

INCOME STATEMENT

Appendix I

Interim financial report prepared under the PRC accounting standards

Unit: RMB

ITEM	Note	2004.1-6		2003.1-6	
		Holding Company	Group	Holding Company	Group
Sales	6.27	2,966,352,065.05	3,124,699,504.41	2,407,406,286.42	2,491,778,633.60
Less: sales allowance and discounts					
Net Sales		2,966,352,065.05	3,124,699,504.41	2,407,406,286.42	2,491,778,633.60
Less: Cost of sales		1,754,802,165.01	1,863,846,993.39	1,682,473,791.97	1,753,172,539.54
Sales Taxes	6.28	67,501,534.43	71,062,862.27	53,881,585.85	56,666,618.71
Gross profit		1,144,048,365.61	1,189,789,648.75	671,050,908.60	681,939,475.35
Add: Other operating income	6.29	5,155,275.02	12,335,414.63	6,858,943.24	14,068,449.06
Non-monetary transaction					
Sales expense					
General and administration expense		104,690,398.90	109,897,254.87	109,253,115.14	111,852,448.07
Financial expenses	6.30	41,552,872.20	40,121,574.79	58,770,255.92	58,756,874.42
Operating Profit		1,002,960,369.53	1,052,106,233.72	509,886,480.78	525,398,601.92
Add: Income on investment	6.31	60,818,046.76	12,478,864.04	15,469,527.93	1,641,412.82
Subsidies	6.32	-	712,000.00	-	990,000.00
Non-operating income	6.33	92,700.00	92,700.00	11,568,082.56	11,568,082.56
Less: Non-operating expense	6.34	18,455,367.55	18,460,367.55	447,297.34	472,297.34
Total Profit		1,045,415,748.74	1,046,929,430.21	536,476,793.93	539,125,799.95
Less: Income tax		148,611,085.84	150,648,011.02	79,945,281.16	80,797,694.01
Less: Minority interest			553,917.85		239,532.80
Net Profit		896,804,662.90	895,727,501.34	456,531,512.77	458,088,573.14

INCOME STATEMENT *(continued)*

ITEM	Note	2004.1-6		2003.1-6	
		Holding Company	Group	Holding Company	Group
Add: retained earnings carry forward from last year		1,305,515,871.60	1,303,572,729.92	523,116,498.20	520,867,538.79
Distributable profit		2,202,320,534.50	2,199,300,231.26	979,648,010.97	978,956,111.93
Deduct: transfer to statutory surplus reserve					
transfer to statutory public welfare reserve					
Staff welfare					
Distributable profit to shareholders		2,202,320,534.50	2,199,300,231.26	979,648,010.97	978,956,111.93
Deduct: dividends to preferred stock shareholders					
other general reserves					
dividends to common stock shareholders		498,900,000.00	498,900,000.00		
Retained earnings at the end of accounting period		1,703,420,534.50	1,700,400,231.26	979,648,010.97	978,956,111.93