

SUPPLEMENT (Under PRC GAAP)

For the year ended December 31, 2004

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. For the year ended December 31, 2004, under PRC GAAP net profit is 2,707,785 (RMB'000) and shareholders' equity is 15,252,471 (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, 2004 RMB'000
As per the financial statements prepared under PRC GAAP	2,707,785	15,252,471
Adjustments under IFRS:		
– Reversal of Wei Jian Fei	234,879	–
– Reversal of Work Safety Expense	204,668	204,668
– Reversal of Reform and Specific Development Fund	96,669	96,669
– Deferred tax effect	(111,976)	(23,104)
– Release of negative goodwill to income	27,620	110,480
– Deemed interest expenses	(4,550)	(109,362)
– Others	(778)	(8,071)
As per financial statements prepared under IFRS	<u>3,154,317</u>	<u>15,523,751</u>

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

Profit for the reporting period	Return on shareholders' equity %		Earnings per share RMB	
	Diluted	Weighted average	Diluted	Weighted average
Income from principal operations	45.18	52.70	2.24	2.32
Operating profits	27.56	32.15	1.37	1.42
Net profit	17.75	20.71	0.88	0.91
Net profit excluding extraordinary gain (loss)	18.23	21.26	0.90	0.94

Note: Net profit excluding extraordinary gain (loss)

	2004 RMB
Net profit	<u>2,707,784,846</u>
Add:	
Non-operating expenses	125,671,496
Less:	
Non-operating income	11,936,922
Subsidy income	–
Interest on designated deposit	21,826,327
Tax effect on extraordinary gain (loss)	<u>19,338,211</u>
Net profit excluding extraordinary gain (loss)	<u>2,780,354,882</u>

3. LIST OF PROVISION FOR IMPAIRMENT LOSS ON ASSETS

Unit: RMB Yuan

Item	2004.1.1		Provision		Reversal		Other transfer out		2004.12.31	
	The Group	The Company	The Group	The Company	The Group	The Company	The Group	The Company	The Group	The Company
1. Total provision for bad debts	113,312,140	113,312,140	49,104,445	49,104,445	-	-			162,416,585	162,416,585
- Accounts receivable	100,626,623	100,626,623	26,073,686	26,073,686	-	-			126,700,309	126,700,309
- Other receivables	12,685,517	12,685,517	23,030,759	23,030,759	-	-			35,716,276	35,716,276
2. Total provision for loss on current investment	-	-	-	-	-	-	-	-	-	-
- Bond investment	-	-	-	-	-	-	-	-	-	-
3. Total provision for loss on inventory	-	-	-	-	-	-	-	-	-	-
- Raw material	-	-	-	-	-	-	-	-	-	-
- Finished goods	-	-	-	-	-	-	-	-	-	-
4. Total provision for loss on long-term investment	-	-	-	-	-	-	-	-	-	-
- Long-term equity investment	-	-	-	-	-	-	-	-	-	-
5. Total provision for loss on fixed assets	-	-	-	-	-	-	-	-	-	-
- Buildings	-	-	-	-	-	-	-	-	-	-
- Mining structure	-	-	-	-	-	-	-	-	-	-
- Railway structure	-	-	-	-	-	-	-	-	-	-
- Harbour works and craft	-	-	-	-	-	-	-	-	-	-
- Plant, machinery and equipment	-	-	-	-	-	-	-	-	-	-
- Transportation equipment	-	-	-	-	-	-	-	-	-	-
6. Total provision for loss on intangible assets	-	-	-	-	-	-	-	-	-	-
- Land use rights	-	-	-	-	-	-	-	-	-	-
- Mining rights	-	-	-	-	-	-	-	-	-	-
- Goodwill	-	-	-	-	-	-	-	-	-	-
7. Provision for loss on fixed assets under construction	-	-	-	-	-	-	-	-	-	-
8. Provision for loss on designated deposit	-	-	-	-	-	-	-	-	-	-

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 TOTAL PROFITS FOR THE REPORTING YEAR:

Unit: RMB-Yuan

Items in balance sheet	December 31, 2004		December 31, 2003	Fluctuation	Reason
	Amount	Percentage in total assets			
Bank balance and cash	5,278,468,720	29%	2,041,293,313	159%	Note 1
Capital reserves	6,501,949,387	36%	4,714,195,106	38%	Note 2

Note 1: In 2004, as the demand and supply in coal market are high, the price of coal increased sharply and the sales by means of cash increased a lot, which caused significant increase in cash balance.

Note 2: In 2004, the capital premium arose from the new issue of H shares were recorded in capital reserve.

Unit: RMB-Yuan

Items in statement of income and profits appropriation	2004		2003	Fluctuation	Reason
	Amount	Percentage in total profits			
Revenue from principal operations	12,209,163,529	297%	8,665,232,204	41%	Note 3
Income tax	1,406,785,722	34%	587,775,571	139%	Note 4

Note 3: Due to the great demand of coal, the price of coal increased sharply, which caused the significant increase of sales.

Note 4: The company's total profit increased significantly compared with last year.