



## THE IMPACT OF RECENT ECONOMIC DEVELOPMENT ON THE COMPANY

During the year, the operation of the PRC economy commenced properly. In the first quarter of this year, most economic indicators experienced the fastest growth rate as compared with the same period since 1995. The economy achieved strong growth as a whole. After April, certain industries were adversely affected by SARS and experienced an obvious fall in growth. However, the national economy still maintained a rapid growth in the first half of the year. Gross domestic products amounted to Rmb5,005.3 billion, representing an increase of 8.2% as compared with the corresponding period of last year. The development of the domestic economy of Sichuan Province is accelerated when compared with the growth rate of 10.6% of the previous year. According to preliminary statistics, gross domestic products of Sichuan Province was Rmb226.02 billion, representing a growth of 11.1% over the same period of last year, and 0.9 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 stability and improvement of the Group's operating performance.