

THE IMPACT OF RECENT ECONOMIC DEVELOPMENT ON THE COMPANY

In 2001, the State continued to strengthen its structural adjustment of the economy. The economic structure has improved and domestic demand has recovered, forming the major momentum for economic development. Gross domestic product (GDP) amounted to Rmb4,294.2 billion, representing an increase of 7.9% over the same period of last year. The economy of Sichuan province maintains a steady growth following a good start at the beginning of the year. According to preliminary statistics, GDP of Sichuan province was Rmb177.2 billion for the period, representing an increase of 8.7% over the same period of last year, outperforming the national average growth rate. The positive economic development has constituted a favourable atmosphere for the operation and development of the Company. It can also be expected that governmental support for the Western region will be furthered along with the gradual implementation of the Grand Development Strategy of Western Region, which will undoubtedly facilitate the development of Sichuan economy and the stabilization and improvement of the Company's operations performance.