

Financial Report PRC

For the year ended 31st December, 2001

Cash Flow Statement

2001

Unit: RMB

Item of cash flow	Parent company	Consolidated
1. Cash flow from operating activities		
Cash received from sales of goods or rendering of services	2,073,198,562.59	2,610,290,681.11
Refund of tax paid	70,352,006.72	93,169,739.61
Other cash received relating to operating activities	151,722,961.64	163,642,769.67
Sub-total of cash inflows	2,295,273,530.95	2,867,103,190.39
Cash paid for goods and services	1,691,034,542.18	2,089,603,379.30
Cash paid to and on behalf of employees	151,729,903.15	192,927,618.29
all tax paid	62,934,202.72	94,390,208.97
Other cash paid relating to operating activities	101,398,573.18	156,349,393.12
Sub-total of cash outflows	2,007,097,221.23	2,533,270,599.68
Net cash flow from operating activities	288,176,309.72	333,832,590.68
2. Cash flow from investing activities:	–	–
Cash received from return of investments	22,340,523.24	22,340,523.24
Cash received from distribution of dividends or profits	7,883,401.06	7,883,401.06
Cash received from disposal of fixed assets		
intangible assets, other long-term assets	867,949.838	67,949.83
Other cash received relating to investing activities	–	31,867.36
Subtotal of cash inflows	31,091,874.13	31,123,741.49
Cash paid to acquire fixed assets,		
intangible assets, other long-term assets	66,845,329.14	69,781,014.44
Cash paid to investments	–	650,000.00
Other cash paid relating to investing activities	72,319.00	72,319.00
Sub-total of cash outflows	66,917,648.14	70,503,333.44
Net cash flow from investment activities	-35,825,774.01	-39,379,591.95
3. Cash flows from financing activities	–	–
Proceeds from issuing investments	–	–
Proceeds from borrowings	953,468,000.00	983,023,208.61
Other proceeds relating to financing activities	18,5586,348.36	18,985,085.16
Sub-total of cash inflows	972,054,348.36	1,002,008,293.77
Cash repayment of amounts borrowed	1,112,000,000.00	1,141,175,208.61
Cash payments for distribution of dividends or profits, interest expenses	50,811,082.57	54,432,863.33
Other cash payments relating to financing activities	-46,012,580.81	2,742,146.91
Sub-total of cash outflows	1,294,985,194.49	1,556,243,415.32
Net cash flows from financing activities	-114,744,153.40	-196,341,925.08

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Item of cash flow	Parent company	Consolidated
4. Effect of foreign exchange rate changes on cash and bank balances	86,818.09	81,008.88
5. Net increase in cash and cash equivalents	107,693,200.40	98,192,082.56
1. Investing and financing activities not involving cash flows		
Capital from debts	—	—
Company bonds changeable in one year	—	—
Financing or leasing fixed assets	—	—
2. Reconciliation of net profit to cash flows from operating activities	—	—
Net profit	8,978,314.37	8,978,314.37
Add: Minority interests	—	1,015,242.29
Provision for diminution of assets	798,604.11	1,677,111.61
Depreciation of fixed assets	50,715,437.68	71,653,503.27
Amortization of intangible assets	2,275,700.92	2,422,536.22
Amortization of long-term deferred expenses	—	271,193.64
Decrease of deferred expenses(deduct: increase)	3,206,171.34	-15,910,320.51
increase of pre-operating expenses(deduct: decrease)	—	-517,379.33
Losses on disposal of fixed assets, intangible assets and other long-term assets (deduct: decrease)	—	—
Losses on write off of fixed assets	1,575,873.78	2,911,126.49
Financial expenses	31,411,816.73	35,880,579.56
Losses from investments (deduct: income)	-17,187,058.88	-8,732,521.38
Deferred tax credit (deduct: assets)	—	—
Decrease in inventories (deduct: increase)	-372,449,607.35	-344,457,307.79
Decrease in operating receivables (deduct: increase)	185,662,702.77	204,696,825.91
Increase in operating payables (deduct: decrease)	224,020,064.60	189,586,443.61
Others	169,168,289.65	184,357,242.75
Net cash flows from operating activities	288,176,309.72	333,832,590.71
3. Net increase in cash and cash equivalents		
Cash and bank balances at the end of the period	242,762,188.52	272,713,762.79
Less: cash and bank at the beginning of the period	135,068,988.12	173,658,559.64
Less: cash and bank at the beginning of the period of Henghe Construction		863,120.59
Add: cash equivalents at the end of the period	—	—
Less: cash equivalents at the beginning of the period	—	—
Net increase in cash and cash equivalents	107,693,200.40	98,192,082.56

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Statement of Movements in Shareholders Equity

2001

Unit: RMB

Items	This year	Last year
1. Share capital		
Balance at beginning of year	494,677,580.00	494,677,580.00
Addition in the year		
Including: Transfer from capital reserve		
Transfer from surplus reserve		
Transfer from profit distribution		
New share capital		
Deduction in the year		
Balance at end of year	494,677,580.00	494,677,580.00
2. Capital reserve		
Balance at the beginning of year	651,976,983.72	651,976,983.72
Addition in the year	498.00	—
Including: share premium		
Donation in the form of assets		
Donation in the form of cash		
Provision for share investment	498.00	—
Transfer from appropriation		
Exchange reserve		
Other capital reserve		
Deduction in the year		
Including: capitalization as share capital		
Balance at end of year	651,977,481.72	651,976,983.72
3. Statutory and discretionary surplus reserve		
Balance at the beginning of year	67,873,745.09	66,675,996.29
Addition in the year	802,263.84	1,197,748.80
Including: profit appropriation		-400,643.59
Including: statutory surplus reserve		
discretionary surplus reserve	87,813.84	1,598,392.39
reserve fund		
company development fund		
transfer from statutory public welfare fund	714,450.00	—
Deduction in the year		
Including: set off losses		
capitalization as share capital		
cash dividend distribution		
bonus share distribution		
Balance at end of year	68,676,008.93	67,873,745.09
Including: statutory surplus reserve	48,998,046.01	48,998,046.01
reserve fund		
company development fund		
4. statutory public welfare fund		
Balance at the beginning of the year	32,185,952.41	33,019,843.48
Addition in the year		-400,643.59
Including: profit appropriation		-400,643.59
Deduction in the year	714,450.00	433,247.48
Including: collective welfare	714,450.00	
Balance at end of year	31,471,502.41	32,185,952.41
5. profit distribution		
Balance at the beginning of year	-638,051,089.36	105,514,759.09
Net profit in the year (prefix of "-" for loss)	8,978,314.37	-725,869,601.67
Profit distribution and appropriation		17,696,246.78
Balance at end of year (prefix of "-" for accumulated losses)	-629,072,774.99	-638,051,089.36

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Diminution in Value Statement

2001

Unit: RMB

Items	Balance at beginning of year	Consolidated		Balance at end of year
		Addition in the year	Transference in the year	
1. Total provision for doubt debts	409,111,160.6	3,268,786.0	10,383,463.4	401,996,483.3
Including: accounts receivable	7,282,438.15	1,212,079.46	5,431,529.13	3,062,988.48
other receivables	401,828,722.45	2,056,706.56	17,801,934.24	386,083,494.77
2. Total diminution provision for short-term investment	—	—	—	—
Including: share investment	—	—	—	—
bond investment	—	—	—	—
3. Total diminution provision for inventories	335,636,131.09	973,349.74	230,945,001.48	105,664,479.35
Including: finished goods	6,303,365.96	973,349.74	6,258,174.37	1,018,541.33
raw materials	2,900,565.13		1,866,087.92	1,034,477.21
provision for losses	326,432,200.00		222,820,739.19	103,611,460.81
4. Total diminution provision for long-term investment	—	—	—	—
Including: long-term share investment	—	—	—	—
long-term debt investment	—	—	—	—
5. Total diminution provision for fixed assets	—	—	—	—
Including: buildings, constructions facilities	—	—	—	—
6. Total diminution provision for intangible assets	13,900,000.00		13,900,000.00	—
Including: patents	—	—	—	—
brands	—	—	—	—
7. Diminution provision for construction in progress	—	—	—	—
8. Diminution provision for trust loans	—	—	—	—

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Statement of Value-added Tax Payable

2001

Unit: RMB

Items	This year	Last year
1. Value-added tax liabilities	(19,416,776.03)	347,532,293.80
(1) Balance at beginning of year		
(prefix of "-" required)	347,497,094.12	—
(2) Output value-added tax		
Tax refund for exports		
Set off against input value-added tax	2,384,786.90	5,785,432.10
Overpayment of tax	73,848,213.18	51,989,528.99
(3) Input value-added tax	328,940,385.62	294,821,084.08
Tax paid	9,440,478.54	227,625,873.62
Preferential tax arrangement		
Tax related to exporting products		
Transfer to value-added tax payable	88,381,836.51	86,821,926.70
(4) Balance at end of year	(9,239,542.04)	(19,416,776.03)
2. Value-added tax payable		
(1) Balance at beginning of year		
(prefix of "-" required)	(18,421,440.41)	(17,338,359.43)
(2) Value-added tax liabilities in the year	14,669,930.98	35,931,109.04
(3) Tax paid in the year	16,108,839.63	71,690,909.04
(4) Balance at end of year	(19,860,349.06)	(18,421,440.41)

Geographical Segment

2001 annual

unit: RMB

Items	This year	Last year	This year	Last year	This year	Last year	This year	Last year	This year	Last year	This year	Last year	This year	Last year	This year	Last year	This year	Last year	This year	Last year		
1. Total operating income																						
including external																						
operating income	558,344,977.04	803,486,080.95	247,943,917.58	795,279,446.66	223,627,775.22	-	561,153,121.64	-	23,552,297.09	274,371,278.07	220,220,918.31	104,370,322.95	4,085,438.76	-	72,667,044.62	213,175,643.66	85,219,994.69	-	80,097,107.44	31,607,110.09	2,076,603,220.75	2,222,789,882.38
Operating income																						
among divisions																						
2. Total sale costs	549,184,951.03	802,755,781.19	214,000,536.19	744,975,140.13	222,872,474.60	-	561,153,121.64	-	24,240,716.13	249,213,976.01	201,772,021.49	95,794,343.91	4,363,380.96	-	60,064,755.56	188,933,743.38	79,219,029.59	-	68,180,775.09	236,660,328.56	1,984,058,856.28	2,111,444,926.55
Total expenses																						
during the period	86,715,821.50	633,320,994.41	7878,675.47	199,191,866.32	7109,463.46	-	17947,883.14	-	-	12,538,829.15	11,327,148.55	2,202,518.11	264,678.70	-	7834,493.90	9,455,246.24	-	-	-	-	137979,167.72	866,671,412.22
4. Total operating profits	-75,565,807.13	-627,520,654.65	25,862,545.92	-148,897,598.79	-6,454,162.84	-	-17947,883.14	-	-487,419.04	12,584,472.91	7121,348.27	6,065,460.93	-548,600.90	-	4,769,855.16	14,780,649.04	6,000,881.10	-	11,916,322.35	1,961,071.53	-45,634,803.25	-745,676,559.03
5. Total amount of assets	1,745,128,994.95	2,327,264,438.22	286,200,255.80	3,418,895.30	-	440,558,180.69	1,570,571.80	-	-	2,766,473.40	-	-	-	-	35,597,927,646	3,671,065.34	-	-	-	-	2,510,362,534.00	2,366,514,880.86
Total amount of debts	1,249,592,863.94	1,714,244,744.52	276,340,743.06	-	-	289,537,392.00	-	45,638.71	-	28,696.04	-	-	3,978,251.67	-	18,321,738.19	-	-	-	-	-	1,830,445,014.38	1,732,595,178.75