

## Significant differences between the financial statements of the Group prepared in accordance with the PRC Accounting Rules and Regulations and IFRSs:

Other than the differences in the classifications of certain financial statements captions and the accounting treatment of the items described below, there are no material differences between the Group's financial statements prepared in accordance with the PRC Accounting Rules and Regulations and IFRSs. The reconciliation presented below is included as supplemental information, is not required as part of the basic financial statements and does not include differences related to classification, display or disclosures. Such information has not been subject to independent audit or review. A summary of the major differences is as follows:

- (i) Under IFRSs, land use rights are carried at historical cost less accumulated amortisation and impairment losses. Under the PRC Accounting Rules and Regulations, land use rights are carried at revalued amount less accumulated amortisation and impairment losses.
- (ii) Under IFRSs, 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. Under the PRC Accounting Rules and Regulations, only borrowing costs on funds that are specifically borrowed for construction are eligible for capitalisation as property, plant and equipment.
- (iii) Under IFRSs, when a venturer contributes property, plant and equipment with revaluation surplus to a jointly controlled entity as capital injection, the venturer recognises that portion of the revaluation gain in profit or loss that is attributable to the interests of the other venturer. Under the PRC Accounting Rules and Regulations, the venturer recognises that portion of the revaluation gain as an equity investment difference and recorded in "Capital surplus-reserve for equity investment".
- (iv) Under IFRSs, with effect from 1 January 2005, minority interests at the balance sheet date are presented in the consolidated balance sheet as part of equity, separately from the amounts attributable to equity shareholders of the Company, and minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and equity shareholders of the Company. Under the PRC Accounting Rules and Regulations, minority interests at the balance sheet date are presented in the consolidated balance sheet separately from liabilities and shareholders' funds. Minority interests in the results of the Group for the year were also separately presented in the consolidated income statement as a deduction before arriving at the net loss/profit for the year.
- (v) Under IFRSs, the carrying amount of negative goodwill as at 1 January 2005 that arose from a business combination for which the agreement date was before 31 March 2004 was derecognised as at that date with a corresponding adjustment to the opening balance of retained earnings as at 1 January 2005. However, the balance of negative goodwill recognised in the Group's financial statements prepared under the PRC Accounting Rules and Regulations was written back as at 31 December 2005 as the carrying amount of the related long-term investment was higher than its recoverable amount as at that date.

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Reconciliation of the (loss)/profit for the year and total equity of the Group in the financial statements prepared in accordance with the PRC Accounting Rules and Regulations and IFRSs are summarised below:

	Note	The Group	
		2005 Rmb'000	2004 Rmb'000 (restated)
<b>(Loss)/profit for the year under the PRC Accounting Rules and Regulations</b>		<b>(954,279)</b>	231,237
Adjustments:			
– Reversal of amortisation of revaluation of land use rights	(i)	5,280	5,280
– Capitalisation of general borrowing costs	(ii)	2,330	1,900
– Realisation of revaluation gain	(iii)	9,644	–
– Minority interests	(iv)	(485)	2,549
– Negative goodwill	(v)	(29,341)	3,043
– Effects of the above adjustments on taxation		(1,142)	(1,077)
<b>(Loss)/profit for the year under IFRSs</b>		<b>(967,993)</b>	242,932
<b>Total equity under the PRC Accounting Rules and Regulations</b>		<b>8,223,575</b>	9,268,155
Adjustments:			
– Revaluation of land use rights	(i)	(199,760)	(205,040)
– Capitalisation of general borrowing costs	(ii)	21,217	18,887
– Minority interests	(iv)	52,104	52,529
– Negative goodwill	(v)	–	10,397
– Effects of the above adjustments on taxation		26,781	27,923
<b>Total equity under IFRSs</b>		<b>8,123,917</b>	9,172,851