

1. SUMMARY OF DIFFERENCES BETWEEN IFRS AND PRC GAAP

The financial statements are prepared in accordance with PRC GAAP, which differs from that under IFRS. As at December 31, 2002, under PRC GAAP the net profit is 1,003,116 (RMB'000) and the shareholder's equity is 9,658,573 (RMB'000). The summary of differences of net profit and shareholder's equity between PRC GAAP and IFRS in this year are as follows:

	Net profit for the year RMB'000	Net assets at December 31, 2002 RMB'000
As per the financial statements prepared under PRC GAAP	1,003,116	9,658,573
Impact adjustment in respect of:		
– Reversal of Wei Jian Fei	230,610	–
– Deferred tax effect	1,386	88,807
– Release of negative goodwill to income	27,620	55,240
– Deemed interest expenses	(39,956)	(99,551)
– Dividends distribution	–	298,480
– Others	(777)	(6,516)
	<u>1,221,999</u>	<u>9,995,033</u>
As per the financial statements prepared under IFRS	<u>1,221,999</u>	<u>9,995,033</u>

2. RETURN ON SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE CALCULATED BY DILUTED METHOD AND WEIGHTED AVERAGE METHOD

Profit for the reporting year	Return on Shareholders' Equity %		Earnings Per Share RMB	
	Diluted	Weighted Average	Diluted	Weighted Average
Income from major operations	44.74	46.27	1.51	1.51
Operating profit	15.74	16.28	0.53	0.53
Net profit	10.39	10.74	0.35	0.35
Net profit deducted by extraordinary gain (or loss)	10.52	10.88	0.35	0.35

3. LIST OF PROVISION FOR IMPAIRMENT LOSS ON ASSETS

Unit: RMB Yuan

Item	2002.1.1		Provision		Reversal		2002.12.31	
	The Group	The Company	The Group	The Company	The Group	The Company	The Group	The Company
1. Total bad debts provision	60,372,497	60,372,497	66,203,577	66,203,577	46,953,801	46,953,801	79,622,273	79,622,273
Including: Accounts receivable	57,864,288	57,864,288	64,603,577	64,603,577	46,384,463	46,384,463	76,083,402	76,083,402
Other receivables	2,508,209	2,508,209	1,600,000	1,600,000	569,338	569,338	3,538,871	3,538,871
2. Total provision for loss on short-term investment	-	-	-	-	-	-	-	-
Including: Investment in stock	-	-	-	-	-	-	-	-
Investment in bond	-	-	-	-	-	-	-	-
3. Total provision for loss on inventory	-	-	-	-	-	-	-	-
Including: Raw material	-	-	-	-	-	-	-	-
Finished goods	-	-	-	-	-	-	-	-
4. Total provision for loss on long-term investment	-	-	-	-	-	-	-	-
Including: Long-term equity investment	-	-	-	-	-	-	-	-
Long-term bonds investment	-	-	-	-	-	-	-	-
5. Total provision for loss on fixed assets	-	-	-	-	-	-	-	-
Including: Buildings	-	-	-	-	-	-	-	-
Machinery, property and equipment	-	-	-	-	-	-	-	-
6. Total provision for loss on intangible assets	-	-	-	-	-	-	-	-
Including: Land use right	-	-	-	-	-	-	-	-
Mining right	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-
7. Provision for loss on fixed assets under construction	-	-	-	-	-	-	-	-
8. Provision for loss on entrustment	-	-	-	-	-	-	-	-

4. ANALYSIS OF ITEMS WHICH FLUCTUATED OVER 30% (INCLUDING 30%), AND ACCOUNTING FOR 5% (INCLUDING 5%) OF THE TOTAL ASSETS ON THE BALANCE SHEET DATE OR 10%(INCLUDING 10%) OF THE OPERATING PROFIT FOR THE REPORTING PERIOD:

Unit: RMB Yuan

Items in balance sheet	December 31, 2002		December 31, 2001	Fluctuation	Reason
	Amount	Percentage in total assets			
Bank balances and cash	1,595,933,728	12.29%	1,154,806,342	38.20%	Note1
Intangible assets	777,436,629	5.99%	497,874,780	56.15%	Note2
Unappropriated profits	1,751,708,336	13.49%	1,197,704,033	46.26%	Note3

Note1: The significant increase of bank and cash balance was due to the growing market environment, rising selling price and volume, increase of cash sales and improvement in subsequent settlement of long-aging receivables.

Note 2: Increase in land use right was due to the acquisition of Railway Assets.

Note 3: The operating profit of this year improved.

Unit: RMB Yuan

Items in income statement	2002		2001	Fluctuation	Reason
	Amount	Percentage in operating profit	Amount		
Administrative expenses	1,134,279,470	74.10%	665,965,451	70.32%	Note4
Income tax	524,534,221	34.27%	391,487,645	33.98%	Note 5

Note 4:

- (1) Labor insurance and staff welfare expense increased in line with the general growth in salary,
- (2) With the acquisition of Railway Assets, administrative expense increased accordingly,
- (3) To make provision for bad debts, and
- (4) General and administrative expenses increased in line with the increase of production and sales volume of coals.

Note 5: The profit before tax of this year improved.