Analysis of Items of Financial Statements with Movements of More Than 30%

1. Investment loss increased by Rmb 71,989,000. It was mainly due to increase in share of loss of one of the associated companies amounted to Rmb37,847,000. In addition, the directors have assessed the repayment ability of this associate and decided to make full provision for the designated loan, Rmb34,300,000 granted to this associated company.

2. Non-operating income increased by 58% over last year. It was mainly arisen from the write off of receipts in advance from customers in previous years. These customers have liquidated and have not requested the Group to repay these receipts in advance.

3. Non-operating expenses decreased by 83% over last year. It was mainly due to the decrease in loss on disposal of fixed assets by Rmb39,036,000 and impairment loss on fixed assets by Rmb11,269,000. There was no impairment loss on fixed assets this year. The Group sold fixed assets to one of the associated companies last year and incurred these losses on disposal of fixed assets and impairment loss.

4. Income tax expenses increased by Rmb1,972,000 over last year. It was mainly attributable to two of the subsidiaries of the Group which had assessable profits for the year.

5. Minority interest decreased by Rmb45,852,000 over last year. It was mainly because share of losses by minority shareholders of two of the subsidiaries of the Group exceeded their investment cost this year. The minority shareholders ceased to share the losses this year.

6. Appropriation was arisen from two of the subsidiaries of the Group which had profits this year. The appropriation was made according to the PRC Company Law, the Company's and its subsidiaries Articles of Association.

7. Cash at bank and in hand decreased by 34% over last year. Business performance of the Group improved this year and therefore aimed at decreasing the third party finance so as to minimise the finance cost.

8. Short term investment decreased by 75% over last year mainly because of the decrease in designated loans to group companies.

9. Interest receivable decreased by 100% over last year. The management has assessed the recoverability of the interest receivable at the year end and consider full provision is required.

10. Trade receivable decreased by 57% over last year. The management improved the management of the trade receivables and speed up the settlement accordingly.

11. Other receivable (current) increased by 45% over last year. The directors considered the sales proceeds from the sales of the fixed asset by Taiyang in March 2004 will be used to settle this receivable shortly and therefore transferred the net receivable from Taiyang of Rmb129,833,000 from non-current to current assets.

12. Advance payment decreased by 45% over last year. It was mainly due to the supply of raw material increased this year and the request of payment of deposits to suppliers to ensure the stable supply decreased accordingly.

13. Deferred expenses decreased by 32% over last year. The directors have assessed the resale value of the racks and decided to increase the amorisation by Rmb11,000,000 this year.

14. Construction in progress decreased by 78% over last year. It was mainly because of the major construction projects had been completed and transferred to fixed assets this year. In addition, there was no major new construction projects this year.

15. Intangible assets increased by 31% over last year. It was mainly due to the transfer from advance payment of land use rights of Rmb32,124,000 this year as the group has commenced to use the land for leasing purpose.

16. Included in the balance of long term advance payments last year was advance payment of land use rights which was transferred to intangible assets this year. Please see Note 15 for details.

17. Other long term other receivables decreased by 85% over last year. The directors considered that Taiyang will repay the receivable shortly and decided to transfer the net receivable from Taiyang to current other receivables this year.

18. Bill payables decreased by 58% over last year. Business performance improved this year and allowed the Group to decrease the liabilities to suppliers.

19. Income tax payable increased by 48% over last year. It was mainly due to one of the subsidiaries of the Group slow down the payment of value added tax this year.

20. Other creditors decreased by 35% over last year. It was mainly because the repayment to the ultimate holding company for education fee and welfare expenses payable amounted to Rmb15,000,000 last year. Besides, one of the subsidiaries repaid the payable of construction of production line incurred in previous years.

21. Long term loans repayable within 1 year decreased by 42% over last year. Business performance improved and the Group aimed at decreasing the loans so as to minimise the finance costs.

22. Long term payables decreased by 50% over last year. It was mainly due to the write off of the deposits received from staff before the listing of the Group.

23. Minority interests increased by 31% over last year. It was mainly arisen from the share of pre-acquisition losses by minority shareholders of the two subsidiaries newly consolidated this year.

24. Accumulated losses increased by 51% over last year. Loss for the year was mainly arisen from the provision for receivables amounted to Rmb260,288,000 this year.