

BUSINESS REVIEW

For the six months ended 30th June 2002, the Group's turnover was HK\$657,223,000 (2001: HK\$ 589,334,000). The interim unaudited consolidated profit attributable to shareholders was HK\$518,478,000 (2001: HK\$ 374,150,000), and the earnings per share amounted to HK15.43 cents (2001: HK11.44 cents).

Under the present favourable domestic economic environment, with China key economic data showing promising consistent growth and strong growth in China auto industry in 2001, the number of vehicles produced and sold nationwide for the first six months this year amounted to approximately 1,540,000 units, of which approximately 440,000 units were sedans produced and approximately 470,000 units were sedans sold. The number of sedans produced and sold in the said period was historical high and has become the driving force for the development of the domestic auto industry. The increase in both production and sales of sedans was mainly attributable to the fact that there are more product variety, price versus quality becoming more competitive and the purchasing power of consumers having been released, the purchase of cars by individuals has been increasing in proportion.

For the six months ended 30th June 2002, the Company through its jointly-controlled entity and its subsidiary together produced and sold 28,502 vehicles and 28,357 vehicles respectively. Within the said total production and sales, 28,116 units were sedans produced and 27,896 units were sedans sold; whereas 386 units were buses produced and 461 units were buses sold. As for other business operations of the Group including the trading of motor vehicles, manufacturing and trading of automotive equipment and parts and manufacture and trading of audio equipment, all the targets set out in the medium-term plan have been reached. Also the trading of motor vehicles and audio equipment recorded relatively high growth. The Group had completed the plant relocation of Guangzhou Denway Bus Company Limited in the first quarter of this year to support and to provide space for the rapid development of the jointly controlled entity.