

Chapter II Summary of Accounting and Business Data

Section 1 Key operating data

1. Key operating data prepared in accordance with the PRC accounting standards and system (the “PRC GAAP”)

	2003 RMB'000
Total profit	201,502
Net profit	161,534
Net profit after extraordinary items	163,392
Profit from principal activities	755,137
Profit from other operations	56,221
Operating profit	204,906
Investment revenue	4,449
Subsidy revenue	2,320
Net non-operating income and expenses	(10,173)
Net cash flow from operating activities	261,700
Net decrease in cash and cash equivalents	(43,609)

2. The following illustrates the difference in the accounts for the year ended 31st December 2003 prepared in accordance with the PRC GAAP and with accounting principles generally accepted in Hong Kong (the “HK GAAP”):

	Profit attributable to shareholders		Net assets	
	Group	Company	Group	Company
	For the year ended 31st December 2003		As at 31st December 2003	
	RMB'000	RMB'000	RMB'000	RMB'000
Prepared in accordance with PRC GAAP	161,534	161,534	2,442,624	2,442,580
Reversal of equity accounting for the results and reserves of subsidiaries in the accounts of the Company under PRC GAAP	—	(50,005)	—	(217,298)
Amortisation of negative goodwill not required under HK GAAP	—	—	(3,731)	(3,731)
Reversal of valuation surplus on land use right recognised under PRC GAAP	—	—	(4,200)	(4,200)
Reversal of amortisation relating to valuation surplus on land use right recognised under PRC GAAP	105	—	688	—
Write off of immaterial fair value difference on net assets of subsidiaries acquired permitted under HK GAAP	(3,628)	—	(3,628)	—
Capital reserve arising on consolidation under HK GAAP	—	—	9,946	—
Amortisation of long term investment difference over ten years under PRC GAAP	(441)	(441)	(2,383)	(2,383)
Reversal of depreciation on investment property under HK GAAP	4,783	4,783	—	—
Deferred taxation recognised under HK GAAP	10,111	6,270	20,027	10,977
Recognition of fair value over cost of short-term investments under HK GAAP	3,707	2,230	3,707	2,230
Others	—	2	—	2
Prepared in accordance with HK GAAP	<u>176,171</u>	<u>124,373</u>	<u>2,463,050</u>	<u>2,228,177</u>

**Section 1 Key operating data (continued)****3. Breakdown of extraordinary items**

	2003 <i>RMB '000</i>
Loss from disposal of fixed assets	(7,221)
Government subsidy	120
Short-term investment revenue	3,867
Non-operating income	1,059
Non-operating expenses	(4,011)
Recovery of accounts receivable and bad debts previously written-off	4,001
Effect of income tax after extraordinary items	328

Section 2 Key accounting data and financial indicators prepared in accordance with PRC GAAP for the previous three years

Items	with retrospective adjustments		with retrospective adjustments		2001 <i>RMB '000</i>
	2003 <i>RMB '000</i>	2002 <i>RMB '000</i>	2002 <i>RMB '000</i>	2001 <i>RMB '000</i>	
Revenue from main operations	4,305,743	2,828,438	2,828,438	2,215,239	2,215,239
Net profit	161,534	137,685	137,685	122,888	122,888
Total assets	5,511,657	4,774,180	4,774,180	4,012,056	4,012,056
Shareholders' equity (excluding minority interests)	2,442,624	2,307,777	2,271,549	2,206,309	2,175,492
Earnings per share (in RMB)					
– fully diluted	0.27	0.23	0.23	0.20	0.20
– weighted average	0.27	0.23	0.23	0.20	0.20
– after extraordinary items	0.27	0.24	0.24	0.20	0.20
Net assets per share (in RMB)	4.05	3.82	3.76	3.65	3.60
Adjusted net assets per share (in RMB)	3.84	3.77	3.71	3.56	3.51
Net cash flow from operating activities per share	0.43	0.76	0.76	0.15	0.15
Return on equity (%)					
– fully diluted	6.61	5.97	6.06	5.57	5.65
– weighted average	6.75	6.05	6.15	5.56	5.72

Section 3 Changes in shareholders' equity prepared in accordance with PRC GAAP

Items	Share capital	Capital reserve	Statutory surplus reserve	Statutory surplus reserve	Statutory public welfare fund	Proposed distribution of cash dividends	Undistributed profit	Exchange differences	Total shareholders' equity
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
At the beginning of the year	603,800	1,252,154	83,010	27,764	83,010	36,228	221,745	66	2,307,777
Increases during the year	–	9,562	29,084	–	29,084	43,474	161,534	–	272,738
Decreases during the year	–	–	–	–	–	(36,228)	(101,641)	(22)	(137,891)
At the end of the year	<u>603,800</u>	<u>1,261,716</u>	<u>112,094</u>	<u>27,764</u>	<u>112,094</u>	<u>43,474</u>	<u>281,638</u>	<u>44</u>	<u>2,442,624</u>

Reasons for change: The increase in capital reserve is attributed to the equity investment differences arising from investment made in form of property. The increases in both the statutory surplus reserve and the statutory public welfare fund are attributed to the transfer to both funds based on realised net profit of the current year. The increase in proposed distribution of dividends is credited into the current dividend appropriation proposal and its decrease is attributed to the distribution of last year's dividends in the current year. The increase in undistributed profit is attributed to realised net profit of the year, while its decrease is attributed to the transfer to the said two funds together with payment of last year's cash dividends.

Section 4 Audited financial information prepared in accordance with HK GAAP**1. Results**

	For the year ended 31st December				
	2003	As restated 2002	As restated 2001	As restated 2000	As restated 1999
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	4,305,743	2,828,438	2,215,239	1,808,125	803,585
Cost of sales	(3,533,729)	(2,238,672)	(1,774,364)	(1,444,005)	(626,834)
Gross profit	772,014	589,766	440,875	364,120	176,751
Other revenues	67,174	48,363	6,743	15,134	34,096
Distribution expenses	(111,019)	(98,977)	(67,140)	(54,537)	(20,754)
Administrative expenses	(494,173)	(337,423)	(222,174)	(161,657)	(72,120)
Net other operating expenses	(12,558)	(16,662)	(51,125)	(301)	(2,070)
Operating profit	221,438	185,067	107,179	162,759	115,903
Net interest expenses	(15,553)	(26,261)	(3,852)	(16,657)	(17,948)
Share of profits less losses of associated companies	413	516	1,174	—	(1,445)
Profit before taxation	206,298	159,322	104,501	146,102	96,510
Taxation	(26,566)	(20,393)	(15,652)	(7,160)	(8,409)
Profit after taxation	179,732	138,929	88,849	138,942	88,101
Minority interests	(3,561)	(2,482)	(1,061)	(2,283)	(532)
Profit attributable to shareholders	176,171	136,447	87,788	136,659	87,569
Shareholders' equity	2,463,050	2,327,025	2,240,604	2,201,474	830,015
Earnings per share (in RMB)	0.29	0.23	0.15	0.26	0.21
Net assets per share (in RMB)	4.08	3.85	3.71	4.14	1.96
Return on equity (%)	7.15	5.86	3.92	8.33	10.55

2. Consolidated net assets

	As at 31st December				
	2003	As restated 2002	As restated 2001	As restated 2000	As restated 1999
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fixed assets	1,118,431	1,260,970	958,992	557,669	542,234
Interests in associated companies	83,317	68,108	64,954	7,100	23,891
Other investments	373,191	1,152	460	1,105	1,105
Intangible assets	6,704	3,096	1,250	925	1,125
Deferred tax assets	20,754	10,633	10,205	5,111	2,327
Current assets	3,854,312	3,385,427	2,996,605	3,078,047	1,332,437
Current liabilities	(2,787,306)	(2,284,759)	(1,659,415)	(1,369,465)	(1,041,259)
Net current assets	1,067,006	1,100,668	1,337,190	1,708,582	291,178
Minority interests	(142,826)	(50,531)	(39,372)	(7,728)	(3,845)
Long-term bank loans	(62,800)	(65,667)	(93,075)	(71,290)	(28,000)
Deferred tax liabilities	(727)	(1,404)	—	—	—
Net assets	2,463,050	2,327,025	2,240,604	2,201,474	830,015