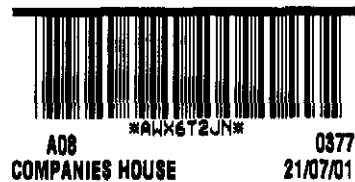


B.A.T Yunnan Limited
(Formerly known as B.A.T Hubei Limited)
Registered Number 3258181

Directors' Report and Accounts

For the year ended 31 December 2000



B.A.T Yunnan Limited

Directors' report

Board of Directors

The names of the persons who served as Directors of the Company during the year 1 January 2000 to the date of this report are as follows:

Anthony Cameron Johnston	
Russell Scott Cameron	
Philip Michael Cook	Resigned 30 December 2000
Donald Neil Fred Salter	
William Ah Wah Toh	
Nigel Timothy Gourlay	
Michael Lee Hendershot	
George Wing Chung Li	Appointed 1 March 2000
Robert James Miller	
Wei Ming Ooi	Resigned 31 March 2001
Aileen Elizabeth McDonald	Appointed 1 January 2001
Mark Anthony Oliver	Appointed 1 January 2001

Directors' interests

The interests of those persons who were Directors at 31 December 2000 in the share capital and share option and award schemes of British American Tobacco p.l.c., according to the register maintained under section 325 of the Companies Act 1985, are disclosed in the report and accounts of B.A.T Far East Holding Limited, with the exception of Mr AC Johnston whose interests are disclosed in the accounts of British-American Tobacco (Holdings) Limited.

Review of the year to 31 December 2000

During the financial year, and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit or a loss. On 2 August 2000 the Company changed its name from B.A.T Hubei Limited to B.A.T Yunnan Limited.

B.A.T Yunnan Limited

Directors' report

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in the statement.

Auditors

The Directors have been advised that PricewaterhouseCoopers are willing to continue as auditors of the Company and a resolution for their reappointment and on their remuneration will be put to the Annual General Meeting.

On behalf of the Board



Secretary

19 July 2001

Auditors' report to the members of B.A.T Yunnan Limited

We have audited the financial statements which comprise the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the note of accounting policies.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report including the statement of Directors' responsibilities.

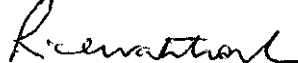
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2000 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
1 Embankment Place
London WC2N 6RH

19 July 2001

B.A.T Yunnan Limited

Balance sheet – 31 December 2000

	Note	2000 £	1999 £
Current assets			
Debtors			
- amounts owed by Group undertaking		100	100
		100	100
Capital and reserves			
Called up share capital	2	100	100
		100	100

During the financial year, and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit or a loss.

The financial statements on pages 5 and 6 were approved by the Directors on 19 July 2001 and are signed on their behalf by:



Director

The notes on page 6 form part of these accounts

B.A.T Yunnan Limited

Notes to the accounts – 31 December 2000

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently are set out below.

(1) Basis of accounting

The financial statements are prepared in accordance with Accounting Standards applicable in the United Kingdom and under the historical cost convention.

(2) Cash flow statement

The Company is a wholly owned subsidiary of British American Tobacco p.l.c. The cash flows of the Company are included in the consolidated cash flow statement of British American Tobacco p.l.c. which is publicly available. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 (Revised) from publishing a cash flow statement.

2 Share capital

Ordinary shares of £1 each	2000	1999
Authorised - value	£100	£100
- number	100	100
Allotted, called up and fully paid		
- value	£100	£100
- number	100	100

3 Related parties

The Company has taken advantage of the exemption under paragraph 3(c) of the Financial Reporting Standard 8 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

4 Parent undertakings

The Company's ultimate parent undertaking is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. Its immediate parent undertaking is B.A.T Far East Holding Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

5 Copies of the report and accounts

Copies of the report and accounts of British American Tobacco p.l.c. may be obtained from:

The Company Secretary
Globe House
4 Temple Place
London
WC2R 2PG