

Supplementary Information for North American Shareholders

SIGNIFICANT DIFFERENCES BETWEEN IAS AND ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA ("US GAAP") (UNAUDITED)

The consolidated financial statements have been prepared in accordance with IAS which may differ in certain material respects from US GAAP. Such differences involve methods for measuring the amounts shown in the financial statements, as well as additional disclosures required by US GAAP.

Effect on net profit/(loss) of significant differences between IAS and US GAAP is as follows:

	Six months ended 30th June,			
	2001 RMB'000	2000 RMB'000	2001 US\$'000	2000 US\$'000
As reported under IAS	(671,111)	45,979	(81,081)	5,555
US GAAP adjustments:				
– Depreciation charges on fixed asset revaluation gain	24,921	33,561	3,011	4,055
– Depreciation charges on foreign exchange losses on interest components capitalised in fixed assets	766	765	93	92
– Depreciation charges due to fixed assets revaluation of an associated company	3,815	–	461	–
– Tax adjustment	–	(9,816)	–	(1,186)
– Valuation allowance for deferred tax asset at 31st December, 2000	(236,920)	–	(28,624)	–
As reported under US GAAP	(878,529)	70,489	(106,140)	8,516
Basic and diluted net (loss)/profit per share	(Rmb0.25)	Rmb0.02	(US\$0.03)	US\$0.002

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Effect on shareholders' equity of significant differences between IAS and US GAAP is as follows:

	30th June, 2001 RMB'000	31st December, 2000 RMB'000	30th June, 2001 US\$'000	31st December, 2000 US\$'000
As reported under IAS	5,202,784	5,873,895	628,583	709,665
US GAAP adjustments:				
– Reversal of fixed asset revaluation on restructuring	(1,665,454)	(1,665,454)	(201,215)	(201,215)
– Deferred tax assets on revaluation surplus on restructuring	508,005	508,005	61,375	61,375
– Reversal of fixed asset revaluation at 28th February, 1995	(29,033)	(29,033)	(3,508)	(3,508)
– Deferred tax assets on the revaluation at 28th February, 1995	9,580	9,580	1,157	1,157
– Depreciation charges on fixed assets				
– due to revaluation of fixed assets	602,983	578,062	72,850	69,840
– due to revaluation of fixed assets of an associated company	51,367	47,552	6,206	5,745
– due to foreign exchange losses on interest components capitalised in fixed assets	6,890	6,124	832	740
– Fixed asset revaluation of an associated company	(65,320)	(65,320)	(7,892)	(7,892)
– Loss on disposal of fixed assets	313,484	313,484	37,874	37,874
– Tax benefits arising from tax allocation from JCGC due to utilisation of tax losses of other divisions of JCGC	24,838	24,838	3,001	3,001
– Foreign exchange losses on interest components capitalised in fixed assets	(30,616)	(30,616)	(3,699)	(3,699)
– Tax adjustment	(517,585)	(280,665)	(62,533)	(33,909)
As reported under US GAAP	<u>4,411,923</u>	<u>5,290,452</u>	<u>533,031</u>	<u>639,174</u>

Note:

Amounts in Renminbi have been converted into United States dollars at the rate of US\$1.00 = RMB8.277 announced by the People's Bank of China as at 30th June, 2001. No representation is made that the Renminbi amount could have been, or could be, converted into US dollars at that rate.