

# Financial Summary

## 1. Summary of the principal financial information and financial indicators of the Group:

### 1.1 Extracted from the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS")

	For the year ended 31 December or as at 31 December				
	2004 Rmb'000	2003 Rmb'000	2002 Rmb'000	2001 Rmb'000	2000 Rmb'000
Turnover	<b>13,348,471</b>	10,343,641	8,009,669	7,808,658	9,014,472
Profit from ordinary activities					
before taxation	<b>276,792</b>	313,398	156,745	213,375	985,493
Income tax expense	<b>33,860</b>	48,652	7,156	40,087	139,391
Minority interests	<b>2,549</b>	5,615	5,268	2,499	5,874
Profit attributable to shareholders	<b>240,383</b>	259,131	144,321	170,789	840,228
Total assets	<b>11,234,701</b>	11,921,981	12,003,096	11,021,100	11,368,442
Total liabilities	<b>2,061,850</b>	2,899,673	3,179,823	2,265,706	2,233,757
Shareholders' funds (excluding					
minority interests)	<b>9,120,322</b>	8,968,853	8,765,795	8,701,474	9,078,433
Minority interests	<b>52,529</b>	53,455	57,478	53,920	56,252
Basic earnings per share	<b>Rmb 0.060</b>	Rmb 0.065	Rmb 0.036	Rmb 0.043	Rmb 0.210
Net assets per share	<b>Rmb 2.280</b>	Rmb 2.242	Rmb 2.191	Rmb 2.175	Rmb 2.270
Ratio of shareholders' funds	<b>81.18%</b>	75.23%	73.03%	78.95%	79.86%
Return on net assets	<b>2.64%</b>	2.89%	1.65%	1.96%	9.26%



# Financial Summary

## 1. Summary of the principal financial information and financial indicators of the Group: (Continued)

### 1.2 Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations

	For the year ended 31 December or as at 31 December		Increase/ (decrease) compared to last year (%)	2002	
	2004 Rmb'000	2003 Rmb'000		Adjusted Rmb'000	Before adjusted
Income from principal operations	<b>13,348,471</b>	10,343,641	29	8,009,669	8,009,669
Net profit	<b>231,237</b>	240,204	(4)	139,833	139,833
Total assets	<b>11,382,534</b>	12,078,960	(6)	12,179,002	12,179,002
Shareholders' funds (excluding minority interests)	<b>9,268,155</b>	9,125,832	2	8,941,701	8,881,701
Earnings per share	<b>Rmb 0.058</b>	Rmb 0.060	(3)	Rmb 0.035	Rmb 0.035
Return on net assets	<b>2.50%</b>	2.63%	Decreased by 0.13 percentage points	1.56%*	1.57%
Return on net assets before non-recurring items (weighted average)	<b>3.52%</b>	2.85%	Increased by 0.67 percentage points	1.59%*	1.59%
Net assets per share	<b>Rmb 2.317</b>	Rmb 2.281	2	Rmb 2.235*	Rmb 2.220
Adjusted net assets per share	<b>Rmb 2.315</b>	Rmb 2.279	2	Rmb 2.234*	Rmb 2.220
Net cash inflow from operating activities per share	<b>Rmb 0.073</b>	Rmb 0.333	(78)	Rmb 0.367	Rmb 0.367

\* These figures have been adjusted as a result of the change in accounting policy for cash dividend appropriation formulated after the balance sheet date of 2002. Details are set out in note 2 of the 2003 financial statements prepared in accordance with the PRC Accounting Rules and Regulations.

## 2. Details of the Group's results for the year ended 31 December 2004 (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations)

(Expressed in Rmb'000)

Profit from principal operations	1,152,818
Profit from other operations	8,432
Operating profit	439,750
Investment income	3,000
Net non-operating expenses	176,181
Total profit	266,569
Net profit before non-recurring items	323,592
Non-recurring items (after taxation)*	92,355
Net profit	231,237
Net cash flow from operating activities	290,175
Net decrease in cash and cash equivalents	880,779



# Financial Summary

## 2. Details of the Group's results for the year ended 31 December 2004 (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations) (Continued)

<b>* Non-recurring items:</b>	<b>(Expressed in Rmb'000)</b>
Net loss on disposal of fixed assets	(67,633)
Employee reduction expenses	(21,694)
Donations	(3,860)
Other non-operating income excluding gain on disposal of fixed assets	5,229
Other non-operating expenses	(21,495)
Stock provision written back	800
Effect of income tax on the above items	16,298
	<hr/>
Total	<u>(92,355)</u>

## 3. Supplementary schedule for the income statement of the Group prepared in accordance with the PRC Accounting Rules and Regulations

Profit during the reporting period	Return on net assets (%)		Earnings per share (Rmb)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Income from principal operations	12.44	12.53	0.288	0.288
Operating profit	4.75	4.78	0.110	0.110
Net profit	2.50	2.51	0.058	0.058
Net profit before non-recurring items	3.49	3.52	0.081	0.081

## 4. Changes in shareholders' funds during the reporting period (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations)

Item	Share capital	Capital reserve <sup>i</sup>	Surplus reserves <sup>ii</sup>	Statutory public welfare fund <sup>iii</sup>	Undistributed profits <sup>iv</sup>	Total shareholders' funds
	(Rmb'000)	(Rmb'000)	(Rmb'000)	(Rmb'000)	(Rmb'000)	(Rmb'000)
At the beginning of the year	4,000,000	3,082,752	1,409,436	325,127	633,644	9,125,832
Increase for the year	–	11,086	46,568	23,284	231,237	288,891
Decrease for the year	–	–	–	–	146,568	146,568
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	<u>4,000,000</u>	<u>3,093,838</u>	<u>1,456,004</u>	<u>348,411</u>	<u>718,313</u>	<u>9,268,155</u>

*i The change in the capital reserve during the reporting period represents the purchase of fixed assets using the insurance premium subsidy from the controlling shareholder.*

*ii The change in the surplus reserves during the reporting period represents the transfer of Rmb 46,568,000 from undistributed profits.*

*iii The statutory public welfare fund forms part of the surplus reserves.*

*iv Changes in undistributed profits during the reporting period represent the Group's net profit during the reporting period of Rmb 231,237,000, offset by the transfer of Rmb 46,568,000 to surplus reserves and the payment of the final cash dividend of Rmb 100,000,000 for 2003.*



# Financial Summary

## 5. Statement of impairment of assets (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations)

### 5.1 Statement of impairment of assets of the Group

	At 1 January 2004 <i>Rmb'000</i>	Increase for the year <i>Rmb'000</i>	Decrease for the year <i>Rmb'000</i>	At 31 December 2004 <i>Rmb'000</i>
<b>1. Total provisions for bad and doubtful debts</b>	42,477	14,823	1,972	55,328
Including: Trade receivables	15,237	14,823	1,972	28,088
Other receivables	27,240	-	-	27,240
<b>2. Total provision for diminution in value of inventories</b>	30,772	26,910	800	56,882
Including: Raw materials	-	4,270	-	4,270
Finished goods	9,122	-	800	8,322
Spare parts and consumables	21,650	22,640	-	44,290
<b>3. Total provision for impairment of fixed assets</b>	-	66,728	-	66,728
Including: Properties and buildings	-	453	-	453
Machinery, equipment and others	-	66,275	-	66,275
<b>Total</b>	73,249	108,461	2,772	178,938



# Financial Summary

## 5.2 Statement of impairment of assets of the Company

	At 1 January 2004 <i>Rmb'000</i>	Increase for the year <i>Rmb'000</i>	Decrease for the year <i>Rmb'000</i>	At 31 December 2004 <i>Rmb'000</i>
<b>1. Total provisions for bad and doubtful debts</b>	81,789	–	1,970	79,819
Including: Trade receivables	11,966	–	1,970	9,996
Other receivables	69,823	–	–	69,823
<b>2. Total provision for diminution in value of inventories</b>	28,372	26,910	–	55,282
Including: Raw materials	–	4,270	–	4,270
Finished goods	6,722	–	–	6,722
Spare parts and consumables	21,650	22,640	–	44,290
<b>3. Total impairment of long-term investment</b>	283,157	14,952	–	298,109
Including: Long-term equity investment	283,157	14,952	–	298,109
<b>4. Total provision for impairment of fixed assets</b>	–	66,728	–	66,728
Including: Properties and buildings	–	453	–	453
Machinery, equipment and others	–	66,275	–	66,275
<b>Total</b>	393,318	108,590	1,970	499,938



# Financial Summary

## 6. Changes of financial statements items (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations)

Item	At 31	At 31	Increase/ (decrease)	Reason for change
	December 2004 <i>Rmb'000</i>	December 2003 <i>Rmb'000</i>		
Cash at bank and in hand	358,986	1,228,730	(71)	Repayment of loans at the year end
Trade receivables	175,537	123,861	42	Increase in sales during the year
Other receivables	39,812	30,687	30	Increase in advance payments of heavy-duty equipment at the year end
Inventories	1,626,564	990,715	64	Increase in output and price of raw materials
Construction materials	11,230	24,483	(54)	Transfer to fixed assets as a result of the completion of the polyester project with a daily capacity of 450 tonnes
Short-term loans	309,726	718,820	(57)	Compressing the scale of loans during the year
Bills payable	3,462	420,239	(99)	Bills become due before the year end
Current portion of long-term loans	200,000	100,000	100	Transfer from long-term loans under the repayment schedule
Long-term loans	190,000	340,000	(44)	Increase in repayment during the year

  

Item	For the year ended		Increase/ (decrease)	Reason for Change
	2004 <i>Rmb'000</i>	2003 <i>Rmb'000</i>		
Income from principal operations	13,348,471	10,343,641	29	Increase in sales volume and selling price, and variety in sales mix
Cost of sales from principal operations	12,150,105	9,276,229	31	Increase in price and consumption of major raw materials
Investment income	3,000	5,658	(47)	Decrease in amortization of negative goodwill of subsidiaries
Non-operating expenses	182,222	62,708	191	Provision for impairment of fixed assets, loss on disposal of fixed assets during the year
Minority interests	2,549	5,615	(55)	Decrease in net profit of subsidiaries



## Financial Summary

7. **Differences of net profit between the financial statements of the Group and the Company prepared in accordance with the PRC Accounting Rules and Regulations and IFRS**

	PRC Accounting		IFRS	
	Rules and Regulations		The Group	The Company
	The Group	The Company	The Group	The Company
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Net profit	231,237	232,844	240,383	241,990

For detailed explanations of differences, please refer to the section on “**Significant Differences Between the Financial Statements of the Group and the Company Prepared in Accordance with the PRC Accounting Rules and Regulations and IFRS**” of this Annual Report.

