

SIGNIFICANT DIFFERENCES BETWEEN THE ACCOUNTS OF THE GROUP AND THE COMPANY PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING RULES AND REGULATIONS AND INTERNATIONAL ACCOUNTING STANDARDS (“IAS”)

Effect on the accounts in respect of significant differences between the PRC Accounting Rules and Regulations and IAS is as follows:

	The Group		The Company	
	2000	1999	2000	1999
		<i>restated</i>		<i>restated</i>
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Shareholders' funds under PRC				
Accounting Rules and Regulations	8,821,079	8,340,851	8,836,748	8,351,570
Adjustments:				
Housing Revolving Fund <i>(note(i))</i>	(110,000)	(110,000)	(110,000)	(110,000)
Proposed dividend <i>(note(iii))</i>	360,000	440,000	360,000	440,000
Others	7,354	7,354	7,354	7,354
Shareholders' funds under IAS	<u>9,078,433</u>	<u>8,678,205</u>	<u>9,094,102</u>	<u>8,688,924</u>
Net profit under the PRC				
Accounting Rules and Regulations	840,228	754,686	845,178	758,933
Adjustments:				
Translation of foreign currency balances at 1 January 1994 <i>(note(iii))</i>	<u>—</u>	<u>22,381</u>	<u>—</u>	<u>22,381</u>
Profit attributable to shareholders under IAS	<u>840,228</u>	<u>777,067</u>	<u>845,178</u>	<u>781,314</u>

Notes:

- (i) Under the PRC accounting rules and regulations, the difference arising from the disposal of staff dormitories to the Company's employees by Yihua at preferential price was not written off but carried forward in a Housing Revolving Fund account. Under IAS, this difference was expensed in the period in which it was incurred.
- (ii) Under the PRC accounting rules and regulations, dividends are recognised as a liability in the period to which they relate. Under IAS, dividends are recognised in the period in which they are declared.
- (iii) Prior to 31 December 1993, foreign currency balances were translated into Renminbi at the official exchange rates promulgated by the State Administration of Exchange Control, as required by the relevant PRC regulations. With effect from 1 January 1994, foreign currency balances were translated at market rates and the effect of the change in policy at that date was recorded as a deferred item and is being amortised over a period of not more than 5 years with the amount of amortisation each year being determined by the Company. The deferred exchange loss was fully amortised in 1999.
- (iv) The comparative figures have been adjusted to reflect the retrospective effect of the adoption of IAS 38 *Intangible Assets* and IAS 10 *Events After the Balance Sheet Date (revised 1999)*.

