

Prospects for the Second Half of the Year

The winning of the bid to host the 2008 Olympic Games by the Beijing city will greatly boost the development of infrastructure construction and modernisation of Beijing, bringing an unprecedented opportunity for the Group's future development. The Group will capitalise on these opportunities and keep abreast of the market trends, speed up the progress of the Group's development, thereby achieving the highest cost-effectiveness.

In the second half of the year, the Group will continue to modify its investment property portfolio, rationalise the deployment of resources and heighten the redevelopment of the existing properties to create new areas of profit growth. Redevelopment of Block N of Hui Yuan Apartment which has a higher vacancy rate, which will be transformed into a service apartment, so as to further attract business stay guests and conference guests. Redevelopment of the Beijing Recreation Centre will be expedited, the rental rates of Hui Bin Office and International Convention Centre will continue to follow closely with the increase in occupancy rates. Whilst the redevelopment of the East wing of Continental Grand Hotel is at full speed, the Company will also focus on exploring the market of short-stay guests. In the meantime, the Group will spare no effort in the integration of market exploration, property management and networking. As for the leasing and sales of Hui Xin Office and Hui Yuan Apartments, promotion efforts will be made with a view to raising the occupancy rate of Hui Xin Office to 90% during the year.

While maintaining and expanding the operating revenue, the Shopping Centre is focused on exploring development strategy to cope with the increasing competition in the region in pursuit of maintaining and expanding its market share.

In the second half of the year, the Group will ride on the successful bid in the hosting of the 2008 Olympic Games to expedite the development and sales of the Group's projects in full swing. It will fully capitalise on the advantage of its location within the Olympic Games district, conduct thorough research of its development plan for active participation in the relevant development projects of the construction of the Olympic Garden central district.

Leveraging the market's expectation on the property development projects in the peripheral area of the Olympic Village, 北辰置地分公司 will expedite the sales of the first phase of Green Garden, so as to achieve good sales results within the year, and to have essentially all the units of Hui Xin Apartment sold by the end of the year. At the same time, the overall planning of Green Garden will be optimised to further improve the environment and fine-tune the housing structure. Construction of a total site area of 200,000 sq. m. is scheduled to commence within the year.

北辰房地產開發股份有限公司 will actively look into its strategy for diversified development. While making efforts in the clearing of slow-moving inventory, it will actively identify new projects and development opportunities. During the year, the Group will aim at completing the redevelopment of the ancillary facilities of Kerrie Plaza. Planning and design and project positioning of Jiang Zhuang Hu Garden Villas, with a view to commencing sales as early as possible.

