

# Company Statement of Income and Profit Appropriation

(Prepared under PRC accounting standards)

Year ended 31 December 2005

	Note V	2005 RMB	2004 RMB
Principal operating income	34	<b>31,998,588,914</b>	26,686,664,870
Less: Cost of sales	34	<b>(27,512,160,269)</b>	(20,840,285,495)
Taxes and surcharges		<b>(213,737,343)</b>	(196,513,306)
Profit from principal operating activities		<b>4,272,691,302</b>	5,649,866,069
Add: Other operating profit		<b>11,957,707</b>	22,174,113
Less: Selling expenses		<b>(202,641,639)</b>	(170,727,687)
Administrative expenses		<b>(861,967,126)</b>	(1,170,730,349)
Financial expenses		<b>(175,274,567)</b>	(410,060,611)
Operating profit		<b>3,044,765,677</b>	3,920,521,535
Add: Investment income	39	<b>187,482,534</b>	74,511,553
Subsidies income		–	–
Non-operating income		<b>162,362</b>	27,160,788
Less: Non-operating expenses		<b>(36,165,544)</b>	(19,916,965)
Profit before tax		<b>3,196,245,029</b>	4,002,276,911
Less: Income tax		<b>(409,582,020)</b>	(428,769,896)
Net profit		<b>2,786,663,009</b>	3,573,507,015
Add: Retained profits at beginning of year		<b>3,788,605,893</b>	2,285,413,280
Profit available for distribution		<b>6,575,268,902</b>	5,858,920,295
Less: Transfers to statutory surplus reserve		<b>(278,666,301)</b>	(357,350,701)
Transfers to statutory public welfare fund		<b>(278,666,301)</b>	(357,350,701)
Profit available for distribution to shareholders		<b>6,017,936,300</b>	5,144,218,893
Less: Ordinary share dividend payable		<b>(1,420,166,000)</b>	(1,355,613,000)
Retained profits at end of year		<b>4,597,770,300</b>	3,788,605,893

The accompanying notes form an integral part of the financial statements

Company Representative:

**Gu Jianguo**

11 April 2006

Chief Accountant:

**Su Jianguang**

11 April 2006

Head of Accounting Department:

**Guan Yagang**

11 April 2006