

## INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 1. MOVEMENTS IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

On 18 April 2006, the Board of Directors considered and approved the appointment of Mr. Shi Li as the Deputy General Manager of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. DISCUSSION AND ANALYSIS ON THE COMPANY'S OPERATING PERFORMANCE 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 upgrade concept, pressing ahead stringent specialised management to upgrade the quality, advancing technologies to increase productivity and income, improving relationships controlled for image building" to further perfect management fundamentals and control cost and expenses strictly. In addition, through actively adjusting product mix and marketing strategies and working closely with related authorities, the Company overcame effectively the impacts from the adverse factors such as, increasing prices of raw materials and lack of capital, and maintained a sound progress in production and operation. During the reporting period, the Company recorded an income from sales of RMB263.06 million, and net profit of RMB9.66 million, representing an increase of 7% and 10.7% respectively compared with the corresponding period of last year.

### 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.