

D. Supplementary Information for North American Shareholders

The Group's accounting policies conform with IFRS which differ in certain significant respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). Differences which have a significant effect on net profit and shareholders' equity are set out below. The U.S. GAAP reconciliation presented below is included as supplemental information and is not required as part of the basic interim financial statements. Such information has not been subject to independent audit or review.

(a) Foreign exchange gains and losses

Under IFRS, 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 periods ended 30 June 2003 and 2003, 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 the periods ended 30 June 2003 and 2003, the U.S. GAAP adjustments represent the effect of amortisation of amounts previously capitalised.

(b) Capitalisation of property, plant and equipment

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

(c) Revaluation of property, plant and equipment

In the periods prior to those presented herein, the property, plant and equipment of the Company were revalued to reflect the then current fair value resulting in a revaluation surplus recorded in the Company's financial statements. Additional depreciation charges have been taken in the periods ended 30 June 2002 and 2003 on the revaluation surplus of RMB1,576,330,000.

Under U.S. GAAP, property, plant and equipment are stated at historical cost less accumulated depreciation. However, as a result of the tax deductibility of the revaluation, a deferred tax asset related to the reversal of the revaluation surplus is created under U.S. GAAP with a corresponding increase in shareholders' equity.

(d) Capitalised interest on investment in associates

Under IFRS, an 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 its 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.

(e) Goodwill and negative goodwill amortisation

Under IFRS, goodwill and negative goodwill are amortised on a systematic basis over their useful lives.

Under U.S. GAAP, with reference to Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), goodwill is no longer amortised beginning 1 January 2002, the date that SFAS No. 142 was adopted. Instead, goodwill is reviewed for impairment upon adoption of SFAS No. 142 and annually thereafter. In addition, under U.S. GAAP, negative goodwill that existed at the date of adoption of SFAS No. 142 was written off effective 1 January 2002 as a cumulative effect of a change in accounting principle.

D. Supplementary Information for North American Shareholders *(continued)*

(f) Basic earnings per share

The calculation of basic earnings per share is based on the net profit under U.S. GAAP of RMB562,985,000 (period ended 30 June 2002: RMB328,260,000) and the number of shares in issue during the period of 7,200,000,000 (period ended 30 June 2002: 7,200,000,000). Basic earnings per ADS is calculated on the basis that one ADS is equivalent to 100 shares.

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

(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 = RMB8.2772 being the average of the buying and selling rates quoted by the People's Bank of China on 30 June 2003. No representation is made that the RMB amounts could have been, or could be, converted into United States dollars at that rate.

The effect on net profit of significant differences between IFRS and U.S.GAAP is as follows:

	Note	Six-month periods ended 30 June		
		2003 US\$'000	2003 RMB'000	2002 RMB'000
Profit attributable to shareholders under IFRS		58,481	484,059	208,609
U.S. GAAP adjustments:				
Foreign exchange gains and losses	(a)	2,238	18,527	18,527
Capitalisation of property, plant and equipment	(b)	1,311	10,852	10,852
Depreciation charge on revalued property, plant and equipment	(c)	7,853	64,997	64,997
Capitalised interest on investment in associates	(d)	666	5,511	17,096
Goodwill and negative goodwill amortisation	(e)	(722)	(5,978)	5,072
Cumulative effect of adopting SFAS No. 142	(e)	-	-	19,828
Tax effect of the above adjustments		(1,810)	(14,983)	(16,721)
Net profit under U.S. GAAP		68,017	562,985	328,260
Basic earnings per share under U.S. GAAP	(f)	US\$0.009	RMB0.078	RMB0.046
Basic earnings per ADS under U.S. GAAP	(f)	US\$0.945	RMB7.819	RMB4.559

D. Supplementary Information for North American Shareholders *(continued)*

The effect on shareholders' equity of significant differences between IFRS and U.S. GAAP is as follows:

	Note	At 30 June		At 31 December
		2003 US\$'000	2003 RMB'000	2002 RMB'000
Shareholders' equity under IFRS		1,703,989	14,104,255	13,980,196
U.S. GAAP adjustments:				
Foreign exchange gains and losses	(a)	(2,537)	(21,000)	(39,527)
Capitalisation of property, plant and equipment	(b)	(3,934)	(32,558)	(43,410)
Revaluation of property, plant and equipment	(c)	(31,232)	(258,514)	(323,511)
Capitalised interest on investment in associates	(d)	6,140	50,825	45,314
Goodwill and negative goodwill	(e)	2,899	23,994	29,972
Tax effect of the above adjustments		4,735	39,188	54,171
Shareholders' equity under U.S. GAAP		<u>1,680,060</u>	<u>13,906,190</u>	<u>13,703,205</u>