

Financial information of the Group for the year ended December 31, 2001 prepared in accordance with accounting standards in the People's Republic of China ("PRC GAAP") is set out below:-

RMB millions

Loss before tax	(1,797)
Net loss	(1,803)
Net loss after non-operating loss (<i>note</i>)	(1,706)
Profit from principal operations	283
Loss from other operations	(47)
Operating loss	(1,807)
Profits from investment	39
Income from subsidiaries	2
Net non-operating expense	(31)
Net cash inflow from operations	2,379
Net increase from cash and cash equivalents	(192)

Note: Non-operating loss under PRC GAAP refers to income of approximately RMB22.47 million from the disposal of fixed assets and non-operating loss of RMB119.48 million. The non-operating loss includes inventory loss of RMB79.19 million, loss from unscheduled plant shutdowns of RMB26.42 million and other losses of RMB13.87 million.

Prepared in accordance with International Accounting Standards ("IAS")

Items

RMB millions

For the year ended December 31,	2001	2000	1999	1998	1997
Turnover	12,519	13,396	10,555	8,844	8,631
(Loss)/profit before tax	(1,815)	(877)	227	105	163
Net (loss)/profit	(1,817)	(836)	149	66	100
(Loss)/earnings per share	(RMB0.51)	(RMB0.24)	RMB0.04	RMB0.02	RMB0.03
As at December 31					
Total assets	13,830	17,974	16,054	15,768	15,458
Shareholders' equity	3,106	5,874	6,199	6,085	6,104
Net assets per share	RMB0.87	RMB1.65	RMB1.82	RMB1.78	RMB1.79

Prepared in accordance with PRC GAAP

Items*RMB millions*

For the year ended December 31,	2001	2000	1999
Income from principal operations	11,914	13,847	10,980
Net (loss)/profit	(1,803)	(879)	153
(Loss)/earnings per share (fully diluted)	(RMB0.51)	(RMB0.25)	RMB0.04
(Loss)/earnings per share (weighted average)	(RMB0.51)	(RMB0.25)	RMB0.04
Net cash inflows from operating activities per share	RMB0.67	RMB0.04	RMB0.17
Return on net assets (fully diluted)	(46.45%)	(15.45%)	2.45%
Return on net assets (weighted average)	(37.69%)	(14.44%)	2.47%
As at December 31,			
Total assets	14,532	17,711	15,860
Shareholders' equity (excluding minority interests)	3,882	5,687	6,073
Net assets per share	RMB1.09	RMB1.60	RMB1.79
Adjusted net assets per share	RMB1.04	RMB1.50	RMB1.73

Notes:

1. The number of shares outstanding for each of the three years ended December 31, 2001, 2000, 1999 was 3,561,078,000 shares, 3,561,078,000 shares, 3,411,078,000 shares, respectively.
2. The weighted average number of shares for 2001 was 3,561,078,000 shares.
3. The weighted average number of shares for 2000 was 3,551,025,000 shares.
4. The weighted average number of shares for 1999 was calculated on the basis of 3,440,761,201 shares outstanding as at December 31, 1998, and adjusted to reflect the issuance of additional A shares in January 2000.

The Differences under IAS and PRC GAAP

The statutory financial statements prepared in accordance with PRC GAAP and the financial statements prepared in accordance with IAS differ in certain respects. Such differences involve methods for measuring the amounts shown in the financial statements as well as disclosures.

Effect on net loss of significant differences between PRC GAAP and IAS is summarised below:

<i>RMB thousands</i>	2001	2000
Net loss as reported under PRC GAAP	(1,803,022)	(878,767)
Adjustments to conform with IAS:		
– Depreciation expense due to revaluation of fixed assets at February 28, 1995	(1,452)	(1,452)
– Additional loss on write-off of fixed assets	–	(4,626)
– Depreciation expense on fixed assets due to differences in exchange gains capitalised	(7,311)	(7,310)
– Interest expense capitalised in construction in progress	(17,917)	4,013
– Interest income from share proceeds	(520)	(520)
– Appropriation to staff bonus and welfare fund	(1,959)	(230)
– Amortisation of housing subsidy cost	(9,319)	(4,203)
– Reversal of amortisation of land use rights	20,739	–
– Tax adjustment	3,392	57,105
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Net loss as reported under IAS	<u>(1,817,369)</u>	<u>(835,990)</u>

Effect on shareholders' equity of significant differences between PRC GAAP and IAS is summarised below:

<i>RMB thousands</i>	December 31, 2001	December 31, 2000
Shareholders' equity as reported under PRC GAAP	3,881,744	5,687,245
Adjustments to conform with IAS:		
– Depreciation expense due to revaluation of fixed assets at February 28, 1995	(9,921)	(8,469)
– Surplus on revaluation of fixed assets at February 28, 1995	29,033	29,033
– Deferred tax effect on revaluation surplus	(9,580)	(9,580)
– Difference in loss on disposal of fixed assets due to revaluation at February 28, 1995	(4,626)	(4,626)
– Exchange gains in respect of funds borrowed for fixed assets	112,471	112,471
– Depreciation expense on fixed assets due to difference in exchange gains capitalised	(35,073)	(27,762)
– Interest expense capitalised in construction in progress	–	17,917
– Housing subsidy cost	62,159	71,478
– Deferred tax effect on housing subsidy cost	(23,587)	(23,587)
– Adjustment of land use rights at January 1, 2001	(929,741)	–
– Tax adjustment	33,167	29,775
	<hr/> 3,106,046 <hr/>	<hr/> 5,873,895 <hr/>
Shareholders' equity as reported under IAS	3,106,046	5,873,895

Profit Information prepared in accordance with No. 9 Preparation Regulations of Information Announcement for Public Listed Companies Issued by the China Securities Regulatory Commission

Profit/loss for 2001	Return on net assets %		Profit/(loss) per share	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Income from principal operations	7.28	5.91	0.0794	0.0794
Operating loss	(46.57)	(37.78)	(0.5076)	(0.5076)
Net loss	(46.45)	(37.69)	(0.5063)	(0.5063)
Net loss after non-operating loss	(43.95)	(35.66)	(0.4791)	(0.4791)

Note:

The method of calculation of fully diluted and weighted average financial items prepared in accordance with PRC GAAP is as follows:

- a. Return on net assets (fully diluted) = net loss/net assets as at December 31, 2001 X 100%
- b. Return on net assets (weighted average) = net loss/(net assets as at January 1, 2001 + net assets as at December 31, 2001)/2 X 100%
- c. Loss per share (fully diluted) = net loss/shares outstanding as at December 31, 2001
- d. Loss per share (weighted average) = net loss/(shares outstanding as at January 1, 2001 + shares outstanding as at December 31, 2001)/2

During the year ended December 31, 2001, changes in shareholders' equity of the Group under PRC GAAP were as follows:

Items	Share capital RMB	Capital surplus RMB	Surplus reserves RMB	Statutory public welfare fund included in surplus reserves RMB	Accumulated losses RMB	Total shareholders' equity RMB
As at						
January 1, 2001	3,561,078,000	2,294,138,886	696,241,999	126,834,279	(864,213,661)	5,687,245,224
Increase during 2001	-	-	4,822,537	-	-	4,822,537
Decrease during 2001	-	(520,000)	-	-	(1,809,803,135)	(1,809,283,135)
As at						
December 31, 2001	<u>3,561,078,000</u>	<u>2,293,618,886</u>	<u>701,064,536</u>	<u>126,834,279</u>	<u>(2,674,016,796)</u>	<u>3,881,744,626</u>

In 2001, the decrease in the capital surplus of RMB520,000 represented a release of interest income relating to unsuccessful applicants in respect of the new shares issued in 1996.

In 2001, the increase in surplus reserves was based on appropriations from net profit after taxation by the Company's subsidiaries, Jilin Winsway Chemical Industrial Store and Transport Limited and Jilin Songmei Acetic Acid Company Limited, to the statutory surplus reserves, of which RMB215,305 and RMB4,607,232 were attributable to the Group.

The increase in accumulated losses of RMB1,809,803,135 was attributable to net loss generated during the year.