

## PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

Unit: Rmb million

	2006	2005	2004
Turnover	<b>54,596</b>	26,488	23,228
Profit before taxation	<b>9,387</b>	3,036	2,664
Taxation	<b>2,293</b>	919	867
Profit for the year attributable to equity shareholders of the Company	<b>7,094</b>	2,117	1,797
Total assets	<b>58,936</b>	14,224	14,900
Total liabilities	<b>28,935</b>	2,973	4,878
Total equity attributable to equity shareholders of the Company	<b>30,001</b>	11,251	10,022
Net assets per share (Rmb)	<b>5.06</b>	3.80	3.38
Earnings per share (basic) (Rmb)	<b>1.196</b>	0.715	0.607
Earnings per share (diluted) (Rmb)	—	—	0.606
Return on net assets	<b>23.64%</b>	18.82%	17.94%



**PREPARED IN ACCORDANCE WITH PRC ACCOUNTING RULES AND REGULATIONS**

**1. The Group's main accounting data for the year**

For the year ended 31 December 2006

*Unit: Rmb million*

<b>Item</b>	<b>Amount</b>
Total profit	9,213
Net profit	6,845
Net profit before deduction of non-operating items	7,111
Profit from principal operations	12,980
Profit from other operations	14
Operating profit	9,607
Investment gain	3
Non-operating net expenses	(397)
Net cash flow arising from operating activities	11,084
Net increase in cash and cash equivalents	1,136

Note: Amounts of profit and loss of non-operating items deducted by the Group during the reporting period:

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<b>No.</b>	<b>Non-operating items</b>	<b>Effect on profit</b> <i>(Rmb million)</i>
1	Non-operating income	11
2	Non-operating expenses	(408)
3	Relevant income tax	131
4	Total	(266)

**PREPARED IN ACCORDANCE WITH PRC ACCOUNTING RULES AND REGULATIONS** *(continued)*

**2. The Group recorded net profit of Rmb6,845 million under PRC Accounting Rules and Regulations and net profit of Rmb7,094 million under IFRS for 2006. The difference was Rmb249 million and the reasons are as follows:**

- (1) Profit decreased by Rmb3 million due to the written off of pre-operating expenses of the jointly controlled entity;
- (2) Profit increased by Rmb5 million due to amortisation of revaluation of land use rights;
- (3) Profit increased by Rmb168 million due to capitalisation of general loan interests;
- (4) Profit increased by Rmb1 million due to cancellation of payables;
- (5) Profit increased by Rmb3 million due to receipt of government grant; and
- (6) Profit increased by Rmb75 million due to deferred taxation.



**PREPARED IN ACCORDANCE WITH PRC ACCOUNTING RULES AND REGULATIONS (continued)**
**3. Major accounting data and financial indices of the Group for the recent three years**

Unit: Rmb million

Item	2006	2005	2004
Income from principal operations	<b>54,596</b>	26,488	23,228
Net profit	<b>6,845</b>	2,079	1,776
Net profit before deduction of non-operating items	<b>7,111</b>	2,079	1,777
Total assets	<b>58,430</b>	14,290	15,343
Shareholders' funds (excluding minority interests)	<b>29,834</b>	11,329	10,134
Earnings per share (weighted average) (Rmb)	<b>1.204</b>	0.702	0.600
Earnings per share (diluted) (Rmb)	<b>1.154</b>	0.702	0.600
Net assets per share (Rmb)	<b>5.03</b>	3.82	3.42
Adjusted net assets per share (Rmb)	<b>5.03</b>	3.82	3.42
Net cash flows per share from operating activities (Rmb)	<b>1.868</b>	0.862	0.538
Return on net assets (diluted)	<b>22.94%</b>	18.35%	17.53%
Return on net assets (weighted average)	<b>26.44%</b>	19.52%	18.62%
Return on net asset after deduction of non-operating items (weighted average)	<b>27.47%</b>	19.52%	18.63%

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**4. Return on net assets and earnings per share for the reporting period of 2006 as calculated in accordance with the "Regulations for Preparation and Reporting of Information Disclosure by Listed Companies (No.9)" issued by China Securities Regulatory Commission**

Profit for the reporting period	Return on net assets (%)		Earnings per share (Rmb / share)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from principal operations	43.51	50.15	2.188	2.283
Operating profit	32.20	37.12	1.619	1.690
Net profit	22.94	26.44	1.154	1.204
Net profit before deduction of non-operating gains and loss	23.84	27.47	1.199	1.251

## PREPARED IN ACCORDANCE WITH PRC ACCOUNTING RULES AND REGULATIONS (continued)

### 5. Changes in shareholders' funds during the reporting period (prepared under PRC accounting rules and regulations)

Unit: Rmb million

Item	Share capital	Capital reserve	Surplus reserves	Including: Statutory public welfare fund	Undistributed profits	Total shareholders' funds
As at 1 January 2006	2,963	3,090	1,544	772	3,732	11,329
Increase in 2006	2,970	9,757	684	—	6,845	20,256
Decrease in 2006	—	—	—	772	1,751	1,751
As at 31 December 2006	5,933	12,847	2,228	—	8,826	29,834

Reasons for changes:

- (1) Share capital increased as a result of the additional 2,970 million shares issued to Angang Holding as part of the consideration for acquisition of the 100% share equity in ANSI by the Company from Angang Holding.
- (2) Capital reserve increased attributable to the share premium of Rmb9,753 million as a result of the additional 2,970 million shares issued to Angang Holding, the increase of Rmb1 million in cancelled payables, and a reward of Rmb3 million for renowned brands received from the Finance Bureau of Anshan municipal government.
- (3) The increase in surplus reserve was attributable to the contribution of 10% of the net profit.
- (4) The decrease in statutory public welfare fund was attributable to contribution of Rmb772 million of public welfare balance of the Company as at 31 December 2005 to the statutory surplus reserve in accordance with Notice on Certain Corporate Financial Treatment after Implementation of Company Law issued by the Ministry of Finance of the People's Republic of China.
- (5) Undistributed profit increased as a result of net profit generated from operating activities for the year. The decrease in undistributed profit was attributable to the contribution of Rmb684 million (10% of the net profit) to the surplus reserve, and the dividend payment amounting to Rmb1,067 million.