

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

12. Construction materials

	The Group and the Company	
	2001	2000
	RMB'000	RMB'000
Equipment & accessories	36,106	98,922

13. Construction in progress

	The Group		The Company	
	2001	2000	2001	2000
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	2,107,357	1,609,158	2,092,598	1,593,842
Additions	4,246,189	1,282,717	4,207,888	1,269,109
of which:				
Capitalised interest costs	115,088	20,048	114,420	20,035
Transferred to fixed assets (Note 11)	6,353,546 (2,076,955)	2,891,875 (784,518)	6,300,486 (2,061,747)	2,862,951 (770,353)
Balance at 31 December	4,276,591	2,107,357	4,238,739	2,092,598

Construction in progress comprises costs incurred on property, plant and machinery not yet commissioned at 31 December 2001.

At 31 December 2001, the Group's principal construction in progress is as follows:

Project name	Budgeted amount	Balance at 1 January 2001	Additions for the year	Transferred to fixed assets	Balance at 31 December 2001	Percentage of completion	Source of funding	Interest
								capitalised for the year ended 31 December 2001
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
700,000 ton/year ethylene project	4,676,550	344,869	2,235,021	-	2,579,890	55%	Bank loans & self-financing	63,184
Thermal power plant Phase 2 expansion	810,060	126,542	425,403	-	551,945	68%	Bank loans & self-financing	11,155
Ethylene glycol unit Phase 2 renovation	188,435	43,530	115,895	-	159,425	85%	Bank loans & self-financing	4,339

Interest capitalised for the year ended 31 December 2001 is as follows:

	The Group	The Company
	RMB'000	RMB'000
Balance at 1 January 2001	23,022	23,009
Additions	115,088	114,420
Transferred to fixed assets	(9,761)	(9,748)
Balance at 31 December 2001	128,349	127,681
Interest rate	5.85%-6.03%	5.85%-6.03%

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

14. Taxation

(a) Taxation in the income statement represents:

	The Group		The Company	
	2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
Provision for PRC income tax for the year	7,948	150,096	836	144,852
Deferred taxation	4,683	3,319	4,683	3,319
	12,631	153,415	5,519	148,171
Tax refund	(19,318)	-	(19,318)	-
	(6,687)	153,415	(13,799)	148,171

The charge for PRC income tax is calculated at the rate of 15% (2000: 15%) on the estimated assessable profits of the year determined in accordance with relevant income tax rules and regulations. The Group did not carry on business in overseas and Hong Kong and therefore no provision has been made for overseas and Hong Kong income tax.

Pursuant to the document "Cai Shui Zi (1999) No.290" issued by the Ministry of Finance and the State Administration of Taxation of the PRC on 8 December 1999, the Company received an income tax refund of RMB 19,318,000 (2000: RMB Nil) during the year relating to the purchase of equipment produced in the PRC for technological improvements.

(b) Taxes payable in the balance sheets represents:

	The Group		The Company	
	2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
Income tax	(39,423)	356	(39,704)	6
VAT	74,565	116,522	74,630	121,265
Consumption tax	33,846	32,752	33,846	32,750
Business tax	2,602	2,214	372	201
Other taxes	18,189	18,036	17,175	17,062
	89,779	169,880	86,319	171,284

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

14. Taxation (continued)

(c) Deferred taxation

	The Group and the Company	
	2001 RMB'000	2000 RMB'000
At 1 January	13,479	16,798
Reversal of deferred taxation arising from provision for inventories and bad debts	(4,683)	(3,319)
At 31 December	8,796	13,479

There is no significant deferred tax liability not provided for in the financial statements.

15. Short term loans

Short term bank loans are unsecured loans without guarantee and payable in full when due. The weighted average interest rate of short term loans of the Group was 5.85% (2000: 5.81%) at 31 December 2001.

16. Trade creditors, bills payable, receipts in advance and other payables

There are no material trade creditors, receipts in advance and other payables aged over 3 years.

Bills payable are mainly bank bills issued for the purchase of material, merchandises and products, generally due in 3 to 6 months.

Except for the balances disclosed in Note 30(e), there is no amount due to shareholders who held more than 5% shareholding included in the balance of trade creditors, bills payable, receipts in advance and other payables.

Ageing analysis of trade creditors is as follows:

	The Group			
	2001		2000	
	Amount RMB'000	Proportion %	Amount RMB'000	Proportion %
Within three months	657,512	86.43	1,119,895	94.79
Between three and six months	73,754	9.70	35,619	3.01
Over six months	29,437	3.87	25,948	2.20
	760,703	100.00	1,181,462	100.00

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

16. Trade creditors, bills payable, receipts in advance and other payables (continued)

	The Company			
	2001		2000	
	Amount RMB'000	Proportion %	Amount RMB'000	Proportion %
Within three months	524,442	88.24	1,021,525	97.28
Between three and six months	65,676	11.05	27,414	2.61
Over six months	4,233	0.71	1,199	0.11
	594,351	100.00	1,050,138	100.00

17. Dividend payable

	The Group and the Company	
	2001 RMB'000	2000 RMB'000
Final dividend proposed of RMB Nil per share (2000: RMB 0.06)	-	432,000

18. Long term loans

	The Group		The Company	
	2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
After five years	33,503	41,510	33,503	41,510
Between three and five years	1,389,954	321,623	1,382,554	48,774
Between two and three years	1,302,002	439,911	975,664	69,579
Between one and two years	738,288	1,060,732	359,256	715,613
	3,463,747	1,863,776	2,750,977	875,476
Within one year:				
Current portion of long term loans	1,076,541	893,745	731,502	494,547
	4,540,288	2,757,521	3,482,479	1,370,023

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

18. Long term loans (continued)

Long term loans are analysed as follows:

Repayment terms and last payment date	Interest type	Interest rate at 31 December 2001	Original currency	Exchange Rate	The Group		The Company	
					2001		2000	
					2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
Arranged by Central Treasury of the Company:								
U.S. Dollar denominated:								
Payable semi-annually through 2001	Floating	LIBOR+0.7%	-	8.2766	-	16,556	-	16,556
Payable semi-annually through 2002	Fixed	6.20%	6,000	8.2766	49,660	149,006	49,660	149,006
Payable semi-annually from 2001 through 2003	Floating	LIBOR+0.6%	13,098	8.2766	108,407	180,711	108,407	180,711
Payable semi-annually through 2004(Note(a))	Fixed	7.10%	6,526	8.2766	54,009	72,025	54,009	72,025
Payable semi-annually through 2008(Note(a))	Fixed	1.50%	11,700	8.2766	96,836	111,754	96,836	111,754
Payable semi-annually through 2015(Note(a))	Floating	LIBOR+0.5%	2,181	8.2766	18,054	6,681	18,054	6,681
Due in 2004	Floating	LIBOR+0.5%	5,000	8.2766	41,383	-	41,383	-
Renminbi denominated:								
Due in 2001	Floating	5.94%-6.03%	-	-	-	180,000	-	180,000
Due in 2002	Floating	5.94%-6.03%	-	-	395,000	395,000	395,000	395,000
Due in 2003	Floating	5.94%	-	-	288,840	-	288,840	-
Due in 2004	Floating	5.94%	-	-	900,000	-	900,000	-
Due in 2005	Floating	6.03%	-	-	350,000	-	350,000	-
Due in 2006	Floating	6.03%	-	-	1,000,000	-	1,000,000	-
Other loans due in 2002	-	Interest free	-	-	15,000	15,000	15,000	15,000
Arranged by individual plants of the Company:								
Due in 2001	Floating	6.03%-7.65%	-	-	-	78,000	-	78,000
Due in 2002	Floating	5.85%-6.03%	-	-	165,290	165,290	165,290	165,290
Arranged by subsidiaries:								
U.S. Dollar denominated:								
Due in 2001	Floating	LIBOR+1.12%	-	8.2766	-	82,781	-	-
Payable semi-annually through 2002	Floating	LIBOR+0.5%	1,667	8.2766	13,794	41,391	-	-
Payable semi-annually through 2004	Floating	2.45%	19,391	8.2766	160,506	168,572	-	-
Payable annually through 2004	-	Interest free	2,919	8.2766	24,155	-	-	-

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

18. Long term loans (continued)

Repayment terms and last payment date	Interest type	Interest rate at 31 December 2001	Original currency	Exchange Rate	The Group		The Company	
					2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
Arranged by subsidiaries (continued):								
Japanese Yen denominated:								
Payable semi-annually through 2004	Fixed	5.6%-5.65%	1,388,598	0.0630	87,489	137,934	-	-
Renminbi denominated:								
Payable semi-annually through 2003	-	Interest free			59,110	88,310	-	-
Payable semi-annually through 2004	Floating	6.21%			136,300	238,600	-	-
Payable semi-annually from 2003 through 2004	Floating	7.13%			45,000	-	-	-
Payable annually through 2004	-	Interest free			381,855	527,910	-	-
Payable annually from 2001 through 2005	-	Interest free			29,600	37,000	-	-
Due in 2002	Floating	4.95%			15,000	15,000	-	-
Due in 2003	Floating	6.24%-7.13%			65,000	50,000	-	-
Due in 2004	Floating	6.24%			40,000	-	-	-
Total long-term bank loans outstanding					4,540,288	2,757,521	3,482,479	1,370,023
Less: Amounts due within one year					(1,076,541)	(893,745)	(731,502)	(494,547)
Amounts due after one year					3,463,747	1,863,776	2,750,977	875,476

Note: (a) Guaranteed by China Petrochemical Corporation

Except for loans indicated as guaranteed, all loans are unsecured loans without guarantee.

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

19. Other long term liabilities

Deferred income

	The Group	
	2001 RMB'000	2000 RMB'000
Cost:		
At 1 January and at 31 December	115,177	115,177
Accumulated amortisation:		
At 1 January	34,554	23,036
Amortisation for the year	11,518	11,518
At 31 December	46,072	34,554
Net book value:		
At 31 December	69,105	80,623

In 1998, the Group obtained the assets, liabilities and employees of certain businesses and various other net assets from the community of Jinshanwei without monetary consideration. The value of net assets obtained amounted to RMB 115,177,000 and was recorded as deferred income in the consolidated financial statements.

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

20. Share capital

	The Group and the Company	
	2001 RMB'000	2000 RMB'000
Registered capital:		
4,870,000,000 A shares of RMB 1 each	4,870,000	4,870,000
2,330,000,000 H shares of RMB 1 each	2,330,000	2,330,000
	7,200,000	7,200,000
Issued and paid up capital		
Shares not in trade:		
4,150,000,000 A shares of RMB 1 each		
of which:		
Domestic legal persons owned shares	4,150,000	4,150,000
Total shares not in trade	4,150,000	4,150,000
Shares in trade:		
720,000,000 A shares of RMB 1 each		
2,330,000,000 H shares of RMB 1 each		
of which:		
RMB ordinary A shares listed in the PRC	720,000	720,000
Foreign investment H shares listed overseas	2,330,000	2,330,000
Total shares in trade	3,050,000	3,050,000
Total share capital	7,200,000	7,200,000

All the A and H shares rank pari passu in all respects.

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

21. Capital reserves

	The Group and the Company	
	2001 RMB'000	2000 RMB'000
Balance at 1 January	2,856,278	2,469,908
Government grants	-	386,370
Balance at 31 December	2,856,278	2,856,278

Balance of capital reserves at 31 December is represented by:

	Note	The Group and the Company	
		2001 RMB'000	2000 RMB'000
Share premium		2,420,841	2,420,841
Safety fund	(a)	4,180	4,180
Valuation surplus	(b)	44,887	44,887
Government grants	(c)	386,370	386,370
		2,856,278	2,856,278

(a) The safety fund represents gifts or grants received from China Petrochemical Corporation for enhancement of production safety.

(b) Valuation surplus represents the excess of fair value over the carrying value of assets given up in part exchange for investments.

(c) Government grants represent grants received for the purchase of equipment used for technology improvements.

22. Surplus reserves

	Note	The Group and the Company				Total RMB'000
		Statutory surplus reserve RMB'000	Statutory public welfare fund RMB'000	General surplus reserve RMB'000	Discretionary surplus reserve RMB'000	
Balance at 1 January 2000		733,658	651,569	82,089	1,280,514	2,747,830
Transferred from the income statement	(a)	90,393	90,393	-	-	180,786
Balance at 1 January 2001		824,051	741,962	82,089	1,280,514	2,928,616
Transferred from the income statement		7,160	7,160	-	-	14,320
Balance at 31 December 2001	(a)	831,211	749,122	82,089	1,280,514	2,942,936

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

22. Surplus reserves (continued)

- (a) Appropriation of profit was made in accordance with the relevant rules and regulations of the Company Law and the Articles of Association of the Company.

23. Income from principal operations

The Group's principal activity is the processing of crude oil into petrochemical products for sale and substantially all of its products are sold in the PRC domestic markets.

Income from principal operations represents the invoiced value of goods sold to customers, net of VAT.

The five largest customers in 2001 are shown below:

Name of entity	Amount	Proportion
	RMB'000	
Sinopec Huadong Sales Company	6,700,491	33.2%
Shanghai Chlor-Alkali Chemical Company Limited	448,002	2.2%
China Petroleum & Chemical Corporation Shanghai Gaoqiao Branch	426,727	2.1%
China International United Petroleum & Chemicals Co.,Ltd	306,880	1.5%
Shanghai LPG Office	152,489	0.8%

24. Business taxes and surcharges

	The Group		The Company	
	2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
Consumption tax	433,244	403,334	433,244	403,334
City construction tax	102,470	104,458	85,901	85,607
Education surcharge	43,916	40,921	36,815	36,689
	579,630	548,713	555,960	525,630

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

25. Financial expenses

	The Group		The Company	
	2001	2000	2001	2000
	RMB'000	RMB'000	RMB'000	RMB'000
Interest expenses	330,381	355,469	274,346	277,687
Less: Interest income	(40,719)	(71,922)	(30,814)	(57,341)
Exchange loss	7,988	5,503	4,132	4,491
Less: Exchange gain	(17,604)	(16,864)	(211)	-
	280,046	272,186	247,453	224,837

26. Investment income/(losses)

	The Group		The Company	
	2001	2000	2001	2000
	RMB'000	RMB'000	RMB'000	RMB'000
Cost method	44,727	56,887	22,180	20,439
Share of profit of subsidiaries	-	-	87,583	85,865
Share of loss of associates	(20,630)	(64,491)	(39,463)	(64,491)
Amortisation of equity investment differences	(10,144)	(10,144)	(10,144)	(10,144)
	13,953	(17,748)	60,156	31,669

27. Non-operating expenses

	The Group		The Company	
	2001	2000	2001	2000
	RMB'000	RMB'000	RMB'000	RMB'000
Employee reduction expenses	171,033	-	154,148	-
Loss on disposal of fixed assets	15,444	16,548	14,038	15,650
Donations	1,425	15,126	1,425	15,126
Other expenses	15,991	20,693	13,948	9,738
	203,893	52,367	183,559	40,514

In accordance with the Group's voluntary employee reduction plan, the Group recorded employee reduction expenses of RMB 171,033,000 (2000:RMB Nil) during the year ended 31 December 2001 in respect of the voluntary resignation of approximately 1,500 employees.

28. Appropriated ordinary dividend

Pursuant to a resolution passed at the Directors' meeting held on 29 March 2002, a final dividend of RMB Nil (2000: RMB 0.06 per share totalling RMB 432,000,000) was proposed for shareholders' approval at the Annual General Meeting.

29. Change in accounting estimate

During the year ended 31 December 2001, the Group performed an extensive review of the useful lives of certain plant, machinery, equipment and others. Based on the results, the Group has accordingly revised its estimate of the useful lives of plant, machinery, equipment and others from between 5 and 13 years to between 5 and 14 years with effect from 1 January 2001. These changes were made, after taking account of commercial and technological obsolescence as well as normal wear and tear to better reflect the estimated periods during which such assets will remain in service. The change had the effect of decreasing depreciation expense by RMB 118,320,000 and increasing profit after taxation by RMB 100,572,000 (RMB 0.014 per share) for the year ended 31 December 2001.

30. Related parties and related party transactions

- (a) Company having the ability to exercise significant influence over the Group

Name of Company	:	China Petroleum & Chemical Corporation ("Sinopec Corp")
Registered Address	:	No. 6, Hui Xin Dong Jie Jia, Chao Yang Qu, Beijing
Scope of operations	:	Oil and gas operations consisting of exploring for, developing and producing crude oil and natural gas; transporting crude oil, natural gas and products by pipelines; refining crude oil into finished petroleum products; and marketing crude oil, natural gas and refined petroleum products. Chemical operations including the manufacturing and marketing of a wide range of chemicals for industrial uses.
Relationship with the Company	:	The immediate parent company
Economic nature	:	Joint stock limited company
Authorised representative	:	Li Yizhong
Registered capital	:	RMB 86.7 billion (2000:RMB 83.9 billion)

As at 31 December 2001, Sinopec Corp held 4 billion shares of the Company.

- (b) Other related parties

China Petrochemical Corporation (the ultimate parent company)
Sinopec Finance Company Limited (subsidiary of the ultimate parent company)
Sinopec Zhenhai Refining & Chemical Company Limited (subsidiary of the immediate parent company)
Sinopec Huadong Sales Company (subsidiary of the immediate parent company)

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

30. Related parties and related party transactions (continued)

- (c) Most of the transactions undertaken by the Group during the year ended 31 December 2001 have been effected with such counterparties and on such terms as have been determined by Sinopec Corp and other relevant authorities.

Sinopec Corp negotiates and agrees the terms of crude oil supply with suppliers on a group basis, which is then allocated among its subsidiaries, including the Group, on a discretionary basis. During the year, the value of crude oil purchased in accordance with Sinopec Corp's allocation was as follow:

	2001 RMB'000	2000 RMB'000
Purchases of crude oil	10,499,582	11,641,888

- (d) Other transactions between the Group and the other related parties during the year were as follows:

	2001 RMB'000	2000 RMB'000
Sales	7,353,032	7,317,930
Purchases	318,725	312,101
Repairing charges	174,694	102,476
Insurance expenses	77,140	73,506
Interest income	1,673	2,903
Research and development expenses	-	75,000

The sales and purchases transactions between the Group and the other related parties as disclosed in note (b) accounted for approximately 90% of transactions of the similar nature.

The Directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and on normal commercial terms or in accordance with the agreements governing such transactions, and this has been confirmed by the non-executive Directors.

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

30. Related parties and related party transactions (continued)

(e) At 31 December, the Group's balances with related parties are as follow:

	Immediate Parent Company		Other related parties	
	2001	2000	2001	2000
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable	11,111	7,871	-	-
Trade debtors	38,987	20,045	4,222	45,045
Advance payments	-	-	-	84,133
Bills payable	192,564	-	273,246	245,071
Trade creditors	38,936	12,291	462	555,800
Other payables	66,695	25,100	19,509	-

(f) Time deposits in related parties

	The Group		The Company	
	2001	2000	2001	2000
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	204,175	386,189	203,794	386,189

31. Retirement schemes

As stipulated by the relevant regulations, the Group participates in a defined contribution retirement plan organised by the Shanghai Municipal Government for its staff. The Group is required to make contributions to the retirement plan at a rate of 22.5% of the salaries, bonuses and certain allowances of its staff. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at his retirement date. The Group has no other material obligation for the payment of pension benefits associated with this plan beyond the annual contributions described above. In addition, pursuant to a document "Lao Bu Fa (1995) No.464" dated 29 December 1995 issued by the Ministry of Labour of the PRC, the Company has set up a supplementary defined contribution retirement plan for the benefit of employees. Employees who have served the Company for five years or more may participate in this plan. The Company and participating employees make defined contributions to their pension savings account according to the plan. The assets of this plan are held separately from those of the Company in an independent fund administered by a committee consisting of representatives from the employees and the Company. In 2001, the Company's contribution to this plan amounted to RMB 25,741,000 (2000: RMB 26,516,000).

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

32. Capital commitments

In addition to commitments of outstanding capital contributions as disclosed in Note 10, further capital commitments outstanding at 31 December are as follows:

	The Group and the Company	
	2001 RMB'000	2000 RMB'000
Contracted but not provided for	4,631,866	6,583,805
Authorised by the Board but not contracted for	1,122,193	1,159,875
	5,754,059	7,743,680

33. Contingent liabilities

At 31 December, contingent liabilities are as follows:

	The Group		The Company	
	2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
Guarantees issued to banks in favour of:				
- subsidiaries	-	-	1,164,637	1,052,378
- associates	315,830	283,640	315,830	283,640
- joint ventures	119,766	100,700	88,530	100,700
- third parties	-	55,100	-	55,100
	435,596	439,440	1,568,997	1,491,818

Guarantees issued to banks in favour of subsidiaries, associates and joint ventures are given to the extent of the Company's respective interest in these entities.

34. Events after the balance sheet date

To the date of this report, the Group has no significant events after the balance sheet date that need to be disclosed.

35. Segment information

Segment information is presented in respect of the Group's business segments, the format of which is based on the Group's management and internal reporting structure. In view of the fact that the Company and its subsidiaries operate mainly in the PRC, no geographical segment information is presented.

The Group evaluates performance based on operating profits before income tax and non-operating income and expenses. Certain administrative expenses are allocated based on the percentage of sales.

Inter-segment transfer pricing is based on cost plus an appropriate margin, as specified by the Group policy.

The Group principally operates in four operating segments: synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products. All of the Group's products are produced through intermediate steps from the principal raw material of crude oil. The specific products of each segment are as follows:

- (i) The synthetic fibres segment produces primarily polyester and acrylic fibres primarily used in the textile and apparel industries.
- (ii) The resins and plastics segment produces primarily polyester chips, low density polyethylene resins and films, polypropylene resins and PVA granules. The polyester chips are used in the processing of polyester fibres and construction coating materials and containers. Low density polyethylene resins and plastics are used in cable jacketing, sheeting, the manufacture of moulded products, such as housewares and toys and for agricultural and packaging uses. Polypropylene resins are used in the manufacturing of extruded films or sheets and injection moulded products such as housewares, toys and household electric appliance and automobile parts.
- (iii) The intermediate petrochemicals segment primarily produces ethylene and benzene. Most of the intermediate petrochemicals produced by the Group are used by the Group as raw materials in the production of other petrochemicals, resins, plastics and synthetic fibres. A portion of the intermediate petrochemicals as well as certain by-products of the production process are sold to outside customers.
- (iv) The Group's petroleum products segment has crude oil distillation facilities used to produce vacuum and atmospheric gas oils used as feedstocks of the Group's downstream processing facilities. Residual oil and low octane gasoline fuels are produced primarily as a co-product of the crude oil distillation process. A proportion of the residual oil is further processed into qualified refined gasoline and diesel oil. In addition, the Group produces a variety of other transportation, industrial and household heating fuels, such as diesel oils, jet fuels, heavy oils and liquefied petroleum gases.
- (v) All other operating segments represent the operating segments which do not meet the quantitative threshold for determining reportable segments. These include trading, consumer products and services and a variety of other commercial activities, which are not allocated to the above four operating segments.

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

35. Segment reporting (continued)

Income from principal operations

	2001 RMB'000	2000 RMB'000
Synthetic Fibres		
External sales	3,233,010	3,632,531
Intersegment sales	1,358	21,102
Sub-total	3,234,368	3,653,633
Resins and Plastics		
External sales	5,666,218	6,037,177
Intersegment sales	26,941	25,401
Sub-total	5,693,159	6,062,578
Intermediate Petrochemicals		
External sales	2,123,670	2,250,792
Intersegment sales	4,584,642	4,920,795
Sub-total	6,708,312	7,171,587
Petroleum Products		
External sales	8,225,905	7,884,270
Intersegment sales	544,370	582,112
Sub-total	8,770,275	8,466,382
All others		
External sales	948,593	1,472,498
Intersegment sales	1,346,082	1,382,080
Sub-total	2,294,675	2,854,578
Eliminations of intersegment sales	(6,503,393)	(6,931,490)
Total	20,197,396	21,277,268

Notes to the Financial Statements (continued)

(Prepared under PRC Accounting Rules and Regulations)

35. Segment reporting (continued)

Cost of principal operations

	2001 RMB'000	2000 RMB'000
Synthetic Fibres	3,060,790	3,259,117
Resins and Plastics	4,929,875	4,979,435
Intermediate Petrochemicals	1,848,277	1,874,061
Petroleum Products	7,420,491	6,711,515
All others	582,187	1,115,563
Total	17,841,620	17,939,691

Gross profit of principal operations

	2001 RMB'000	2000 RMB'000
Synthetic Fibres	172,220	373,414
Resins and Plastics	736,343	1,057,742
Intermediate Petrochemicals	275,393	376,731
Petroleum Products	805,414	1,172,755
All others	366,406	356,935
Total	2,355,776	3,337,277

36. Comparative figures

Certain comparative figures in the financial statements have been reclassified to conform with the current year's presentation.