

## 6. INVENTORIES

	<b>Group</b>			
	<b>2000 New Business Cost Rmb'000</b>	<b>2000 New Business Provision Rmb'000</b>	1999 <i>Chemical Business</i> Cost Rmb'000	1999 <i>Chemical Business</i> Provision Rmb'000
Raw materials	2,689	—	116,537	—
Work in progress	—	—	27,604	—
Finished goods	—	—	141,904	(13,285)
Spare parts and consumables	165	—	71,097	—
<b>Total</b>	<b>2,854</b>	<b>—</b>	<b>357,142</b>	<b>(13,285)</b>

## 7. FIXED ASSETS

	<b>Group Plant, Buildings machinery and Motor vehicles and structures equipment and others</b>				<b>Total Rmb'000</b>
	<b>Road Rmb'000</b>	<b>and structures Rmb'000</b>	<b>equipment Rmb'000</b>	<b>and others Rmb'000</b>	
Cost or valuation					
<b><i>The Chemical Business</i></b>					
At 1st January 2000	—	1,333,308	3,327,383	169,431	4,830,122
Additions	—	771	19,740	4,075	24,586
Transfer from construction in progress upon completion	—	32,762	1,265,177	58	1,297,997
Disposals	—	(2,653)	(49,282)	(2,280)	(54,215)
Transfer to TMICL pursuant to the Business and Asset Exchange	—	(1,364,188)	(4,563,018)	(171,284)	(6,098,490)
At 20th December 2000	—	—	—	—	—
<b><i>The New Business (all stated at cost)</i></b>					
Additions pursuant to the Business and Asset Exchange	185,418	653,648	206,109	44,404	1,089,579
Additions	—	1,850	—	162	2,012
At 31st December 2000	185,418	655,498	206,109	44,566	1,091,591

## 7. FIXED ASSETS (Cont'd)

	Road	Buildings and structures	Group Plant, machinery and equipment	Motor vehicles and others	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Accumulated depreciation					
<b>The Chemical Business</b>					
At 1st January 2000	—	268,123	1,160,354	52,933	1,481,410
Charge prior to the Business and Asset Exchange	—	40,653	248,198	15,536	304,387
Disposals	—	(1,328)	(33,881)	(1,323)	(36,532)
Transfer to TMICL pursuant to the Business and Asset Exchange	—	(307,448)	(1,374,671)	(67,146)	(1,749,265)
At 20th December 2000	—	—	—	—	—
<b>The New Business</b>					
Additions pursuant to the Business and Asset Exchange	23,016	222,808	105,783	23,954	375,561
Charge subsequent to the Business and Asset Exchange	80	412	260	168	920
At 31st December 2000	23,096	223,220	106,043	24,122	376,481
Net book value					
<b>At 31st December 2000</b>	162,322	432,278	100,066	20,444	715,110
At 31st December 1999	—	1,065,185	2,167,030	116,497	3,348,712

## 7. FIXED ASSETS (Cont'd)

	<b>Company Plant,</b>				
	<b>Road</b>	<b>Buildings and structures</b>	<b>machinery and equipment</b>	<b>Motor vehicles and others</b>	<b>Total</b>
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Cost or valuation					
<b>The Chemical Business</b>					
At 1st January 2000	—	40,314	—	4,170	44,484
Additions	—	—	—	13	13
Disposals	—	—	—	(296)	(296)
Transfer to TMICL pursuant to the Business and Asset Exchange	—	(40,314)	—	(3,887)	(44,201)
At 20th December 2000	—	—	—	—	—
<b>The New Business (all stated at cost)</b>					
Additions pursuant to the Business and Asset Exchange	185,418	653,647	206,109	44,404	1,089,578
Additions	—	1,851	—	162	2,013
At 31st December 2000	185,418	655,498	206,109	44,566	1,091,591
Accumulated depreciation					
<b>The Chemical Business</b>					
At 1st January 2000	—	3,201	—	2,269	5,470
Charge prior to the Business and Asset Exchange	—	1,534	—	591	2,125
Disposals	—	—	—	(157)	(157)
Transfer to TMICL pursuant to the Business and Asset Exchange	—	(4,735)	—	(2,703)	(7,438)
At 20th December 2000	—	—	—	—	—
<b>The New Business</b>					
Additions pursuant to the Business and Asset Exchange	23,016	222,808	105,783	23,954	375,561
Charge subsequent to the Business and Asset Exchange	80	412	260	168	920
At 31st December 2000	23,096	223,220	106,043	24,122	376,481

## 7. FIXED ASSETS (Cont'd)

	<b>Road</b>	<b>Buildings and structures</b>	<b>Company Plant, machinery and equipment</b>	<b>Motor vehicles and others</b>	<b>Total</b>
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Net book value					
<b>At 31st December 2000</b>	162,322	432,278	100,066	20,444	715,110
At 31st December 1999	—	37,113	—	1,901	39,014

All of the Group's buildings are located in the PRC.

## 8. INTANGIBLE ASSETS

	<b>Group 2000</b>	1999
	<b>New Business Rmb'000</b>	<i>Chemical Business Rmb'000</i>
Land use rights	<b>650,598</b>	44,479
Trademarks, at valuation	—	29,499
	<b>650,598</b>	73,978
Less: Accumulated amortisation	<b>(13,354)</b>	(18,484)
Net book value	<b>637,244</b>	55,494

## 9. TAXES PAYABLE

	Group		Company	
	2000 <i>New Business</i> Rmb'000	1999 Chemical Business Rmb'000	2000 <i>New Business</i> Rmb'000	1999 Chemical Business Rmb'000
Value-added tax	—	53,766	—	—
Income tax	<b>3,627</b>	6,422	<b>3,627</b>	5,861
Others	<b>723</b>	6,091	<b>723</b>	1
<b>Total</b>	<b>4,350</b>	66,279	<b>4,350</b>	5,862

## 10. SHARE CAPITAL

	Company	
	2000 Rmb'000	1999 Rmb'000
Registered share capital		
990,000,000 A shares of Rmb 1 each	<b>990,000</b>	990,000
340,000,000 H shares of Rmb 1 each	<b>340,000</b>	340,000
<b>Total</b>	<b>1,330,000</b>	1,330,000
Issued and paid up capital		
(1) A shares of Rmb 1 each		
Non-circulating shares		
State shares (839,020,000 shares)	<b>839,020</b>	839,020
Legal person shares (38,485,000 shares)	<b>38,485</b>	38,485
Circulating shares		
Social public shares (112,495,000 shares)	<b>112,495</b>	112,495
Sub-total	<b>990,000</b>	990,000
(2) H shares of Rmb 1 each (340,000,000 shares)	<b>340,000</b>	340,000
<b>Total</b>	<b>1,330,000</b>	1,330,000

All the A and H shares rank pari passu in all respects.

## 11. CAPITAL RESERVE FUND AND GENERAL RESERVES

	<b>Capital reserve fund</b>	<b>General reserves</b>
	(note a)	(note b)
	Rmb'000	Rmb'000
<b>Group</b>		
At 1st January 2000	681,327	106,468
Government subsidies received by subsidiaries	5,224	—
Donations received by subsidiaries	159	—
Difference in book value of the exchanged net assets (note 2)	6,215	—
Set off of accumulated losses against reserves (note 11(c))	(623,636)	(106,468)
At 20th December 2000	69,289	—
Transferred from profit appropriation		
- Transfer to statutory common reserve (note b)	—	736
- Transfer to statutory provident fund (note b)	—	368
<b>At 31st December 2000</b>	<b>69,289</b>	<b>1,104</b>
<b>Company</b>		
At 1st January 2000	681,327	106,468
Share of capital reserves in subsidiaries	5,383	—
Difference in book value of the exchanged net assets (note 2)	6,215	—
Set off of accumulated losses against reserves (note 11(c))	(623,636)	(106,468)
At 20th December 2000	69,289	—
Transferred from profit appropriation		
- Transfer to statutory common reserve (note b)	—	736
- Transfer to statutory provident fund (note b)	—	368
<b>At 31st December 2000</b>	<b>69,289</b>	<b>1,104</b>

## 11. CAPITAL RESERVE FUND AND GENERAL RESERVES (Cont'd)

(a) Capital reserve fund

The composition of the capital reserve fund as at 31st December 2000 is analysed as follows:

	Group	
	2000 Rmb'000	1999 Rmb'000
Share premium	—	225,870
Unclassified items	69,289	455,457
<b>Total</b>	<b>69,289</b>	<b>681,327</b>

(b) General reserves

The general reserves comprise the statutory common reserve and the statutory provident fund. According to the Company's Articles of Association, it is required to transfer 10% and 5% to 10% of the net profit of the Company as shown in the accounts prepared under PRC accounting regulations to the statutory common reserve (until the reserve reaches 50% of the registered capital) and statutory provident fund, respectively. The transfers to these reserves must be made before the distribution of dividends to shareholders.

The transfers to the reserves in 2000 represented 10% and 5% of the net profit of the Company derived from the New Business transferred to the statutory common reserve of Rmb 736,000 (1999: nil) and to the statutory provident fund of Rmb 368,000 (1999: nil), respectively.

- (c) It was approved by the shareholders of the Company at the EGM on 20th December 2000 that the accumulated losses shall be set off against the general reserves and capital reserve fund immediately following the Business and Asset Exchange. Accordingly accumulated losses of Rmb 730,104,000 immediately following the Business and Asset Exchange were set off against the general reserves and the capital reserve fund in the amounts of Rmb 106,468,000 and Rmb 623,636,000 respectively. Such amounts of losses set off were subsequently confirmed by the Company's board of directors on 16th March 2001.