

Income Statement and Profit Appropriation Statement

For the year ended 31 December 2004
(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB'000	2003 RMB'000
Income from principal operations	24	34,930,717	27,931,028
Less: Cost of sales	24	28,251,458	24,167,489
Business taxes and surcharges	25	727,082	596,954
Profit from principal operations		5,952,177	3,166,585
Add: Profit from other operations		70,106	46,361
Less: Selling expenses		272,378	308,801
Administrative expenses		1,010,994	994,262
Financial expenses	26	266,748	371,810
Income from operations		4,472,163	1,538,073
Add: Investment income	27	256,832	135,905
Non-operating income		59,184	5,160
Less: Non-operating expenses	28	251,481	174,525
Total profit		4,536,698	1,504,613
Less: Income tax	14(a)	565,433	119,057
Net profit		3,971,265	1,385,556
Add: Undistributed profits at the beginning of the year		2,048,896	1,300,452
Distributable profits		6,020,161	2,686,008
Less: Transfer to statutory surplus reserve	23	397,127	138,556
Transfer to statutory public welfare fund	23	397,127	138,556
Distributable profits to shareholders		5,225,907	2,408,896
Less: Ordinary shares' final dividend	29	576,000	360,000
Undistributed profits at the end of the year (including dividend declared after the balance sheet date of RMB 1,440,000,000 (2003:RMB576,000,000))		4,649,907	2,048,896

Approved by the Board of Directors on 23 March 2005.

Lu Yiping
Chairman

Rong Guangdao
Vice chairman and President

Han Zhihao
Director and Chief Financial Officer

The notes on pages 135 to 175 form part of these financial statements.