

BUSINESS OUTLOOK FOR THE SECOND HALF OF THE YEAR

Investment properties

In the second half of the year, the Group will continue to adjust the customer base, optimise resources deployment and accelerate its redevelopment projects. Some of the apartments will be redeveloped into business offices targeting at small and medium-sized enterprises. Upon redevelopment, Block M of Hui Yuan International Apartment will commence operations in July. A redevelopment project of Beijing International Convention Centre will be conducted in phases without affecting its daily operations. In addition, the Group will strive to complete the redevelopment project of the East Wing of Beijing Continental Grand Hotel with an aim to commence operation in the first half of next year. Beijing Recreation Centre will be demolished while the construction of Bei Cheng Building is scheduled to commence within this year.

Development properties

The Group will accelerate both the development of its existing projects and sales of commodity apartments. A floor area of 31,400 square metres of Green Garden will be completed by this year and the Group plans to commence construction of a floor area of 200,000 to 300,000 square metres. Construction of 18 blocks of villas of Jiang Zhuang Hu Garden Villas, with a total floor area of 13,000 square metres, will continue in the second half of the year. The Group targets to commence construction of the Eastern Suburban project by the end of this year. Appropriate adjustment of marketing strategies will be made to accelerate the sales of the remaining apartments of Green Garden Phase I. The Group also aims to sell 70% of the remaining apartments in Kerrie Plaza as well as the Ma Dian Commercial Complex in an en-bloc basis in the second half of the year. In addition, the Group will aggressively explore new projects and business opportunities to sustain its long-term development.

In the coming six months, the Group will actively participate in the tenders for 2008 Olympic Games projects. Capitalising on its geographical advantage, the Group will strive to participate in the development projects of the Olympic Green region.

Retail operation

On the basis of maintaining and expanding its market share, the Group will increase its flexibility in the operation of its shopping centre to cope with the ever-increasing competition in the region. It will study the development of this operation and devise a clear operation strategy. Efforts will also be continuously placed in sales and large-scale marketing activities to maintain and expand its market share. Furthermore, the Group will further enhance its internal management system to attain higher effectiveness and efficiency.