

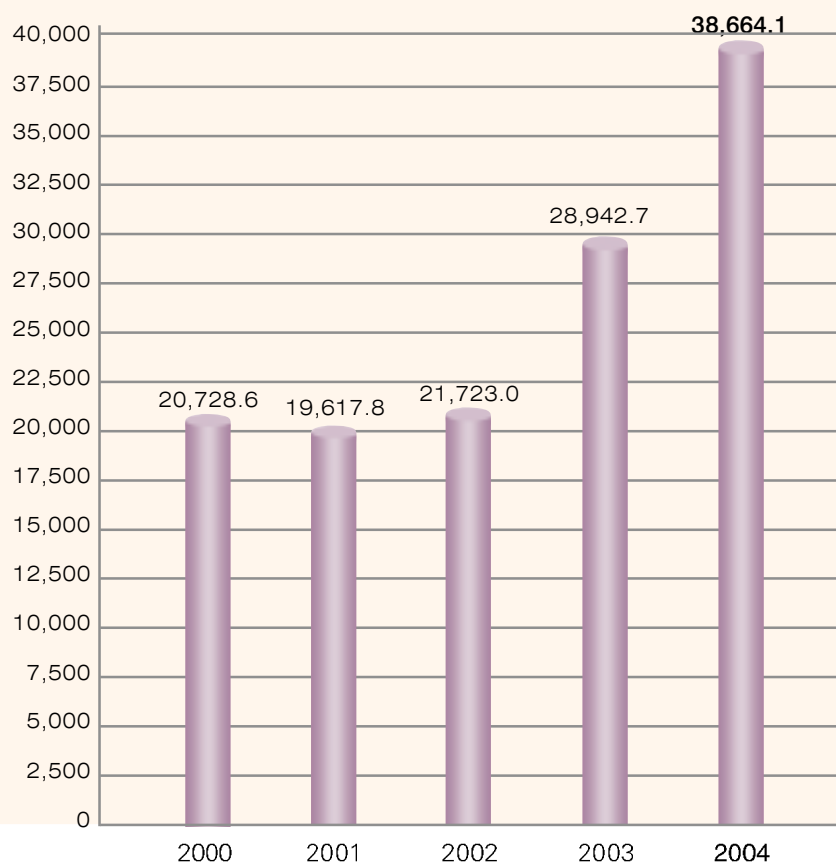
Financial Highlights

(Prepared under International Financial Reporting Standards)

Expressed in RMB millions	2000	2001	2002	2003	2004
Year ended 31 December:					
Net sales	20,728.6	19,617.8	21,723.0	28,942.7	38,664.1
Profit before tax	1,080.6	145.8	1,045.0	1,590.4	4,696.2
Profit after tax	879.8	144.6	960.5	1,445.3	4,059.2
Profit attributable to shareholders	856.5	116.0	916.4	1,401.7	3,971.1
Earnings per share	RMB 0.119	RMB0.016	RMB0.127	RMB0.195	RMB0.552
At 31 December:					
Shareholders' equity	13,501.6	13,063.8	13,980.2	15,021.9	18,417.0
Total assets	21,701.3	24,325.6	26,085.9	27,101.5	28,276.6
Total liabilities	7,919.4	10,904.0	11,739.0	11,738.4	9,486.5

Net sales

(RMB millions)



Financial Highlights

(Prepared under PRC Accounting Rules and Regulations)

1. Major business data

RMB'000

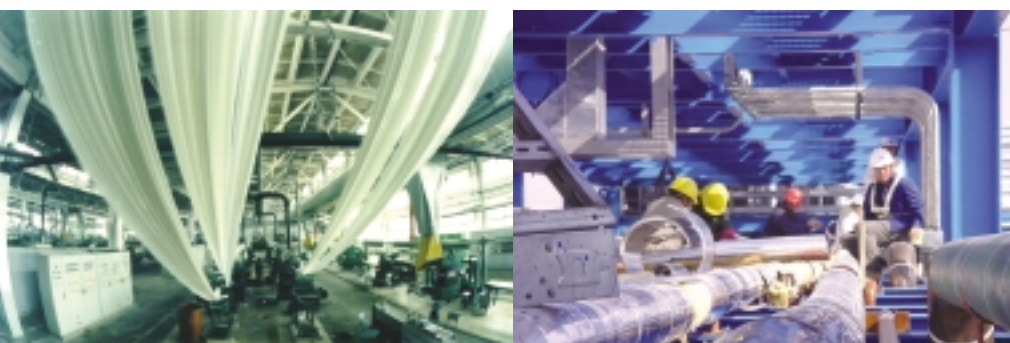
Item	For the years ended 31 December			
	2004	2003	Increase/decrease compared to the previous year(%)	2002
Income from principal operations	39,402,533	29,567,140	33.26	22,322,896
Total profit	4,693,059	1,576,602	197.67	1,036,238
Net profit	3,971,265	1,385,556	186.62	908,965
Net profit excluding non-recurring items	4,078,483	1,485,198	174.61	1,009,815
Net cash flow from operating activities	4,908,020	2,692,641	82.28	2,322,574

Item	As at 31 December			
	2004	2003	Increase/ decrease compared to last year (%)	2002
Current assets	8,613,655	7,993,651	7.76	6,945,672
Current liabilities	7,432,559	8,479,655	-12.35	7,065,576
Total assets	28,757,089	27,580,828	4.26	26,562,285
Shareholders' equity (excluding minority interest)	18,902,281	15,507,016	21.90	14,481,460

2004

RMB'000

Non-operating income	83,058
Non-operating expenses (excluding provision for impairment losses on fixed assets)	(236,371)
(Gain) / Loss on disposal of long-term equity investments	21,860
Written back of provision for long-term equity investments	5,314
Tax effect for the above items	18,921
Total	(107,218)



Financial Highlights (continued)

(Prepared under PRC Accounting Rules and Regulations)

2. Financial indicators

Item	<u>For the years ended 31 December</u>			
	2004	2003	Increase/decrease compared to last year (%)	2002
Earnings per share - diluted (RMB)	0.552	0.192	187.50	0.126
Return on net assets - diluted(%)	21.01	8.94	135.01	6.28
Return on net assets based on net profit excluding non-recurring items - diluted(%)	21.58	9.58	125.26	6.97
Net cash flow per share from operating activities (RMB)	0.682	0.374	82.35	0.323
Earnings per share - weighted average (RMB)	0.552	0.192	187.50	0.126
Earnings per share based on net profit excluding non-recurring items - diluted (RMB)	0.566	0.206	174.76	0.140
Earnings per share based on net profit excluding non-recurring items - weighted average (RMB)	0.566	0.206	174.76	0.140
Return on net assets - weighted average (%)	23.08	9.24	150.43	6.56
Return on net assets based on net profit excluding non-recurring items - weighted average(%)	23.71	9.91	139.25	7.20

Item	<u>As at 31 December</u>			
	2004	2003	Increase/ decrease compared to last year (%)	2002
Net asset value per share (RMB)	2.625	2,154	21.87	2,011
Adjusted net asset value per share (RMB)	2.623	2,149	22.06	1,996

Notes:

The above indicators were derived from the data included in the audited financial statements for 2002, 2003 and 2004. The total number of shares in issue as at 31 December 2002, 2003 and 2004 was 7,200,000,000.



3. Changes in Shareholders' Equity

Description	Share	Capital	Surplus	(Of which:	Retained	Total
	Capital	Reserve	Reserve	Statutory Public Welfare Fund)	Earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of the year	7,200,000	2,856,278	3,401,842	978,575	2,048,896	15,507,016
Increase during the year	-	-	794,254	397,127	3,177,011	3,971,265
Decrease during the year	-	-	-	-	(576,000)	(576,000)
End of the year	7,200,000	2,856,278	4,196,096	1,375,702	4,649,907	18,902,281

Note:

- (1) The statutory public welfare fund is included in the surplus reserve.
- (2) In 2004, the Group recorded a consolidated net profit of RMB3,971,265,000, out of which RMB397,127,000 each was transferred to each of the statutory surplus reserve and statutory public welfare fund, respectively.
- (3) A final dividend of RMB0.08 per share totaling RMB576,000,000 was approved during the year for 2003.

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 for the reporting period	Return on net assets		Earnings per share	
	Fully diluted (%)	Weighted average (%)	Fully diluted RMB	Weighted average RMB
Profit from principal operations	35.21	38.68	0.924	0.924
Operating profit	25.44	27.95	0.668	0.668
Net profit	21.01	23.08	0.552	0.552
Net profit excluding non-recurring items	21.58	23.71	0.566	0.566

Fully diluted return on net assets=profit for the reporting period/net assets at the end of the period × 100%

Weighted average return on net assets= profit for the reporting period/((net assets at the beginning of the period+ net assets at the end of the period)/2) × 100%

Fully diluted earnings per share= profit for the reporting period/number of shares issued at the end of period

Weighted average earnings per share= profit for the reporting period/((number of shares issued at the beginning of period+ number of shares issued at the end of period)/2)

Financial Highlights (continued)

(Prepared under PRC Accounting Rules and Regulations)

5. Statements of assets provisions

Year ended 31 December 2004

Description	Group			
	As at 1 January 2004 RMB'000	Increase for the year RMB'000	Write-off for the year RMB'000	As at 31 December 2004 RMB'000
Total provision for bad debts	46,487	25,830	(17,343)	54,974
Of which: Trade debtors	39,811	22,814	(17,343)	45,282
Other debtors	6,676	3,016	-	9,692
Total provision for diminution in short-term investment	-	-	-	-
Of which: Stock investment	-	-	-	-
Bond investment	-	-	-	-
Total provision for diminution in inventories	68,511	4,450	(16,291)	56,670
Of which: Finished goods	3,897	3,780	(3,897)	3,780
Spare parts and consumables	64,614	670	(12,394)	52,890
Total provision for impairment losses of long-term investments	31,788	36,276	(6,314)	61,750
Of which: Long-term equity investments	31,788	36,276	(6,314)	61,750
Long-term bond investments	-	-	-	-
Total provision for impairment losses of fixed assets	24,600	34,345	-	58,945
Of which: Property and buildings	-	-	-	-
Equipment	24,600	34,345	-	58,945
Total provision for impairment losses of intangible assets	-	-	-	-
Of which: Patent rights	-	-	-	-
Trade mark rights	-	-	-	-
Provision for impairment losses of construction in progress	-	-	-	-
Provision for diminution in designated loan	-	-	-	-
Total provisions	171,386	100,901	(39,948)	232,339

Description	Company			
	As at 1 January 2004 RMB'000	Increase for the year RMB'000	Write-off for the year RMB'000	As at 31 December 2004 RMB'000
Total provision for bad debts	37,446	3,862	(17,343)	23,965
Of which: Trade debtors	33,091	3,862	(17,343)	19,610
Other debtors	4,355	-	-	4,355
Total provision for diminution in short-term investment	-	-	-	-
Of which: Stock investment	-	-	-	-
Bond investment	-	-	-	-
Total provision for diminution in inventories	63,800	-	(16,250)	47,550
Of which: Finished goods	1,415	-	(1,415)	-
Spare parts and consumables	62,385	-	(14,835)	47,550
Total provision for impairment losses of long-term investments	-	-	-	-
Of which: Long-term equity investments	-	-	-	-
Long-term bond investments	-	-	-	-
Total provision for impairment losses of fixed assets	24,600	34,345	-	58,945
Of which: Property and buildings	-	-	-	-
Equipment	24,600	34,345	-	58,945
Total provision for impairment losses of intangible assets	-	-	-	-
Of which: Patent rights	-	-	-	-
Trade mark rights	-	-	-	-
Provision for impairment losses of construction in progress	-	-	-	-
Provision for diminution in designated loan	-	-	-	-
Total provisions	125,846	38,207	(33,593)	130,460

6. Changes in the financial statements and operating results of the Group

(Details of reporting items with annual changes of 30% or more, and occupying 5% or more of total assets for the reporting periods or 10% or more of net profits reported of the Group, together with reasons for the change)

Item	As at 31December 2004 RMB'000	As at 31December 2003 RMB'000	Change RMB'000	%	Reason for change
Long-term loan	2,014,614	3,206,848	(1,192,234)	(37.18)	Due to the proportion increase of operation cash flow in capital expenditure
Undistributed profits	4,649,907	2,048,896	2,601,011	126.95	Due to the significant increase in net profit

Item	Year ended 31December 2004 RMB'000	Year ended 31December 2003 RMB'000	Change RMB'000	%	Reason for change
Profit for principle operations	6,654,977	3,700,486	2,954,491	79.84	Due to prices' increase of the Company's Products
Net profit	3,971,265	1,385,556	2,596,292	186.62	Due to prices' increase of the Company's Products
Income from principal operations	39,402,533	29,567,140	9,835,393	33.26	Due to prices' increase of the Company's Products
Income from operations	4,808,178	1,742,637	3,077,991	175.91	Due to prices' increase of the Company's Products
Total profit	4,693,059	1,576,602	3,116,457	197.67	Due to prices' increase of the Company's Products
Income tax	633,729	147,436	488,160	329.83	Due to the significant increase in total profit

7. For differences between financial statements prepared under International Financial Reporting Standards (“IFRS”) and PRC Accounting Rules and Regulations, please refer to Section C of this annual report.

