

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	42,261,838	34,930,717
Less: Cost of sales	24	38,598,193	28,251,458
Sales taxes and surcharges	25	759,393	727,082
Profit from principal operations		2,904,252	5,952,177
Add: Profit from other operations		94,300	70,106
Less: Selling expenses		338,613	272,378
Administrative expenses		1,074,146	1,010,994
Financial expenses	26	181,939	266,748
Income from operations		1,403,854	4,472,163
Add: Investment income	27	105,853	256,832
Subsidy income	28	632,820	-
Non-operating income		40,808	59,184
Less: Non-operating expenses	29	167,582	251,481
Total profit		2,015,753	4,536,698
Less: Income tax	14(a)	311,126	565,433
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.