

The Group's accounting policies conform with IFRSs 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 annual financial reports. Such information has not been subjected to independent audit or review.

Notes:

(a) Foreign exchange gains and losses

Under IFRSs, 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 years ended 31 December 2006 and 2005, 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. Due to the effect of foreign exchange differences capitalised and fully amortised under IFRSs, the balances of cost and accumulated depreciation of property, plant and equipment as at 31 December 2006 under IFRSs were higher than the balances under U.S. GAAP by RMB 365,258,000 and RMB 365,258,000 respectively (31 December 2005: RMB 365,258,000 and RMB 365,258,000 respectively).

(b) Revaluation of property, plant and equipment

In the years prior to those presented herein, the property, plant and equipment of the Company were revalued to reflect the current fair value resulting in a revaluation surplus recorded in the Company's financial statements. Additional depreciation charges have been taken in the years ended 31 December 2006 and 2005 on the revaluation surplus of RMB 1,576,330,000.

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.

(c) Capitalised interest on investment in associates

Under IFRSs, 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 initially capitalised and subsequently amortised when the operation of the qualifying assets begin.

(d) Goodwill

With effect from 1 January 2005, in accordance with IFRS 3 and IAS 36, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Under U.S. GAAP, with reference to Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), goodwill was no longer amortised beginning 1 January 2002, the date that SFAS No. 142 was adopted. Instead, goodwill has been reviewed for impairment upon adoption of SFAS No. 142 and annually thereafter. In addition, under U.S. GAAP, the unallocated 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.

As a result, there are no differences in respect of goodwill amortisation between IFRSs and U.S. GAAP effective 1 January 2005. The difference in the shareholders' equity represents the three years of amortisation of positive goodwill during the period from 1 January 2002 to 31 December 2004 under IFRSs.

(e) Presentation of minority interests

Under IFRSs, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity shareholders of the Company, and minority interests in the results of the Group for the year are presented in the consolidated statement of income as an allocation of the total net income for the year between the minority interests and the equity shareholders of the Company. Under U.S. GAAP, minority interests at the balance sheet date are presented in the consolidated balance sheet either as liabilities or separately from liabilities and equity. Minority interests in the results of the Group for the year are also separately presented in the consolidated statement of income as a deduction before arriving at net income.

(f) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company under U.S. GAAP of RMB 850,024,000 (2005: RMB 1,869,384,000) and the number of shares in issue during the year of 7,200,000,000 (2005: 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 7.8087 being the average of the buying and selling rates quoted by the People's Bank of China on 29 December 2006. 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 profit attributable to equity shareholders of the Company of significant differences between IFRSs and U.S. GAAP is as follows:

	Note	Years ended 31 December		
		2006 US\$'000	2006 RMB'000	2005 RMB'000
Profit attributable to equity shareholders of the Company under IFRSs		108,137	844,407	1,850,449
U.S. GAAP adjustments:				
Depreciation charge on revalued property, plant and equipment	(b)	2,034	15,881	15,881
Capitalised interest on investment in associates, net of amortisation effect	(c)	(1,188)	(9,273)	6,396
Deferred tax effect of the above adjustments		(127)	(991)	(3,342)
Profit attributable to equity shareholders of the Company under U.S. GAAP		108,856	850,024	1,869,384
Basic earnings per share under U.S. GAAP	(f)	US\$ 0.02	RMB 0.12	RMB 0.26
Basic earnings per ADS under U.S. GAAP	(f)	US\$ 1.51	RMB 11.81	RMB 25.96

The effect on total equity attributable to equity shareholders of the Company of significant differences between IFRSs and U.S. GAAP is as follows:

	Note	As at 31 December		
		2006 US\$'000	2006 RMB'000	2005 RMB'000
Total equity attributable to equity shareholders of the Company under IFRSs		2,430,154	18,976,343	18,829,987
U.S. GAAP adjustments:				
Revaluation of property, plant and equipment	(b)	(4,067)	(31,759)	(47,640)
Capitalised interest on investment in associates, net of amortisation effect	(c)	11,055	86,323	95,596
Goodwill	(d)	5,166	40,344	40,344
Effect of U.S. GAAP adjustments on deferred tax assets		610	4,764	7,146
Effect of U.S. GAAP adjustments on deferred tax liabilities		(1,658)	(12,948)	(14,339)
Total equity attributable to equity shareholders of the Company under U.S. GAAP		2,441,260	19,063,067	18,911,094