

本公司董事會謹向股東提呈董事會報告及本公司及其附屬公司（「本集團」）截至二零零六年十二月三十一日止年度經審核之財務報告。

主要業務

本公司之主要業務為物業投資、物業出租、土地和物業開發、零售商業、經營酒店及餐飲業。附屬公司之主要業務是在中國北京進行物業發展及投資。

業績及利潤分配

本集團截至二零零六年十二月三十一日止年度按香港會計準則之業績及於該日之財務狀況載於年報第 45 頁至第 52 頁。

股息

董事會建議派發截至二零零六年十二月三十一日止年度末期股息，每股人民幣 0.04 元。合共人民幣 134,681,000 元。

財務摘要

本集團於過往五年之合併業績、資產及負債摘要載於年報第 3 頁至第 4 頁。

主要客戶及供應商

本年度內，本集團從其五位最大供應商購入之貨品及服務少於百分之三十，向其五位最大客戶售出之貨品及服務亦少於百分之三十。

概無董事、彼等之聯繫人士或任何股東（指據董事所知擁有本公司百分之五以上股本權益之股東）於上述之主要供應商或客戶中擁有任何權益。

物業、廠房及設備

本集團在本年度的固定資產變動情況分別載於財務報表附註 6。

The Board is pleased to present to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December 2006.

Principal Activities

The Company is principally engaged in property investment, property leasing, land and property development, retail operation, hotel operation and the provision of food and beverage services. The subsidiaries are mainly engaged in property development and investment in Beijing, the PRC.

Results and Profit Distribution

The results of the Group for the year ended 31st December 2006 and its financial position as at the date prepared in accordance with HKFRS are set out on pages 45 to 52 of the annual report.

Dividends

The Board recommends the payment of a final dividend of RMB0.04 per share for the year ended 31st December 2006, totalling RMB134,681,000.

Financial Highlights

The Group's consolidated results and summaries of assets and liabilities for the last five years are set out on pages 3 to 4 of the annual report.

Major Customers and Suppliers

During the year, less than 30% of the Group's cost of purchase of goods and services are derived from its five largest suppliers and less than 30% of the Group's revenue is derived from its five largest customers.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers or customers mentioned above.

Property, plant and equipment

Details of the movement of fixed assets of the Group during the year are set out in notes 6 to the financial statements respectively.

主要物業

本集團擁有之主要物業概要載於年報第 144 頁至第 145 頁。

儲備

於本年度內本集團及本公司儲備之變動情況載於財務報表附註 17。

購買、出售及贖回本公司之股份

本公司於本年度內並無贖回本公司的股份。本公司及其附屬公司於本年度內並無購買或出售本公司的股份。

董事及監事

於本年度內及截至本報告日期之董事及監事如下：

執行董事

賀江川	董事長
趙惠芝	董事
劉建平	董事
陳冀	董事

獨立非執行董事

孟焰	董事
余勁松	董事
符耀文	董事

監事

沈倚山	監事長
陳援朝	監事
柳耀中	監事

Principal Properties

The summary of principal properties owned by the Group is set out on pages 144 to 145 of the annual report.

Reserves

Details of movements of reserves of the Group and the Company during the year are set out in note 17 to the financial statements.

Purchase, Sale and Redemption of Shares

The Company had not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's issued shares during the year.

Directors and Supervisors

The directors and supervisors for the year and up to the date of this report are as follows:

Executive Directors

HE Jiang-Chuan	Chairman
ZHAO Hui-Zhi	Director
LIU Jian-Ping	Director
CHEN Ji	Director

Independent Non-Executive Directors

MENG Yan	Director
YU Jing-Song	Director
FU Yiu-Man, Peter	Director

Supervisors

SHEN Yi-Shan	Chairman
CHEN Yuan-Chao	Supervisor
LIU Yao-Zhong	Supervisor

本公司已獲得各獨立非執行董事確認彼等的獨立性，認為所有獨立非執行董事與本公司概無關連。

董事、監事及高級管理人員之簡介載於年報第24頁至第26頁。

本公司現任董事、監事於二零零六年五月十六日舉行的股東週年大會上換屆選舉產生。

根據本公司之公司章程、董事及監事任期為三年，任期屆滿之時，彼等可選連任。

本公司已接獲沈倚山先生提出辭任由股東代表出任的監事之函件及本公司一位股東的書面通知有意提名何文玉先生為由股東代表出任的監事以代替沈倚山先生。在將召開之股東週年大會上將提呈決議案批准此等辭任及委任。何文玉先生之簡介載於股東週年大會通告內附註10（年報第150頁）

無任何董事或監事與本公司或其附屬公司訂有若於一年內本集團如終止即須作出賠償（法定賠償除外）之服務合約。

合資格會計師

本公司仍未能聘請符合上市規則第3.24條所指定資格的合資格會計師。本公司現正物色具備條件的會計師，以盡快填補空缺。本公司將通知各股東有關委任合資格會計師的進展。

The Company has received confirmation from each of the independent non-executive directors of their independent and considered all independent non-executive directors to be independent to the Company.

The biographical details of directors, supervisors and senior management are set out on pages 24 to 26 of the annual report.

The current directors and supervisors of the Company were elected at the annual general meeting which was held on 16th May 2006.

In accordance with the provisions of the Company's Article of Association, the term of office of the directors and supervisors shall be three years. Upon expiry of the term, they shall be eligible for re-election.

The Company has received a letter from Mr. SHEN Yi-Shan who would resign from the supervisor representing the shareholders. In addition, the Company has received a written notice from a shareholder of the Company to nominate Mr. HE Wen Yu as candidate for election as supervisor representing the shareholders to replace Mr. SHEN. Resolutions will be proposed at the forthcoming Annual General Meeting to approve such resignation and appointment. The biographical details of Mr. HE Wen Yu are set out in Note 10 to the Notice of Annual General Meeting (page 150 of the annual report).

None of the directors or supervisors has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Qualified Accountant

The Company has not been able to employ a Qualified Accountant with the specified qualifications set out in Rule 3.24 of the Listing Rules. The Company is in the process of finding a suitable candidate to assume such a position as soon as practicable. The Company will keep the shareholders of the Company informed of the progress of the appointment of the Qualified Accountant.

董事酬金

董事酬金情況載於財務報表附註 25。

最高酬金人士

本年度本集團獲最高酬金之首兩位人士均為本公司董事。

管理合約

除本報告中提到的關連交易所簽訂之合約外，本年度內，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或存在任何合約。

董事及監事所佔股本權益

於二零零六年十二月三十一日，本公司董事、監事及高級行政人員概無在本公司或其相關法團（定義見證券及期貨條例第 XV 部（「證券及期貨條例」））的股份、相關股份及債權證中，擁有任何根據證券及期貨條例第 352 條規定須予備存的登記冊所記錄或依據上市公司董事進行證券交易的標準守則通知本公司或香港聯合交易所有限公司的權益或淡倉。於本年度內，本公司董事、監事及高級行政人員或彼等之配偶或 18 歲以下子女概無持有可認購本公司股本或債務證券之權利，彼等亦無行使任何該項權利。

Directors' Emoluments

Details of directors' emoluments are set out in note 25 to the financial statements.

Highest Paid Individuals

During the year, the two individuals with the highest emoluments in the Group are directors of the Company.

Management Contracts

Except for the connected transactions as stated in this report, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' and Supervisors' Interests in Shares

As at 31st December 2006, none of the directors, supervisors and chief executives of the Company has any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined under the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors. None of the directors, supervisors and chief executives of the Company, their spouses or children under the age of 18 had been granted any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights during the year.

董事及監事之合約權益

於本年度末及本年度內任何時間，除有關本公司業務之服務合約外，本公司、本公司主要股東、任何本公司之附屬公司或同系集團之附屬公司概無訂有本公司各董事及監事直接或間接擁有重大利益之重要合約。

董事於競爭性業務之利益

於年內及截至本報告日期止，按香港聯合交易所有限公司證券上市規則（「上市規則」）規定，本公司之董事及管理層股東無與本集團業務有所競爭或可能競爭之業務中持有權益。

股票發行與上市情況

股份類別	H 股
上市地點	香港
發行價格	每股 2.40 港元
上市日期	一九九七年五月十四日
發行股數	707,020,000 股
股份類別	A 股
上市地點	上海
發行價格	每股 2.40 元人民幣
上市日期	二零零六年十月十六日
發行股數	1,500,000,000 股

Interests of Directors and Supervisors in Contracts

Apart from service contracts in relation to the Company's business, no contract of significance to which the Company, its major shareholders, any of its subsidiaries or its fellow subsidiaries was a party, and in which a director or supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Interests of Directors in Competing Business

During the year and up to the date of this report, none of the directors or management shareholders has any interest in business which competes or may compete with the business of the Group under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Details of Share Offering and Listing

Class of shares	H shares
Listing place	Hong Kong
Offer price	HK\$2.40 per share
Listing date	14th May 1997
Number of issued shares	707,020,000 shares
Class of shares	A shares
Listing place	Shanghai
Offer price	RMB2.40 per share
Listing date	16th October 2006
Number of issued shares	1,500,000,000 shares

股本

本公司於二零零六年十二月三十一日之已發行股份總數為 3,367,020,000 股，包括：

境內上市			
股份 A 股	2,660,000,000	佔 79.002%	
境外上市			
股份 H 股	707,020,000	佔 20.998%	

Share Capital

The Company's total number of issued shares as at 31st December 2006 was 3,367,020,000 shares, comprising:

Domestic listed			
A shares	2,660,000,000	Representing 79.002%	
Foreign listed			
H shares	707,020,000	Representing 20.998%	

主要股東持股情況

於二零零六年十二月三十一日，本公司根據證券及期貨條例第 336 條規定須予備存的登記冊所記錄，本公司董事、監事及高級行政人員以外的股東在本公司的股份及相關股份中擁有的權益及淡倉如下：

本公司股份及相關股份的好倉情況：

Substantial Shareholders' Shareholding

As at 31st December 2006, the interests or short positions of the shareholders, other than directors, supervisors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares of the Company:

股東名稱	股份類別	股份數目	相關股份	權益性質	佔有關類別的股本比率	佔總股本比率	
Name of shareholders	Class of shares	No. of shares held	No. of relevant shares held	身份	Nature of interest	Percentage (%) of total shares	
北京北辰實業集團公司 Beijing North Star Industrial Group Company	A 股 A shares	1,160,000,000	—	實益持有人 Beneficial owner	法團權益 Corporate interest	43.609%	34.452%

除上述所披露者外，根據證券及期貨條例第 336 條規定須予備存的登記冊所示，本公司並無接獲任何有關於二零零六年十二月三十一日在本公司股份及相關股份中擁有的權益或淡倉的通知。

Save as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31st December 2006.

本公司A、H股市場十大流通股股東情況
於二零零六年十二月三十一日，本公司備存的
A股及H股股東名冊所記錄，十大股東情況如
下：

Top 10 shareholders in the A-share and H-share markets
As at 31st December, 2006, the top 10 shareholders as recorded in the registers of holders
of A shares and H shares kept by the Company are as follows:

序號	股東名稱	股份性質	股數 (股)	佔總股本 比率 Percentage of total shares (%)
Number	Name of shareholders	Types of shares	Number of shares (shares)	Percentage of total shares (%)
1	北京北辰實業集團公司 (SLS) Beijing North Star Industrial Group Company	A 股 A shares	1,160,000,000	34.452%
2	香港中央結算 (代理人) 有限公司 HKSCC NOMINEES LIMITED	H 股 H shares	674,114,998	20.021%
3	北京王府井百貨 (集團) 股份有限公司 Beijing Wangfujing Department Store (Group) Co., Ltd.	A 股 A shares	150,000,000	4.455%
4	中航鑫港擔保有限公司 Zhong Hang Xin Gang Guarantee Co., Ltd.	A 股 A shares	135,000,000	4.009%
5	富邦資產管理有限公司 Fu Bon Asset Management Co., Ltd.	A 股 A shares	85,000,000	2.524%
6	中國石化財務有限責任公司 Sinopec Finance Co., Ltd.	A 股 A shares	50,000,000	1.484%
7	浙江海越股份有限公司 Zhejiang Haiyue Co., Ltd.	A 股 A shares	50,000,000	1.484%
8	深圳龍發國泰投資有限公司 Shenzhen Long Fa Guo Tai Investment Co., Ltd.	A 股 A shares	30,000,000	0.890%
9	全國社保基金五零三組合 National Social Security Fund Portfolio 503	A 股 A shares	30,000,000	0.890%
10	浙江農資集團有限公司 Zhejiang AMP Incorporation	A 股 A shares	20,000,000	0.593%
	合計 Total	—	2,384,114,998	70.807%

發行 H 股募集所得資金運用情況

本公司於一九九七年五月發售 H 股並於一九九七年五月十四日在香港聯交所掛牌上市，共籌集資金淨額（扣除費用後）約為人民幣 1,730,440,000 元。

籌集資金淨額之運用乃根據本公司於一九九七年五月六日發行之招股說明書中「所得款項用途」一欄所述，本集團前次募集資金已全部使用完畢。

發行 A 股募集所得資金運用情況

公司於 2006 年通過首次發行募集資金 3,517,070,000 元，已累計使用 1,584,370,000 元，尚未使用 1,932,700,000 元。尚未使用募集資金隨著承諾項目開發進度逐步投入。

根據中國證券監督管理委員會出具的證監發行字[2006]44號核准文件，我公司於2006年10月16日發行A股並在上海證券交易所掛牌上市。共發行人民幣普通股A股1,500,000,000股，每股發行價為人民幣2.4元，募集股款人民幣3,600,000,000元，扣除相關發行費用人民幣82,930,000元後，淨募集資金總額人民幣3,517,070,000元。截止2006年12月31日，已使用募集資金1,584,370,000元，尚未使用募集資金1,932,700,000元。募集資金餘款將隨承諾項目開發進度逐步投入，或根據2003年第一次臨時股東大會決議，將籌集資金超過承諾項目所需資金部分用於減少債項亦可作為一般營運資金。

委託存款及逾期定期存款

截止二零零六年十二月三十一日，本集團並無任何委託存款放於中國金融機構，本集團之所有現金存款現均存放在中國之商業銀行，並符合適用之法例及規則。本集團並未遇到銀行存款到期而未能取回的情況。

Use of Proceeds from H Share Issue

The Company issued H shares in May 1997 and such shares were listed on the Hong Kong Stock Exchange on 14th May 1997, raising approximately RMB1,730,440,000 in net proceeds (excluding fees).

The use of the net proceeds was stated in the item "Use of Proceeds" set out in the IPO prospectus published by the Company on 6th May 1997. The proceeds from the previous fund raising activity are already used up.

Use of Proceeds from A Share Issue

During 2006, the Company raised RMB3,517,070,000 in proceeds from initial public offering, with an aggregate of RMB1,584,370,000 already used, with un-utilised proceeds amounted to RMB1,932,700,000. The un-utilised proceeds will be gradually invested in the undertaken projects in line with their development progress.

Pursuant to the approval document Zheng Jian Fa Xing Zi [2006] No.44 issued by the China Securities Regulatory Commission, the Company issued and listed A shares at the Shanghai Stock Exchange on 16th October 2006. A total of 1,500,000,000 Renminbi-denominated ordinary shares (A shares) were issued at an offer price of RMB2.40 each, raising RMB3,600,000,000 in proceeds. After deducting RMB82,930,000 of relevant issuing fees, net proceeds amounted to RMB3,517,070,000. As at 31st December 2006, RMB1,584,370,000 of the proceeds had been used and the un-utilised proceeds amounted to RMB1,932,700,000. The remaining balance of the proceeds will be gradually invested in the undertaken projects in line with their development progress; or in case the proceeds exceeds the total fund needed by the undertaken projects, such excess amount may be used for debt reduction or general working capital purposes, pursuant to the resolution passed at the 2003 first extraordinary general meeting.

Designated Deposits and Due Fixed Deposits

As at 31st December 2006, the Group had no designated deposits placed with financial institutions in the PRC. All of the Group's cash deposits are placed with commercial banks in the PRC and are in compliance with relevant laws and regulations. The Group has not experienced any incident of not being able to withdraw bank deposits when due.

僱員退休福利計劃

本集團之僱員退休福利計劃載於財務報表附註 25。

員工宿舍

本年度本集團並無向員工提供任何員工宿舍。

關連交易

- 於二零零七年一月十九日，本公司與瀋陽東軟軟件股份有限公司（「瀋陽東軟」）分別以承讓人及轉讓人身份就對象公司北京北辰東軟信息技術有限公司北辰東軟 49% 股份訂立股權轉讓協議。

收購對價為人民幣 18,426,000 元，此對價是本公司與瀋陽東軟在參考北辰東軟 2005 年底經審計淨資產值的基礎上，經過公平協商確定的。

有關上述交易之公告已於二零零七年一月二十二日刊載於若干國內及香港報章及上海、香港交易所網頁。

- 根據本公司與北辰集團公司於一九九七年四月十一日簽訂的一項綜合服務協定（「綜合服務協定」），截至二零零六年十二月三十一日止年度與北辰集團公司之間就該協定所收取之款項詳情如下：

本公司提供予北辰集團公司的主要服務項目：

		定價基準	Pricing basis	人民幣總值 千元 Gross amount RMB'000
電力	Electricity	市場價	Market price	124
電話	Telephone	市場價	Market price	102
總計	Total			<u>226</u>

Staff Retirement Scheme

Details of the Group's staff retirement scheme are set out in note 25 to the financial statements.

Staff Housing Quarters

During the year, the Group did not provide any housing quarters to its staff.

Connected Transactions

- On 19th January 2007, the Company and Shenyang Dongruan Software Company Limited ("Shenyang Dongruan") entered into an equity transfer agreement, as transferee and transferor respectively, in respect of 49% shares of the subject company Beijing North Star Dongruan Information Technology Limited ("North Star Dongruan").

The consideration of RMB18,426,000 was arrived at after arm's length negotiation between the Company and Shenyang Dongruan, by reference to North Star Dongruan's audited net asset value as at 31st December 2005.

An announcement in relation to the transaction was published in designated domestic and Hong Kong newspapers and the respective websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 22nd January 2007.

- Pursuant to a miscellaneous service agreement dated 11th April 1997 entered into with BNS Group Company, the amount settled with BNS Group Company for the year ended 31st December 2006 is as follows:

Principal services provided by the Company to BNS Group Company:

除協定另有訂明者外，本公司或北辰集團公司所提供的各種服務的代價均按現行政府所定的價格而計算。然而，如並無可供使用的政府所定價格，則有關價格將按可供比較的當地市價（如無當地市價，則按本公司或北辰集團公司於提供有關服務時所出現的合理成本（視情況而定））計算。

3. 根據一九九七年四月十一日與北辰集團公司簽訂的一項土地租賃協議及二零零三年七月二十八日簽訂的土地使用權協定，二零零六年度租金為人民幣12,848,000元。本公司已於二零零六年十二月三十一日前支付予北辰集團公司。

除上文披露者外，並無其他需披露的交易。

銀行貸款及其它借貸

於二零零六年十二月三十一日，本集團之銀行貸款及其它借貸詳情載於財務報表附註20。

優先購買權

根據本公司的章程及有關法律，並無規定本公司發行新股時須先讓現有股東按其持股比重購買新股。

附屬公司

本公司各主要附屬公司之詳細資料載於財務報表附註10。

重大訴訟

本年度內本集團概無重大訴訟或仲裁事項。

Save as provided otherwise in the relevant agreement, the services provided by the Company or BNS Group Company were charged in accordance with the pricing scheme determined by the government. Where there is no such pricing scheme, the service charge would be determined by reference to comparable local market rate. If no such market rate is available, the price shall be determined on the basis of the reasonable cost incurred by the Company or BNS Group Company (as appropriate) in providing the services.

3. According to a lease agreement dated 11th April 1997 and a land use right agreement dated 28th July 2003 entered into with BNS Group Company, the rental for the year 2006 was RMB12,848,000 and has been fully settled by 31st December 2006.

Save as disclosed above, the Company had not entered into any other disclosable transactions.

Bank Loans and Other Borrowings

As at 31st December 2006, the bank loans and other borrowings of the Group are set out in note 20 to the financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles and related laws which oblige the Company to offer new shares on pro-rata basis to existing shareholders.

Subsidiaries

Details of the Company's subsidiaries are set out in note 10 to the financial statements.

Major Litigation

The Group is not involved in any litigation or arbitration of material importance during the year.

經營業績

二零零六年財政年度與二零零五年財政年度之比較：

Results of Operations

Comparison of Financial Year 2006 to Financial Year 2005:

				二零零六年 比二零零五年 上升／(下跌)
		二零零六年	二零零五年	Increase/ (decrease)
		2006	2005	compared to
		(人民幣千元)	(人民幣千元)	2005
		(RMB'000)	(RMB'000)	(%)
收入	Turnover	2,810,561	2,870,598	(2%)
股東	Profit attributable to equity holders			
應佔溢利	of the Company	395,274	253,604	56%
分部溢利：	Segment results:			
物業及土地銷售	Properties and land sales	363,804	150,944	141%
購物中心業務	Shopping centre operations	57,664	56,789	1.5%
投資物業	Investment properties	189,787	136,938	39%
酒店業務	Hotel operations	90,227	65,997	37%
其他業務	Other operations	(2,807)	(74)	—

所得稅政策

本公司及其附屬公司和聯營公司遵照中國法律及法規，按應納稅所得的 33% 交納企業所得稅。

Policies on Income Tax

The Company and its subsidiaries and associated companies paid PRC enterprise income tax at a rate of 33%.

財政資源及流動資金狀況

於二零零六年十二月三十一日之權益較二零零五年十二月三十一日之權益上升76%。本集團在二零零六年財政年度結束日之銀行借款淨額為人民幣970,000,000元，其中人民幣650,000,000元將於二零零七年償還，人民幣300,000,000元將於二零零八年償還，人民幣20,000,000元將於二零一一年償還。本集團於二零零六年五月二十九日發行總額為人民幣1,500,000,000元之企業債券，此債券票面年利率4.1%，每年5月付息一次，本金將於二零壹六年全部償還，本期債券募集資金人民幣1,478,980,000元。本集團於二零零六年十月十六日發行1,500,000,000股之人民幣普通股，募集資金淨額為人民幣3,517,070,000元。本集團流動資產主要是銀行存款及現金、待出售已落成物業及待出售開發中物業，流動資產的數額為人民幣11,832,352,000元，而流動負債數額則為人民幣4,639,213,000元。於二零零六年十二月三十一日，銀行存款及現金的餘額為人民幣5,098,003,000元。

截止二零零六年十二月三十一日止本集團人民幣120,000,000元的銀行借款以部分開發中物業的土地使用權為抵押。集團的資產與負債的比率為43.63%。集團並無重大或有負債，除就若干物業單位購買方安排銀行融資，並對該等購買方的還款責任提供擔保。於二零零六年十二月三十一日，未清償的擔保金額為人民幣1,906,974,000元。集團並無匯率風險對沖。

董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載的標準守則。已向所有本公司董事及監事作出特定查詢後，本公司確認其董事及監事於本年度內一直遵守標準守則所載規定的標準。

Financial Resources and Liquidity

At 31 December 2006, the equity of the Group increased by 76% from that of 31 December 2005. The Group's total borrowings from banks as at 31 December 2006 was RMB970,000,000, of which RMB650,000,000 is payable in 2007, RMB300,000,000 is payable in 2008 and RMB20,000,000 is payable in 2011. On 29th May 2006, the Group issued the corporate bond for a principal amount of RMB1,500,000,000, with a coupon rate of 4.1% per annum, of which the interest will be paid in May annually and the principal will be fully paid in 2016. During the reporting period, the proceeds raised by bond insurance amounted to RMB1,478,980,000. On 16 October 2006, the Group issued 1,500,000,000 shares of RMB-denominated ordinary shares, raising net proceeds of RMB3,517,070,000. Current assets of the Group, which mainly comprised cash at bank and on hand, properties held for sale and properties under development for sale, amounted to RMB11,832,352,000, whereas the Group's current liabilities amounted to RMB4,639,213,000. As at 31 December 2006, cash at bank and on hand amounted to RMB5,098,003,000.

As at 31 December 2006, the Group's bank borrowings of RMB120,000,000 were secured by certain land use rights in properties under development. Gearing ratio for the Group was 43.63%, calculated by dividing total liabilities over total assets. The Group has no contingent liabilities except for the guarantees for the bank financing for certain purchasers of property units to secure obligations of such purchasers for repayments. The outstanding guarantees amounted to RMB1,906,974,000. The Group has no exposure to exchange rate fluctuations and hedging.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors and supervisors of the Company, the Company confirmed that its directors and supervisors have complied with the required standards as set out in the Model Code during the year.

企業管治常規守則

本公司致力維繫及建立高水平的企業管治，本公司在本年度內已完全遵守《上市規則》附錄十四《企業管治常規守則》的守則條文。

審核委員會

公司自二零零四年九月成立審核委員會。審核委員會由三名獨立非執行董事組成，包括孟焰先生（主席）、余勁松先生及符耀文先生。其職責包括檢討和監察公司之財務匯報程序及內部監控制度。審核委員會與管理層已共同檢討本集團採納之會計準則及主要政策，並討論帳項審核、內部監控及財務匯報等事宜，當中亦包括審閱集團未經審核的中期財務報告及經審核的全年財務報表。審核委員會亦已審閱本集團截至二零零六年十二月三十一日止年度全年財務報表。

公眾持股量

就可提供本公司之公開資料及本公司董事所知。於本報告日，本公司已發行股份有足夠並超過上市規則規定 25% 之公眾持股量。

其它重大事項

二零零六年五月二十九日至六月二日，公司成功發行十年期 1,500,000,000 企業債券，票面年利率為 4.1%。本期債券募集資金人民幣 1,478,980,000 元，將全部用於奧林匹克公園國家會議中心及配套設施工程的建設。

二零零六年十月十六日，公司在上海證券交易所成功發行 1,500,000,000A 股，募集資金用於北辰大廈和奧運媒體村項目建設。

Code on Corporate Governance Practices

The Company has strived to maintain and establish a high level of corporate governance and fully complied with the Code Provisions set out in Appendix 14 “Code on Corporate Governance Practices” of the Listing Rules during the year.

Audit Committee

The Company has established an audit committee since September 2004. The audit committee comprises three independent non-executive directors, Mr. MENG Yan as Chairman, Mr. YU Jing-Song and Mr. FU Yiu-Man, Peter. Their duties include reviewing and supervising the Company’s financial reporting process and internal control systems. The audit committee and the management have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, and financial reporting matters including review of unaudited interim financial report and audited annual financial statements. The audit committee has also reviewed the financial statements of the Group for the year ended 31st December 2006.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of more than 25% of the Company’s issued shares as required under the Listing Rules.

Other Major Events

During the period between 29th May 2006 and 2nd June 2006, the Company successfully issued the 10-year corporate bond for a principal amount of RMB1,500,000,000. The bond carries a coupon rate of 4.1% per annum. The bond issue raised RMB1,478,980,000 in proceeds, with the entire amount to be used for the construction of the Olympic Park National Convention Centre and the ancillary facilities.

On 16th October 2006, the Company successfully issued 1,500,000,000 A shares on the Shanghai Stock Exchange. Proceeds will be used for the construction of the Beichen Building and Olympic Media Village projects.

本公司擁有北京市朝陽區北辰東路8號亞運村A區及B區（「AB地塊」）的土地使用權。因北京市2008年舉辦第29屆夏季奧林匹克運動會及北京市規劃調整的原因，AB地塊被列入奧林匹克中心公園奧運場館用地規劃，本公司已無法按原規劃對AB地塊進行開發。為了使本公司免受損失，北京市人民政府國有資產監督管理委員會「委員會」於2007年3月2日向本公司的控股股東北京北辰實業集團公司（「北辰集團」）出具了《北京市人民政府國有資產監督管理委員會關於解決北京市朝陽區北辰東路8號亞運村A區及B區補償事宜的通知》（京國資改革字[2007]4號）（「通知」），決定對本公司進行補償。具體補償金額以AB地塊賬面價值人民幣972,740,000元扣減欠繳土地出讓金人民幣435,069,900元計算，確定為人民幣537,670,100元。該補償款由北辰集團代表政府直接支付，補償款支付後，委員會相應核減北辰集團的國有資本金。有關公告已於二零零七年四月十二日刊載於若干國內及香港報章及上海、香港交易所網頁。

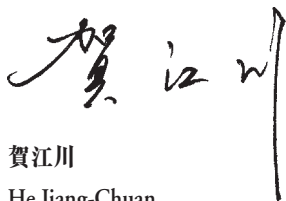
The Company owns the land use rights of a piece of land situated at Area A and Area B, Yayun Village, 8 Beichen East Road, Chaoyang District, Beijing (the "AB Land"). Because of the holding of the 29th Summer Olympic Games in Beijing in 2008 and government planning for Beijing city, the AB Land was allocated by the government to be used for building facilities of the Olympic Games. As such, the Company will no longer develop the AB Land in accordance with its previous planning. On 2 March 2007, the State-owned Assets Supervision and Administration Commission of Beijing Municipal Government (the "Commission") issued a notice regarding the compensation for the AB Land numbered 《京國資改革字[2007]4號》 (the "Notice") to Beijing North Star Industrial Group Company ("BNS Group Company"), the controlling shareholder of the Company with regard to such compensation. The specific compensation amounted to RMB537,670,100 which was arrived at by deducting an outstanding land premium of RMB435,069,900 from the book value of the AB Land being RMB972,740,000. Such compensation will be paid by BNS Group Company on behalf of the government. Upon payment of the compensation, a respective amount of the state-owned capital of BNS Group Company will be deducted by the Commission subsequently. An announcement in relation to the above was published in designated newspapers in the PRC and Hong Kong, and was posted on websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 12th April 2007.

核數師

本公司賬目經由羅兵咸永道會計師事務所及普華永道中天會計師事務所有限公司審核。彼等依章告退，但願繼續受聘為本公司之核數師。股東週年大會上將提呈決議案，重新委任普華永道中天會計師事務所有限公司為公司的境內審計機構，聘羅兵咸永道會計師事務所為境外核數師。

承董事會命

By Order of the Board



賀江川

He Jiang-Chuan

董事長

Chairman

中國•北京，二零零六年四月十八日

Beijing, the PRC, 18th April 2007

Auditors

The financial statements have been audited by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. who retire and being eligible, offer themselves for reappointment. A resolution reappointing PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. as the Company's domestic auditors and PricewaterhouseCoopers as the Company's foreign auditors will be proposed at the forthcoming Annual General Meeting.