

## BALANCE SHEET (Under PRC GAAP)

At December 31, 2004

|   | NOTES    | The Group                   |                             | The Company                 |                             |
|---|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |          | December<br>31, 2004<br>RMB | December<br>31, 2003<br>RMB | December<br>31, 2004<br>RMB | December<br>31, 2003<br>RMB |
| <b>ASSETS</b>                                   |          |                             |                             |                             |                             |
| CURRENT ASSETS:                                 |          |                             |                             |                             |                             |
| Bank balances and cash                          | 5        | 5,278,468,720               | 2,041,293,313               | 5,003,516,578               | 2,039,188,498               |
| Current investments                             | 6        | 850,000,000                 | 100,000,000                 | 850,000,000                 | 100,000,000                 |
| Notes receivable                                | 7        | 898,465,509                 | 700,388,322                 | 897,865,509                 | 699,788,322                 |
| Dividends receivable                            |          | –                           | –                           | 350,456                     | –                           |
| Accounts receivable                             | 8        | 340,848,078                 | 592,472,845                 | 340,848,078                 | 592,338,155                 |
| Other receivables                               | 9        | 432,247,118                 | 110,087,471                 | 401,278,358                 | 104,440,688                 |
| Prepayments                                     | 11       | 60,049,058                  | 73,985,140                  | 66,218,808                  | 72,892,465                  |
| Subsidies receivable                            |          | –                           | 275,624,031                 | –                           | 275,624,031                 |
| Inventories                                     | 12       | 485,428,372                 | 502,028,543                 | 474,377,994                 | 496,630,233                 |
| Deferred expenses                               | 13       | 56,644,671                  | 94,646,431                  | 55,863,146                  | 94,646,431                  |
| <b>TOTAL CURRENT ASSETS</b>                     |          | <b>8,402,151,526</b>        | <b>4,490,526,096</b>        | <b>8,090,318,927</b>        | <b>4,475,548,823</b>        |
| LONG-TERM EQUITY INVESTMENTS                    |          |                             |                             |                             |                             |
|   | 14/48(1) | 646,226,054                 | 43,059,196                  | 1,618,135,335               | 47,651,692                  |
| FIXED ASSETS:                                   |          |                             |                             |                             |                             |
| Fixed assets – cost                             | 15       | 15,024,982,743              | 14,899,151,764              | 14,813,883,039              | 14,879,833,312              |
| Less: Accumulated depreciation                  | 15       | 6,773,521,923               | 6,368,525,737               | 6,766,087,913               | 6,362,240,000               |
| Fixed assets – net book value                   | 15       | 8,251,460,820               | 8,530,626,027               | 8,047,795,126               | 8,517,593,312               |
| Materials held for construction of fixed assets | 16       | 1,993,287                   | 1,721,281                   | 1,993,287                   | 1,721,281                   |
| Fixed assets under construction                 | 17       | 84,512,193                  | 84,026,862                  | 81,594,857                  | 84,026,862                  |
| <b>TOTAL FIXED ASSETS</b>                       |          | <b>8,337,966,300</b>        | <b>8,616,374,170</b>        | <b>8,131,383,270</b>        | <b>8,603,341,455</b>        |
| INTANGIBLE ASSETS                               | 18       | 827,575,090                 | 788,638,696                 | 794,940,709                 | 788,638,696                 |
| <b>TOTAL ASSETS</b>                             |          | <b>18,213,918,970</b>       | <b>13,938,598,158</b>       | <b>18,634,778,241</b>       | <b>13,915,180,666</b>       |

The accompanying notes are part of the financial statements.

## BALANCE SHEET (Under PRC GAAP) (Cont'd)

At December 31, 2004

| NOTES  | The Group                   |                             | The Company                 |                             |                       |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------|
|  | December<br>31, 2004<br>RMB | December<br>31, 2003<br>RMB | December<br>31, 2004<br>RMB | December<br>31, 2003<br>RMB |                       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>            |                             |                             |                             |                             |                       |
| <b>CURRENT LIABILITIES:</b>                            |                             |                             |                             |                             |                       |
| Accounts payable                                       | 19                          | 515,892,192                 | 454,719,215                 | 515,892,192                 | 454,882,230           |
| Advances from customers                                | 20                          | 458,038,528                 | 664,829,863                 | 458,022,488                 | 664,132,172           |
| Salaries and wages payable                             |                             | 80,241,534                  | 70,633,118                  | 80,223,075                  | 70,633,118            |
| Taxes payable  | 21                          | 784,731,685                 | 326,377,720                 | 784,396,963                 | 325,566,923           |
| Other payables   | 22                          | 616,637,336                 | 616,930,523                 | 1,065,538,997               | 598,597,605           |
| Provisions   | 23                          | (103,406,734)               | 85,022,022                  | (103,406,734)               | 85,022,022            |
| Long-term payable due<br>within one year               | 24/25                       | 218,732,157                 | 213,247,800                 | 218,732,157                 | 213,247,800           |
| <b>TOTAL CURRENT LIABILITIES</b>                       |                             | <b>2,570,866,698</b>        | <b>2,431,760,261</b>        | <b>3,019,399,138</b>        | <b>2,412,081,870</b>  |
| <b>LONG-TERM LIABILITIES:</b>                          |                             |                             |                             |                             |                       |
| Long-term loan   | 24                          | 200,000,000                 | 400,000,000                 | 200,000,000                 | 400,000,000           |
| Long-term payable                                      | 25                          | 162,908,540                 | 79,487,360                  | 162,908,540                 | 79,487,360            |
| <b>TOTAL LONG-TERM LIABILITIES</b>                     |                             | <b>362,908,540</b>          | <b>479,487,360</b>          | <b>362,908,540</b>          | <b>479,487,360</b>    |
| <b>TOTAL LIABILITIES</b>                               |                             | <b>2,933,775,238</b>        | <b>2,911,247,621</b>        | <b>3,382,307,678</b>        | <b>2,891,569,230</b>  |
| <b>MINORITY INTERESTS</b>                              |                             | <b>27,673,169</b>           | <b>3,739,101</b>            | <b>–</b>                    | <b>–</b>              |
| <b>SHAREHOLDERS' EQUITY:</b>                           |                             |                             |                             |                             |                       |
| Share capital  | 26                          | 3,074,000,000               | 2,870,000,000               | 3,074,000,000               | 2,870,000,000         |
| Capital reserves                                       | 27                          | 6,501,949,387               | 4,714,195,106               | 6,501,949,387               | 4,714,195,106         |
| Surplus reserves                                       | 28                          | 1,154,468,484               | 748,235,658                 | 1,154,151,900               | 747,984,174           |
| Including: Statutory common<br>welfare fund            |                             | 384,875,592                 | 249,453,800                 | 384,717,300                 | 249,328,058           |
| Cash dividend proposed<br>after the balance sheet date | 29                          | 799,240,000                 | 470,680,000                 | 799,240,000                 | 470,680,000           |
| Unappropriated profits                                 | 30                          | 3,722,812,692               | 2,220,500,672               | 3,723,129,276               | 2,220,752,156         |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                      |                             | <b>15,252,470,563</b>       | <b>11,023,611,436</b>       | <b>15,252,470,563</b>       | <b>11,023,611,436</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>      |                             | <b>18,213,918,970</b>       | <b>13,938,598,158</b>       | <b>18,634,778,241</b>       | <b>13,915,180,666</b> |

The accompanying notes are part of the financial statements.

The financial statements on pages 104 to 149 were signed by the following:

Head of the Company:  
Wang Xin

Chief Financial Officer:  
Wu Yu Xiang

Head of Accounting Department:  
Zhang Bao Cai