

Consolidated Statement of Income and Profit Appropriation

(Prepared under PRC accounting standards)

Year ended 31 December 2004

	Note V	2004 RMB	2003 RMB
Principal operating income	33	26,770,054,518	15,740,348,408
Less: Cost of sales	33	(20,799,145,940)	(11,694,166,553)
Taxes and surcharges	34	(201,984,489)	(130,078,182)
Profit from principal operating activities		5,768,924,089	3,916,103,673
Add: Other operating profit	35	38,994,166	63,049,714
Less: Selling expenses	36	(166,518,840)	(79,742,541)
Administrative expenses	37	(1,212,907,394)	(743,863,026)
Financial expenses	38	(406,824,514)	(148,008,940)
Operating profit		4,021,667,507	3,007,538,880
Add: Investment income/(loss)	39	147,188	(8,366,034)
Subsidies income	40	672,381	1,413,783
Non-operating income	41	27,164,217	19,530,398
Less: Non-operating expenses	42	(20,013,978)	(32,203,443)
Profit before tax		4,029,637,315	2,987,913,584
Less: Income tax	43	(441,258,757)	(193,769,165)
Minority interests	28	(12,571,745)	(1,173,345)
Net profit		3,575,806,813	2,792,971,074
Add: Retained profits at beginning of year		2,268,184,065	265,738,681
Other transfers		–	914,560
Profit available for distribution		5,843,990,878	3,059,624,315
Less: Transfers to statutory surplus reserve	32	(360,050,300)	(282,054,527)
Transfers to statutory public welfare fund	32	(360,013,180)	(282,054,527)
Transfers to reserve fund	32	(2,782,082)	(697,848)
Transfers to enterprise expansion fund	32	(4,785,952)	(348,924)
Transfers to employee bonus and welfare fund	32	(2,140,722)	(348,924)
Profit available for distribution to shareholders		5,114,218,642	2,494,119,565
Less: Ordinary share dividend payable		(1,355,613,000)	(225,935,500)
Retained profits at end of year		3,758,605,642	2,268,184,065

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

Company Representative:

Gu Jianguo

25 April 2005

Chief Accountant:

Su Jianguang

25 April 2005

Head of Accounting Department:

Guan Yagang

25 April 2005