

STATEMENT OF INCOME AND APPROPRIATION

Financial Statements Prepared in Accordance with prc Accounting Standards

For the year ended 31st December 2000

	NOTES	2000 RMB	1999 RMB
Principal operating revenue		91,071,498	46,246,503
Less: Principal operating cost		68,836,883	35,119,310
Principal operating profit		22,234,615	11,127,193
Add: Income (loss) from other operations	25	691,217	(15,528)
Less: Inventory valuation allowance		—	26,317,815
Selling expenses		6,179,330	4,890,660
Administrative expenses		19,109,493	29,279,289
Net financial income	26	(3,917,862)	(1,049,212)
Operating profit (loss)		1,554,871	(48,326,887)
Add: Income (loss) from investments	27	540,000	(1,312,448)
Non-operating income		311,679	243,045
Less: Non-operating expenses		155,290	171,731
Add: Subsidy income	28	1,325,029	3,000,000
Income (loss) for the year		3,576,289	(46,568,021)
Less: Income tax	29	—	—
Net income (loss)		3,576,289	(46,568,021)
Add: Deficit brought forward		(61,339,595)	(14,771,574)
Deficit before appropriation		(57,763,306)	(61,339,595)
Less: Allocation to statutory surplus reserve		—	—
Allocation to statutory public welfare fund		—	—

Loss available for distribution to shareholders	(57,763,306)	(61,339,595)
Less: Allocation to discretionary surplus reserve	—	—
Less: Proposed dividend	—	—
Deficit carried forward	(57,763,306)	(61,339,595)

Notes are an integral part of financial statements.

Supplemental
Information

Profit for reporting period	Return on net assts		Earnings per share	
	overall	weighted	overall	weighted
	dilution	average	dilution	average
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Principal operating profit	0.044	0.044	0.091	0.091
Operating profit	0.003	0.003	0.006	0.006
Net income	0.007	0.007	0.015	0.015
Net income after deduction of non-recurring operation	0.004	0.004	0.009	0.009

Notes are an integral part of financial statements.