During the Year, the Group had a realised turnover of RMB8,742,580,000 and a net profit of RMB53,654,000 representing an increase of RMB2,927,393,000 and RMB53,654,000 (2001: Net loss of RMB135,586,000) respectively as compared to the corresponding period in last year.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2002, the Group's total cash and bank balances amounted to RMB2,332,270,000 and the Group's total borrowings was RMB6,858,598,000. The structure of such borrowings is as follows:

(1) 88% was denominated in Renminbi;

(2) 17.2% was due and repayable within 2 to 5 years; and

(3) 88% was made on fixed interest rates.

Gearing ratio

As at 31 December 2002, based on the Group's total borrowings and shareholder's equity of RMB6,858,598,000 and RMB2,922,529,000 respectively, as compared to RMB7,250,471,000 and RMB2,868,875,000 respectively of the corresponding period in last year, the gearing ratio was 2.35. The gearing ratio of the corresponding period in 2001 was 2.53. The gearing ratio was the ratio between total bank borrowings plus other borrowings and shareholder's equity.

Current ratio and working capital

During the period under review, the Group's working capital amounted to RMB1,760,633,000 as compared to RMB1,327,169,000 for the corresponding period in 2001. The Group's current liabilities amounted to RMB4,711,151,000 and the current ratio was 1.37.

Charge on Group assets

During the period under review, the Group had pledged to banks its bank savings of approximately RMB670,829,000 to secure banking facilities for the Group. As at 31 December 2002, Great Wall Group was the guarantor to approximately RMB 1,100,000,000 of the Group's borrowings.

Exchange rate fluctuations

The Group did not hedge against risks associated with foreign exchange fluctuations. During the period under review, approximately 60% of the Group's turnover was revenue in US dollars. The Group's borrowings were predominantly denominated in RMB. If US dollars had risen against the RMB, it would have affected the Group favorably. If US dollars had fallen against the RMB, it would have a negative impact upon the Group. Since the exchange rate of the RMB for US dollars had been relatively stable, no substantial adverse effect to the Group's business performance or financial status was expected to result from foreign exchange fluctuations.