

Balance Sheet

(prepared in accordance with the PRC Accounting Rules and Regulations)(For the year ended 31st December, 2000)

| Assets | Note(5) | 2000-12-31 | | 1999-12-31 | |
|--|---------|---------------------|----------------|---------------------|----------------|
| | | Consolidated RMB | Company RMB | Consolidated RMB | Company RMB |
| Current assets: | | | | | |
| Cash and bank balances | 1 | 402,777,088.94 | 247,756,420.60 | 531,687,714.61 | 128,841,402.22 |
| Short term investment | 2 | 120,987,125.95 | 120,000,000.00 | -- | -- |
| Less: provision for diminution of short term investment | | -- | -- | -- | -- |
| Short term investment, net | | 120,987,125.95 | 120,000,000.00 | -- | -- |
| Bills receivable | 3 | 3,615,768.55 | -- | 8,980,730.79 | 1,050,000.00 |
| Dividends receivable | 4 | 7,439,514.89 | 7,439,514.89 | 520,539.76 | 520,539.76 |
| Accounts receivable | 5 | 142,020,043.04 | 8,315,100.47 | 388,479,978.29 | 19,391,218.07 |
| Other receivables | 6 | 274,624,422.65 | 259,918,384.10 | 104,218,155.02 | 79,773,233.40 |
| Less: provision for bad debts | 7 | 29,857,189.02 | 22,433,919.21 | 55,169,717.70 | 32,291,117.19 |
| Accounts receivable, net | | 386,787,276.67 | 245,799,565.36 | 437,528,415.61 | 66,873,334.28 |
| Prepayments | 8 | 162,393,499.36 | 144,050,782.67 | 97,791,159.37 | 113,884,160.93 |
| Stocks | 9 | 178,713,907.83 | 29,400,109.61 | 742,834,042.98 | 43,789,482.09 |
| Less: provision for devaluation of stocks | 9 | 13,603,586.55 | 1,709,517.46 | 45,150,366.68 | 2,468,612.68 |
| Inventories, net | | 165,110,321.28 | 27,690,592.15 | 697,683,676.30 | 41,320,869.41 |
| Deferred expenses | 10 | 14,386,990.24 | 504,420.29 | 2,422,337.28 | 759,611.47 |
| Net loss on deferred handling of current assets | | 37,348.13 | -- | 97,988.06 | -- |
| Total current assets | | 1,263,534,934.01 | 793,241,295.96 | 1,776,712,561.78 | 353,249,918.07 |
| Long term investments: | | | | | |
| Long term equity investments, net | 11 | 656,275,992.02 | 750,823,460.15 | 400,297,786.14 | 606,781,817.35 |
| Fixed assets: | | | | | |
| fixed assets, at cost | 12 | 546,200,466.40 | 419,054,184.88 | 735,163,484.48 | 454,305,122.89 |
| Less: accumulated depreciation | 12 | 169,861,910.55 | 112,160,913.50 | 215,164,623.19 | 102,586,690.62 |
| Fixed assets, net book value | | 376,338,555.85 | 306,893,271.38 | 519,998,861.29 | 351,718,432.27 |
| Construction in progress | 13 | 20,604,527.39 | 18,653,848.16 | 20,388,338.19 | 18,419,789.66 |
| Net loss on deferred | | | | | |

| | | | | | |
|-----------------------------------|----|------------------|------------------|------------------|------------------|
| handling of fixed assets | | 2,767.50 | -- | (755,854.80) | -- |
| Total fixed assets | | 396,945,850.74 | 325,547,119.54 | 539,631,344.68 | 370,138,221.93 |
| Intangible and other assets | | | | | |
| Intangible assets | 14 | 110,384,373.37 | 109,466,040.37 | 136,564,055.56 | 135,754,055.56 |
| Pre-operating expenses | 15 | 455,119.65 | -- | 2,952,656.80 | -- |
| Long term deferred expenses | 16 | 28,618,600.18 | 28,008,806.90 | 17,786,894.75 | 15,016,548.87 |
| Total intangible and other assets | | 139,458,093.20 | 137,474,847.27 | 157,303,607.11 | 150,770,604.43 |
| Total assets | | 2,456,214,869.97 | 2,007,086,722.92 | 2,873,945,299.71 | 1,480,940,561.78 |

| Liabilities and shareholders' equity | Note(5) | 2000-12-31 | | 1999-12-31 | |
|--------------------------------------|---------|---------------------|------------------|---------------------|----------------|
| | | Consolidated RMB | Company RMB | Consolidated RMB | Company RMB |
| Total assets liabilities: | | | | | |
| Short term loans | 17 | 533,430,000.00 | 404,100,000.00 | 512,047,074.01 | 357,877,074.01 |
| Bills payable | 18 | 722,441,400.00 | 595,000,000.00 | 717,156,145.00 | 215,000,000.00 |
| Accounts payable | 19 | 125,799,715.23 | 15,953,646.13 | 482,423,892.33 | 22,281,348.46 |
| Receipts in advance | 20 | 18,985,082.92 | 564,574.65 | 209,608,909.97 | 3,959,969.36 |
| Accrued salaries | | 1,779,930.62 | -- | 4,237,775.19 | -- |
| Staff welfare payable | | 11,395,118.56 | 7,216,511.93 | 8,823,701.90 | 5,948,824.82 |
| Taxes payable | 22 | 64,895,489.10 | 56,941,050.47 | 51,476,049.73 | 62,686,709.98 |
| Sundry payables | | 5,405,287.17 | 4,927,095.35 | 5,058,664.86 | 4,902,617.56 |
| Other payables | 21 | 131,929,298.34 | 112,565,700.03 | 165,248,170.83 | 141,789,634.08 |
| Accrued expenses | 23 | 7,050,502.28 | 4,951,078.27 | 15,391,193.57 | 7,124,643.07 |
| Long term liabilities payable | | | | | |
| within 1 year | | -- | -- | 16,500,000.00 | 16,500,000.00 |
| Total current liabilities | | 1,623,111,824.22 | 1,202,219,656.83 | 2,187,971,577.39 | 838,070,821.34 |
| Long term liability: | | | | | |
| Long term payables | | 14,176,785.10 | 14,176,785.10 | -- | -- |
| House revolving fund | | 563,274.84 | 459,406.84 | 60,945.00 | -- |
| Total long term liabilities | | 14,740,059.94 | 14,636,191.94 | 60,945.00 | -- |

| | | | | | |
|--|----|------------------|------------------|------------------|------------------|
| Deferred tax: | | | | | |
| Deferred tax loan | | 11,550.64 | 11,550.64 | -- | -- |
| | | | | | |
| Total liabilities | | 1,637,863,434.80 | 1,216,867,399.41 | 2,188,032,522.39 | 838,070,821.34 |
| | | | | | |
| Minority interests | | 22,185,377.81 | -- | 22,593,585.23 | -- |
| Shareholders' equity: | | | | | |
| Share capital | 24 | 655,015,000.00 | 655,015,000.00 | 655,015,000.00 | 655,015,000.00 |
| Capital reserve | 25 | 478,444,331.91 | 478,444,331.91 | 478,420,880.60 | 478,420,880.60 |
| Surplus reserve | 26 | 188,137,542.53 | 188,137,542.53 | 188,137,542.53 | 188,137,542.53 |
| Including: public welfare fund | | 38,425,804.72 | 38,425,804.72 | 38,425,804.72 | 38,425,804.72 |
| Undistributed profits | 27 | (525,430,817.08) | (531,377,550.93) | (658,254,231.04) | (678,703,682.69) |
| | | | | | |
| Total shareholders' equity | | 796,166,057.36 | 790,219,323.51 | 663,319,192.09 | 642,869,740.44 |
| | | | | | |
| Total liabilities and shareholders' equity | | 2,456,214,869.97 | 2,007,086,722.92 | 2,873,945,299.71 | 1,480,940,561.78 |

(The accompanying notes form an integral part for these financial statements.)