(Expressed in Renminbi)

Effects on the consolidated profit attributable to shareholders and shareholders' equity of significant differences between International Accounting Standards ("IAS") and accounting principles generally accepted in the United States of America ("U.S. GAAP") are summarised below.

	Note	**2001 RMB'000**	2000 RMB'000
Consolidated profit attributable to shareholders under IAS		**340,225**	501,771
U.S. GAAP adjustments:			
Sale and leaseback accounting	(a)	**54,254**	(281,101)
Capitalised interest	(b)	**18,000**	(11,300)
Reversal of additional depreciation arising from the revaluation of fixed assets	(c)	**65,000**	68,000
Deferred tax effects		**(50,369)**	66,440
Consolidated profit attributable to shareholders under U.S. GAAP		**427,110**	343,810
Basic earnings per share under U.S. GAAP		**RMB0.13**	RMB0.10
Basic earnings per ADS under U.S. GAAP*		**RMB6.33**	RMB5.09

* Basic earnings per American Depositary Share ("ADS") is calculated on the basis that one ADS is equivalent to 50 H shares.

	Note	**2001 RMB'000**	2000 RMB'000
Shareholders' equity under IAS		**9,221,663**	8,881,438
U.S. GAAP adjustments:			
Sale and leaseback accounting	(a)	**(486,325)**	(540,579)
Capitalised interest	(b)	**412,494**	394,494
Revaluation of fixed assets, net of depreciation	(c)	**(253,348)**	(318,348)
Deferred tax asset adjustment on revaluation of fixed assets		**80,888**	115,993
Deferred tax effects		**22,933**	38,197
Shareholders' equity under U.S. GAAP		**8,998,305**	8,571,195

Notes:

(a) Sale and leaseback accounting

Under IAS, gains on sale and leaseback transactions where the subsequent lease is an operating lease are recognised as income immediately, if the transactions are established at fair value. Differences between the sale price and fair value are deferred and amortised over the period for which the assets are expected to be used. Under U.S. GAAP, all such gains are deferred and amortised over the term of the lease.

(b) Capitalised interest

Under IAS, the Group capitalises interest costs to the extent the related borrowings are directly attributable to the acquisition or construction of an asset.

Under U.S. GAAP, interest costs capitalised are determined based on specific borrowings related to the acquisition or construction of an asset, if an entity's financing plans associate a specific new borrowing with a qualifying asset. If average accumulated expenditures for the asset exceed the amounts of specific new borrowings associated with the asset, additional interest costs capitalised are based on the weighted average interest rate applicable to other borrowings of the entity.

(c) Revaluation of fixed assets

In connection with the Reorganisation, the fixed assets of the Group were revalued as of 31 December, 1996. Such revaluation resulted in an increase in shareholders' equity with respect to the increase in carrying amount of certain fixed assets above their historical cost bases, while an exceptional charge to profit and loss account was recorded with respect to the reduction in carrying amount of certain fixed assets below their historical cost bases. In addition, the revalued fixed asset amounts serve as the tax bases of fixed assets for years beginning in 1997. Accordingly, the fixed asset revaluation eliminated certain of the temporary differences which gave rise to a deferred tax asset as at 31 December, 1996. Such tax asset was offset against the revaluation surplus.

As a result of the above fixed assets revaluation, additional depreciation charges were recorded in the five years ended 31 December, 2001.

Under U.S. GAAP, fixed assets are stated at their historical cost unless an impairment loss has been recorded. An impairment loss on fixed assets is recorded under U.S. GAAP if the carrying amount of such asset exceeds its future undiscounted cash flows, excluding finance costs. The future undiscounted cash flows, excluding finance costs, of the Group's fixed assets whose carrying amount was reduced in connection with the Reorganisation, exceed their historical cost carrying amount and, therefore, impairment of such assets is not appropriate under U.S. GAAP. Accordingly, the revaluation reserve recorded directly to shareholders' equity and the exceptional charge recorded under IAS in 1996 and the additional depreciation charges recorded in the five years ended 31 December, 2001 as a result of the Reorganisation are reversed for U.S. GAAP purposes.

However, as a result of the tax deductibility of the net revaluation reserve, a deferred tax asset related to the reversal of the net revaluation reserve is created under U.S. GAAP with a corresponding increase in shareholders' equity as at 31 December, 1996. Such deferred tax asset will be reversed upon depreciation of the net revaluation surplus included in the fixed assets beginning in 1997.

(d) New accounting pronouncements

SFAS No. 141 and 142

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Intangible Assets". SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after 30 June, 2001. SFAS No. 141 also specifies the types of acquired intangible assets that are required to be recognised and reported separately from goodwill and those acquired intangible assets that are required to be included in goodwill. SFAS No. 142 will require that goodwill no longer be amortised, but instead tested for impairment at least annually. SFAS No. 142 also requires that intangible assets be amortised to their estimated residual values over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and subsequently, SFAS No. 144 after its adoption. Any recognised intangible asset determined to have an indefinite useful life will not be amortised, but instead tested for impairment in accordance with such statement until its life is determined to no longer be indefinite.

The Group adopted the provisions of SFAS No. 141 as of 1 July, 2001, and SFAS No. 142 is effective 1 January, 2002. Goodwill and intangible assets determined to have an indefinite useful life acquired in a purchase business combination completed after 30 June, 2001, but before SFAS No. 142 is adopted in full, are not amortised. Goodwill and intangible assets acquired in business combinations completed before 1 July, 2001 continued to be amortised and tested for impairment prior to the full adoption of SFAS No. 142.

SFAS No. 141 will require the Group to evaluate its existing intangible assets and goodwill, if any, and to make any necessary reclassifications in order to conform to the new separation requirements at the date of adoption. Upon adoption of SFAS No. 142, the Group will be required to reassess the useful lives and residual values of all intangible assets and make any necessary amortisation period adjustments.

In connection with the transitional impairment evaluation, SFAS No. 142 will require the Group to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. The Group believes the adoption of these statements is not expected to have a material impact on its financial statements.

SFAS No. 143

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires the Group to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Group also records a corresponding asset which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Group is required to adopt SFAS No. 143 on 1 January, 2003. The Group has not determined the potential effects on its financial statements upon adoption of this statement.

SFAS No. 144

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which supersedes both SFAS No. 121, and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" (Opinion 30), for the disposal of a segment of a business (as previously defined in that Opinion). SFAS No. 144 retains the fundamental provisions in SFAS No. 121 for recognising and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale, while also resolving significant implementation issues associated with SFAS No. 121. For example, SFAS No. 144 provides guidance on the accounting for a long-lived asset that will be disposed of other than by sale. SFAS No. 144 retains the basic provisions of Opinion 30 on how to present discontinued operations in the profit and loss account but broadens that presentation to include a component of an entity (rather than a segment of a business). Unlike SFAS No. 121, an impairment assessment under SFAS No. 141 will never result in a write-down of goodwill. Rather, goodwill is evaluated for impairment under SFAS No. 142, "Goodwill and Other Intangible Assets".

The Group is required to adopt SFAS No. 144 no later than the fiscal year beginning after 15 December, 2001. The Group does not expect the adoption of SFAS No. 144 for long-lived assets held for use to have a material impact on its financial statements because the impairment assessment under SFAS No. 144 is largely unchanged from SFAS No. 121. The provisions of such statement for assets held for sale or other disposals generally are required to be applied prospectively after the adoption date to newly initiated disposal activities. Therefore, the Group cannot determine the potential effects that adoption of SFAS No. 144 will have on its financial statements.

SFAS No. 133

In June 1998, FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 requires companies to adopt its provisions for all fiscal quarters of all fiscal years beginning after 15 June, 2000, as deferred by SFAS No. 137. Earlier application of all of the provisions of SFAS No. 133 is permitted, but the provisions cannot be applied retroactively to financial statements of prior periods. SFAS No. 133, as amended by SFAS No. 138, standardises the accounting for derivative instrument by requiring that an entity recognise those items as assets or liabilities in the balance sheet and measure at fair value. The adoption of SFAS No. 133 on 1 January, 2001 did not have a material impact on the Group's financial statements. The Group did not hold nor enter into any significant derivative contracts during or at the end of the periods presented.