

Extracts of Accounting and Business Data

1. TOTAL PROFIT OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP") RECORDED FOR THE YEAR AND ITS BREAKDOWN PREPARED UNDER PRC ACCOUNTING STANDARDS (Unit: RMB'000)

Profit before tax	4,029,637
Net profit	3,575,807
Net profit excluding non-recurring gains or losses	3,567,004
Profit from principal operating activities	5,768,924
Other operating profit	38,994
Operating profit	4,021,668
Investment profit	147
Subsidies income	672
Net non-operating expenses	7,150
Net cash flows from operating activities	6,102,277
Net decrease in cash and cash equivalents	(198,753)

Note: Items and amounts of non-recurring gains or losses for the current reporting period (Unit: RMB'000):

Items	Amount
Net loss on disposal of fixed assets	(11,078)
Subsidies income	672
Other non-operating income and expenses, net	2,817
Write-back of impairment losses of fixed assets provided in previous years	15,412
Income tax effect	980
Total non-recurring gains or losses, net	<u>8,803</u>

2. EFFECTS ON NET PROFIT OF MAJOR DIFFERENCES IN THE CONSOLIDATED ACCOUNTING STATEMENTS PREPARED UNDER PRC ACCOUNTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS FOR THE YEAR ARE SUMMARISED AS FOLLOWS (Unit: RMB'000)

Net profit under Hong Kong Accounting Standards	3,592,320
Add:	
Deferred tax costs	19,725
Employee bonus and welfare fund	2,141
Less:	
Amortisation of deferred income	<u>(38,379)</u>
Net profit under PRC Accounting Standards	<u>3,575,807</u>

Note: Please see Note V(48) of Notes to Financial Statements prepared under PRC Accounting Standards and note 34 of Notes to Financial Statements prepared under Hong Kong Accounting Standards for reason of differences.

3. MAJOR ACCOUNTING FIGURES AND FINANCIAL INDICATORS FOR THE LAST FIVE YEARS (Unit: RMB'000)

(1) Prepared under PRC Accounting Standards

Index item	2004	2003	2002	2001	2000
Principal operating income	26,770,055	15,740,348	10,973,917	9,547,929	8,185,687
Total Profit	4,029,637	2,987,914	479,702	297,131	197,087
Tax	441,258	193,770	95,261	88,735	21,056
Minority interests	12,572	1,173	–	–	–
Net profit from ordinary activities attributable to shareholders	3,575,807	2,792,971	384,441	208,396	176,031
Earnings per share (RMB)					
Fully diluted	0.5539	0.4326	0.060	0.032	0.027
Weighted average	0.5539	0.4326	0.060	0.032	0.027
Net cash lows from operating activities per share (RMB)	0.9453	0.5528	0.4012	0.2147	0.2432
Return on net assets (%)					
Fully diluted	20.51	18.67	3.18	1.75	1.46
Weighted average	21.35	20.71	3.18	1.72	1.47
Return on net assets excluding non-recurring gains or losses (%)					
Fully diluted	20.46	18.72	6.82	3.91	4.35
Weighted average	21.30	20.77	6.82	3.84	4.37

Index item	2004	31 December			
		2003	2002	2001	2000
Total assets	31,461,195	26,355,229	17,138,511	16,723,013	16,857,270
Total liabilities	13,949,302	11,359,464	5,049,743	4,816,800	4,840,179
Minority interests	76,315	35,420	–	–	–
Shareholders' funds	17,435,578	14,960,345	12,088,768	11,906,213	12,017,091
Net assets per share (RMB)	2.70	2.32	1.87	1.84	1.86
Adjusted net assets per share (RMB)	2.70	2.32	1.87	1.84	1.84

Extracts of Accounting and Business Data

(2) Prepared under Hong Kong Accounting Standards

Index item	2004	2003	2002	2001	2000
Turnover	26,770,055	15,740,348	10,973,917	9,547,929	8,185,687
Profit before tax	4,065,876	2,864,232	403,194	241,016	121,220
Tax	460,984	203,861	63,465	79,274	(13,201)
Minority interests	12,572	1,173	–	–	–
Net profit from ordinary activities attributable to shareholders	3,592,320	2,659,198	339,729	161,742	134,421
Earnings per share (RMB)					
Fully diluted	0.556	0.412	0.053	0.025	0.021
Weighted average	0.556	0.412	0.053	0.025	0.021
Net cash flows from operating activities per share (RMB)	0.9935	0.5528	0.4167	0.1989	0.2401
Return on net assets (%)					
Fully diluted	21.10	17.98	2.75	1.33	1.11
Weighted average	21.66	19.43	2.76	1.33	1.12
Return on net assets excluding non-recurring gains or losses (%)					
Fully diluted	21.05	18.04	6.31	3.45	3.97
Weighted average	21.61	19.49	6.34	3.44	3.99

31 December

Index item	2004	2003	2002	2001	2000
Total assets	31,195,785	26,418,528	17,275,219	16,853,941	16,903,973
Total liabilities	14,094,743	11,595,088	4,920,461	4,709,806	4,792,474
Minority interests	76,315	35,420	–	–	–
Shareholders' equity	17,024,727	14,788,020	12,354,758	12,144,135	12,111,499
Net assets per share (RMB)	2.64	2.29	1.91	1.88	1.88
Adjusted net assets per share (RMB)	2.64	2.29	1.90	1.87	1.86

4. MAJOR BUSINESS DATA FOR THE LAST 3 YEARS (ten thousand tons)

Product categories	Sales of 2004		Sales of 2003		Sales of 2002	
	Volume	Percentage (%)	Volume	Percentage (%)	Volume	Percentage (%)
Plate belt	248	34	125	23	104	21
Shaped steel	187	26	174	32	159	31
Wire rod	279	38	236	43	234	46
Train wheel and wheel rim	15	2	13	2	11	2
Total	729	100	548	100	508	100

5. MOVEMENT IN SHAREHOLDERS' EQUITY DURING THE REPORTING PERIOD (Unit: RMB'000)

(1) Prepared under PRC Accounting Standards

Item	Share capital	Capital reserve	Surplus reserves	Including: statutory public welfare fund	Retained profits	Including: cash dividend proposed by the board of directors	Shareholders' funds
At the beginning of the year	6,455,300	5,169,866	1,066,995	532,839	2,268,184	1,355,613	14,960,345
Increase during the year	-	257,180	727,631	360,013	3,575,807	1,420,166	4,560,618
Decrease during the year	-	-	-	-	(2,085,385)	(1,355,613)	(2,085,385)
At the end of the year	<u>6,455,300</u>	<u>5,427,046</u>	<u>1,794,626</u>	<u>892,852</u>	<u>3,758,606</u>	<u>1,420,166</u>	<u>17,435,578</u>

(2) Prepared under Hong Kong Accounting Standards

Item	Share capital	Share premium	Surplus reserve	Including: statutory public welfare fund	Retained profits	Proposed ordinary share dividend	Shareholders' equity
At the beginning of the year	6,455,300	4,864,976	1,066,995	532,839	1,045,136	1,355,613	14,788,020
Increase during the year	-	-	727,631	360,013	3,592,320	1,420,166	5,740,117
Decrease during the year	-	-	-	-	(2,147,797)	(1,355,613)	(3,503,410)
At the end of the year	<u>6,455,300</u>	<u>4,864,976</u>	<u>1,794,626</u>	<u>892,852</u>	<u>2,489,659</u>	<u>1,420,166</u>	<u>17,024,727</u>

Reasons for movement: (1) The increase in capital reserve represented the transfer of project payables of the completion of part of the State's subsidizing project. (2) Increases in surplus reserve (including statutory public welfare fund) have been appropriated in accordance with relevant regulations based on the Company's profit for the year. (3) The increase in retained profits was due to increase in the Company's profit during the year. The decrease in retained profits was due to proposed dividend distribution for ordinary shares for the year 2004. (4) The increase in the proposed dividend distribution for ordinary shares was due to the appropriation of dividend distribution for ordinary shares for the year 2004. The decrease in the proposed dividend distribution for ordinary shares was due to the distribution of dividend for ordinary shares for 2003 during the reporting period.