

#### 4. TURNOVER, REVENUES AND SEGMENTAL INFORMATION

As described in note 1 to the accounts, the Group was principally engaged in manufacturing and sale of chemical products prior to the Business and Asset Exchange which took place on 20th December 2000. The Company is currently engaged in the New Business comprising sewage water processing and road and toll stations operations. Revenues recognised during the year are as follows:

(a) Analysis of the Group's turnover and other revenues

	<b>2000</b>	1999
	<b>Rmb'000</b>	Rmb'000
Turnover		
<b><i>The New Business</i></b>		
Revenue from sewage water processing services	<b>11,236</b>	—
Toll fee income	<b>2,426</b>	—
<b><i>The Chemical Business</i></b>		
Revenue from sale of goods	<b>3,483,874</b>	2,838,127
Income from finance management	<b>2,407</b>	5,972
	<b>3,499,943</b>	2,844,099
Other revenues		
Sales of raw materials	<b>57,065</b>	71,982
Gross rental income from investment properties	<b>4,341</b>	992
Dividend income from unlisted investments	<b>2,486</b>	1,412
Interest income from		
Bank deposits and loans receivable	<b>5,826</b>	23,730
Listed government treasury bonds	<b>1,712</b>	856
Unlisted debentures	—	80
Others	—	1,917
	<b>71,430</b>	100,969
<b>Total revenues</b>	<b>3,571,373</b>	2,945,068

Pursuant to the PRC tax rules, the New Business is subject to PRC business tax levied at 5% of operating revenue and government surcharges levied at 11% of the amount of business tax. The business tax and government surcharges related to revenue derived from the New Business during the period from 21st December 2000 to 31st December 2000 amounted to Rmb 795,000 and has been deducted from the operating revenue to arrive at the turnover of the New Business.

## 4. TURNOVER, REVENUES AND SEGMENTAL INFORMATION

(Cont'd)

### (b) Analysis of the Group's turnover and profit after taxation by principal activities

	2000			1999
	<i>Continuing New Business</i>	<i>Discontinued Chemical Business</i>	<i>Group total</i>	<i>Chemical Business</i>
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Turnover	13,662	3,486,281	3,499,943	2,844,099
Cost of sales	(2,150)	(2,927,810)	(2,929,960)	(2,593,099)
Other revenues	9	71,421	71,430	100,969
Operating expenses	(529)	(493,452)	(493,981)	(485,604)
	10,992	136,440	147,432	(133,635)
Finance costs	—	(223,657)	(223,657)	(229,185)
Share of profit/(loss) of an associated company	—	4,658	4,658	(868)
	10,992	(82,559)	(71,567)	(363,688)
Recovery of certain assets at gross value (note 5)	—	254,140	254,140	—
Profit before taxation	10,992	171,581	182,573	(363,688)
Taxation	(3,627)	(855)	(4,482)	(685)
<b>Profit after taxation</b>	<b>7,365</b>	<b>170,726</b>	<b>178,091</b>	<b>(364,373)</b>

## 5. RECOVERY OF CERTAIN ASSETS AT GROSS VALUE

During the year, the Group recovered certain trade debtors, other receivables, loans receivable and investment securities (the "AR Assets") at their gross value upon disposal of the AR Assets to Tianjin Huaze (Group) Co. Ltd., a State-owned enterprise under the supervisory control of the Tianjin Economic Commission, a department under the administration of the Tianjin Municipal Government, at a consideration of Rmb 305,249,000. The net book value of the AR Assets amounted to Rmb 51,109,000. Accordingly, the previous provisions against the AR Assets totalling Rmb 254,140,000 were reversed.

## 6. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following:

	<b>2000</b>	1999
	<b>Rmb'000</b>	Rmb'000
Depreciation	<b>305,441</b>	293,178
Staff costs, including retirement benefit costs of Rmb39,775,000(1999: Rmb49,433,000)	<b>406,929</b>	359,989
Repair and maintenance expenses	<b>187,363</b>	152,350
Operating lease rentals for land and buildings (notes 19b and 21e)	<b>3,616</b>	3,636
Outgoings in respect of investment properties	<b>241</b>	55
Auditors' remuneration	<b>3,000</b>	3,200
Research and development expenses	<b>4,094</b>	2,209
Provision for doubtful debts	<b>37,811</b>	29,238
Provision for diminution in value of investment securities	<b>5,795</b>	14,700
Provision for losses on realisation of inventories	<b>1,230</b>	4,224
Loss on disposal of fixed assets	<b>10,635</b>	300

## 7. FINANCE COSTS

	<b>2000</b>	1999
	<b>Rmb'000</b>	Rmb'000
Interest expense		
Bank loans	<b>230,472</b>	273,601
Other loans wholly repayable within five years	<b>38,526</b>	20,301
	<b>268,998</b>	293,902
Amount capitalised in construction in progress	<b>(45,341)</b>	(64,717)
	<b>223,657</b>	229,185

## 8. TAXATION

No Hong Kong profits tax has been provided as the Group has no taxable profits in Hong Kong (1999 : nil). PRC income tax has been charged at 15% (1999: 15%) on the assessable profits of the Chemical Business and at 33% on the assessable profits of the New Business.

	<b>2000</b>	1999
	<b>Rmb'000</b>	Rmb'000
PRC income tax		
<b><i>The New Business</i></b>		
Company	<b>3,627</b>	—
<b><i>The Chemical Business</i></b>		
Company and subsidiaries	<b>156</b>	685
Share of taxation attributable to an associated company	<b>699</b>	—
	<b>4,482</b>	685

The Company had no material unprovided deferred taxation as at 31st December 2000 (1999: the Group had unprovided deferred taxation of Rmb 123,812,000 in respect of estimated accumulated tax losses of the Chemical Business)

## 9. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

Included in the profit/(loss) attributable to shareholders is a profit of Rmb 186,041,000 (1999: loss of Rmb 359,896,000), which is dealt with in the accounts of the Company. The profit is primarily derived from the transfer of all of its subsidiaries and other assets and liabilities associated with the Chemical Business to TMICL.

## 10. DIVIDEND

No dividend was proposed for the years ended 31st December 1999 and 2000.

## 11. EARNINGS/(LOSS) PER SHARE

The calculation of earnings/(loss) per share is based on the profit attributable to shareholders of Rmb 178,091,000 (1999: loss of Rmb 364,373,000) and 1,330,000,000 (1999: 1,330,000,000) shares in issue during the year.

## 12. DIRECTORS' REMUNERATION

	<b>2000</b>	1999
	<b>Rmb'000</b>	Rmb'000
Fees	<b>12</b>	20
Salaries and other emoluments	<b>293</b>	209
Contribution to retirement benefit scheme	<b>58</b>	42
	<b>363</b>	271

Emoluments paid to independent non-executive directors amounted to Rmb 12,000 during the year (1999: Rmb 12,000) and have been included in the above balance.