

Company 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	26,686,664,870	15,647,235,591
Less: Cost of sales	33	(20,840,285,495)	(11,624,186,126)
Taxes and surcharges		(196,513,306)	(127,069,999)
Profit from principal operating activities		5,649,866,069	3,895,979,466
Add: Other operating profit		22,174,113	51,684,123
Less: Selling expenses		(170,727,687)	(83,882,046)
Administrative expenses		(1,170,730,349)	(723,075,999)
Financial expenses		(410,060,611)	(149,197,222)
Operating profit		3,920,521,535	2,991,508,322
Add: Investment income	39	74,511,553	12,493,699
Subsidies income		–	–
Non-operating income		27,160,788	19,464,673
Less: Non-operating expenses		(19,916,965)	(32,102,222)
Profit before tax		4,002,276,911	2,991,364,472
Less: Income tax		(428,769,896)	(188,589,182)
Net profit		3,573,507,015	2,802,775,290
Add: Retained profits at beginning of year		2,285,413,280	269,128,548
Profit available for distribution		5,858,920,295	3,071,903,838
Less: Transfers to statutory surplus reserve		(357,350,701)	(280,277,529)
Transfers to statutory public welfare fund		(357,350,701)	(280,277,529)
Profit available for distribution to shareholders		5,144,218,893	2,511,348,780
Less: Ordinary share dividend payable		(1,355,613,000)	(225,935,500)
Retained profits at end of year		3,788,605,893	2,285,413,280

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