

Income Statement and Profit Appropriation Statement

For the year ended 31st December, 2000
(Prepared under PRC Accounting Rules and Regulations)
(Expressed in Thousand Renminbi)

| Note | 1st January, to 31st December, 2000 | 1st January, to 31st December, 1999 | |
|---|---|---|-----------|
| Income from principal operations | 24 | 9,793,150 | 6,923,142 |
| Less: Cost of sales | | 8,735,297 | 6,320,951 |
| Business tax and surcharges | 25 | 25,550 | 15,146 |
| Profit from principal operations | | 1,032,303 | 587,045 |
| Add: Other operating profit | 26 | 23,236 | 16,017 |
| Less: Inventory provision | | 21,000 | 10,852 |
| Distribution and other operating expenses | 27 | 168,158 | 119,066 |
| Administrative expenses | 28 | 149,093 | 86,538 |
| Add: Financial income | 29 | 39,678 | 37,300 |
| Operating profit | 756,966 | 423,906 | |
| Add: Non-operating income | 30 | 163 | 2,216 |
| Less: Non-operating expenses | 31 | 4,707 | 4,829 |
| Total profit | 752,422 | 421,293 | |
| Less: Income tax expense | | 262,673 | 130,032 |
| Net profit | 489,749 | 291,261 | |

| | Note | 1st January, to 31st December, 2000 | 1st January, to 31st December, 1999 |
|----|--|---|---|
| A. | Net profit | 489,749 | 291,261 |
| | Add: Undistributed profits at the beginning of the year | 585,032 | 352,023 |
| B. | Distributable profits | 1,074,781 | 643,284 |
| | Less: Transfer to statutory surplus reserve | 48,975 | 29,126 |
| | Less: Transfer to statutory public welfare fund | 48,975 | 29,126 |
| C. | Profits distributable to shareholders | 976,831 | 585,032 |
| | Less: Transfer to discretionary surplus reserve | - | - |
| | Dividends | 262,615 | - |
| D. | Undistributed profits | 714,216 | 585,032 |