



## Significant differences between the financial statements of the Group and the Company prepared in accordance with the PRC Accounting Rules and Regulations and International Financial Reporting Standards (“IFRS”)

Other than the differences in the classifications of certain financial statement captions and the accounting treatment of the items described below, there are no material differences between the financial statements of the Group and the Company prepared in accordance with the PRC Accounting Rules and Regulations and the IFRS. The major differences are:

- (i) Under IFRS, the negative goodwill was used to reduce proportionately the fair values of the non-monetary assets acquired. Under the PRC Accounting Rules and Regulations, negative goodwill was carried forward in an “Equity-investment difference” account and no amortisation was allowed until 1 January 1998. The difference represents the reduced accumulated depreciation in the IFRS financial statements before 1 January 1998.
- (ii) Land use rights are carried at historical cost less amortisation and impairment losses under IFRS. Under the PRC Accounting Rules and Regulations, the land use rights are carried at revalued amount.
- (iii) Under the PRC Accounting Rules and Regulations, only borrowing costs on funds that are specifically borrowed for construction are eligible for capitalisation as property, plant and equipment. Under IFRS, to the extent that funds are borrowed and used for the purpose of obtaining a qualifying asset, the borrowing costs should be capitalised as part of the cost of that asset.

Reconciliation of the net profit and shareholders’ funds of the Group and the Company in the financial statements prepared in accordance with the PRC Accounting Rules and Regulations and the IFRS are summarised below:

	<b>The Group</b>		<b>The Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>Rmb’000</b>	Rmb’000	<b>Rmb’000</b>	Rmb’000
Net profit under the PRC Accounting Rules and Regulations	<b>240,204</b>	139,833	<b>237,541</b>	138,869
Differences:				
– Amortisation of revaluation of land use rights ( <i>note (ii)</i> )	<b>5,280</b>	5,280	<b>5,280</b>	5,280
– Capitalisation of general borrowing costs ( <i>note (iii)</i> )	<b>16,987</b>	–	<b>16,987</b>	–
– Effect of the above adjustments on taxation	<b>(3,340)</b>	(792)	<b>(3,340)</b>	(792)
Net profit under IFRS	<b><u>259,131</u></b>	<u>144,321</u>	<b><u>256,468</u></b>	<u>143,357</u>
	<b>The Group</b>		<b>The Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>Rmb’000</b>	Rmb’000	<b>Rmb’000</b>	Rmb’000
Shareholders’ funds under the PRC Accounting Rules and Regulations	<b>9,125,832</b>	8,941,701	<b>9,130,879</b>	8,949,411
Differences:				
– Negative goodwill ( <i>note (i)</i> )	<b>7,354</b>	7,354	<b>7,354</b>	7,354
– Revaluation of land use rights ( <i>note (ii)</i> )	<b>(210,320)</b>	(215,600)	<b>(210,320)</b>	(215,600)
– Capitalisation of general borrowing costs ( <i>note (iii)</i> )	<b>16,987</b>	–	<b>16,987</b>	–
– Effect of the above adjustments on taxation	<b>29,000</b>	32,340	<b>29,000</b>	32,340
Shareholders’ fund under IFRS	<b><u>8,968,853</u></b>	<u>8,765,795</u>	<b><u>8,973,900</u></b>	<u>8,773,505</u>