

Consolidated Income Statement and Profit Appropriation Statement

For the year ended 31 December 2005
(Prepared under PRC Accounting Rules and Regulations)

| | Note | 2005 RMB'000 | 2004 RMB'000 |
|--|-------|-------------------|-----------------|
| Income from principal operations | 24 | 45,897,807 | 39,402,533 |
| Less: Cost of sales | 24 | 41,605,113 | 32,009,082 |
| Sales taxes and surcharges | 25 | 765,689 | 738,474 |
| Profit from principal operations | | 3,527,005 | 6,654,977 |
| Add: Profit from other operations | | 134,198 | 130,298 |
| Less: Selling expenses | | 444,449 | 395,694 |
| Administrative expenses | | 1,281,011 | 1,265,594 |
| Financial expenses | 26 | 212,581 | 315,809 |
| Income from operations | | 1,723,162 | 4,808,178 |
| Add: Investment (loss) / gain | 27 | (39,375) | 72,539 |
| Subsidy income | 28 | 632,820 | - |
| Non-operating income | | 61,159 | 83,058 |
| Less: Non-operating expenses | 29 | 240,558 | 270,716 |
| Total profit | | 2,137,208 | 4,693,059 |
| Less: Income tax | 14(a) | 361,736 | 633,729 |
| Minority interests | | 70,845 | 88,065 |
| Net profit | | 1,704,627 | 3,971,265 |
| Add: Undistributed profits at the beginning of the year | | 4,649,907 | 2,048,896 |
| Distributable profits | | 6,354,534 | 6,020,161 |
| Less: Transfer to statutory surplus reserve | 23 | 170,463 | 397,127 |
| Transfer to statutory public welfare fund | 23 | 170,463 | 397,127 |
| Distributable profits to shareholders | | 6,013,608 | 5,225,907 |
| Less: Ordinary shares' final dividend | 30 | 1,440,000 | 576,000 |
| Undistributed profits at the end of the year (including dividend declared after the balance sheet date of RMB 720,000,000 (2004:RMB 1,440,000,000)) | | 4,573,608 | 4,649,907 |

Approved by the Board of Directors on 24 March 2006.

Rong Guangdao

Chairman and President

Du Chongjun

Vice chairman and Vice President

Han Zhihao

Director and Chief Financial Officer

The notes on pages 152 to 192 form part of these financial statements.