

financial highlights

Year 2003's financial report prepared by the Company was audited by Deloitte Touche Tohmatsu Certified Public Accountants Limited and Deloitte Touche Tohmatsu, whose audited report expressed an unqualified opinion on the financial statements.

(1) According to the PRC Accounting Standards, the financial highlights of the Group for the year ended 31st December 2003 are as follows:

Item	Unit: RMB'000
Gross profit	1,447,833
Net profit	950,531
Net profit after non-recurring profits/losses	944,738
Profit from principal operations	1,489,189
Other operating income	30,802
Profit from operations	1,357,057
Investment income	69,948
Subsidy income	19,648
Non-operating income / expenses, net	1,180
Net cash flow from operating activities	1,453,795
Net increase in cash and cash equivalents	717,418

(2) According to the accounting principles generally accepted in Hong Kong ("HKGAAP"), the financial highlights of the Group for the year ended 31st December 2003 are as follows:

Item	Unit: RMB'000
Revenue, net	2,675,814
Profit before taxation	1,533,974
Net profit	1,005,773
Profit from principal operations	1,457,763
Net cash flow from operating activities	1,441,643
Net increase in cash and cash equivalents	717,418

(3) Differences between the PRC Accounting Standards and Hong Kong Accounting Standards:

The differences between the statutory financial statements of the Group prepared in accordance with PRC Accounting Standards and the financial statements of the Group prepared in accordance with HKGAAP are summarized as follows:

	Net Profit		Net Asset	
			as at 31st December	
	2003	2002	2003	2002
	RMB'000	RMB'000	RMB'000	RMB'000
As reported in PRC statutory financial statements	950,531	816,833	14,562,325	14,268,109
HKGAAP adjustments:				
– amortization of land use right	23,122	30,462	90,504	67,382
– valuation, depreciation and amortization of property, plant and equipment	46,874	35,320	(1,535,958)	(1,582,832)
– housing subsidy charged to retained earnings directly under the statutory accounts	—	(16,838)	—	—
– loss on disposal of staff quarters	—	—	(8,237)	(8,237)
– deferred taxation	(4,279)	(10,877)	(29,507)	(25,228)
– interests accrued on held-to-maturity securities	—	(7,077)	—	—
– fair value of investments in securities	(9,067)	9,067	—	9,067
– others	(1,408)	(2,445)	—	—
As reported in this financial statements prepared in accordance with HKGAAP	1,005,773	854,445	13,079,127	12,728,261

Note: Net assets of 2002 was restated from RMB13,613,202,000 to RMB14,268,109,000, which was due to the change in requirements on subsequent events under the PRC Corporate Accounting Standards, where dividend distributed after the balance sheet date previously recognized as an adjustment was changed to be separately set out under owners' equity in the balance sheet. This accounting policy was applied retrospectively for prior year adjustment.

(4) Non-recurring profit/loss comprises the following:

Item	Unit: RMB'000			
	2003		2002	
	The Group	The Company	The Group	The Company
Non-operating income	9,969	11,828	20,059	13,131
Non-operating expenses	(8,789)	(12,046)	(13,126)	(11,683)
Subsidy income	19,648	—	—	—
Amortization of difference on long term equity investments	(12,088)	(11,997)	(11,249)	(11,249)
Gain from short term investments	10,048	9,000	—	—
Effects of Income tax	(12,995)	(5,462)	1,424	1,424
Total	5,793	(8,677)	(2,892)	(8,377)

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(5) Principal accounting data and financial indicators of the Group under the PRC Accounting Standards for the past five years:

Unit: RMB'000

Item	2003	2002	2001	2000	1999
Income from principal activities	2,353,129	2,026,238	1,625,992	1,381,696	1,138,385
Net profit	950,531	816,833	780,864	691,486	604,868
Total assets	16,732,357	15,081,793	14,914,400	15,057,227	14,519,176
Total liabilities	1,769,782	417,181	670,109	1,132,571	1,508,250
Minority interests	14,562,325	14,268,109	14,112,946	13,795,206	12,882,076
Earnings per share (RMB)	0.19	0.16	0.16	0.14	0.12
Net asset per share (RMB)	2.89	2.83	2.80	2.74	2.64
Adjusted net asset per share (RMB)	2.89	2.83	2.80	2.74	2.64
Net cash flow per share from operating activities (RMB)	0.29	0.26	0.22	0.20	0.18
Return on net assets	6.53%	5.72%	5.53%	5.01%	4.70%
Weighted average return on net assets	6.59%	5.75%	5.59%	5.31%	4.76%

Note: Dividends distributed for year 2002 was RMB654,907,175. In accordance with the requirements on subsequent events under the PRC Corporate Accounting Standards, the original "Dividend payable" has been adjusted to "Subsequent distributions" under Shareholders' Equity.

(6) Principal accounting data and financial indicators of the Group under the HK GAAP for the past five years:

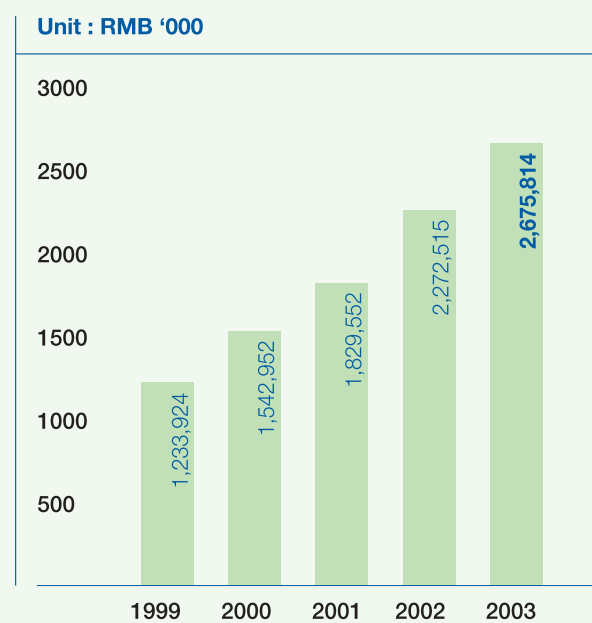
Unit: RMB'000

Item	2003	2002	2001	2000	1999
Revenue, net	2,675,814	2,272,515	1,829,552	1,542,952	1,233,924
Net profit	1,005,773	854,445	841,240	688,306	630,683
Total assets	15,278,665	13,566,108	13,334,684	13,400,108	12,844,327
Total liabilities	1,799,288	441,344	452,305	940,466	1,296,469
Shareholders' equity	13,079,127	12,728,261	12,503,534	12,115,691	11,203,905
Earnings per share (RMB)	0.20	0.17	0.17	0.14	0.13
Net asset per share (RMB)	2.60	2.53	2.48	2.41	2.29
Adjusted net asset per share (RMB)	2.60	2.53	2.48	2.41	2.29
Net cash flow per share from operating activities	1,441,643	1,289,775	1,092,958	916,085	855,419
Return on net assets	7.70%	6.78%	6.76%	5.68%	5.63%

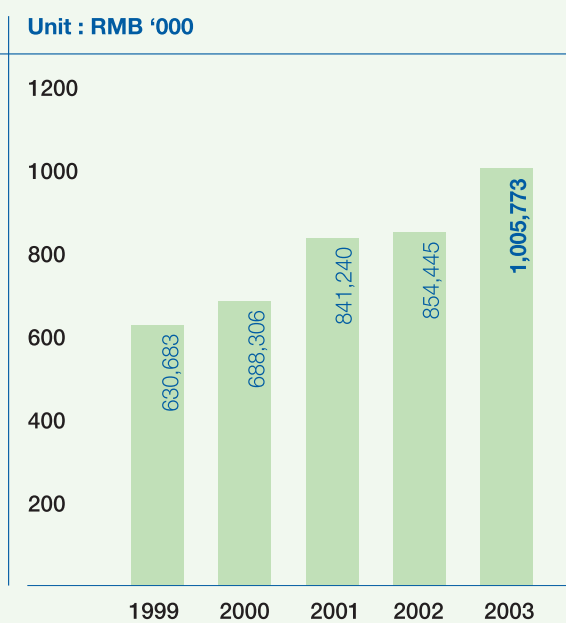
Five-Year Financial Highlights of the Group

(In accordance with HK GAAP)

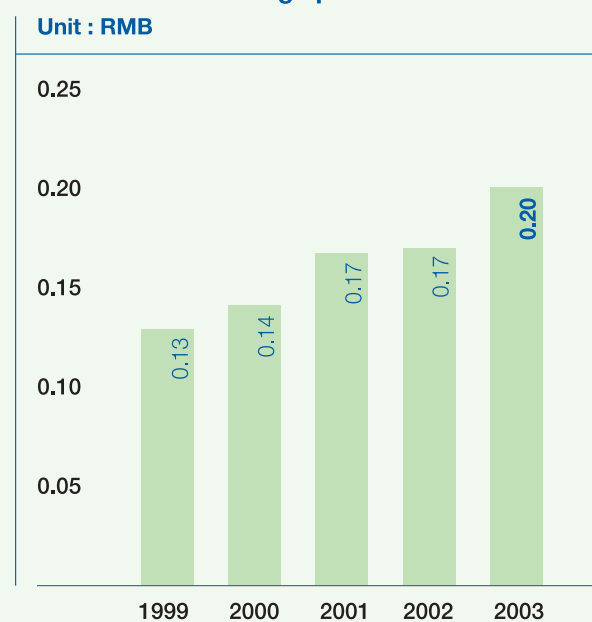
Net Revenue



Net Profit



Earnings per share



Net asset per share



(7) Change of shareholders' equity in accordance with the PRC Accounting Standards during the reporting period:

Unit: RMB

Item	At the beginning of period	Increase for the period	Decrease for the period	At the end of period	Reasons for change
Share capital	5,037,747,500	/	/	5,037,747,500	/
Capital reserve	7,484,538,998	195,747	/	7,484,734,745	Donations to associated companies
Statutory surplus reserve	602,448,076	163,933,934	/	766,382,010	Statutory appropriation
Including:					
Statutory public welfare fund	200,816,024	54,644,645	/	255,460,66	Statutory appropriation
Unrealized loss on investments	(2,445,239)	(1,603,677)	/	(4,048,916)	Losses incurred by subsidiaries
Retained earning	1,145,819,878	950,530,727	818,841,109	1,277,509,496	Operating results
Including:					
Latest balance Sheet distribution	654,907,175	/	/	730,473,388	
Shareholders' equity	14,268,109,213	294,215,622	/	14,562,324,835	

(8) Profit statement in accordance with the PRC Accounting Standards:

Profit for the reporting period	Rate of return on net asset		Earnings per share	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from principal operations	10.23%	10.57%	0.30	0.30
Operating profit	9.32%	9.63%	0.27	0.27
Net profit	6.53%	6.59%	0.19	0.19
Net profit after non-recurring profit/loss	6.49%	6.55%	0.19	0.19