

Financial and Business Summary

1. Major financial data and financial indicators

(1) Major financial data (Prepared in accordance with the PRC Accounting Rules and Regulations): (for the year ended 31 December)

	2006	2005	Increase/ (decrease) over the previous year (%)	Rmb'000 2004
Income from principal operations	1,195,989	1,031,859	15.90	1,133,886
Total (loss) / profit	(413,526)	3,488	(11,955.68)	57,332
Net (loss) / profit	(317,482)	4,953	6,509.891	46,102
Net loss after non-recurring items	(309,706)	(87,254)	(254.95)	33,323
Cash flow from operating activities	(7,549)	153,464	(104.92)	154,457

	At end of 2006	At end of 2005	Increase/ (decrease) at end of 2006 over end of 2005 (%)	Rmb'000 At end of 2004
Total assets	2,189,300	2,610,375	(16.13)	2,184,140
Shareholders' funds (excluding minority interests)	313,660	951,079	(67.02)	935,562

(2) Major financial indicators: (for the year ended 31 December)

	2006	2005	Increase/ (decrease) over the previous year (%)	Rmb'000 2004
(Loss) / profit per share (Yuan)	(0.63)	0.01	(6,400.00)	0.07
(Loss) / profit return on net assets (%)	(101.21)	0.52	(19,563.46)	4.93
Loss return on net assets on basis of net loss after non-recurring items (%)	(98.73)	(9.17)	(9.77)	3.56
Cash flow from operating activities per share (Yuan)	(0.02)	0.22	(109.09)	0.22

	At end of 2006	At end of 2005	Increase/ (decrease) at end of 2006 over end of 2005 (%)	At end of 2004
Net assets per share (Yuan)	0.62	1.36	(54.41)	1.34
Adjusted net assets per share (Yuan)	0.53	0.93	(43.01)	0.88

Non-recurring items	Rmb'000 2006
Subsidy income	100
Profit or loss pertinent to short-term investment	789
Other non-operating income and expenses	(14,276)
Reversal of provision for inventory impairment in previous years	3,511
Reversal of provision for bad debts	4,547
Effect of extraordinary profit or loss on minority interests	(2,447)
Total	(7,776)

Financial and Business Summary *(Continued)*

2. Major financial data and financial indicators for the three years prior to end of the reporting period of the Group

(1) Prepared under International Financial Reporting Standards ("IFRSs") (for the year ended 31 December)

Rmb'000

	2006	2005	2004
Turnover	1,195,193	1,028,976	1,128,554
Profit attributable to equity shareholders after taxation	12,991	9,664	61,740
Total assets	2,124,338	2,515,297	2,097,603
Total equity attributable to equity shareholders of the Company	243,908	862,366	851,216
Profit per share (basic and diluted)	0.02	0.01	0.09
Net assets per share	0.49	1.23	1.22
Net asset return on net assets (%)	5.33	1.12	7.25

(2) Prepared in accordance with the PRC Accounting Rules and Regulations (for the year ended 31 December)

Rmb'000

	2006	2005 over the previous year	Increase/ (decrease) over the previous year (%)	2004
Income from principal operations	1,195,989	1,031,859	15.90	1,133,886
Total (loss) / profit	(413,526)	3,488	(11,955.68)	57,332
Net profit / (loss)	(317,482)	4,953	(6,509.89)	46,102
Net loss after non-recurring items	(309,706)	(87,254)	(254.95)	33,323
(Losses) / profit per share (diluted) (Yuan)	(0.63)	0.01	(6,400)	0.07
(Losses) / profit per share (weighted) (Yuan)	(0.45)	0.01	(4,600)	0.07
(Losses) / profit return on net assets (%)	(101.21)	0.52	(19,565.46)	4.93
Return on net assets on basis of net loss after non-recurring items (%)	(98.73)	(9.17)	(9.77)	3.56
Weighted loss return on net assets on basis of net loss after non-recurring items (%)	(39.09)	(9.17)	(5.26)	3.56
Net cash flow from operating activities	(7,549)	153,464	(104.92)	154,457
Net cash flow from operating activities per share (Yuan)	(0.02)	0.22	(109.09)	0.22

	At end of 2006	At end of 2005	Increase/ (decrease) at end of 2006 over end of 2005 (%)	At end of 2004
Total assets	2,191,911	2,610,375	(16.03)	2,184,140
Shareholders' funds (excluding minority interests)	313,660	951,079	(67.02)	935,562
Net assets per share (diluted) (Yuan)	0.62	1.36	(54.41)	1.34
Adjusted net assets per share (Yuan)	0.53	0.93	(43.01)	0.88

Note: the significant differences between the annual financial statements of the Group and the Company prepared in accordance with the PRC Accounting Rules and Regulations and International Financial Reporting Standards ("IFRSs") are mainly that the Company realised profit under the international accounting standards because the Company solved fund appropriation of Rmb630,000,000 by its substantial shareholders by ways of using shares for debt discharging in 2006 and the original provision of Rmb348,000,000 for bad debts for the fund appropriation was reversed as the current profit and loss in accordance with the international accounting standards. Detailed differences are set out in the explanations of the financial report (Significant differences between the financial statements of the Group prepared in accordance with the PRC Accounting Rules and Regulations and International Financial Reporting Standards). Earnings and other financial indicators are calculated based on the number of 500,018,000 domestic shares in the year.

Financial and Business Summary *(Continued)*

2. Major financial data and financial indicators for the three years prior to end of the reporting period of the Group *(Continued)*

(3) Return on net assets and earnings per share calculated as required by "No.9 Document of Regulations of Information Disclosure for Public Companies" issued by China Securities Regulatory Commission: (for the year ended 31 December)

2006

Loss during the reporting period	Return on net asset(%) Fully diluted	Weighted average	Earnings per share Fully diluted	Weighted average
Loss from principal operations	(38.33)	(15.17)	(0.24)	(0.17)
Operating loss	(116.40)	(46.08)	(0.73)	(0.52)
Net loss	(101.22)	(40.07)	(0.63)	(0.45)
Net loss after non-recurring items	(98.74)	(39.09)	(0.62)	(0.44)

2005

Profit during the reporting period	Return on net asset(%) Fully diluted	Weighted average	Earnings per share Fully diluted	Weighted average
Profit from principal operations	9.63	9.63	0.13	0.13
Operating profit	(2.71)	(2.71)	(0.04)	(0.04)
Net profit	0.52	0.52	0.01	0.01
Net profit after non-recurring items	(9.17)	(9.17)	(0.12)	(0.12)

(4) Changes in shareholders' equity during the year (prepared under the PRC Accounting Rules and Regulations)

Items	Share Capital <i>Share'000</i>	Capital reserve <i>Rmb'000</i>	Surplus reserve <i>Rmb'000</i>	Statutory public welfare fund <i>Rmb'000</i>	Discretionary surplus fund <i>Rmb'000</i>	Unrecognised investment loss <i>Rmb'000</i>	Accumulated losses <i>Rmb'000</i>	Total shareholders' fund <i>Rmb'000</i>
Balance at the beginning of the period	700,000	994,655	58,935	55,662	110,764	0	(968,937)	951,079
Increase during the period	0	15,471	55,662	0	0	0	(153,196)	(82,063)
Decrease during the period	(199,982)	(95,947)	(53,522)	(55,662)	(110,764)	(39,479)	0	(555,356)
Balance at the end of the period	500,018	914,179	61,075	0	0	(39,479)	(1,122,133)	313,660

For reasons of changes, see the section of "Shareholders' Funds" as set out in notes to the financial statements.