

Financial Highlights

1. GROUP FINANCIAL HIGHLIGHTS PREPARED UNDER THE PRC ACCOUNTING REGULATIONS:

	2000 Rmb'000
Total profit	(365,331)
Net profit	(363,597)
Net profit after extraordinary items	(363,842)
Including: profit on sales	167,436
other operating income	12,487
operating profit	(368,171)
investment income	2,596
subsidy income	0
net non-operating income and expenses	245
Net increase in cash and cash equivalents	10,641
Including: net negative cash flow arising from operations	(41,411)

Note: Items deducted from extraordinary items and the amounts involved (Rmb'000):

Export tax refund	0
Value-added tax refund	0
Loss on disposal of fixed assets	1,185
Others	0
Total	1,185

2. GROUP FINANCIAL HIGHLIGHTS FOR THE PAST THREE YEARS PREPARED UNDER THE PRC ACCOUNTING REGULATIONS:

	For the year ended 31 December,		
	2000	1999	1998
	Rmb'000	Rmb'000	Rmb;000
(1) Sales revenue	1,320,048	1,406,926	1,557,592
(2) Net profit / (loss)	(363,597)	(166,837)	7,917
(3) Total assets	4,454,892	4,223,589	4,127,166
(4) Shareholders* fund			
(excluding minority interests)	1,125,563	1,550,659	1,717,495
(5) Earnings/(loss) per share (Rmb)	(0.416)	(0.191)	0.009
(6) Earnings/(loss) per share			
* after extraordinary items (Rmb)	(0.4166)	(0.196)	(0.012)
(7) Net assets per share (Rmb)	1.29	1.775	1.967
(8) Adjusted net assets per share (Rmb)	1.25	1.767	1.912

(9)	Net cash inflow / (outflow) arising from operation per share (Rmb)	(0.047)	(0.086)	(0.001)
(10)	Return on net assets (%)	(32.3)	(10.76)	0.46
(11)	Weighted average return on net assets (%)	(27.17)	(10.21)	0.46

Note: The calculation formulae in respect of major financial items are as follows:

Earnings per share = net profit/aggregate number of shares outstanding at year end

Net assets per share = shareholders' funds at year end/aggregate number of shares outstanding at year end

Adjusted net assets per share = (Shareholders' funds at year end - receivables over 3 years - deferred expenses - net losses of "Current and fixed" assets pending disposal - pre-operation expenses - long term deferred expenses) / aggregate number of shares outstanding at year end

Return on net assets =
(Net profit/shareholders' funds at year end) x 100%

Weighted average return on net assets =
Net profit / [(shareholders' funds at year beginning + shareholders' funds at year end) / 2]
x 100%

Net cashflow per share arising from operation =
Net cashflow arising from operation/ aggregate number of shares outstanding at year end

3. CHANGES IN SHAREHOLDERS' FUNDS DURING THE YEAR PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING RULES AND REGULATIONS (RMB'000)

Items	Share capital Rmb' 000	Capital reserve Rmb' 000	Statutory common reserve Rmb' 000	Including: statutory provident fund Rmb' 000	Discretionay common reserve Rmb' 000	Undistributed profit/loss (accumulated) Rmb' 000	Total Rmb' 000
At the beginning of the year	873,370	603,394	47,236	31,808	73,000	(78,150)	1,550,658
Increase during the year	—	—	49	—	—	—	49
Decrease during the year	—	—	—	—	(44,715)	(380,428)	(425,143)
At the end of the year	873,370	603,394	47,285	31,808	28,285	(458,578)	(1,125,564)

Reasons for changes :

- (1) Increase in statutory common reserve is attributable to allocation of 10% of net profit after taxation of the Company's profitable subsidiaries.
- (2) Decrease in discretionary common reserve is attributable to the written-off of balance of housing fund.
- (3) Decrease of undistributed profit is attributable to loss of the year, allocation of statutory common reserve and statutory provident fund.

4. ANALYSIS OF CHANGES OVER 30% IN FINANCIAL DATA

- 1) Increase in provision for diminution in value of long term investments by 76%, due to increase in transfer of the provision for diminution in value of long term investments;
- 2) Increase in construction in progress by 71%, mainly due to increase in the investment in super high pressure transformers project;
- 3) Decrease of other long term assets by 45%, due to decrease of the amount due from the Group after the transfer of interests of Kingdom Hotel;
- 4) Increase in trade creditors by 93%, due to increase in unpayment of raw materials;
- 5) Increase in current portion of long term loans by 59%, mainly due to one-thirds of syndicated loan due within one year;
- 6) Decrease of sales revenue by 6% and increase in cost of sales by 5%, leading to decrease of profit on sales by 45%. It is attributable to fierce market competition. In order to enhance the product competitiveness and market share, the company purchased imported raw materials in bulk for its major products but did not raise the selling prices significantly.
- 7) Increase in selling expenses by 73%, due to increase in allowances for business trips, selling services fee, consultation fee and delivery cost. Of which, delivery cost increased by approximately Rmb40 million.

5. FINANCIAL HIGHLIGHTS PREPARED UNDER HKGAAP

Consolidated Profit and Loss Account:

Notes	2000 Rmb'000	1999 Rmb'000	1998 Rmb'000
Turnover	1,311,922	1,398,050	1,541,205
Cost of sales	(1,143,320)	(1,100,983)	(1,206,716)
Gross profit	168,602	297,067	334,489
Subsidy income	*	*	48,874
Other income	12,675	26,849	34,846
Distribution cost	(135,424)	(78,455)	(78,495)
Administration expenses	(313,019)	(318,292)	(257,510)
Other operating expenses	(7,429)	(8,825)	(6,881)
Operating (loss)/profit	(274,595)	(81,656)	75,323
Financing cost	(96,117)	(86,328)	(61,717)
Share of profits of associated companies	4,241	1,600	*
(Loss)/profit before taxation	(366,471)	(166,384)	13,606
Taxation	(302)	(2,059)	(6,833)
(Loss)/profit after taxation	(366,773)	(168,443)	6,773
Minority interests	2,036	107	(356)
(Loss)/profit attributable to shareholders	(364,737)	(168,336)	6,417
Transfer to reserve	(49)	(1,248)	(2,451)
Retained (loss)/profit for the year	(364,786)	(169,584)	3,966
(Loss)/earnings per share (Rmb)	(0.418)	(0.193)	0.007

<i>Indicative Items</i>	<i>Rmb' 000</i>	<i>Rmb' 000</i>	<i>Rmb' 000</i>	<i>Rmb' 000</i>	<i>Rmb' 000</i>
(1) Turnover	1,311,922	1,398,050	1,541,205	1,563,395	1,353,372
(2) (Loss)/profit after taxation	(364,737)	(168,336)	6,417	84,022	83,769
(3) Total assets	4,454,892	4,263,628	4,156,726	3,649,389	3,377,971
(4) Shareholders* funds (excluding minority interests)	1,125,563	1,547,659	1,715,995	1,709,578	1,625,556
(5) Earnings/(loss) per share (Rmb)	(0.418)	(0.193)	0.007	0.096	0.096

(6)	Net assets per share (Rmb)	1.29	1.772	1.965	1.957	1.861
(7)	Adjusted net assets per share (Rmb)	1.25	1.733	1.910	1.881	1.785
(8)	Return on net assets (%)	(32.4)	(10.88)	0.37	4.91	5.15
(9)	Weighted average return on net assets (%)	(27.29)	(10.32)	0.37	5.04	5.20