

Financial Summary and Analysis

1. Principal financial data and financial indicators of the Group:

1.1 *Extracted from the financial statements prepared in accordance with International Accounting Standards ("IAS")*

	For the year ended 31 December or as at 31 December				
	2001 Rmb'000	2000 Rmb'000	1999 Rmb'000	1998 Rmb'000	1997 Rmb'000
Turnover	7,808,658	9,014,472	7,075,579	5,633,522	6,254,742
Profit/(loss) from ordinary activities before taxation	213,375	985,493	921,454	(161,397)	68,979
Income tax expense	40,087	139,391	129,211	1,111	15,508
Minority interests	2,499	5,874	15,176	6,717	3,669
Profit/(loss) attributable to shareholders	170,789	840,228	777,067	(169,225)	(60,198)
Total assets	11,208,848	11,368,442	11,509,922	11,974,121	12,859,227
Total liabilities	2,265,706	2,233,757	2,775,946	4,023,844	4,748,742
Shareholders' funds (excluding minority interests)	8,889,222	9,078,433	8,678,205	7,901,138	8,070,363
Minority interests	53,920	56,252	55,771	49,139	40,122
Basic earnings/(loss) per share	Rmb0.043	Rmb0.210	Rmb0.194	Rmb(0.042)	Rmb(0.015)
Net assets per share	Rmb2.222	Rmb2.270	Rmb2.170	Rmb1.975	Rmb2.018
Ratio of shareholders' funds	79.31%	79.86%	75.40%	65.99%	62.76%
Return on net assets	1.92%	9.26%	8.95%	(2.14%)	(0.75%)

1.2 *Extracted from the financial statements prepared in accordance with PRC Accounting Rules and Regulations*

	For the year ended 31 December or as at 31 December				
	2001 Rmb'000	2000 Rmb'000	1999 Rmb'000	1998 Rmb'000	1997 Rmb'000
Income from principal operations	7,808,658	9,014,472	7,075,579	5,633,522	6,254,742
Profit from principal operations	728,090	1,840,860	1,788,717	659,848	747,119
(Loss)/profit from other operations	(6,078)	(11,356)	(14,925)	510	450
Operating profit/(loss)	276,745	1,079,493	1,050,758	(284,585)	(27,614)
Investment income	6,043	4,182	3,043	49,327	59,598
Non-operating (expenses)/income, net	(69,413)	(98,182)	(147,567)	6,861	952
Total profit/(loss)	213,375	985,493	906,234	(228,397)	32,936
Income tax	40,087	139,391	136,372	(4,216)	24,724
Profit attributable to minority interests	2,499	5,874	15,176	6,717	3,669
Net profit/(loss)	170,789	840,228	644,686*	(230,898)	4,543
Total assets	11,201,494	11,361,088	11,502,568	11,979,890	12,889,209
Total liabilities	2,345,706	2,593,757*	3,215,946*	3,904,586	4,592,024
Shareholders' funds (excluding minority interests)	8,801,868	8,711,079*	8,230,851*	8,026,165	8,257,063
Minority interests	53,920	56,252	55,771	49,139	40,122

1. Principal financial data and financial indicators of the Group: *(continued)*

1.2 Extracted from the financial statements prepared in accordance with PRC Accounting Rules and Regulations *(continued)*

	For the year ended 31 December or as at 31 December				
	2001 Rmb'000	2000 Rmb'000	1999 Rmb'000	1998 Rmb'000	1997 Rmb'000
Earnings/(loss) per share (weighted average and fully diluted)					
– Profit from principal operations	Rmb0.182	Rmb0.460	Rmb0.447	Rmb0.165	Rmb0.187
– Operating profit/(loss)	Rmb0.069	Rmb0.270	Rmb0.263	Rmb(0.071)	Rmb(0.007)
– Net profit/(loss)	Rmb0.043	Rmb0.210	Rmb0.161*	Rmb(0.058)	Rmb0.001
– Net profit/(loss) before non-operating loss	Rmb0.062[#]	Rmb0.229	Rmb0.235	Rmb(0.058)	Rmb0.001
Ratio of shareholders' funds	78.58%	76.67%*	71.56%*	67.00%	64.06%
Return on net assets (fully diluted)					
– Profit from principal operations	8.27%	21.13%*	21.73%*	8.22%	9.05%
– Operating profit/(loss)	3.14%	12.39%*	12.77%*	(3.55%)	(0.33%)
– Net profit/(loss)	1.94%	9.65%*	7.83%*	(2.88%)	0.06%
– Net profit/(loss) before non-operating loss	2.80%[#]	10.52%*	10.08%*	(2.88%)	0.06%
Return on net assets (weighted average)					
– Profit from principal operations	8.28%	21.28%*	21.43%*	8.10%	9.05%
– Operating profit/(loss)	3.15%	12.48%*	12.59%*	(3.50%)	(0.33%)
– Net profit/(loss)	1.94%	9.71%*	7.72%*	(2.84%)	0.06%
– Net profit/(loss) before non-operating loss	2.80%[#]	10.59%*	9.93%*	(2.84%)	0.06%
Net assets per share	Rmb2.200	Rmb2.178*	Rmb2.058*	Rmb2.007	Rmb2.064
Adjusted net assets per share	Rmb2.198	Rmb2.156	Rmb2.049	Rmb1.960	Rmb1.989
Net cash inflow from operating activities per share	Rmb0.186	Rmb0.528	Rmb0.500	Rmb0.305	–

* These figures have been adjusted as a result of the change in accounting policy for Housing Revolving Fund. Details are set out on page 116 of this annual report.

These figures have been calculated based on the non-operating loss (net of tax). Figures in previous years have been calculated based on the non-operating loss (before tax).

Note: The Company did not prepare cash flow statement in 1997.

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2. Details of the Group's audited results for the year ended 31 December 2001 (Extracted from the financial statements prepared in accordance with PRC Accounting Rules and Regulations) are set out as follows:

(Expressed in Rmb'000)

Total profit	213,375
Net profit	170,789
Net profit before non-operating loss	246,470
Non-operating loss	89,036
Loss on disposal of fixed assets	1,236
Employee reduction expenses	87,800
Non-operating loss (after taxation)	75,681
Profit from principal operations	728,090
Loss from other operations	6,078
Operating profit	276,745
Investment income	6,043
Net non-operating expenses	69,413
Net cash flow from operating activities	742,344
Net decrease in cash and cash equivalents	155,837

3. Changes in shareholders' funds during the report period (Extracted from the financial statements prepared in accordance with PRC Accounting Rules and Regulations)

Item	Share capital (Rmb'000)	Capital reserve (Rmb'000)	Surplus reserves** (Rmb'000)	Statutory public welfare fund* (Rmb'000)	Undistributed profits*** (Rmb'000)	Total shareholders' funds (Rmb'000)
At the beginning of the year	4,000,000	3,078,825	1,291,302	267,466	340,952	8,711,079
Increase in the year	-	-	42,935	20,998	170,789	213,724
Decrease in the year	-	-	-	-	(122,935)	(122,935)
At the end of the year	4,000,000	3,078,825	1,334,237	288,464	388,806	8,801,868

* The statutory public welfare fund forms part of the surplus reserve.

** Changes in the surplus reserves during the report period represents the transfer of Rmb42,935,000 from the income statement.

*** Changes in undistributed profits represent the Group's net profit of Rmb170,789,000, offset by the transfer of Rmb42,935,000 to surplus reserves and the proposed final dividend of Rmb80,000,000 during the report period.

4. Consolidated Statement of Impairment of Assets (Extracted from the financial statements prepared in accordance with PRC Accounting Rules and Regulations)

For the year ended 31 December 2001

	At 1 January 2001 <i>Rmb'000</i>	Increase for the year <i>Rmb'000</i>	Decrease for the year <i>Rmb'000</i>	At 31 December 2001 <i>Rmb'000</i>
1. Total provisions for bad and doubtful debts	127,499	2,059	(77,581)	51,977
Included: Trade receivables	19,582	1,355	(4,374)	16,563
Other receivables	107,917	704	(73,207)	35,414
2. Total provision for diminution in value of inventories	42,925	12,000	(10,782)	44,143
Included: Raw materials	1,800	-	-	1,800
Finished goods	600	12,000	-	12,600
Spare parts and consumables	40,525	-	(10,782)	29,743

5. Changes in the financial statements of the Group (Extracted from the financial statements prepared in accordance with PRC Accounting Rules and Regulations)

(Details of reporting items with annual changes of 30% or more, and occupying 5% or more of net assets for the reporting periods or 10% or more of net profits reported of the Company, together with reasons for the change)

Item	At 31 December 2001 <i>Rmb'000</i>	At 31 December 2000 <i>Rmb'000</i>	Change %	Reason for Change
Cash at bank and in hand	1,233,771	1,959,831	-37	Decrease in cash flows from operating activities, increase in capital expenditure, etc
Short-term loans	580,020	80,000	625	Increase in operating fund requirement

Item	For the year ended 31 December 2001		Change %	Reason for Change
	2001 <i>Rmb'000</i>	2000 <i>Rmb'000</i>		
Profit from principal operations	728,090	1,840,860	-60	Reduction in product setting price
Operating profit	276,745	1,079,493	-74	Reduction in product setting price
Total profit	213,375	985,493	-78	Reduction in product setting price
Net profit	170,789	840,228	-80	Reduction in product setting price
Administrative expenses	277,510	580,220	-52	Implementation of Austerity Programs expenses, structural adjustments, etc
Financial expenses	28,824	56,890	-49	Centralised management of working capital
Income tax	40,087	139,391	-71	Reduction in total profit
Non-operating income	28,037	13,534	107	Write back of payables

6. Explanations for the significant differences between the financial statements of the Group and the Company prepared in accordance with the PRC Accounting Rules and Regulations and IAS are set out on page 147 of this annual report.