

Appendix to the Accounts

(Prepared in accordance with the PRC Accounting Rules and Regulations)

1. Cash and bank of RMB 1,628,382,000 increases by 535% compared to last year is mainly due to the capital raised from A share issued in May 2000.
2. Short term investment of RMB 12,000,000 increases by 71% relates to the investment in this year.
3. Notes receivable of RMB 38,070,000 increases by 52% is mainly due to increase of bank draft received from customer.
4. Provision for bad debts increases by RMB 47,428,000 by 50% compared to last year is mainly due to the bad debts provision accrued in the year.
5. Inventory of RMB885,698,000 increases by 97% compared with last year is mainly due to the increase of production.
6. Provision of RMB 4,316,000 increases by 209% compared with last year is mainly due to the provision accrued in the year.
7. Long term investment of RMB 1,836,000 decreases by 90% is mainly due to the decrease of investment to Shanghai Rieter-Jingwei Textile Machinery Limited
8. Construction in progress of RMB 32,480,000 increases by 34% is mainly due to the capital expenditure did not completely begin at the year end of 2000.
9. Pre-operating expenses of RMB1,808,000 increases by 55% compared to last year is mainly due to the establishment of new subsidiaries..
10. Notes payable of RMB 77,587,000 increases by 123% compared to last year is mainly due to the increase of bank drafts.
11. Advance from customers of RMB 543,019,000 increases by 261% is mainly due to the improvement of market and the increase of order advance.
12. Accrued payroll of RMB 930,000 decreases 31% compared to last year is mainly due to payment of the payroll owed.
13. Long term bank loan of RMB71,290,000 decreases by 155% compared to last year is mainly due to the reclassification of long term loans.
14. Minority interest of RMB 7,729,000 increases by 101% is mainly due to the increase of the new subsidiary.
15. Share capital of RMB 603,800,000 increases by 42% is mainly due to the A share issued in 2000.

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16. Capital reserve of RMB 1,252,154,000 increases by 534% mainly due to the A share issued over the issue price in 2000.
17. Surplus reserve of RMB 125,357,000 increases by 61% compared to last year is mainly due to the accrual of surplus reserve for prior years.
18. Statutory public welfare of RMB 48,797,000 increases by 96% compared to last year is mainly due to the accrual of statutory public welfare for previous years.
19. Sales revenue of RMB 1,808,125,000 increases by 125% compared to last year is mainly due to an increase of sales of the Company.
20. Cost of sales of RMB 1,444,004,000 increases by 130% compared to last year is mainly due to the increase of sales of the Company and the change on method of consolidation.
21. Sales tax of RMB 1,710,000 increases by 56% compared to last year is mainly due to the increase of taxation payable and the change of method of consolidation.
22. Other operating income of RMB 8,015,000 decreases by 66% is mainly due to the export VAT refund and contract profit in last year.
23. Selling expense of RMB 52,826,000 increases by 169% is mainly due to the increase in sales of the Company and the change of method of consolidation.
24. General and administrative expenses of RMB 160,788,000 increases by 114% is mainly due to the increase in sales of the Company and the change of method of consolidation.
25. Income from investment of RMB 11,169,000 increases by 136% compared to last year is mainly due to the income in liquidation of Shanghai Rieter-Jingwei Textile Machinery Limited and the income of consign capital.
26. Subsidy income of RMB 622,000 decreases by 86% compared to last year is mainly due to the decrease of the subsidy of last year.
27. Non-operating income of RMB 373,000 decreases by 91% is mainly due to the restructure of the liability of the current period which increased the income in last year.
28. Non operating expenses of RMB 2,766,000 increases by 34% is mainly due to the decrease of the expenses for institution and schools.
29. Loss of minority shareholders of RMB 2,283,000 increases by 329% compared to last year is mainly due to the sales revenue increase in subsidiaries.
30. Net profit of RMB 133,932,000 increases by 51% is mainly due to the increase in sales revenue.