

PROFIT DISTRIBUTION PLAN

PROFIT DISTRIBUTION PLAN FOR 2001

After auditing, the profit after taxation of the Company calculated according to the PRC GAAP was RMB301,434,708 while the profit after taxation for the year calculated according to the IAS was RMB312,373,000.

The Board of Directors proposes to distribute profit after tax calculated under the PRC GAAP as follows: transfer 10% after tax amounting to RMB30,155,893 to the statutory surplus reserve, 10% amounting to RMB30,149,682 to the statutory public welfare funds and 20% amounting to RMB60,345,957 to the discretionary surplus reserves.

The Board of Directors proposes to distribute a final dividend of RMB0.05 (inclusive of tax) per share the fiscal year ended 31 December 2001 to all shareholders, totalling approximately RMB133,202,000 (2000: RMB24,340,000). The undistributed profit of the Group prepared under PRC GAAP amounted to RMB313,023,000 is carried forward to the following year for distribution.

Of the final dividends, the dividends for domestic capital shares are distributed and paid in Renminbi, and the dividends for H Shares are distributed in Renminbi but paid in Hong Kong dollar (the value shall be calculated according to the average exchange rate between Renminbi and Hong Kong dollar announced by the People's Bank one week prior to 12 June 2002). Transfer procedures for shareholders of H Shares will be suspended in the period from Monday, 13 May to Wednesday, 12 June 2002 (both days inclusive); the dividends will be distributed on Friday, 5 July 2002 to the shareholders whose names appear on the register of holders of the Company's H Shares on Tuesday, 21 May 2002. Further announcement regarding register of holders of A Shares and the payment date for dividends will be made according to the relevant requirements after the application therefor by the Company has been accepted by the China Securities Clearing and Registration Company, Shanghai Branch.

The said dividend distribution plan is yet to be approved by the shareholders of the Company in the general meeting to be convened on 12 June 2002.

PROFIT DISTRIBUTION POLICY FOR THE NEXT YEAR

The 2002 profit distribution as predicted by the Board of Directors of the Company is as follows: drawing a 10% statutory surplus reserve; drawing a 10% statutory public welfare funds; with the resolution of the General Meeting of Shareholders, drawing discretionary surplus reserves; paying cash dividends to holders of ordinary shares once, with the total cash dividends to be distributed not to be less than 30% of the net profit realized in the current year of 2002, and the proportion of undistributed profit carried forward from the previous years to be distributed as cash dividends not to be less than 10%. The Company will not implement any plan for capitalization of reserves.

The Board of Directors of the Company reserves the right to adjust the distribution policy in line with the actual conditions of the Company.