

Supplement

For the year ended 31 December 2006

1. SUMMARY OF DIFFERENCES BETWEEN IFRS AND PRC GAAP

For the year ended December 31, 2006, under PRC GAAP net profit is RMB1,749,341 thousand and net assets is RMB18,027,021 thousand. The summary of differences of net profit and net assets between PRC GAAP and IFRS in this year are as follows:

	Net profit for the year RMB'000	Net assets at December 31, 2006 RMB'000
As per the financial statements prepared under PRC GAAP	1,749,341	18,027,021
Adjustments under IFRS:		
– Reversal of Wei Jian Fei	213,480	
– Reversal of Work Safety Expense	209,555	652,823
– Reversal of Reform and Specific Development Fund	177,427	447,372
– Deferred tax effect	(69,021)	(226,507)
– Release of negative goodwill to income	–	138,101
– Deemed interest expenses	(3,171)	(116,391)
– Release goodwill prepared	16,007	31,013
– Yanmei Australia pre-operating expenses	80,051	(46,860)
– Fair value change of available-for-sales investment	–	33,961
– Others	(684)	(8,754)
As per financial statement prepared under IFRS which belongs to shareholders of the Company	2,372,985	18,931,779
– Minority interests	(1,017)	61,961
As per financial statements prepared under IFRS	<u>2,371,968</u>	<u>18,993,740</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	34.11%	34.98%	1.25	1.25
Operating profits	17.22%	17.66%	0.63	0.63
Net profit	9.70%	9.95%	0.36	0.36
Net profit excluding extraordinary gain (loss)	9.98%	10.23%	0.37	0.37

Supplement (Cont'd)

For the year ended 31 December 2006

3. LIST OF PROVISION FOR IMPAIRMENT LOSS ON ASSETS

Unit: RMBYuan

Item	2006.1.1		Provision/(Reserve)		Write off		2006.12.31	
	The Group	The Company	The Group	The Company	The Group	The Company	The Group	The Company
1. Total provision for bad debts	162,416,585	162,416,585	(19,716,674)	(9,860,444)	(78,602,888)	(78,602,888)	64,097,023	73,953,253
- Accounts receivable	126,700,309	126,700,309	(16,650,357)	(16,680,546)	(78,602,888)	(78,602,888)	31,447,064	31,416,875
- Other receivables	35,716,276	35,716,276	(3,066,317)	6,820,102	-	-	32,649,959	42,536,378
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	-	-	-	-	-	-	-	-

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For the year ended 31 December 2006

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: RMBYuan

Items in balance sheet	December 31, 2006		December 31, 2005	Fluctuation	Reason
	Amount	Percentage in total assets			
Fixed assets under construction	2,197,521,485	10%	711,236,841	209%	Note 1
Other payable	1,760,353,295	8%	1,194,089,906	47%	Note 2

Items in statement of income and profits appropriation	2006		2005	Fluctuation	Reason
	Amount	Percentage in total profits			
General and administrative expenses	2,118,379,216	70%	1,627,752,362	30%	Note 3

Note 1: The four subsidiaries of YMC (Heze, Yulin, Shan Xi Power, Yanmei Australia) are still in the stage of investment and construction, so further effort is put to capital construction. Additionally, this year Shanxi Power is included in consolidation for the first time. All the factors mentioned above lead to the increase in CIP.

Note 2: Construction projects increase this year, as a result of that expense on purchase of machine and equipment also has much increase. As the end of the year increase in unpaid construction fee and equipment fee leads to the increase in other payables.

Note 3: Due to the acquisition of Shanxi Power, and Yanmei Australia's ending of pre-operation period at the end of the year, G&A expense increased a lot this year.