

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"). Information relating to the nature and effect of such differences is presented 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.

Notes:

(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 2004, 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 2004, 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 of 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 for the periods ended 30 June 2003 and 2004 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 2003 and 2004 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.

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

Notes *(continued)*:

(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.

(f) 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 1,602,140,000 (period ended 30 June 2003: RMB 562,985,000) and the number of shares in issue during the period of 7,200,000,000 (period ended 30 June 2003: 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 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 = RMB 8.2766 being the average of the buying and selling rates quoted by the People's Bank of China on 30 June 2004. No representation is made that the RMB amounts could have been, or could be, converted into United States dollars at that rate.

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

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

| | Note | Six-month periods ended 30 June | | |
|---|------|---------------------------------|------------|----------|
| | | 2004 | 2004 | 2003 |
| | | US\$'000 | RMB'000 | RMB'000 |
| Profit attributable to shareholders under IFRS | | 183,738 | 1,520,725 | 484,059 |
| U.S. GAAP adjustments: | | | | |
| Foreign exchange gains and losses | (a) | 299 | 2,473 | 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) | 1,214 | 10,049 | 5,511 |
| Goodwill and negative goodwill amortisation | (e) | 761 | 6,300 | (5,978) |
| Tax effect of the above adjustments | | (1,602) | (13,256) | (14,983) |
| Net profit under U.S. GAAP | | 193,574 | 1,602,140 | 562,985 |
| Basic earnings per share under U.S. GAAP | (f) | US\$ 0.027 | RMB 0.223 | RMB0.078 |
| Basic earnings per ADS under U.S. GAAP | (f) | US\$ 2.689 | RMB 22.252 | RMB7.819 |

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

| | Note | At 30 June | | At 31 December |
|--|------|------------|------------|----------------|
| | | 2004 | 2004 | 2003 |
| | | US\$'000 | RMB'000 | RMB'000 |
| Shareholders' equity under IFRS | | 1,929,127 | 15,966,611 | 15,021,886 |
| U.S. GAAP adjustments: | | | | |
| Foreign exchange gains and losses | (a) | - | - | (2,473) |
| Capitalisation of property, plant and equipment | (b) | (1,311) | (10,855) | (21,707) |
| Revaluation of property, plant and equipment | (c) | (15,528) | (128,519) | (193,516) |
| Capitalised interest on investment in associates | (d) | 7,540 | 62,408 | 52,359 |
| Goodwill and negative goodwill | (e) | 4,421 | 36,594 | 30,294 |
| Tax effect of the above adjustments | | 1,395 | 11,545 | 24,801 |
| Shareholders' equity under U.S. GAAP | | 1,925,644 | 15,937,784 | 14,911,644 |