

# Income Statement and Profit Appropriation Statement

For the year ended 31 December 2006  
(Prepared under PRC Accounting Rules and Regulations)

	Note	2006 RMB'000	2005 RMB'000
<b>Income from principal operations</b>	25	<b>44,771,107</b>	42,261,838
Less: Cost of sales	25	<b>42,796,172</b>	38,598,193
Sales taxes and surcharges	26	<b>673,002</b>	759,393
<b>Profit from principal operations</b>		<b>1,301,933</b>	2,904,252
Add: Profit from other operations		<b>155,173</b>	94,300
Less: Selling expenses		<b>416,050</b>	338,613
Administrative expenses		<b>1,033,236</b>	1,074,146
Financial expenses	27	<b>165,387</b>	181,939
<b>Operating (loss) / profit</b>		<b>(157,567)</b>	1,403,854
Add: Investment income	28	<b>795,339</b>	105,853
Subsidy income	29	<b>282,142</b>	632,820
Non-operating income	30	<b>8,323</b>	40,808
Less: Non-operating expenses	31	<b>202,045</b>	167,582
<b>Total profit</b>		<b>726,192</b>	2,015,753
Less: Income tax	14(a)	<b>(10,659)</b>	311,126
<b>Net profit</b>		<b>736,851</b>	1,704,627
Add: Undistributed profits at the beginning of the year		<b>4,573,608</b>	4,649,907
<b>Distributable profits</b>		<b>5,310,459</b>	6,354,534
Less: Transfer to statutory surplus reserve	24	<b>73,685</b>	170,463
Transfer to statutory public welfare fund	24	<b>-</b>	170,463
<b>Distributable profits to shareholders</b>		<b>5,236,774</b>	6,013,608
Less: Ordinary shares' final dividend	32	<b>720,000</b>	1,440,000
<b>Undistributed profits at the end of the year</b> <b>(including dividend declared after the balance sheet date of</b> <b>RMB 288,000,000 (2005:RMB 720,000,000))</b>		<b>4,516,774</b>	4,573,608
<b>Supplementary information:</b>		<b>2006</b>	2005
Item		<b>RMB'000</b>	RMB'000
1. Gain on sale and disposal of a business segment or an investee enterprise		<b>40,720</b>	24,063

Approved by the Board of Directors on 29 March 2007.

**Rong Guangdao**

Chairman and President

**Du Chongjun**

Vice chairman and Vice President

**Han Zhihao**

Director and Chief Financial Officer

The notes on pages 158 to 199 form part of these financial statements.