

Discussion and Analysis of the Group's Performance

Financial Resources and Cash Flow Situation

Shareholders' interest as at 30th June, 2001 has been increased by 1.2% compared with that as at 31st December, 2000. This increase was mainly due to the profit attributable to shareholders amounting to Rmb103,215,000.

Net borrowings of the Group as at 30th June, 2001 amounted to Rmb441,772,000, which mainly came from the holding company of the Group. The Group's current assets were mainly bank deposits and cash, land held for sale and properties under development, which amounted to Rmb2,893,440,000, whereas current liabilities were Rmb1,257,567,000. As at 30th June, 2001, balance of bank deposits and cash amounted to Rmb1,243,846,000.

Operating Results

Comparison of the six months ended 30th June, 2001 over the same period of last year

The Group's turnover for the six months ended 30th June, 2001 was approximately Rmb969,122,000, an increase of approximately 6.4% over the same period of last year. Profit attributable to shareholders of the Group for the six months ended 30th June, 2001 were approximately Rmb103,215,000, an increase of approximately 28.7% over the same period of last year. Sales of land and properties represented 14.6% of the turnover for the six months ended 30th June, 2001.

During the period, the Group continued to develop various ordinary commodity housing projects, and adopted appropriate sales strategies. However, as most of the inventory of 北辰房地產開發股份有限公司 had been sold in 2000, sales of the commodity housing of the Group slid compared with the same period of last year. Revenue from the sales of this project amounted to Rmb99,333,000, a drop of 30.9% over the same period of last year.

Due to the keen competition in the property market, total rental income of the Group for the six months ended 30th June, 2001 dropped to Rmb115,759,000, a reduction of 3.2% over the same period of last year.

The Bei Chen Shopping Centre continued with its rapid expansion and the sales income during the period amounted to Rmb641,598,000, an increase of approximately 12.0% compared with the same period of last year.

