Financial statements of the Group prepared under IFRS for 2004 and 2005 are audited by KPMG, Certified Public Accountants.

Financial statements of the Group prepared under PRC GAAP for 2004 and 2005 are audited by KPMG Huazhen. Effects of major differences between PRC GAAP and IFRS on net profit, are analysed as follows:

	Note	**2005** *RMB'000*	2004 *RMB'000* *(see note (f))*
Net profits under PRC GAAP		**1,014,976**	1,044,058
Adjustments:			
Net fair value adjustment	(a)	**(32,893)**	(32,721)
Adjustment of goodwill/consolidation difference	(b)	**29,360**	25,653
Capitalised interest from general loans	(c)	**58,257**	—
Government grants	(d)	**2,363**	—
Other adjustments	(e)	**1,074**	605
Effects of the above adjustments on taxation		**(6,716)**	8,113
Minority interests	(f)	**90,532**	26,353
Profit for the year under IFRS		**1,156,953**	1,072,061

Effects of major differences between PRC GAAP and IFRS on equity, are analysed as follows:

	Note	**2005** *RMB'000*	2004 *RMB'000* *(see note (f))*
Shareholders' fund under PRC GAAP		**12,526,171**	9,814,755
Adjustments:			
Net fair value adjustment	(a)	**415,976**	374,916
Adjustment on goodwill/consolidation difference	(b)	**(238,586)**	(225,362)
Capitalised interest from general loans	(c)	**58,257**	—
Government grants	(d)	**(18,240)**	—
Other adjustments	(e)	**(127)**	(127)
Effects of the above adjustments on taxation		**(121,742)**	(90,623)
Minority interests	(f)	**1,040,707**	812,943
Total equity under IFRS		**13,662,416**	10,686,502

Notes:

(a) When preparing consolidated financial statements, according to PRC GAAP, consolidated financial statements are prepared based on respective financial statements of the Company and subsidiaries and jointly controlled entities. According to IFRS, consolidated financial statements are prepared based on the respective financial statements of the Company and assets and liabilities, being adjusted to fair values at the time of acquisition, of subsidiaries and jointly controlled entities. There are differences between the carrying value and the fair value of net assets, at the time of acquisition, of subsidiaries and jointly controlled entities of the Company and such differences are mainly attributable to fixed assets.

Fair value adjustment mainly represents the difference between the carrying value and the fair value of fixed assets, at the time of acquisition, of subsidiaries and jointly controlled entities and the related adjustment in depreciation in respect of the difference between the carrying value and the fair value after the acquisition.

(b) According to PRC GAAP, consolidation difference represents the excess of the cost of investment over the carrying value of the net assets acquired. According to IFRS, goodwill represents the excess of the cost of acquisition over the fair value of net identifiable assets acquired. As mentioned in note (a), there are differences between the carrying value and the fair value of net assets acquired, and so there are differences between consolidated difference and goodwill. The difference on net profit for the year ended 2004 was due to difference in amortisation. With effect from 1 January 2005, in accordance with IFRS 3, positive goodwill is no longer amortised. Negative goodwill arose from previous years has been derecognised as at 1 January 2005, with a corresponding adjustment to the opening balance of retained profits.

(c) According to PRC GAAP, only borrowing costs on funds that are specifically borrowed for construction are eligible for capitalisation as part of the cost of that asset. According to IFRS, to the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the borrowing costs could be capitalised as part of the cost of that asset.

(d) According to PRC GAAP, conditional government grants should be recorded in long-term liabilities first and credited to capital reserve after fulfilling the requirements from government for the construction projects. According to IFRS, conditional government grants should be recorded in long-term liabilities first and credited to the income statement using straight line method over the useful lives of the relevant assets after fulfilling the requirements from government for the construction projects.

(e) No material individual adjustments included in other adjustments.

(f) According to PRC GAAP, minority interests are presented in the consolidated balance sheet separately from liabilities and as deduction from the shareholders' funds. Minority interests in the results of the Group for the year are also separately presented in the consolidated income statement as deduction before arriving at the net profit. According to IFRS, minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity shareholders of the Company, and minority interests in the results of the Group for the year are presented in the consolidated income statement as an allocation of the total profit or loss for the year between the minority interests and the equity shareholders of the Company.

Comparative figures in 2004 have been restated, in order to conform with the current year presentation.