Differences between Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") and PRC Accounting Rules and Regulations

	Note	2002 The Group Rmb'000	2002 The Company Rmb'000	2001 The Company Rmb'000
Profit attributable to shareholders under IFRS		**598,316**	**598,316**	366,481
Adjustments:				
Share of loss of jointly controlled entity, net of tax	(ii)	**—**	**4,786**	—
Pre-operating expenses	(iv)	**6,955**	**—**	—
Revaluation of land use rights	(v)	**(4,536)**	**(4,536)**	—
Amortisation of lease prepayments	(vi)	**188**	**—**	—
General borrowing costs capitalised	(vii)	**(7,925)**	**(7,925)**	—
Write off of long outstanding accounts payable	(viii)	**(165)**	**(165)**	—
Deferred tax charge	(ix)	**1,755**	**4,112**	37,262
Profit attributable to shareholders under PRC Accounting Rules and Regulations		**594,588**	**594,588**	403,743
Shareholders' funds under IFRS		**7,674,255**	**7,674,255**	7,303,742
Adjustments:				
Dividends	(i)	**(296,087)**	**(296,087)**	(236,635)
Share of loss of jointly controlled entity, net of tax	(ii)	**—**	**4,786**	—
Convertible debentures	(iii)			
- Discount on convertible debentures		**(592)**	**(592)**	(1,676)
- Additional borrowing costs capitalised		**(6,935)**	**(6,935)**	(6,549)
Pre-operating expenses	(iv)	**6,955**	**—**	—
Revaluation of land use rights	(v)	**204,120**	**204,120**	208,656
Amortisation of lease prepayments	(vi)	**188**	**—**	—
General borrowing costs capitalised	(vii)	**(7,925)**	**(7,925)**	—
Deferred tax	(ix)	**(64,618)**	**(62,261)**	(66,141)
Shareholders' funds under PRC Accounting Rules and Regulations		**7,509,361**	**7,509,361**	7,201,397

Differences between Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") and PRC Accounting Rules and Regulations *(Continued)*

Notes:

(i) According to IFRS, dividends should be recognised as a liability in the period in which they are declared or approved. However, in the financial statements prepared under the PRC Accounting Rules and Regulations ("PRC financial statements"), the dividends are recognised in the period to which the dividends relate.

(ii) The amount represents the difference in treatment of pre-operating expenses and land use rights between the IFRS and PRC financial statements of the jointly controlled entity as mentioned in notes (iv) and (vi) respectively.

(iii) The amounts represent the different treatment on transaction costs and discount on convertible debentures between the IFRS and PRC financial statements.

(iv) Pre-operating expenses are expensed when incurred under IFRS. However, in the PRC financial statements, pre-operating expenses are capitalised before the commencement of operation and will be written off when the enterprise commences operation.

(v) Effective 1 January 2002, land use rights are carried at historical cost base under IFRS. Accordingly, the surplus on the revaluation of land use rights net of deferred tax asset was reversed from shareholders' equity. Under the PRC Accounting Rules and Regulations, land use rights are carried at revalued amount.

(vi) Land use rights are amortised on a straight-line basis over the respective periods of rights from the date of grant under IFRS. Under the PRC Accounting Rules and Regulations, land use rights are amortised when the construction work on the related land has been completed.

(vii) Under IFRS, general borrowing costs are capitalised by applying a capitalisation rate to the expenditures on the qualifying assets. Under the PRC Accounting Rules and Regulations, general borrowing costs are charged to the income statement when incurred.

(viii) Under IFRS, the write off of long outstanding accounts payable is recognised in the income statement. Under the PRC Accounting Rules and Regulations, long outstanding accounts payable are written off against the capital reserve.

(ix) Deferred tax is provided on the IFRS adjustments at the tax rate of 33%.

Pursuant to the requirement under the PRC "Accounting Regulations for Business Enterprises", which became effective from 1 January 2001, the water and electricity use rights, which were capitalised as intangible assets with a total carrying value of Rmb112,915,000 as at 31 December 2000 would have to be retrospectively de-recognised in the PRC financial statements and the related tax benefits would no longer exist. Under such circumstances, the related deferred tax assets of Rmb37,262,000 as at 31 December 2000 were written off in the IFRS financial statements in 2001.