

Consolidated Statement of Income and Profit Appropriation

(Prepared under PRC accounting standards)
Year ended 31 December 2003

	Note V	2003 RMB	2002 RMB
Principal operating income	31	15,740,348,408	10,973,917,161
Less: Cost of sales	31	(11,694,166,553)	(9,224,360,959)
Taxes and surcharges	32	(130,078,182)	(86,196,401)
Profit from principal operating activities		3,916,103,673	1,663,359,801
Add: Other operating profit	33	63,049,714	13,433,342
Less: Selling expenses		(79,742,541)	(79,053,505)
Administrative expenses	34	(743,863,026)	(555,302,378)
Financial expenses	35	(148,008,940)	(85,279,888)
Operating profit		3,007,538,880	957,157,372
Add: Investment income/(loss)	36	(8,366,034)	6,344,159
Subsidies income	37	1,413,783	1,431,000
Non-operating income	38	19,530,398	4,031,394
Less: Non-operating expenses	39	(32,203,443)	(489,261,461)
Profit before tax		2,987,913,584	479,702,464
Less: Income tax	40	(193,769,165)	(95,261,563)
Minority interests	26	(1,173,345)	–
Net profit		2,792,971,074	384,440,901
Add: Retained profits at beginning of year		39,803,181	36,121,774
Other transfers	30	914,560	–
Less: Staff housing subsidies charged to retained profits	41	–	(72,779,744)
Profit available for distribution		2,833,688,815	347,782,931
Less: Transfers to statutory surplus reserve	30	(282,054,527)	(41,235,770)
Transfers to statutory public welfare fund	30	(282,054,527)	(40,808,480)
Transfers to reserve fund	30	(697,848)	–
Transfers to enterprise expansion fund	30	(348,924)	–
Transfers to employee bonus and welfare fund	30	(348,924)	–
Profit available for distribution to shareholders		2,268,184,065	265,738,681
Less: Proposed ordinary share dividend	42	(1,355,613,000)	(225,935,500)
Retained profits at end of year		912,571,065	39,803,181

The accompanying notes form an integral part of the financial statements.

Company Representative:
Gu Jianguo
13 April 2004

Chief Accountant:
Su Jiangang
13 April 2004

Head of Accounting Department:
Guan Yagang
13 April 2004