

MANAGEMENT DISCUSSION & ANALYSIS

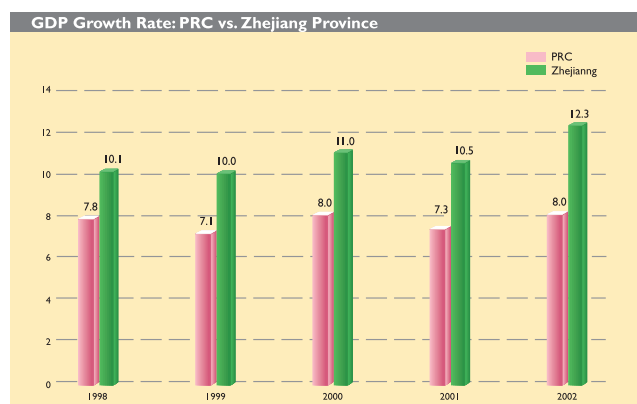
BUSINESS REVIEW

The past year has been a year of unrelenting growth for the Group. Turnover for the Group was approximately Rmb2,168 million, representing an increase of 25.9% over 2001, while net profit attributable to shareholders was approximately Rmb890 million, representing an increase of 17.1% over 2001.



THE OPERATING ENVIRONMENT

Seizing the opportunities presented by an increase in domestic demand and an expanded overseas market following China's accession to the WTO in late 2001, China's economy continued to power ahead with a better-than-expected GDP growth rate of 8.0% for the year 2002.



Source: Zhejiang Bureau of Statistics

Once again, leading the pack of provinces and municipalities situated along the east coast of the PRC in economic performances, Zhejiang GDP grew by approximately 12.3% in 2002, the province's highest growth rate in recent years, and 4.3% higher than the national average.

Economic Performances of Selected Provinces and Municipality in 2002				
	GDP Total		Export Total	
	Rmb billion	% growth	Rmb billion	% growth
Anhui Province	356.9	+8.9	2.5	+7.5
Fujian Province	468.2	+10.5	17.4	+24.8
Guangdong Province	1,167.4	+10.8	118.5	+24.2
Jiangsu Province	1,063.6	+11.6	38.5	+33.3
Shandong Province	1,055.2	+11.6	21.1	+16.5
Shanghai Municipality	540.9	+10.9	32.1	+16.0
Sichuan Province	487.5	+10.6	2.7	+71.3
Zhejiang Province	767.0	+12.3	29.4	+28.0

Source: National Bureau of Statistics of China