

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover and net profit of the Group for the year 2000 amounted to RMB6,384,763,000 and RMB230,168,000 respectively, representing an increase of 29% and a decrease of 32%, respectively. The principal reasons for the increase of turnover were the Group's increased production scale and increased product sales. The decrease of net profit was due to keen competition in the market and the reduced gross profit for products.

The sale of computers bearing the "Golden Great Wall" brand name reached 296,000 sets, representing an annual growth rate of 35% as compared with the preceding year. Computers of IBM brand name, which were jointly produced with IBM, reached sales volume of 585,000 sets, representing a growth rate of 39% as compared with the preceding year. The turnover of HDDs was RMB3,164,000,000, representing a growth rate of 8%.

The Group has 9,855 employees in the year 2000.