

Consolidated Income Statement and Profit Appropriation Statement

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

	Note	2005 RMB million	2004 RMB million
Revenue from principal operations	36	39,052	24,194
Less: Cost of principal operations	37	34,297	19,406
Business taxes and surcharges	38	1,129	692
Profit from principal operations		3,626	4,096
Add: Profit from other operations	39	170	245
Less: Selling expenses		2,953	2,058
Administrative expenses		2,092	1,226
Financial expenses	40	439	727
Operating (loss)/profit		(1,688)	330
Add: Investment (loss)/income	41	(202)	63
Subsidy income	42	77	-
Non-operating income	43	152	126
Less: Non-operating expenses	44	112	127
(Loss)/profit before income tax		(1,773)	392
Less: Income tax	45	(4)	87
Minority interests		25	202
Net (loss)/profit for the year		(1,794)	103

The notes on pages 119 to 182 form part of these financial statements.

Consolidated Income Statement and Profit Appropriation Statement (Cont'd)

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



	Note	2005 RMB million	2004 RMB million
Net (loss)/profit for the year		(1,794)	103
Add: Retained profits at the beginning of the year		806	764
(Accumulated losses)/profits available for distribution		(988)	867
Less: Transfer to statutory surplus reserve	34	8	41
Transfer to statutory public welfare fund	34	5	20
(Accumulated losses)/profits available for distribution to shareholders		(1,001)	806
Less: Transfer to discretionary surplus reserve	34	6	–
Dividends distributed to shareholders	35	–	–
(Accumulated losses)/retained profits at the end of the year		(1,007)	806

Approved by the Board of Directors on 19 April 2006.

Liu Shao Yong
Chairman

Si Xian Min
Director and President

Xu Jie Bo
Director and
Chief Financial Officer

Xiao Li Xin
General Manager of
Finance Department