Effects on the profit attributable to shareholders and on shareholders' equity of significant differences between IAS and accounting principles generally accepted in the United States of America ("U.S. GAAP") are summarised below:

	Note	Year ended 31 December 2001 US$'000	2001 RMB'000	2000 RMB'000
Profit attributable to shareholders under IAS		14,021	116,049	856,510
U.S. GAAP adjustments:				
Foreign exchange gains and losses	(a)	4,477	37,054	37,054
Capitalisation of property, plant and equipment	(b)	2,622	21,703	21,703
Depreciation charge on revalued property, plant and equipment	(c)	16,129	133,491	133,491
Capitalised interest on investment in associates	(d)	2,938	24,318	-
Tax effect of the above adjustments		(3,925)	(32,485)	(28,837)
Profit attributable to shareholders under U.S. GAAP		36,262	300,130	1,019,921
Basic earnings per share under U.S. GAAP	(e)	US$ 0.005	RMB 0.042	RMB 0.142
Basic earnings per ADS under U.S. GAAP	(e)	US$ 0.504	RMB 4.168	RMB 14.166

	Note	As at 31 December 2001 US$' 000	2001 RMB' 000	2000 RMB'000
Shareholders'equity under IAS		1,593,128	13,185,683	13,501,634
U.S. GAAP adjustments:				
Foreign exchange gains and losses	(a)	(9,252)	(76,581)	(113,635)
Capitalisation of property, plant and equipment	(b)	(7,867)	(65,113)	(86,816)
Revaluation of property, plant and equipment	(c)	(72,114)	(596,861)	(730,352)
Capitalised interest on investment in associates	(d)	2,938	24,318	-
Tax effect of the above adjustments		12,944	107,136	139,621
Shareholders'equity under U.S. GAAP		1,519,777	12,578,582	12,710,452

The "Tax effect of the above adjustments" as at 31 December 2000 and 2001 and for the years then ended is based on the 15% tax rate applicable to the Company through 2001. The Company has not received notice from the Ministry of Finance that the 15% tax rate will continue to be applicable to the Company in 2002. As such, it is possible that the Company's tax rate will increase in 2002.

Notes:

(a) Foreign exchange gains and losses

Foreign exchange differences on funds borrowed for construction are capitalised as property, plant and equipment to the extent that they are regarded as an adjustment to interest costs during the construction period. In the years ended 31 December 2000 and 2001, no foreign exchange differences were capitalised to property, plant and equipment. Under U.S. GAAP, all foreign exchange gains and losses on foreign currency debt are included in current earnings. In 2000 and 2001, the U.S. GAAP adjustments represent the effect of amortisation of amounts previously capitalised.

(b) Capitalisation of property, plant and equipment

In years prior of those presented herein, certain adjustments arose between IAS and U.S. GAAP with regard to the capitalisation of interest and pre-production results under IAS, that were reversed and expensed under U.S. GAAP. For the years presented herein, no adjustments related to the capitalisation of construction costs, including capitalised interest, are necessary. Accordingly, the U.S. GAAP adjustments for 2000 and 2001 represent the amortisation effect of such originating adjustments described above.

(c) Revaluation of property, plant and equipment

In connection with the June 1993 restructuring, the net assets of the Company were revalued to reflect current fair values. The revaluation surplus of RMB 1,152,027,000 has been taken up in the financial statements for the year ended 31 December 1993 reflecting the RMB 1,751,158,000 revaluation of property, plant and equipment, net of the related RMB 599,131,000 elimination of the deferred taxation assets. Additional depreciation charges have been taken in the years ended 31 December 2000 and 2001 on the revalued amount of RMB 1,751,158,000.

Under U.S. GAAP, property, plant and equipment are stated at cost. Accordingly, the revaluation surplus and the related depreciation on revalued property, plant and equipment are eliminated from the U.S. GAAP financial statements.

(d) Capitalised interest on investment in associates

Under IAS, investment accounted for by the equity method is not considered a qualifying asset for which interest is capitalised. Under U.S. GAAP, an investment accounted for by the equity method while the investee has activities in progress necessary to commence is planned principal operations, provided that the investee's activities include the use of funds to acquire qualifying assets for its operations, is a qualifying asset for which interest is capitalised.

Notes (continued):

(e) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders under U.S. GAAP of RMB 300,130,000 (2000: RMB 1,019,921,000) and the number of shares in issue during the year of 7,200,000,000 (2000: 7,200,000,000). Basic earnings per ADS is calculated on the basis that one ADS is equivalent to 100 shares.

The amount of diluted earnings per share is not presented as there were no dilutive potential ordinary shares in existence for both years.

(f) Recently issued accounting standards

SFAS Nos. 141 and 142
In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Intangible Assets". SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after 30 June 2001. SFAS No. 141 also specifies the types of acquired intangible assets that are required to be recognised and reported separately from goodwill and those acquired intangible assets that are required to be included in goodwill. SFAS No. 142 will require that goodwill no longer be amortised, but instead tested for impairment at least annually. SFAS No. 142 will also require recognised intangible assets be amortised over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". Any recognised intangible asset determined to have an indefinite useful life will not be amortised, but instead tested for impairment in accordance with the Standard until its life is determined to no longer be indefinite.

The provisions of SFAS Nos. 141 and 142 shall be applied for fiscal years beginning after 15 December 2001, to all goodwill and other intangible assets recognised in an entity's statement of financial position at the beginning of that fiscal year, regardless of when those previously recognised assets were initially recognised, with the exception of the immediate requirement to use the purchase method of accounting for all future business combinations completed after 30 June 2001. However, any goodwill and any intangible asset determined to have an indefinite useful life that is acquired in a business combination completed after 30 June 2001 will not be amortised and instead reviewed for impairment in accordance with APB No. 17 or SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", until the date SFAS No. 142 is applied in its entirety.

SFAS No. 141 will require the Group to evaluate its existing intangible assets and goodwill and to make any necessary reclassifications in order to conform to the new separation requirements at the date of adoption. Upon adoption of SFAS No. 142, the Group will be required to reassess the useful lives and residual values of all intangible assets and make any necessary amortisation period adjustments.

In connection with the transitional impairment evaluation, SFAS No. 142 will require the Group to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. The Company believes the adoption of these Statements is not expected to have a material impact on the consolidated financial statements.

(f) Recently issued accounting standards *(continued)*

SFAS No. 143

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires the Group to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Group also records a corresponding asset which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Group is required to adopt SFAS No. 143 on 1 January 2003. The Group has not determined the potential effects on the Group's consolidated financial statements upon adoption of this Statement.

SFAS No. 144

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which supersedes both SFAS No. 121, and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" (Opinion 30), for the disposal of a segment of a business (as previously defined in that Opinion). SFAS No. 144 retains the fundamental provisions in SFAS No. 121 for recognising and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale, while also resolving significant implementation issues associated with SFAS No. 121. For example, SFAS No. 144 provides guidance on the accounting for a long-lived asset that will be disposed of other than by sale. SFAS No. 144 retains the basic provisions of Opinion 30 on how to present discontinued operations in the income statement but broadens that presentation to include a component of an entity (rather than a segment of a business). Unlike SFAS No. 121, an impairment assessment under SFAS No. 141 will never result in a write-down of goodwill. Rather, goodwill is evaluated for impairment under SFAS No. 142, "Goodwill and Other Intangible Assets".

The Group is required to adopt SFAS No. 144 no later than the fiscal year beginning after 15 December 2001. Management does not expect the adoption of SFAS No. 144 for long-lived assets held for use to have a material impact on the Group's consolidated financial statements because the impairment assessment under SFAS No. 144 is largely unchanged from SFAS No. 121. The provisions of the Statement for assets held for sale or other disposal generally are required to be applied prospectively after the adoption date to newly initiated disposal activities. Therefore, management cannot determine the potential effects that adoption of SFAS No. 144 will have on the Group's consolidated financial statements.

Notes (continued):

(f) Recently issued accounting standards *(continued)*

SFAS No.133

In June 1998, FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities". SFAS No.133 requires companies to adopt its provisions for all fiscal quarters of all fiscal years beginning after 15 June 2000, as deferred by SFAS No. 137. Earlier application of all of the provisions of SFAS No. 133 is permitted, but the provisions cannot be applied retroactively to financial statements of prior periods. SFAS No. 133, as amended by SFAS No. 138, standardises the accounting for derivative instrument by requiring that an entity recognise those items as assets or liabilities in the balance sheet and measure at fair value. The adoption of SFAS No. 133 on 1 January 2001 did not have a material impact on the Group's consolidated financial statements. The Group does not hold nor has it entered into any derivative contracts for the period presented.

(g) United States dollar equivalents

For the convenience of the reader, amounts in Renminbi ("RMB") have been translated into United States dollars at the rate of US$1.000 = RMB 8.2766 being the average of the buying and selling rates quoted by the People's Bank of China on 31 December 2001. No representation is made that the RMB amounts could have been, or could be, converted into United States dollars at that rate.