



Chapter II Summary of Accounting and Business Data

Section 1 Key operating data for the year

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

	2004 <i>RMB '000</i>
Total profit	174,864
Net profit	152,379
Net profit after extraordinary items	141,189
Profit from main operations	597,113
Profit from other operations	60,585
Operating profit	139,678
Investment income	32,105
Subsidy income	5,338
Net non-operating income and expenses	(2,257)
Net cash flow from operating activities	18,727
Net increase in cash and cash equivalents	145,321

2. The following illustrates the difference in the accounts for the year ended 31st December 2004 prepared in accordance with the PRC GAAP and with accounting principles generally accepted in Hong Kong (the “HK GAAP”):

	Profit attributable to shareholders For the year ended 31st December 2004		Net assets As at 31st December 2004	
	Group <i>RMB '000</i>	Company <i>RMB '000</i>	Group <i>RMB '000</i>	Company <i>RMB '000</i>
Prepared in accordance with PRC GAAP	152,379	152,379	2,551,527	2,551,486
Reversal of equity accounting for the results and reserves of subsidiaries under PRC GAAP	—	(86,223)	—	(303,521)
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 under PRC GAAP	105	—	793	—
Write off of immaterial fair value difference on net assets of subsidiaries acquired permitted under HK GAAP	(289)	—	(3,917)	—
Capital reserve arising on consolidation under HK GAAP	—	—	9,946	—
Amortisation of long term investment difference over ten years under PRC GAAP	(229)	(229)	(2,612)	(2,612)
Deferred tax recognised under HK GAAP	3,057	1,795	23,084	12,772
Recognition of the difference of the fair value and original value of short-term investments under HK GAAP	(3,707)	(2,230)	—	—
Others	5	—	3	1
Prepared in accordance with HK GAAP	<u>151,321</u>	<u>65,492</u>	<u>2,570,893</u>	<u>2,250,195</u>



Section 1 Key operating data for the year (continued)

3. Breakdown of extraordinary items

	2004 RMB'000
Profit and loss on disposal of fixed assets	(123)
Government subsidies	(30)
Short-term investment income	(4,206)
Non-operating income after deducting provision for asset impairments	(632)
Non-operating expenses after deducting provision for asset impairments	3,022
Reversal of various provisions for impairment accounted in previous financial year(s)	(9,516)
Impact on income tax of non-extraordinary items	295
	<u>(11,190)</u>

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

Items	2004 RMB'000	2003 RMB'000	2002 RMB'000
Revenue from main operations	3,611,043	4,305,743	2,828,438
Net profit	152,379	161,534	137,685
Total assets	5,133,568	5,511,657	4,774,180
Shareholders' equity (excluding minority interests)	2,551,527	2,442,624	2,307,777
Earnings per share (in RMB)			
– fully diluted	0.25	0.27	0.23
– weighted average	0.25	0.27	0.23
– after extraordinary items	0.23	0.27	0.24
Net assets per share (in RMB)	4.23	4.05	3.82
Adjusted net assets per share (in RMB)	4.02	3.84	3.77
Net cash flow from operating activities per share (in RMB)	0.03	0.43	0.76
Return on net assets (%)			
– fully diluted	5.97	6.61	5.97
– weighted average	6.10	6.81	6.12

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

Items	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Statutory public welfare fund RMB'000	Proposed distribution of cash dividends RMB'000	Undistributed profit RMB'000	Exchange differences RMB'000	Total shareholders' equity RMB'000
At beginning of the year	603,800	1,261,716	112,094	27,764	112,094	43,474	281,638	44	2,442,624
Increases during the year	–	–	25,745	–	25,745	30,190	152,379	–	234,059
Decreases during the year	–	–	–	–	–	(43,474)	(81,679)	(3)	(125,156)
At end of the year	<u>603,800</u>	<u>1,261,716</u>	<u>137,839</u>	<u>27,764</u>	<u>137,839</u>	<u>30,190</u>	<u>352,338</u>	<u>41</u>	<u>2,551,527</u>

Reasons for change:

The statutory surplus reserve and statutory public welfare fund are provided at 10% of the net profit after taxation of the Company and its subsidiaries for the year. The increase/decrease in the proposed distribution of dividends is the distribution of dividend of RMB 0.072 per share for the previous year and the proposed dividend of RMB 0.05 per share this year as approved by the Board of Directors. The change in undistributed profit refers to the increase in net profit for the year and decrease in the provision for the statutory surplus reserve and statutory public welfare fund mentioned above.

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

	For the year ended 31st December				
	2004	2003	2002	2001	2000
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	3,611,043	4,305,743	2,828,438	2,215,239	1,808,125
Cost of sales	(3,000,572)	(3,533,729)	(2,238,672)	(1,774,364)	(1,444,005)
Gross profit	610,471	772,014	589,766	440,875	364,120
Other revenues	98,458	67,174	48,363	6,743	15,134
Distribution expenses	(119,379)	(111,019)	(98,977)	(67,140)	(54,537)
Administrative expenses	(392,006)	(494,173)	(337,423)	(222,174)	(161,657)
Other operating expenses, net	(6,955)	(12,558)	(16,662)	(51,125)	(301)
Operating profit	190,589	221,438	185,067	107,179	162,759
Interest expenses, net	(18,999)	(15,553)	(26,261)	(3,852)	(16,657)
Share of (losses)/profits of associated companies	(589)	413	516	1,174	—
Profit before taxation	171,001	206,298	159,322	104,501	146,102
Taxation	(10,657)	(26,566)	(20,393)	(15,652)	(7,160)
Profit after taxation	160,344	179,732	138,929	88,849	138,942
Minority interests	(9,023)	(3,561)	(2,482)	(1,061)	(2,283)
Profit attributable to shareholders	151,321	176,171	136,447	87,788	136,659
Shareholders' equity	2,570,893	2,463,050	2,327,025	2,240,604	2,201,474
Earnings per share (in RMB)	0.25	0.29	0.23	0.15	0.26
Net assets per share (in RMB)	4.26	4.08	3.85	3.71	4.14
Return on net assets (%)	5.89	7.15	5.86	3.92	8.33

2. Consolidated net assets

	As at 31st December				
	2004	2003	2002	2001	2000
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fixed assets	1,191,331	1,118,431	1,260,970	958,992	557,669
Interests in associated companies	107,173	83,317	68,108	64,954	7,100
Investment securities	272,493	373,191	1,152	460	1,105
Intangible assets	7,185	6,704	3,096	1,250	925
Deferred tax assets	24,303	20,754	10,633	10,205	5,111
Current assets	3,533,542	3,854,312	3,385,427	2,996,605	3,078,047
Current liabilities	(2,376,998)	(2,797,306)	(2,284,759)	(1,659,415)	(1,369,465)
Minority interests	(146,917)	(142,826)	(50,531)	(39,372)	(7,728)
Long-term bank loans	(40,000)	(52,800)	(65,667)	(93,075)	(71,290)
Deferred tax liabilities	(1,219)	(727)	(1,404)	—	—
Net assets	2,570,893	2,463,050	2,327,025	2,240,604	2,201,474