



# 首創置業股份有限公司

## BEIJING CAPITAL LAND LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2868)

### 2004 ANNUAL RESULTS ANNOUNCEMENT

#### FINANCIAL HIGHLIGHTS

- Turnover was approximately RMB1,629,332,000 (2003: RMB1,920,522,000).
- Gross profit margin reached 26.4% (2003: 26.6%).
- Operating profit was approximately RMB439,256,000 (2003: RMB473,383,000).
- Profit attributable to shareholders was approximately RMB283,197,000, representing a year-on-year growth of 11%.
- Basic earnings per share was approximately RMB17.55 cents (2003: RMB18.54 cents).
- The Board of Directors recommended the payment of a final dividend of RMB7 cents per share (2003: a final dividend of RMB2.5 cents per share and a final special dividend of RMB2.5 cents per share).

The Board of Directors (the “Board”) of Beijing Capital Land Ltd. (the “Company” or “Beijing Capital Land”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December 2004 as follows:

		For the year ended 31st December 2004 <i>RMB'000</i>	For the year ended 31st December 2003 <i>RMB'000</i>
	<i>Note</i>		
Turnover	2	<b>1,629,332</b>	1,920,522
Cost of sales		<b>(1,199,531)</b>	(1,410,152)
Gross profit		<b>429,801</b>	510,370
Other income		<b>176,558</b>	55,989
Selling expenses		<b>(79,132)</b>	(25,673)
Administration and other expenses		<b>(87,971)</b>	(67,303)
Operating profit	4	<b>439,256</b>	473,383
Finance costs	5	<b>(74,195)</b>	(11,146)
Share of profits less losses of			
— Jointly controlled entities		<b>19,222</b>	(3,369)
— Associated companies		<b>70,819</b>	1,339
Profit before taxation		<b>455,102</b>	460,207
Taxation	6	<b>(135,093)</b>	(158,487)
Profit after taxation		<b>320,009</b>	301,720
Minority interests		<b>(36,812)</b>	(46,369)
Profit attributable to shareholders		<b>283,197</b>	255,351
Dividends	7	<b>120,117</b>	150,053
Basic earning per share	8	<b>RMB17.55 cents</b>	RMB18.54 cents

*Note:*

#### 1 BASIS OF PREPARATION

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”). They have been prepared under the historical cost convention.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December 2004.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

#### 2 TURNOVER

The Group is principally engaged in property development and investment, hotel operation and project development consulting operation. Turnover recognized during the year is as follows:

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Properties and land sales	<b>1,518,567</b>	1,894,702
Hotel operation	<b>40,765</b>	—
Project development consulting	<b>70,000</b>	—
Property management	<b>—</b>	25,820
	<b>1,629,332</b>	1,920,522

#### 3 SEGMENT INFORMATION

No geographical segment analysis is presented as all assets and operations of the Group for the year are located in the PRC.

##### Primary reportable segments

	Property and Land sales 2004 <i>RMB'000</i>	Project development consulting 2004 <i>RMB'000</i>	Hotel Operation 2004 <i>RMB'000</i>	Group 2004 <i>RMB'000</i>
Turnover	<b>1,518,567</b>	<b>70,000</b>	<b>40,765</b>	<b>1,629,332</b>
Segment results	<b>378,713</b>	<b>61,493</b>	<b>(15,690)</b>	424,517
Net unallocated corporate expenses				(49,495)
Interest income				64,234
Finance costs				(74,195)
Share of results of				
— Jointly controlled entities	19,222	—	—	19,222
— Associated companies	70,819	—	—	70,819
Taxation				(135,093)
Minority interests				(36,812)
Profit attributable to shareholders				<b>(283,197)</b>

	Property and Land sales 2003 <i>RMB'000</i>	Sales agency and property management services 2003 <i>RMB'000</i>	Group 2003 <i>RMB'000</i>
Turnover	<b>1,894,702</b>	<b>25,820</b>	<b>1,920,522</b>
Segment results	<b>461,468</b>	<b>(2,152)</b>	459,316
Net unallocated corporate income			135
Interest income			13,932
Finance costs			(11,146)
— Share of results of			
— Jointly controlled entities	(3,369)	—	(3,369)
Associated companies	(850)	2,189	1,339
Taxation			(158,487)
Minority interests			(46,369)
Profit attributable to shareholders			<b>255,351</b>

#### 4 OPERATING PROFIT

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Operating profit is stated after crediting the following:		
Interest Income	<b>64,234</b>	13,932
Gain on disposal of associated companies	<b>49,315</b>	41
Gain on disposal of subsidiaries	<b>55,751</b>	2,182
Gain on disposal of other investments	<b>—</b>	32,413
Unrealized gain on other investments	<b>—</b>	5,579
Grants from government authorities	<b>6,396</b>	1,756

and after charging the following:

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Cost of inventories sold	<b>1,096,274</b>	1,307,661
Depreciation	<b>14,992</b>	3,110
Less: capitalized in properties under development	<b>(1,582)</b>	(1,885)
Loss on disposal of long-term investments	<b>—</b>	1,280
Provision for doubtful debts	<b>17,937</b>	153
Cancellation of sales from development project (a)	<b>70,854</b>	—

Note (a): Sales of a development project amounting to RMB272,250,000 for the year ended 31st December 2003 was reversed in 2004 upon the cancellation of the sales agreement. The relevant development project was then substantially sold to another independent party in 2004 at RMB274,000,000. The gross profit from the original contract of RMB70,854,000 that recognized in 2003 was reversed in 2004 while gross profit from the new contract amounting to RMB80,853,000 was recognized in the current year.

#### 5 FINANCE COSTS

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Interest on bank loans wholly repayable within 5 years	<b>150,708</b>	108,514
Interest on bank loans, not wholly repayable within 5 years	<b>11,275</b>	—
Interest on other loans wholly repayable within five years	<b>15,076</b>	16,150
	<b>177,059</b>	124,664
Amount capitalized in properties under development and construction in progress	<b>(102,864)</b>	(113,518)
	<b>74,195</b>	11,146

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
PRC income tax:		
Company and subsidiaries		
— Current taxation	126,556	154,312
— Deferred taxation	(22,023)	5,627
Share of taxation attributable to Jointly controlled entities	7,524	(1,452)
Share of taxation attributable to associated companies	23,036	—
	<u>135,093</u>	<u>158,487</u>

No provision for land appreciation tax (“LAT”) had been made as the directors consider that the Group is unlikely to receive demands from the tax authorities for payment of LAT up to the years ended 2004, which would otherwise have accumulated to approximately RMB156,184,000 (2003: RMB149,300,000) attributed to the Group after netting off potential income tax saving.

In 2003, upon the reorganization and the listing of the Company, a deed of tax indemnity has been entered into between the Promoters and the Group whereby the Promoters undertake to indemnify the Group in respect of, inter alia, all LAT payable in consequence of the disposal of the Group’s existing properties as at 30th April 2003.

7 DIVIDENDS

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Proposed dividend for the period from 1st January 2003 to 18th June 2003 to the shareholders of the Company	—	69,477
Proposed final dividend of RMB7 cents (2003: a final dividend of RMB2.5 cents and a final special dividend of RMB2.5 cents) per share	120,117	80,576
	<u>120,117</u>	<u>150,053</u>

At a meeting held on 22nd March 2005, the directors declared a final dividend of RMB7 cents per share based on the Company’s share capital of RMB1,715,960,000 of the day and the total amount payable will be RMB120,117,000. This proposed dividend is not represented as a dividend payable in these accounts, but will be reflected as an appropriation of retained profit for the year ending 31st December 2005.

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group’s profit for the year of RMB283,197,000 for the year ended 31st December 2004 (2003: RMB255,351,000) and the weighted average number of 1,613,300,000 shares (2003: 1,377,041,000 shares) in issue during the year.

Diluted earnings per share is not presented as the Company has no dilutive potential shares in year 2004 and 2003, respectively.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28th April 2005 to 27th May 2005 (both dates inclusive). In order to qualify for the final dividend and final special dividend, all transfers, accompanied by the relevant share certificates of the H shareholders, must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:00 p.m. on 27th April 2004. It is expected that the final dividend will be paid on or about 15th June 2005.

BUSINESS REVIEW

During 2004, while mitigating the negative impacts brought forth by the implementation of macroeconomic measures, the Group capitalized on the favourable market environment to strengthen its competitive edge and continue to achieve historical highs, in terms of business performance, to create a satisfactory return for shareholders.

During 2004, the Group posted a turnover of RMB1,629,332,000, down by 15.2% from last year. Operating profit amounted to RMB439,256,000, 7% lower than previous year. Profit attributable to shareholders was RMB283,197,000, an increase of 11% when compared to the same period of the previous year. Basic earnings per share was RMB17.55 cents as compared to RMB18.54 cents in 2003. The Board of Directors recommended the payment of a final dividend of RMB7 cents per share for the year ended 31 December 2004.

During the period under review, the Group recorded satisfactory business performance, and its major achievements in the operating management area were as follow:

- Through the successful issue of additional H shares, the Group received favourable response from investors again, and continue to improve the capital structure
- With the significant changes of the land policy, the Group increased its land bank through public auction, and swiftly adapted to the new situation and continued to maintain its competitive advantage in land reserves
- The Group further diversified the capital channels through financing from foreign banks
- Continued to consummate the operating management system by establishing the public auction and tender system, to further reduce the construction cost; The establishment of the planning and design department aims to research and develop products that are cater for the demands of the customers; while the setting of the customers club strives to further extend the customer services
- The Central Holiday Inn, owned by the Group, commenced its operation in less than one year, and achieved business development which exceeded the Group’s expectations.

PROPERTY DEVELOPMENT

During the period under review, the Group completed 6 development projects with a total gross floor area (“GFA”) of 370,600 sq. m.

Development projects completed in FY 2004

Property	Type	Approximate GFA completed (Sq. m.)	Interests Attributable to BCL
Capital Development Tower	Offices/commercial	34,800*	100%
Sydney Coast	Villa/apartment/commercial	31,000	100%
Vancouver Garden	Villa/commercial	32,200	50%
Top Land	Office/ apartment/commercial	82,600	82%
Sunny Scenic View Phase II	Residential/commercial	96,000	18%
Upper East Side District C1	Residential/commercial /hotel	94,000	35%
<b>Total</b>		<u><b>370,600</b></u>	

\* *Note:* This refers to the actual measured area of Capital Development Tower upon completion.

SALES RESULTS

During 2004, contracted area of the Group’s properties was approximately 328,000 sq.m., up by 4.6% from the previous year, in which residential, office and commercial property accounted for 83%, 6% and 11% respectively. Contracted sales revenue was approximately RMB2.93 billion, or 21% higher than that of the previous year, in which residential, office and commercial property accounted for approximately 79%, 9% and 12% respectively. There was a delay in the launch of some development projects due to the implementation of macroeconomic measures. However, all properties launched for sale recorded overwhelming results, as both the selling price and area sold exceeded the Group’s expectations.

The following table shows the sales of the Group’s major development projects launched during the period under review:

Project	Approximate area for contracted sale (sq.m.)	Approximate average contracted selling price (RMB/sq.m.)	Approximate contracted total sales income (RMB'000)
<b>Residential</b>			
Top Land	32,000	11,200	358,400
Vancouver Garden	42,800	7,700 <sup>(1)</sup>	329,560
Sydney Coast	39,200	8,100 <sup>(2)</sup>	317,520
Winners Circle	39,500	6,600	260,700
Upper East Side	91,500	9,200	841,800
Phase II of Sunny Scenic View	25,800	7,600	196,080
<b>Sub-total</b>	<u><b>270,800</b></u>		<u><b>2,304,060</b></u>
<b>Office</b>			
Capital Development Tower	20,400	12,700	259,080
<b>Commercial Property</b>			
Beijing International Business Park	36,800	9,900 <sup>(3)</sup>	364,320
<b>Total</b>	<u><b>328,000</b></u>		<u><b>2,927,460</b></u>

*Remarks:*

- (1) Excluding ground floor area, the average contracted selling price was RMB10,900/sq.m.
- (2) Excluding ground floor area, the average contracted selling price was RMB9,500/sq.m.
- (3) The construction costs were borne by the buyers.

PROPERTY INVESTMENT

Central Holiday Inn commenced its operation at the end of March 2004. It is an international four-star hotel managed by Inter-Continental Hotels Group. The hotel, located in the business district of the Guanganmen government in the heart of Beijing, is directly connected to the office of the Municipal Government building and adjacent to many state ministries and commissions. With such advantages, the internationally recognized hotel is well- positioned for a business meetings hotel. After operating for three quarters, the hotel has maintained an occupancy rate of around 80% and was accredited “The Best Business Hotel in the Asia Pacific Region 2004” by the Inter-Continental Hotels Group.

The Finance Street Inter-Continental Hotel is an international five-star hotel managed by Inter-Continental Hotels Group. The interior decoration of the hotel has been completed and the hotel will commence operations in the near future. It will become the first international five-star hotel on Finance Street. With the successful launch of Central Holiday Inn, the Group is confident in the operation prospects of this new hotel. As Beijing accelerates its progress of internationalization, and with the imminent 2008 Olympic Games, the Group’s hotel investment is expected to capture opportunities and receive a substantial and stable cash flow.

Sunshine Building (also known as Huatang Building), in which the Group holds shareholding, completed construction in February 2005. It entered into a 20-year lease agreement with Ito-Yokada and customized its design for the company which owns Huatang Mall (華堂商場), a reputable shopping mall in Beijing.

LAND BANK

As at 31 December 2004, the Group’s land bank, when fully developed, will amount to a total GFA of approximately 3.53 million sq. m., of which around 92% is located in the northern part of Beijing and occupies the prime locations of the capital. 94% of the Group’s land bank has obtained long-term land use rights certificates, while the remaining 6% is expected to obtain long term land use rights certificates in 2005. The existing land bank is sufficient for the Group’s development for the next four to five years and will enable the Group to excel in future market competitions.

After 31 August 2004, lands have to be entirely transferred by means of public tender, bidding and auction in the PRC. In Beijing’s first public auction after the “8.31” policy, the Group successfully purchased two quality lots of residential land in Beijing, namely:

Shi Li Pu Residential Project, located at Shi Li Pu, Chaoyang District, is only two subway stations away from China World Trade Centre, the CBD hub. Its total planned GFA is 435,600 sq. m. and total land cost is approximately RMB934 million. Total investment is expected to be approximately RMB2.4 billion. The Group will partner with GIC for the development of the project, in which the Company holds 55% of equity interest. The project is planned to be launched for sale in the second half of 2005.

Xi’erqi Residential Project, located at Xi’erqi, Haidian District, is adjacent to the Xi’erqi light railway station and the Winners Circle Project developed by the Group. The total planned GFA is 391,000 sq. m. and the total land cost is approximately RMB1.175 billion. The total investment is expected to be approximately RMB2.3 billion. We will utilize this last piece of low-density residential land in Zhongguancun Science Park to provide a serene and comfortable residence for IT elites. The Group will join hands with North Science Construction Group for the development of the project, in which BCL owns a 40% equity interest. The project is planned to be launched for sale at the end of 2005.

Acquisition of the abovementioned two residential land sites not only enlarged the Group’s land bank, but also improved the Group’s land bank portfolio, conforming to the Group’s strategy of expanding its residential land bank. More importantly, in view of the significant changes to land policy, in which land transactions shall be conducted by way of public transaction instead of transfer agreement has, the Group can leverage on its capital flow and strong capability in development, to obtain quality land reserves. The Group will actively explore opportunities for the land development in the future, so as to further enhance its competitiveness in land reserves and to lay a solid foundation for the Group’s long-term and stable development.

PROSPECTS

As 2008 Olympic Games is imminent, Beijing’s economic development is reaching a new height. The progress of Beijing’s urban construction will be accelerated with improving public facilities and extending transportation network. The development potential of the Beijing property market is immense.

Facing the favourable development opportunities, the Group will continue to proactively implement the following strategies, in order to become a leading property operator in Asia:

- Continue to maintain its leading edges in land bank and capital sources
- Continue to extend cooperation with international developers and investors to further enhance product quality
- Adjust product mix, improve investment portfolio and accelerate capital flow
- Identify business opportunities arising from the Beijing Olympic Games and proactively explore opportunities for development in other district
- Increase capital investment for human resources to build up a management team for becoming an integrated property operator

FINANCIAL ANALYSIS

1 Revenue and Operating Results

In 2004, the Group’s operating profit was approximately RMB439,256,000 (2003: RMB473,383,000).

The Central Holiday Inn, owned by the Group, commenced its operation at the end of March 2004. After operating for three quarters, the hotel has maintained an occupancy rate of around 80% and generated RMB40,765,000 for the Group.

In addition, starting from 2004, the Group began to get involved in the consulting services vigorously, assists its clients to complete the procedures with respect to the application, investment and registration of state-owned land use right, modification and optimization of project plans and design schemes, market research and surveys, and product positions, formulation of marketing, promotion and sales plans for the project as a whole, invitation of tender for the preliminary works of the properties, and receives fees therefrom. In 2004, the project development consulting services business has contributed RMB70,000,000 to the Group. The Group will keep developing the consulting services, to become the major income and profit growth driver.

During 2004, turnover of the Group was RMB1,629,332,000 (2003: RMB1,920,522,000), a decrease of 15.2%. The decrease in turnover was mainly attributable to the disposal of interest from 26.5% to 11% in Super Shine’s project, therefore, the turnover from Super Shine was not incorporated into the Group’s accounts which significantly affected its turnover for the year.

2 Financial Resources, Liquidity and Liability Position

In 2004, the Group maintained a healthy cash flow and capital resources were reasonably allocated. As at 31st December 2004, the Group’s total assets were RMB8,813,316,000 (current assets were RMB5,985,994,000) and the total liability was RMB5,947,443,000 (current liabilities were RMB3,959,717,000 and non-current liabilities were RMB1,987,726,000, and the shareholder’s equity reached RMB2,314,252,000.

The Group is of good liquidity and sufficient solvent ability. Current ratio as at 31st December 2004 was 1.51.

As at 31st December 2004, the Group’s cash and short-term bank deposits amounted to RMB1,879,135,000, which represented sufficient cash flow for operations.

Bank loans of the Group as at 31st December 2004 was RMB4,226,251,000, which was mainly used to fulfil the capital requirements of the Group’s properties development projects.

Since the Group invests in Beijing, except for a loan facility of US\$ 32 million obtained for its subsidiaries from DBS Singapore, and a loan of US\$5.8 million as at 31st December 2004, all of the Group’s bank loans come from banks in PRC and are borrowed and repaid in RMB, there are no currency risks involved. Apart from the abovementioned loan in US\$, all of the Group’s bank borrowings were arranged on a non-floating rate basis.

As at 31st December 2004, our gearing ratio was 53.7%. Our gearing ratio is calculated by dividing the aggregate of (i) the Group’s short term and long term bank loans, (ii) net amounts due to ultimate holding company (iii) net of cash and bank balances (the balance of (i), (ii) and (iii) being referred to as “(A)”), by the aggregate of (A) and net assets of the Group.

3 Entrusted Deposits and Matured Time Deposits

As at 31st December 2004, the Group had not held any deposits under trusts or any time deposits in financial institutions in the PRC. All of the Group’s cash were held in commercial banks in the PRC in accordance with applicable laws and regulations. The Company had no bank deposits which can’t be withdrawn upon maturity.

4 Pledged Assets

As at 31st December 2004, hotel properties with book value of approximately RMB675,213,000 were pledged to banks for securing guarantee of bank loans of the Group. Rights to yields on certain land (income from the sell of land or other income obtained for related land) have been pledged as securities for long term loan with an amount of RMB1,300,000,000 and short term loan with an amount of RMB1,000,000,000.

5 Contingent Liabilities

The Group had arranged bank financing for certain purchasers of our properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding guarantees amounted to RMB637,468,000 as at 31st December 2004.

As at 31st December 2004, other than guarantees provided for a short term bank borrowing of RMB498,000,000 to subsidiaries of the Company and a short term bank borrowing of RMB120,000,000 to a jointly controlled entity, the Group had no material external guarantee.

HUMAN RESOURCES

Currently, the Group has a total of 288 young, internationalised and professional team with an average age of 34 years old. Among them, 20% and 57 % have received master degree or above and undergraduate education respectively. In addition, 15 staff members had studied or worked overseas. Mid-level staff, senior staff and staff members with different experiences and qualifications accounted for 35%, 12% and 14% of total number of staff respectively.

CORPORATE GOVERNANCE

To ensure that the Group’s corporate governance attains an even higher standard, the Board and the management strive to fully apply and implement the major corporate governance related principles. Taking the long-term interests of shareholders and other parties related to the Group into primary consideration, the Group is committed to bringing reasonable investment returns to investors who have offered it capital resources. The Board has established an Audit Committee in accordance with the paragraph 14 of the Code of Best Practice as set out in Appendix 14 of the Listing Rules (now replaced by the Code on Corporate Governance Practice effective from 1 January 2005). The Audit Committer held two meetings in August 2004 and March 2005 respectively.

Mr. Wang Qi tendered his resignation from being a member of the Audit Committee in May 2004, while Mr. Yu Xinbao was appointed as a member of the Audit Committee in May 2004. Currently, members of the Audit Committee include Mr. Yu Xingbao, Mr. Peter Yuk Lung Eng and Mr. Kwok Kai Sing, Benny. The principle responsibilities of the Audit Committee are to appoint external auditors, review and monitor the Company’s financial reporting procedures and internal control system, and offer advice to the Board. The full year results for the year ended 31 December 2004 has been reviewed by the Audit Committee.

PURCHASING, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company’s shares during the year.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

All information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange (<http://www.hkex.com.hk>) in due course.

By order of the Board  
Beijing Capital Land Ltd.  
Liu Xiaoguang  
Chairman

Beijing, 22nd March 2005

*The Board as of the date of this announcement comprises Mr. Liu Xiaoguang (Chairman), Mr. Tang Jun, Mr. He Guang, Mr. Pan Pei and Mr. Wang Zhengbin who are the executive Directors, Ms. Zhu Min and Mr. Muk Kin Yau who are the non-executive Directors, Mr. Peter Yuk Lun Eng, Mr. Benny Kwong Kai Sing, Mr. Ke Jianmin and Mr. Yu Xing Bao being the independent non-executive Directors.*