

# 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	2,756,726
Net profit	2,276,586
Net profit excluding non-recurring gains or losses	2,234,107
Profit from principal operating activities	4,149,210
Other operating profit	51,437
Operating profit	2,664,584
Investment income	59,564
Subsidies income	5,850
Non-operating income and expenses, net	26,727
Net cash flows from operating activities	5,282,804
Net increase in cash and cash equivalents	520,299

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

Item	Amount
Net loss on disposal of fixed assets and constructions in progress	(11,196)
Subsidies income	5,850
Other non-operating income and expenses, net	636
Reversal of the impairment provisions of fixed assets which had been provided in the past years	37,287
Gain from disposal of short-term investments, net	13,994
Income tax effect	(4,092)
Total non-recurring gains or losses, net	<u>42,479</u>

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

Net profit under Hong Kong Accounting Standards	2,394,652
Add:	
Deferred tax income	(74,861)
Employee bonus and welfare fund	6,547
Less:	
Recognition of deferred income	<u>(49,752)</u>
Net profit under PRC Accounting Standards	<u>2,276,586</u>

Note: Please see Note V (47) of Notes to Financial Statements prepared under PRC Accounting Standards and Note 47 of Notes to Financial Statements prepared under Hong Kong Accounting Standards and Systems for reasons of differences.

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

**(1) Major accounting figures and financial indicators prepared under PRC Accounting Standards**

<b>Index item</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Principal operating income	<b>34,319,874</b>	32,083,096	26,770,055	15,740,348	10,973,917
Profit before tax	<b>2,756,726</b>	3,322,267	4,029,637	2,987,914	479,702
Income tax	<b>422,239</b>	433,775	441,258	193,770	95,261
Minority interests	<b>57,901</b>	40,872	12,572	1,173	–
Net profit	<b>2,276,586</b>	2,847,620	3,575,807	2,792,971	384,441
Earnings per share (RMB)					
Fully diluted	<b>0.353</b>	0.441	0.554	0.433	0.060
Weighted average	<b>0.353</b>	0.441	0.554	0.433	0.060
Net cash flows from operating activities per share (RMB)	<b>0.8184</b>	0.9559	0.9453	0.5528	0.4012
Return on net assets (%)					
Fully diluted	<b>11.31</b>	15.08	20.51	18.67	3.18
Weighted average	<b>11.37</b>	15.10	21.35	20.71	3.18
Return on net assets excluding non-recurring gains or losses (%)					
Fully diluted	<b>11.10</b>	15.24	20.46	18.72	6.82
Weighted average	<b>11.16</b>	15.26	21.30	20.77	6.82
<b>Index item</b>	<b>At the end of 2006</b>	At the end of 2005	At the end of 2004	At the end of 2003	At the end of 2002
Total assets	<b>54,842,867</b>	38,878,377	31,461,195	26,355,229	17,138,511
Total liabilities	<b>34,410,263</b>	19,858,472	13,949,302	11,359,464	5,049,743
Minority interests	<b>310,497</b>	138,189	76,315	35,420	–
Shareholders' funds	<b>20,122,107</b>	18,881,716	17,435,578	14,960,345	12,088,768
Net asset per share (RMB)	<b>3.12</b>	2.92	2.70	2.32	1.87
Adjusted net asset per share (RMB)	<b>3.11</b>	2.92	2.70	2.32	1.87

## Extracts of Accounting and Business Data (Continued)

### (2) Major accounting figures and financial indicators prepared under Hong Kong Accounting Standards

Index item	2006	2005	2004	2003	2002
Turnover	<b>34,319,874</b>	32,083,096	26,770,055	15,740,348	10,973,917
Profit before tax	<b>2,799,931</b>	3,366,149	4,065,876	2,864,232	403,194
Income tax	<b>347,378</b>	415,334	460,984	203,861	63,465
Minority interests	<b>57,901</b>	40,872	12,572	1,173	–
Net profit from ordinary activities attributable to shareholders	<b>2,394,652</b>	2,909,943	3,592,320	2,659,198	339,729
Earnings per share (RMB)					
Fully diluted	<b>0.371</b>	0.451	0.556	0.412	0.053
Weighted average	<b>0.371</b>	0.451	0.556	0.412	0.053
Net cash flows from operating activities per share (RMB)	<b>0.8184</b>	0.9078	0.9935	0.5528	0.4167
Return on net assets (%)					
Fully diluted	<b>11.70</b>	15.72	21.10	17.98	2.75
Weighted average	<b>12.15</b>	15.75	21.66	19.43	2.76
Return on net assets excluding non-recurring gains or losses (%)					
Fully diluted	<b>11.50</b>	15.88	21.05	18.04	6.31
Weighted average	<b>11.93</b>	15.91	21.61	19.49	6.34
<b>Index item</b>	<b>At the end of 2006</b>	At the end of 2005	At the end of 2004	At the end of 2003	At the end of 2002
Total assets	<b>54,716,446</b>	38,933,765	31,195,785	26,418,528	17,275,219
Total liabilities	<b>33,944,178</b>	20,281,072	14,094,743	11,595,088	4,920,461
Minority interests	<b>310,497</b>	138,189	76,315	35,420	–
Shareholders' funds	<b>20,461,771</b>	18,514,504	17,024,727	14,788,020	12,354,758
Net asset per share (RMB)	<b>3.17</b>	2.87	2.64	2.29	1.91
Adjusted net asset per share (RMB)	<b>3.16</b>	2.87	2.64	2.29	1.90

Note: Return on net assets and earnings per share are computed based on the formula stipulated in the "Regulations for the Preparation of Information Disclosure by Listed Securities Companies (No. 9)" issued by the China Securities Regulatory Commission on 19 January 2001.

#### 4) MAJOR BUSINESS DATA FOR THE LAST 3 YEARS (UNIT:'000 TONNES):

Product category	Sales of 2006		Sales of 2005		Sales of 2004	
	Volume	Percentage (%)	Volume	Percentage (%)	Volume	Percentage (%)
Steel plates	3,220	32	3,040	35	2,480	34
Section steel	2,790	27	2,260	26	1,870	26
Wire rods	3,960	39	3,210	37	2,790	38
Train wheels and wheel rims	220	2	180	2	150	2
Total	10,190	100	8,690	100	7,290	100

Note: In 2006, the Group's product sales volume included that of the controlling subsidiary Ma Steel (Hefei) Iron & Steel Co. Ltd., besides that of the Company.

#### 5) MOVEMENTS IN SHAREHOLDERS' EQUITY DURING THE REPORTING PERIOD (UNIT: RMB'000):

##### (1) Prepared under PRC Accounting Standards

Item	Share capital	Capital reserves	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	5,450,345	2,380,148	1,178,385	4,595,923	1,032,848	18,881,716
Increase during the year	—	3,200	1,435,397	—	2,276,586	839,189	3,715,183
Decrease during the year	—	—	(1,178,385)	(1,178,385)	(1,296,407)	(1,032,848)	(2,474,792)
At the end of the year	6,455,300	5,453,545	2,637,160	—	5,576,102	839,189	20,122,107

##### (2) Prepared under Hong Kong Accounting Standards

Item	Share capital	Capital reserves	Equity component of Bonds with Warrants	Surplus reserves	Including: statutory public welfare fund	Retained profits	Including: cash dividend proposed by the Board of Directors	Shareholders' equity
At the beginning of the year	6,455,300	4,864,976	—	2,380,148	1,178,385	3,781,232	1,032,848	18,514,504
Increase during the year	—	—	604,229	1,435,397	—	2,394,652	839,189	5,273,467
Decrease during the year	—	—	(18,766)	(1,178,385)	(1,178,385)	(1,096,201)	(1,032,848)	(3,326,200)
At the end of the year	6,455,300	4,864,976	585,463	2,637,160	—	5,079,683	839,189	20,461,771

Reasons for movements: (1) The increase in capital reserves represented the transfer of government project subsidies as specific payables upon the completion of certain State-subsidised projects. (2) The net increase in surplus reserves (including statutory public welfare fund) is based on the Group's profit for the year and the relevant statutory contribution. (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. (4) The increase in the proposed dividend distribution for ordinary shares was due to the appropriation of dividend distribution for ordinary shares for year 2006. The decrease in the proposed dividend distribution for ordinary shares was due to the distribution of dividend for ordinary shares for year 2005 during the reporting period.