

II. ACCOUNTING DATA AND BUSINESS STATISTICS HIGHLIGHTS

(1) IN ACCORDANCE WITH THE ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN HONG KONG (“HK GAAP”)

The net profit of the Company during the period as prepared in accordance with HK GAAP was Rmb94,790,000.

(2) IN ACCORDANCE WITH THE ACCOUNTING STANDARDS AND THE ACCOUNTING REGULATIONS FOR BUSINESS ENTERPRISES IN THE PRC (COLLECTIVELY “PRC GAAP”)

In accordance with PRC GAAP, the Company achieved a net profit of Rmb94,790,000 during the period. Details of the major financial indicators at the end of the period together with the comparative figures of the corresponding period are as follows:

Item	Six months ended 30th June	
	2001 New Business (Audited) Rmb'000	2000 Chemical Business (Unaudited) Rmb'000
Net profit/(loss)	94,790	(75,432)
Net profit/(loss) after extraordinary items (extraordinary items: nil)	94,790	(75,432)
Earnings/(loss) per share (notes 2&3)	Rmb0.07	(Rmb0.06)
Return on net assets (note 3)		
Fully diluted	6.31%	(6.55%)
Weighted average	6.52%	(6.19%)
Net cash flows from operating activities per share	Rmb0.11	Rmb0.07

Item	As at	As at
	30th June 2001 New Business (Audited) Rmb'000	31st December 2000 New Business (Audited) Rmb'000
Total assets	1,538,906	1,419,534
Liability to asset ratio	2.43%	0.91%
Shareholders' equity	1,501,444	1,406,654
Net asset value per share (note 3)	Rmb1.13	Rmb1.06
Adjusted net asset value per share (note 3)	Rmb1.13	Rmb1.06

Notes:

- The figures for the interim period of 2001 were based on the audited accounts of the Company. The comparative figures relating to the interim period of 2000 were unaudited and prepared based on the management accounts of the Company.
- There is no change in the number of shares of the Company in issue throughout the period. As a result, the weighted average earnings/(loss) per share is equal to the fully diluted earnings/(loss) per share.

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3. Formula for major financial indicators

Earnings/(loss) per share	=	Net profit/(loss) ÷ Total number of ordinary shares at the end of the period
Net asset value per share	=	Shareholders' equity at the end of the period ÷ Total number of ordinary shares at the end of the period
Adjusted net asset value per share	=	(Shareholders' equity at the end of the period - net accounts receivable aged three years or above - deferred expenses - net loss on current and fixed assets pending for disposal - pre-operating expenses - long-term deferred expenses - negative balance of the housing fund) ÷ Total number of ordinary shares at the end of the period
Net cash flows from operating activities	=	Net cash flows from operating activities ÷ Total number of ordinary shares at the end of the period
Return on net assets	=	Net profit/(loss) ÷ Shareholders' equity at the end of the period x 100%
The formula for the calculation of return on a weighted average basis is as follows:		
Return on net assets on a weighted average basis	=	Net profit/(loss) ÷ [(Net asset value at the end of the period + Net asset value at the beginning of the period) ÷ 2] x 100%

(3) SIGNIFICANT DIFFERENCES BETWEEN ACCOUNTS PREPARED UNDER PRC GAAP AND HK GAAP

	Six months ended 30th June	
	2001 New Business Rmb'000	2000 Chemical Business Rmb'000
Net profit/(loss) as reported under PRC GAAP (note 1)	94,790	(75,432)
Reversal of amortisation of intangible assets (note 2)	—	970
Government grants for technological development (note 3)	—	300
Other	—	531
	94,790	(73,631)
Profit/(loss) attributable to shareholders as reported under HK GAAP (unaudited)	94,790	(73,631)

Notes:

- (1) The net profit as reported under PRC GAAP for the interim period of 2001 was based on the audited accounts of the Company. The net loss for the interim period of 2000 was unaudited and extracted from the management accounts of the Company.
- (2) Intangible assets reported in the accounts prepared under PRC GAAP represented trademarks at valuation which were amortised using the straight line method over their estimated useful lives of 10 years. However, the trademarks had not been recognised in the accounts prepared under HK GAAP in accordance with the historical cost convention.
- (3) Government grants for technological development were recorded as capital reserve fund in the accounts prepared under PRC GAAP. However, the government grants were recognised as subsidy income in the accounts prepared under HK GAAP.