

各位股東：

本人欣然向各位股東提呈本公司截至二零零六年十二月三十一日之年度經營業績報告。

二零零六年，本公司經營業績再創歷史新高，截至十二月三十一日，按照香港會計準則，全年營業額人民幣2,810,561,000元，本公司股東應佔溢利人民幣395,274,000元，較二零零五年增長56%，每股盈利為人民幣0.1867元。

年內，由於國務院及各部委相繼出台了一系列的調控政策，分別從土地供應、貨幣信貸、稅收和住房結構等方面加大了對房地產行業的調控力度，使得全國固定資產投資及房地產市場開發投資增幅均有所放緩。北京市房地產市場雖然總體保持穩定運行，但房地產開發投資佔全社會投資比重有所下降，導致出現供給下降，在需求依然旺盛的支持下，商品房銷售呈現上升趨勢，空置面積亦繼續減少，在漲幅趨緩的情況下，房價指數依然高位運行。

二零零六年，北京國民生產總值和人均GDP快速增長，極大提高了北京城市競爭力，投資物業產品供應持續增加，零售商業也進入了快速增長時期，市場競爭日益激烈，給本公司發展物業、投資物業、零售商業三大主營業務的經營帶來了嚴峻考驗。

面臨複雜多變的市場環境，二零零六年，本公司在「構建全國大型一流房地產綜合運營企業」戰略的引領下，堅持股東價值最大化的原則，充分分析宏觀政策及經營環境的特點和機遇，採取靈活的運營策略，進一步提高資產收益水平，三大主營業務經營業績在二零零五年實現歷史高點之後，二零零六年業績再次取得明顯進步，利潤較往年均有大幅提升，呈現諸多亮點。

Dear Shareholders,

I am pleased to present to you the operating results of the Company for the year ended 31st December 2006.

The operating results of the Company again rose to historic highs in 2006. For the year ended 31st December 2006, under the Hong Kong Financial Reporting Standards ("HKFRS"), sales amounted to RMB2,810,561,000, while profit attributable to equity holders of the Company amounted to RMB395,274,000, representing a 56% growth over 2005. Earnings per share amounted to RMB0.1867.

During the year, the State Council and various ministries and commissions implementing a series of macro-economic control measures that strengthened the control on the property sector through land supply, currency credit, taxation and property composition. Accordingly, the rates of growth on the nation's fixed asset investments and property development investments subsided. While the Beijing property market generally remained stable, the proportion of property development investments in social investments decreased, leading to a decline in supply. Supported by a still rigorous demand, sales of commodity housing reported an increase while vacant area decreased further. Despite a slowdown in the rate of increase, property price indices continued to hover at high levels.

In 2006, the GNP and per capita GDP of Beijing recorded rapid growth, substantially enhancing the competitiveness of the municipality. Supply of investment properties continued to increase, while the retail commercial market also entered into a stage of rapid growth though with intensifying market competition, bringing tough challenges for the operation of the Company's principal operations of property development, property investment and retail operation.

In face of the complex and volatile market environment, in 2006, the Company stood by the principle of maximising shareholders' returns as guided by the strategy of "building a large top-calibre national property conglomerate". The Company adequately analysed the features and opportunities under the macro-economic control measures and the operating environment to adopt flexible operating strategies, thereby further raising its return on assets. As for the three principal operations, after achieving record-breaking operating results in 2005, significant progress was attained again in 2006. These operations have achieved shining results, with profits recording substantial increases.

發展物業擴大開發規模，提升開發水平，調整營銷策略，積極應對市場變化，全力擴大土地儲備，經營溢利快速增長。投資物業中公寓、寫字樓、酒店及會展業務繼續加強整合，提升管理服務水平，經營業績穩步攀升。零售商業在經濟效益平穩增長的基礎上，初步形成戰略管控型運營格局，為零售商業繼續穩步擴張，打下了良好開局。同時，公司為全面提高新增投資物業及零售商業專業化運營水準，注重加強國際知名專業管理企業的合作，並在年內取得顯著進展。

年內，本公司奧運工程和北辰大廈等重點項目順利推進。企業債及發行A股等融資工作取得了重大進展。A股的成功上市，使本公司成為目前國內唯一一家A+H股地產類上市公司。

二零零七年，是本公司至關重要的發展年。公司A股發行後資產規模、資金實力、開發水準、品牌價值等方面得到了進一步加強。我們相信，在房地產市場加大落實宏觀調控措施的影響下，房地產行業將呈現規範化、整合加速以及行業集中度不斷提高的趨勢，擁有較強綜合實力的企業將獲得更多機遇和發展空間。隨

The property development operation expanded the development scale and enhanced development quality, with marketing and sales strategies adjusted to pro-actively adapt to market changes and endeavouring to expand land reserves. Operating profit from property development reported a rapid growth. As for investment properties, the apartment, office, hotel and convention centre operations were further integrated and management and service qualities were enhanced, leading to a steady rise in operating results. Regarding the retail operations, the operating model of controlling via strategic management was basically formed on the basis of steady growth in economic efficiency. Such a development provided a solid start for the steady expansion of the retail operations. Meanwhile, in order to fully elevate the professional operating standards of the new investment properties and retail operations, the Company now focuses on strengthening cooperation with internationally acclaimed professional management enterprises, with significant progress made during the year.

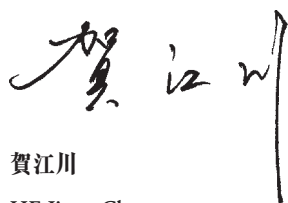
During the year, the Company's key projects such as the Olympic projects and Beichen Building progressed smoothly. Financing work such as the issue of corporate bonds and A shares achieved substantial progress. As a result of the successful listing of A shares, the Company became the first listed domestic property developer achieving simultaneous A-share and H-share listings.

2007 is a decisive year of development for the Company. After the A-share issue, the asset scale, financial prowess, development standards and brand value were all further enhanced. We believe that under the impact of strengthened implementation of the macro-economic control measures in the property market, the property sector will undergo a trend of regulation, accelerated integration and increasing industry concentration. Enterprises with a stronger integral prowess will gain more opportunities and more room for development. Following the implementation of the "A New Beijing, the New Olympic Games" strategy



著北京市「新北京、新奧運」戰略的實施，二零零七年全市經濟將繼續保持快速平穩增長。二零零八年奧運會的臨近，奧運周邊地區經濟持續升溫。本公司發展物業主要項目及投資物業、零售商業全部業務均位於奧運核心區內，得天獨厚的地理優勢為本公司帶來了巨大商機。公司將充分抓住這些發展機遇，以增加土地儲備、加速發展物業開發為重點，不斷提高公司的盈利水平，增強公司可持續發展能力。

最後，本人謹代表公司董事會向一直以來支持我們的各位股東致以誠摯的謝意，並對董事會及監事會同仁的勤勉盡責，以及全體員工的辛勤工作表示衷心感謝！



賀江川

HE Jiang-Chuan

董事長

*Chairman*

中國·北京 二零零七年四月十八日

Beijing, the PRC, 18th April 2007

in Beijing, the city's economy will continue to maintain a rapid and steady growth in 2007. With the 2008 Olympic Games arriving, the economies of the Olympic-neighbouring districts have been heating up. The Company's major property development projects, investment properties and the entire retail operation are all located in the Olympic core district, and this distinct geographical advantage offers massive business opportunities to the Company. The Company will effectively grasp such development opportunities, focusing on the building of land reserves and accelerating property developments, so as to continuously raise the Company's profits.

Finally, I would like to express sincere thanks on behalf of the board of directors of the Company to our shareholders for their continued support, and extend my heartfelt gratitude and appreciation towards members of the board and the Supervisory Committee for their diligence and dutifulness, as well as towards the Company's staff for their hard work.