

Supplementary Information

For the year ended 31 December 2010
(All amounts in RMB Yuan unless otherwise stated)
(English Translation for Reference Only)

1 Summary of non-recurring profit or loss

	2010	2009 (Restated)
Losses on disposal of non-current assets	(34,741,854)	(39,836,633)
Government grants recognised in profits	221,745,638	199,387,677
Losses arising from changes in fair value and disposal of financial assets held for trading.	—	(1,006,500)
Investment income from disposal of available-for-sale financial assets	—	7,294,162
Reversal of the provision for receivables that had been subject to individual impairment assessment	5,000,000	10,000,000
Other non-operating income and expenses other than aforesaid items	476,546	(8,942,781)
	<u>192,480,330</u>	<u>166,895,925</u>
Impact on the income tax	(34,372,610)	(24,885,512)
Impact on the minority interest (after tax)	(10,556,724)	(7,507,313)
	<u>147,550,996</u>	<u>134,503,100</u>

Basis for preparation of summary of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public — non-recurring profit or loss [2008 from CSRC, non-recurring profit or loss arises from transactions and events that are irrelevant to ordinary business, or that are relevant to ordinary business, but are so extraordinary that would have an influence on users of financial statements making judgments in performance and profitability of an enterprise.

2 Return on net assets and earnings per share

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2010	2009 (Restated)	2010	2009 (Restated)	2010	2009 (Restated)
Net profit attributable to ordinary shareholders of the Company	16.90%	18.07%	1.125	0.950	1.125	0.950
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	15.26%	16.12%	1.016	0.848	1.016	0.848

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3 Reasons for exceptional items in financial statements

Major items in financial statements with fluctuation of 30% or above, or representing 5% or above of the total assets of the Group as at 31 December 2010 or 10% or above of the total profit of the Group for the year ended 31 December 2010 are analysed as follows:

(a) Assets

Assets	Note	31 December 2010	31 December 2009	Fluctuation amount and percentage	
				Amount	%
Cash at bank and on hand	(1)	7,597,958,091	5,350,580,742	2,247,377,349	42%
Advances to suppliers	(2)	49,775,991	139,233,218	(89,457,227)	(64%)
Other receivables	(3)	188,917,414	133,243,682	55,673,732	42%
Inventories	(4)	1,942,413,649	1,877,379,269	65,034,380	3%
Other current assets	(5)	13,157,293	9,978,877	3,178,416	32%
Fixed assets	(6)	5,511,053,295	5,524,562,417	(13,509,122)	—
Construction in progress	(7)	282,565,821	99,271,062	183,294,759	185%
Fixed assets pending for disposal	(8)	3,148,488	13,336,856	(10,188,368)	(76%)
Intangible assets	(9)	1,318,785,832	1,088,230,932	230,554,900	21%
Deferred tax assets	(10)	332,191,308	240,842,706	91,348,602	38%
Other non-current assets	(11)	148,993,638	—	148,993,638	—

- (1) Cash at bank and on hand at the year-end increased by 42% from the year beginning, mainly due to the increase in net cash flows from operating activities for the year.
- (2) Advances to suppliers at the year-end decreased by 64% from the year beginning, due to the decrease in advances to suppliers for purchase of raw materials during the current year.
- (3) Other receivables at the year-end increased by 42% from the year beginning, mainly due to the payment of deposits for acquisition of equity interests.
- (4) As at 31 December 2010, inventories accounted for 11% of the total assets, with no significant change from the year beginning.
- (5) Other current assets at the year-end increased by 32% from the year beginning, due to the increase in corporate income tax prepaid at the year-end.
- (6) As at 31 December 2010, fixed assets accounted for 31% of the total assets, with no significant change from the year beginning.
- (7) Construction in progress at the year-end increased by 185% from the year beginning, mainly due to the increase in input in technological improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries.
- (8) Fixed assets pending for disposal at the year-end decreased by 76% from the year beginning, mainly due to the decrease in fixed assets pending for disposal at the year-end.
- (9) Intangible assets at the year-end increased by 21% from the year beginning, mainly due to the acquisition of land use rights for newly-constructed factories by certain subsidiaries during the current year.
- (10) Deferred tax assets at the year-end increased by 38% from the year beginning, mainly due to the increase in deferred tax assets recognised as a result of increased accrued expenses.
- (11) Other non-current assets at the year-end increased by RMB148.99 million from the year beginning, mainly due to the increase in prepayment in technology improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries.

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3 Reasons for exceptional items in financial statements (continued)

(b) Liabilities and owner's equity

Liabilities and owner's equity	Note	31 December 2010	31 December 2009 (Restated)	Fluctuation amount and percentage	
				Amount	%
Accounts payable	(1)	1,262,629,805	1,057,841,685	204,788,120	19%
Advances from customers	(2)	775,414,619	271,015,729	504,398,890	186%
Dividends payable	(3)	9,549,729	—	9,549,729	—
Other payables	(4)	2,520,112,525	2,252,824,315	267,288,210	12%
Current portion of non-current liabilities	(5)	17,930,254	28,340,560	(10,410,306)	(37%)
Long-term borrowings	(5)	10,722,061	28,266,911	(17,544,850)	(62%)
Debentures payable	(6)	1,264,646,258	1,198,896,050	65,750,208	5%
Long-term payables	(7)	1,625,414	14,143,329	(12,517,915)	(89%)
Payables for specific projects	(8)	184,215,175	13,034,749	171,180,426	1,313%
Other non-current liabilities	(9)	549,289,390	171,134,452	378,154,938	221%
Capital surplus	(10)	4,016,839,641	4,105,965,759	(89,126,118)	(2%)
Minority interests	(10)	116,633,440	174,854,785	(58,221,345)	(33%)

- (1) Accounts payable at the year-end increased by 19% from the year beginning, mainly due to increased purchases at the year-end.
- (2) Advances from customers at the year-end increased by 186% from the year beginning, mainly due to the increase in advances from customers at the year-end.
- (3) Dividends payable at the year-end increased by RMB9.55 million from the year beginning, mainly because the profit distributed by certain subsidiaries have not been paid at the year-end.
- (4) Other payables at the year-end increased by 12% from the year beginning, mainly due to the increase in accrued expenses as a result of increased sales.
- (5) Current portion of non-current liabilities and long-term borrowings decreased by 37% and 62% respectively from the year beginning, mainly due to the classification of long-term borrowings of certain subsidiaries as current portion of non-current liabilities based on repayment period, and the repayment of certain borrowings when due.
- (6) Debentures payable at the year-end increased by 5% from the year beginning, because it is measured at amortised cost using the effective interest method.
- (7) Long-term payables at the year-end decreased by 89% from the year beginning, mainly due to the transfer of certain payables due within one year to current liabilities.
- (8) Specific payables at the year-end increased by 1,313% from the year beginning, mainly due to the increase in government relocation compensation received by certain subsidiaries.
- (9) Other non-current liabilities at the year-end increased by 221% from the year beginning, mainly due to the increase in deferred income recognised based on relocation progress as the relocation projects of certain subsidiaries progressed.
- (10) Capital surplus and minority interests at the year-end decreased by 2% and 33% respectively from the year beginning, mainly due to the acquisition of minority interests and adjustment against capital surplus during the current year.

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3 Reasons for exceptional items in financial statements (continued)

(c) Profit or loss items

Profit or loss items	Note	2010	2009 (Restated)	Fluctuation amount and percentage	
				Amount	%
Revenue	(1)	19,897,827,765	18,026,107,888	1,871,719,877	10%
Cost of sales	(2)	(11,234,490,165)	(10,285,132,095)	(949,358,070)	9%
Taxes and surcharges	(3)	(1,663,133,370)	(1,547,305,716)	(115,827,654)	7%
Selling and distribution expenses	(4)	(3,917,917,893)	(3,484,403,205)	(433,514,688)	12%
General and administrative expenses	(5)	(1,079,202,647)	(998,141,045)	(81,061,602)	8%
Financial expenses — net	(6)	(4,872,515)	(62,853,510)	57,980,995	(92%)
Loss on changes in fair value	(7)	—	(1,762,500)	1,762,500	(100%)
Non-operating income	(8)	245,027,758	213,327,013	31,700,745	15%
Income tax expenses	(9)	(538,776,594)	(440,221,105)	(98,555,489)	22%
Minority interests	(10)	63,934,765	49,103,554	14,831,211	30%

- (1) In 2010, revenue increased 10% from last year, with the main reasons including the optimisation of product sale structure during the current year, resulting in higher proportion of core brands, and the increase in sales of major products for the current year, contributing to increased revenue.
- (2) In 2010, cost of sales increased 9% from last year, mainly due to the increase in revenue for the current year.
- (3) In 2010, taxes and surcharges increased 7% from last year, mainly due to the increase in sales for the current year, resulting in increased consumption taxes and other taxes.
- (4) In 2010, selling and distribution expenses increased 12% from last year, mainly due to the optimisation of product sale structure during the current year, higher growth in the sales of high-end products and growth in promotion expenses.
- (5) In 2010, general administrative expenses increased 8% from last year, mainly due to the increase in operational expenses and growth in payrolls for the year.
- (6) In 2010, net financial expenses decreased 92% from last year, mainly due to the increase in interest income and decrease in interest expenses on borrowings.
- (7) In 2010, no gain or loss on changes in fair value was recorded by the Group, mainly because the Group did not enter into similar contracts after the settlement of forward foreign exchange contracts in the last year.
- (8) In 2010, non-operating income increased 15% from last year, mainly due to the increase in government grants.
- (9) In 2010, income tax expense increased 22% from last year, mainly due to the increase in income tax expense as a result of increased profit for the current year.
- (10) In 2010, minority interests increased 30% from last year, mainly due to the increase in profit of subsidiaries for the current year.