

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	15,647,235,591	10,967,947,363
Less: Cost of sales	31	(11,624,186,126)	(9,239,349,293)
Taxes and surcharges		(127,069,999)	(84,773,481)
Profit from principal operating activities		3,895,979,466	1,643,824,589
Add: Other operating profit		51,684,123	9,526,955
Less: Selling expenses		(83,882,046)	(77,225,010)
Administrative expenses		(723,075,999)	(541,368,843)
Financial expenses		(149,197,222)	(78,642,503)
Operating profit		2,991,508,322	956,115,188
Add: Investment income	36	12,493,699	24,866,663
Subsidies income		–	–
Non-operating income		19,464,673	4,013,327
Less: Non-operating expenses		(32,102,222)	(489,108,428)
Profit before tax		2,991,364,472	495,886,750
Less: Income tax		(188,589,182)	(93,986,852)
Net profit		2,802,775,290	401,899,898
Add: Retained profits at beginning of year		43,193,048	20,388,372
Less: Staff housing subsidies charged to retained profits	41	–	(72,779,744)
Profit available for distribution		2,845,968,338	349,508,526
Less: Transfers to statutory surplus reserve		(280,277,529)	(40,189,989)
Transfers to statutory public welfare fund		(280,277,529)	(40,189,989)
Profit available for distribution to shareholders		2,285,413,280	269,128,548
Less: Proposed ordinary share dividend	42	(1,355,613,000)	(225,935,500)
Retained profits at end of year		929,800,280	43,193,048

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

Company Representative:
Gu Jianguo
13 April 2004

Chief Accountant:
Su Jianguang
13 April 2004

Head of Accounting Department:
Guan Yagang
13 April 2004