

Financial Highlights

Prepared under PRC Accounting Rules and Regulations (*Unaudited*)

1. Major business data for the first half of 2004

Item	RMB'000
Total profit	1,830,339
Net profit	1,531,200
Profit from principal operations	2,848,467
Profit from other operations	75,991
Profit from operations	1,987,054
Investment income	15,653
Non-operating loss, net	(172,368)
Net decrease of cash and cash equivalents	274,511

2. Major Financial Data and Financial Indicators

	30 June 2004	31 December 2003	Increase/(decrease) compared to the beginning of the year (%)
Current assets (RMB'000)	8,579,497	7,993,651	7.33
Current liabilities (RMB'000)	8,977,421	8,479,655	5.87
Total assets (RMB'000)	28,229,940	27,580,828	2.35
Shareholders' equity(excluding minority interests)(RMB'000)	16,462,216	15,507,016	6.16
Net asset value per share (RMB)	2.286	2.154	6.13
Adjusted net asset value per share(RMB)	2.281	2.149	6.14
	Six-month periods ended 30 June		Increase/(decrease) compared to the period ended 30 June 2003
	2004	2003	
Net profit (RMB'000)	1,531,200	471,680	224.63
Net profit excluding non-recurring items (RMB'000)	1,645,861	482,865	240.85
Earnings per share (RMB)	0.213	0.066	222.73
Adjusted earnings per share (RMB)	0.229	0.067	241.79
Return on net assets (%)	9.301	3.232	187.78
Net cash flows from operating activities(RMB'000)	1,688,101	1,512,763	11.59

Non-recurring items	Amount (RMB'000)
Non-operating income	15,092
Non-operating expenses excluding provision for impairment losses on fixed assets	(153,115)
Written back of provision for impairment losses on investments in previous years	2,659
Tax adjustments for the above items	20,703
Total	<u>(114,661)</u>

3. Differences between financial statements prepared under PRC Accounting Rules and Regulations and financial report prepared under IFRS

	PRC Accounting Rules and Regulations RMB'000	IFRS RMB'000
Net profit	<u>1,531,200</u>	<u>1,520,725</u>

Explanation of differences: For details, please refer to Section C of the interim financial report.

4. Return on net assets and earnings per share prepared in compliance with the "Regulation on the preparation of information disclosures by companies publicly issuing securities, No.9" issued by the China Securities Regulatory Commission:

Profit in reporting period	Return on net assets(%)				Earnings per share(RMB)			
	Fully diluted		Weighted average		Fully diluted		Weighted average	
	For the six-month periods				For the six-month periods			
	ended 30 June				ended 30 June			
	2004	2003	2004	2003	2004	2003	2004	2003
Profit from principal operations	17.30	10.08	17.82	10.24	0.40	0.20	0.40	0.20
Profit from operations	12.07	4.01	12.43	4.17	0.28	0.08	0.28	0.08
Net profit	9.30	3.23	9.58	3.29	0.21	0.07	0.21	0.07
Net profit excluding non-recurring items	10.00	3.30	10.30	3.36	0.23	0.03	0.23	0.03

Note: The above indicators were derived from the unaudited figures for the six-month period ended 30 June 2003 and 2004.

The weighted average number of shares in issue during the six-month periods ended 30 June 2003 and 2004 was 7,200,000,000. The total number of shares was based on the 7,200,000,000 shares issued as at 31 December 2003 and 30 June 2004.

5. Various provisions under PRC Accounting Rules and Regulations (RMB'000):

	31 December 2003 RMB'000	Increase for the period RMB'000	Write-off for the period RMB'000	30 June 2004 RMB'000
(1) Total provision for bad debts	46,487	4,876	-	51,363
Of which: Trade debtors	39,811	4,876	-	44,687
Other Debtors	6,676	-	-	6,676
(2) Total provision for diminution in inventories	68,511	-	(24,395)	44,116
Of which: Finished goods	3,897	-	-	3,897
Spare parts and consumables	64,614	-	(24,395)	40,219
(3) Total provision for impairment losses of long-term investments	31,788	2,900	(2,659)	32,029
Of which: Long-term equity investments	31,788	2,900	(2,659)	32,029
(4) Total provision for impairment losses of long-term investments	24,600	34,345	-	58,945
Of which: plant, machinery, equipment and other fixed assets	24,600	34,345	-	58,945

6. Changes in the financial reporting items

(Details of reporting items with changes of 30% or more, and occupying 5% or more of total assets at the end of reporting period or 10% or more of net profits reported of the Company, together with reasons for the change)

Item	For the six-month periods ended 30 June		Change (%)	Reasons for change
	2004 RMB'000	2003 RMB'000		
Profit from principal operations	2,848,467	1,470,606	93.69	Increase in selling prices as compared to the same period last year
Profit from operations	1,987,054	598,904	231.78	Increase in selling prices as compared to the same period last year
Non-operating expenses	187,460	22,423	736.02	Increase in employee reduction expenses and net loss on disposal of fixed assets as compared to the same period last year
Total profit	1,830,339	584,567	213.11	Increase in selling prices as compared to the same period last year
Income tax	258,220	99,512	159.49	Substantial increase in total profit as compared to the same period last year
Net profit	1,531,200	471,680	224.63	Increase in selling prices as compared to the same period last year
Item	30 June 2004 RMB'000	31 December 2003 RMB'000	Change (%)	Reasons for change
Bills receivable	1,792,536	1,333,093	34.46	As a result of increase in selling prices, more customers used bills to settle debts
Current portion of long-term loans	1,824,873	999,141	82.64	Some long-term loans approach their maturity date which substantially increase the current-portion of long-term loans
Undistributed profits	3,004,096	2,048,896	46.62	Substantial increase in total profit

7. Changes in shareholders' equity

Item	Share capital (RMB'000)	Capital reserve (RMB'000)	Surplus reserve (RMB'000)	of which:		Total of shareholders' equity (RMB'000)
				Statutory welfare fund (RMB'000)	public Undistributed profits (RMB'000)	
At the beginning of the period	7,200,000	2,856,278	3,401,842	978,575	2,048,896	15,507,016
Increase during the period	-	-	-	-	1,531,200	1,531,200
Decrease during the period	-	-	-	-	(576,000)	(576,000)
At the end of the period	<u>7,200,000</u>	<u>2,856,278</u>	<u>3,401,842</u>	<u>978,575</u>	<u>3,004,096</u>	<u>16,462,216</u>