

SUPPLEMENTARY INFORMATION

RECONCILIATION OF DIFFERENCES BETWEEN PRC GAAP AND HKFRS

The Group has prepared a separate set of financial information for the year ended 31 December 2005 in accordance with “Accounting Standards for Business Enterprises”, “Accounting Regulations for Business Enterprises” and relevant regulations (“PRC GAAP”) for shareholders of A shares of the Company.

Differences between PRC GAAP and HKFRS give rise to differences in the reported balances of assets, liabilities and net profit of the Group. The financial effects of the material differences between PRC GAAP and HKFRS are summarised and explained in the following table:

Impact on the consolidated net assets:

	As at 31 December	
	2005 RMB'000	2004 RMB'000
Net assets as per accounts prepared under PRC GAAP	4,941,430	3,586,682
HKFRS adjustments:		
Adjustments arising from different exchange rates used in valuation of carrying values of fixed assets under HKFRS and PRC GAAP	141,253	141,253
Additional depreciation charges for assets acquired before unification of the two-tier exchange rate system in the PRC	(140,887)	(129,407)
Difference between the accounting for business combination under PRC GAAP and HKFRS	(49,332)	(64,472)
Adjustment for negative goodwill brought forward to retained earnings upon adoption of HKFRS 3 on 1 January 2005	80,971	—
Recognition of derivative financial instruments at fair value	(90)	—
Deferred tax liability arising from depreciation of fixed assets	(5,090)	(5,647)
Difference in accounting treatments for the principal balance of convertible bonds issued by the Company as equity under HKFRS and as liabilities under PRC GAAP and the difference in the treatment of the corresponding interest expenses	—	1,228,787
Goodwill impairment loss recognised upon cessation of business of subsidiaries	(9,121)	—
Others	(2,744)	(3,068)
Net assets attributable to the Company's shareholders as per financial statements prepared under HKFRS	4,956,390	4,754,128

Impact on the consolidated net profit:

	Year ended 31 December	
	2005 RMB'000	2004 RMB'000
Net profit under PRC GAAP	303,958	279,724
HKFRS adjustments:		
Additional depreciation charges for assets acquired before unification of the two-tier exchange rate system in the PRC	(11,480)	(11,480)
Waiver of payables	8,248	4,331
Deferred tax liability arising from depreciation of fixed assets	557	(3,646)
Difference between the accounting for business combination under PRC GAAP and HKFRS	15,140	(6,833)
Difference in accounting for interest expenses relating to the convertible bonds	9,764	23,102
Recognition of derivative financial instruments at fair value	(10,802)	—
Goodwill impairment loss recognised upon cessation of business of subsidiaries	(9,121)	—
Others	325	(35)
Profit attributable to shareholders of the Company under HKFRS	306,589	285,163