctuations in crude oil prices and the resulting surge in production costs, the year 2004 was an exceptionally difficult year for the timber industry. Product prices were unable to keep pace with raw material prices because of the vicious

設施)和北京海開房地產集團公司(「海開»)簽訂收購商業設施和海開持有的北京海澱科技園建設股份有限公司(「海科建»)合共21%股權。

海科建專業從事北京中關村科技園區建設工作的大型國有控股股份公司，註冊資金6億元人民幣，其經營範圍包括：土地開發、城市基礎設施建設、房地產開發經營。

鐘錶業務

鐘錶行業年內競爭激烈，國內四大鐘錶品牌之間的惡性價格戰加劇，本集團之附屬公司依波精品(深圳)有限公司始終保持冷靜態度，集中資源強化四個中心：「設計研發中心」、「品質控制中心」、「品牌營運中心」和「信息管理中心」。與此同時，嚴監市場動態、制訂價格體系、靈活銷售策略，為本集團帶來經營溢利9,962,000港元。

木材業務

二零零四年木材業務是非常艱難的一年，主要是原木材價格大幅上漲，主要化工原料伴隨國際原油市場價格的波動更以成倍幅度上漲，產品成本相應上升。但由於市場惡性競爭，產品價格無法與原料同步增長。本集團之附屬公司森帝木業(深圳)有限公司(「森帝木業»)積極調整產品結構，增大高

market competition. The Group's subsidiary, Seti Timber Industry (Shenzhen) Company Limited ("Seti Timber") has been progressively adjusting its product structure as well as increasing both production and sales of high-margin products and developing products with high technology. However, during the adjustment period, Seti Timber recorded an operating loss of HK\$27,137,000 under the intense market competition.

PROSPECTS OF 2005

Even though the global economic growth is expected to slow down in 2005, it is anticipated that the overall economic growth of the PRC will reach 8%. The macro control policies adopted by the PRC government to control economic growth has started to see encouraging results, and the PRC government has expressly proposed to adopt healthy financial and monetary policies in 2005. With a sound and stable economy, the future of the PRC lies very optimistic.

With the upcoming commencement of the construction projects for the 2008 Olympic Games and the acceleration of the urban face-lift in Beijing bringing in substantial opportunities, the Group will continue to grasp all opportunities and overcome all challenges, so as to achieve further fruitful results.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all members of the board of directors, all departments of the Group and staff of all our subsidiaries for their dedication and contribution during the year.

Hon Kwok Lung

Chairman

Hong Kong, 22 April 2005

毛利產品的產銷量·發展高技術產品·在產品的調整期內及市場激烈競爭下·森帝木業錄得經營虧損27,137,000港元。

展望二零零五年

雖然二零零五年世界經濟增長的速度預算將會放緩·但中國整體經濟增長率預計將達到8%。國內實施宏觀調控政策以調節經濟增長速度已漸見成效·中國政府明確提出二零零五年採取穩健的財政政策和貨幣政策·在經濟維持健康及穩健的境況下·國內前景樂觀。

加上北京即將啟動二零零八年奧運會的工程建設·加快改善城市建設·將帶來無限商機·集團繼續努力把握不同機遇·應付各種挑戰·致力為集團業務取得更理想業績。

致意

本人謹藉此機會·對董事會同仁·集團各部門及各附屬公司員工年內之竭誠服務及貢獻·深表謝意。

主席

韓國龍

香港·二零零五年四月二十二日