

**1 DETAILS OF THE PROFIT OF THE GROUP FOR THE YEAR**

Extracted from the accounts prepared in accordance with the PRC accounting rules and regulations:

	<b>2000</b>
	<i>Rmb</i>
Total profit	219,935,808
Net profit	146,234,183
Net profit after non-operating items ( <i>note</i> )	126,528,742
Profit from principal operations	1,001,732,586
Profit from other operations	36,439,663
Operating profit	195,582,479
Income from investments	4,647,888
Government subsidies	9,288,486
Net non-operating result	10,416,955
Net cash inflows from operating activities	286,951,325
Net increase in cash and cash equivalents	(19,820,973)

*Note:* net of non-operating items including government subsidies of Rmb9,288,486 and net non-operating income of Rmb10,416,955.

**2 PRINCIPAL FINANCIAL DATA AND FINANCIAL INDICATORS**

(a) Extracted from the accounts prepared in accordance with the PRC accounting rules and regulations:

	<b>2000</b>	1999	1998	1998 (Restated)
	<i>Rmb</i>	<i>Rmb</i>	<i>Rmb</i>	<i>Rmb</i>
Income from principal operation	<b>4,222,857,016</b>	3,454,490,368	3,383,700,639	3,383,700,639
Net profit	<b>146,234,183</b>	128,663,317	129,362,151	123,701,440
Total assets	<b>3,063,914,823</b>	3,001,286,675	3,036,056,369	2,995,563,030
Shareholders' equity	<b>1,373,104,547</b>	1,365,972,198	1,295,748,957	1,258,252,616
Earnings per share ( <i>note 1</i> )	<b>0.20</b>	0.18	0.17	0.17
Earnings per share, net of non-operating items	<b>0.17</b>	0.16	0.16	0.15
Net assets per share ( <i>note 2</i> )	<b>1.87</b>	1.86	1.77	1.72
Return on net assets (fully diluted) ( <i>note 3</i> )	<b>10.65%</b>	9.42%	9.18%	9.83%
Return on net assets (weighted average) ( <i>note 4</i> )	<b>10.15%</b>	9.72%	9.08%	10.09%
Ratio of shareholders' equity ( <i>note 5</i> )	<b>44.82%</b>	45.51%	42.68%	42.00%
Gearing ratio ( <i>note 6</i> )	<b>51.89%</b>	51.30%	52.60%	53.33%
Adjusted net assets per share ( <i>note 7</i> )	<b>1.74</b>	1.70	1.73	1.68
Net cash inflow from operating activities per share ( <i>note 8</i> )	<b>0.39</b>	0.40	0.31	0.31

*Note to principal financial data and financial indicators extracted from the accounts prepared in accordance with the PRC accounting rules and regulations:*

1. *Earnings per share:*

*Net profit/total number of shares at the end of year; as there was no change in the share capital during the year, the weighted average and fully diluted earning per share are the same.*

2. *Net assets per share: shareholders' equity at the end of the year/total number of ordinary shares at the end of the year*

3. *Return on net assets (fully diluted):*

*Net profit or profit attributable to shareholders/shareholders' equity at the end of the year X 100%*

4. *Return on net assets (Weighted average):*

*Net profit or profit attributable to shareholders/[(shareholders' equity at the beginning of the year + shareholders' equity at the end of the year)/2] X 100%*

5. *Ratio of shareholders' equity: Shareholders' equity/Total assets X 100%*

6. *Gearing ratio: Total liabilities/total assets*

7. *Adjusted net assets per share:*

*The sum of shareholders' equity less the total of net accounts receivable aged over three years, deferred expenses, net loss on assets to be written off, listing expenses, long term deferred expenses and negative balance of housing circulation fund divided by the total number of ordinary shares at the end of the year*

8. *Net cash inflow from operating activities per share:*

*Net cash inflow from operating activities/total number of ordinary shares at the end of the year*

9. *Explanations for restatements*

*Pursuant to a regulation in Caihui [2000] No. 35. effective 1 January 1999, the Company had adopted an accounting treatment of prior year adjustment to eliminate any provision for bad debt and diminution in value of long term investments to the 1999 opening balances of retained earnings and other related accounts.*

*Remarks: Subsequent to the balance sheet date, the Company issued 78,000,000 A shares. In accordance with the PRC accounting rules and regulations, the diluted earnings per share computed based on 810,900,000 shares which assumes that the A shares had been issued throughout the report period is Rmb0.18.*

# Financial Summary and Analysis

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- (b) Extracted from the accounts prepared in accordance with the Generally Accepted Accounting Principles in Hong Kong ("HK GAAP"):

	<b>2000</b>	1999	1998	1997	1996
				(Proforma)	(Proforma)
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Turnover	<b>4,222,857</b>	3,454,492	3,326,658	3,056,512	2,777,638
Profit before taxation	<b>204,572</b>	178,115	161,921	183,262	143,917
Profit attributable to shareholders	<b>135,250</b>	128,688	123,724	128,417	91,209
Total assets	<b>3,256,426</b>	3,072,057	2,998,567	3,102,140	N/A
Total liabilities	<b>1,681,936</b>	1,593,832	1,612,385	1,795,107	N/A
Shareholders' equity	<b>1,574,490</b>	1,478,225	1,386,182	1,306,433	N/A
Earnings per share	<b>Rmb0.185</b>	Rmb0.176	Rmb0.169	Rmb0.23	N/A
Gearing ratio	<b>51.60%</b>	51.90%	53.80%	57.87%	N/A

- i) The Company was established on 1 September 1997. Accordingly, the information of earnings per share for the year ended 31 December 1996 is not presented.
- ii) The proforma results of the Group for the year ended 31 December 1996 are extracted from the prospectus of the Company dated 21 October 1997. The proforma results of the Group for the year ended 31 December 1997 are extracted from the proforma consolidated profit and loss account on page 35 of the 1997 annual report.
- iii) The proforma consolidated profit and loss account for the three years ended 31 December 1997 have been prepared as if the Group structure existed at 31 December 1997 had been in existence throughout the periods presented and that the operations of the Group comprised its business undertakings existed at 31 December 1997.
- iv) The assets and liabilities of the Group at 31 December 1997 was extracted from the consolidated balance sheet on page 36 of the 1997 annual report.
- v) The gearing ratio is computer based on: Total liabilities/total assets X 100%.

### 3 CHANGE IN SHAREHOLDERS' EQUITY DURING THE YEAR

(a) Extracted from the accounts prepared in accordance with PRC accounting rules and regulations:

	Capital	Capital Reserve	Surplus Reserve	including: Statutory public welfare fund	Retained Earnings	Total equity
	Rmb	Rmb	Rmb	Rmb	Rmb	Rmb
Opening balance	732,900,000	434,244,472	180,424,972	52,726,721	18,402,754	1,365,972,198
Addition	—	13,185,000	68,886,242	34,442,805	146,234,183	228,305,425
Reduction	—	2,320,729	55,235,246*	18,958,915	163,617,101	221,173,076
Closing balance	<u>732,900,000</u>	<u>445,108,743</u>	<u>194,075,968</u>	<u>68,210,611</u>	<u>1,019,836</u>	<u>1,373,104,547</u>

\* The reduction included an adjustment to the opening balance of retained earnings which has been disclosed in the accounts prepared in accordance with the PRC accounting rules and regulations of the annual report.

(b) Extracted from the accounts prepared in accordance with HK GAAP:

	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Discretionary surplus reserve	Retained earnings	Total equity
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At 1 January 2000	732,900	120,333	425,603	59,540	60,762	45,289	33,798	1,478,225
Profit for the year	—	—	—	—	—	—	135,250	135,250
Transfers	—	—	11,675	43,222	7,449	(22,188)	(40,158)	—
Interim dividend paid	—	—	—	—	—	—	(14,658)	(14,658)
Proposed final dividend	—	—	—	—	—	—	(24,327)	(24,327)
At 31 December 2000	<u>732,900</u>	<u>120,333</u>	<u>437,278</u>	<u>102,762</u>	<u>68,211</u>	<u>23,101</u>	<u>89,905</u>	<u>1,574,490</u>

**4 STATEMENT OF PROFIT INDICATORS PREPARED IN ACCORDANCE WITH PRC ACCOUNTING RULES AND REGULATIONS AS REQUIRED BY “NO. 9 DOCUMENT OF REGULATION AND INFORMATION DISCLOSURE FOR PUBLIC COMPANIES” ISSUED BY THE CSRC:**

	<b>Return on net assets (%)</b>		<b>Earnings per share (Rmb)</b>	
	<b>Fully diluted</b>	<b>Weighted average</b>	<b>Fully diluted</b>	<b>Weighted average</b>
Profit for the reporting period				
Income from principal operations	72.95	69.53	1.37	1.37
Income from operations	14.24	13.57	0.27	0.27
Net profit	10.65	10.15	0.20	0.2
Net profit after deduction of exceptional items	9.21	8.78	0.17	0.17

*Notes to statement of profit indicators prepared in accordance will the PRC accounting rules and regulations as required by “No.9 Document of Regulation and Information Disclosure for Public Companies” issued by CSRS:*

Methods for calculating return on net assets and earnings per share based on shareholders’ equity extracted from the accounts prepared under PRC accounting rules and regulations at the end of the year are as follows:

*Return on net assets:*

*P/shareholders’ equity at the end of the year*

*Earnings per share:*

*P/total number of ordinary shares at the end of the year*

Method for calculating return on net assets based on weighted average shareholders' equity is as follows:

*Return on net assets:*

$$P/[Eo+NP/2+Ei*Mi/Mo-Ej*Mj/Mo]$$

*P:* profit for the reporting period

*NP:* net profit for the reporting period

*Eo:* net assets at the beginning of the year

*Ei:* increase in net assets by new issuing of debt or equity during the reporting period

*Ej:* decrease in net assets by purchase of own shares or cash dividend

*Mo:* number of months for the reporting period

*Mi:* number of months from the month of the increase of net assets to the end of year

*Mj:* number of months from the month of the decrease of net assets to the end of year

Method for calculating earnings per share based on weighted average shareholders' equity is as follows:

*Earnings per share:*

$$P/[So+S1+Si*MI/Mo-Sj*Mj/Mo]$$

*P:* profit for the reporting period

*So:* number of months before the change of net assets

*S1:* increase in number of shares from the conversion from reserve or bonus issues during the reporting period

*Si:* increase in number of shares from the new issuing of debts or equity during the year

*Sj:* decrease in number of shares from purchase of own shares or redemption of own shares during the year

*Mo:* number of months for the reporting period

*Mi:* number of months from the month of the increase of net assets to the end of year

*Mj:* number of months from the month of the decrease of net assets to the end of year

**5 EXPLANATIONS FOR THE DIFFERENCES BETWEEN THE ACCOUNTS PREPARED IN ACCORDANCE WITH HK GAAP AND THE PRC ACCOUNTING RULES AND REGULATIONS ARE SET OUT ON PAGE 147.**