



The impact of recent economic development on the Company

During the first half of 2002, the domestic economy of the PRC maintained steady growth at a relatively fast rate. Gross domestic product (GDP) amounted to RMB4,553.6 billion, representing an increase of 7.8% over the same period of last year. The development of the domestic economy of Sichuan Province is accelerated when compared with the growth rate of 9.2% in the previous year. According to preliminary statistics, GDP of Sichuan Province was RMB202.716 billion, representing a growth of 10.2% over the same period of last year, and 1.5 percentage points over the growth rate of the same period of the previous year. The positive economic development has constituted a favourable atmosphere for the operation and development of the Group, which facilitated the stabilization and improvement of the Group's operating performance.