

INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There was no change in the number of shares held by the Company's directors, supervisors and senior management during the reporting period.

2. EMPLOYMENT OR DISMISSAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

On 18 April 2005, the Supervisory Committee approved the resignation of Mr. Yuan Limin from the position of Supervisor for reason of work changes.

On 20 May 2005, the Supervisory Committee approved the resignation of Ms. Xu Xiuqin from the position of Supervisor for reason of work changes.

On 2 June 2005, the 2004 General Meeting was held, at which Mr. Fu Xiuheng and Ms. Dai Guiqing were considered and approved as the additionally appointed Supervisor of shareholders representatives. Their terms of were from 2 June 2005 to 7 March 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

1. DISCUSSION AND ANALYSIS OF OVERALL OPERATION IN THE REPORTING PERIOD

During the reporting period, under the leadership of the Board of Directors, the Company focused on the guideline "enhancing communication to invovated idea, pressing ahead stringent specialised management to minimise cost, emphasising on quality for continual improvements and striving for a new breakthrough". Perfecting management fundamentals, the Company implemented strict budget management system to control costs and expenses strictly. Meanwhile, through actively adjusting product mix and marketing strategies and exploring new market in full effort, the Company effectively overcame the impacts from the increasing prices of raw materials and other adverse factors, maintaining a sound progress in production and operation. During the reporting period, the Company recorded an income from sales of RMB245.75 million, and net profit of RMB8.73 million.

2. OPERATION DURING THE REPORTING PERIOD

(1) Principal business and its operation

1. Principal business, industry and the status of the Company

The Company and its subsidiaries are the major base of manufacturing, research and export of electrical transmission and transformation equipment in China and the major supplier of electrical transmission and transformation equipment used for Three Gorges Project and electricity network transformation in cities and towns. The Company's principal business is the manufacture and sale of system protection and transmission equipment including power capacitors, closed busbars and high-voltage isolated switch.