

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	30,643	16,735
Less: Cost of principal operations	37	27,492	13,818
Business taxes and surcharges	38	861	456
Profit from principal operations		2,290	2,461
Add: Profit from other operations	39	219	188
Less: Selling expenses		2,339	1,483
Administrative expenses		1,607	774
Financial expenses	40	294	585
Operating loss		(1,731)	(193)
Add: Investment (loss) /income	41	(204)	224
Subsidy income	42	46	–
Non-operating income	43	126	106
Less: Non-operating expenses	44	81	58
(Loss)/profit before taxation		(1,844)	79
Less: Income tax	45	(50)	(24)
Net (loss)/profit for the year		(1,794)	103

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

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		875	787
(Accumulated losses)/profits available for distribution		(919)	890
Less: Transfer to statutory surplus reserve	34	–	10
Transfer to statutory public welfare fund	34	–	5
(Accumulated losses)/profits available for distribution to shareholders		(919)	875
Less: Transfer to discretionary surplus reserve	34	–	–
Dividends distributed to shareholders	35	–	–
(Accumulated losses)/retained profits at the end of the year		(919)	875

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