

Section II Accounting and Financial Highlights

I. Highlights of the Company

- Net profit attributable to shareholders of the listed company less non-recurring gains and losses is RMB 6.32 billion, representing a year-on-year increase of 43.1%. The Company has maintained the best performance among domestic peers.
- The Company has completed the largest stock repurchase in A-share history, investing RMB 5 billion on buy-back accumulatively and writing off 1.04 billion shares which accounts for 5.9% of the original total capital stock. Among others, the Company paid in cash RMB 3.08 billion in 2013.
- According to the relevant policies of Shanghai Stock Exchange, the cash of RMB 3.08 billion paid by the Company for the purpose of buy-back in that year shall be deemed as cash dividends, which already accounts for up to 53% of the net profits (consolidated statements) attributable to shareholders of listed company. However, in consideration of rewarding the shareholders, the Company intends to allot cash dividends at RMB 0.1 per share. It is estimated that the percentage of buy-back and dividend is up to 81.3%.
- The Company has been awarded the highest credit rating in the global steel industry by Standard & Poor's, Moody's and Fitch Group, all with "stable" outlook; it has successfully issued USD 500 million bonds in the international capital market for the first time.
- The Company has maintained a competitive edge in product mix among the peers, with the sales volume of exclusive and leading products accounting for 63.6% of the total sales volume of futures; it has maintained a domestic market share of 50.0% for cold-rolled automotive sheets and possessed the "national key laboratory of automotive steel".
- With the share of export of double-high products up to 66%, the Company has become the global suppliers for many multinational companies including GM, Volkswagen, Siemens and etc.; it has expedited the overseas strategic layout with successive completion and commencement of the service centers in Korea and India.
- The Company's "*Development and Industrialization of Manufacturing Technology of Low-Temperature High Magnetic Induction Oriented Silicon Steel*" has won the first prize of National Award for Science and Technology Progress; 5 new products have made global debut; the application for 1093 patents have been made in the year; among which the invention patents account for 55%.
- The Company has enhanced the influence of green products, developing the two series of products (high-grade AV and high-efficiency AHV for automotive drive motors), and taking the lead in implementing the full-series layout of silicon steel products for electric vehicle, with the physical quality up to the international advanced level.
- The Company has completed the largest roof photovoltaic power generation project in the world, which is expected to generate 45 million KWh of power and reduce 30,000 tons of CO₂ emission; it accelerated the inputs in energy conservation technology, and overfulfilled the national energy conservation target for the year.
- The Company has positively promoted the construction of e-commerce and information industry. Shanghai Iron & Steel Trading Center has been put into operation, with an annual turnover of over 2 million tons and 26,000 registered customers, thus quickly forming the business capability in the field of Internet Data Center (IDC).
- The Company has pushed ahead with the qualification for chattel mortgage information service and platform construction, and is officially connected to 54 certificated warehouses in the first batch to lay a good foundation for the subsequent substantive operation of chattel mortgage financing business with the bank.
- The Company has set up the two-way RMB capital pool in the Free Trade Zone to effectively finance RMB capital of subsidiaries at home and abroad, and to complete the first cross-border RMB financing after the rules for RMB cross-border service in the Free Trade Zone is put into practice, with the interest rate over 30% lower than the domestic RMB benchmark loan rate in the corresponding period.

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II. Major Accounting Data and Financial Indicators of the Company for the Latest Three Years

(i) Major accounting data

Unit: RMB million

Main accounting data	2013	2012 (After restatement)	2012 (Before restatement)	Increase/ decrease from the previous year (%)	2011 (After restatement)	2011 (Before restatement)
Operating revenues	189,688	191,135	191,136	-0.76	220,872	222,505
Net profits attributable to shareholders of listed company	5,818	10,090	10,386	-42.33	7,030	7,362
Net profit attributable to shareholders of the listed Company less non-recurring gains and losses	6,321	4,416	4,720	43.13	6,657	7,009
Net cash flow from operating activities	12,090	22,186	22,202	-45.50	11,987	12,142

Major accounting data	End of 2013	End of 2012 (After restatement)	2012 (Before restatement)	Increase/ decrease from the previous year (%)	End of 2011 (After restatement)	2011 (Before restatement)
Net assets attributable to shareholders of listed company	110,512	110,766	111,387	-0.23	112,660	106,495
Total assets	226,668	220,876	214,357	2.62	242,122	231,100

Note: The increase/decrease from the pervious year refers to the comparison between relevant indicators after restatements of 2013 and 2012 (same below)

(ii) Major financial data

Major financial indicators	2013	2012 (After restatement)	2012 (Before restatement)	Increase/ decrease from the previous year (%)	2011 (After restatement)	2011 (Before restatement)
Basic earnings per share (RMB)	0.35	0.58	0.60	-39.74	0.40	0.42
Diluted earnings per share (RMB)	0.35	0.58	0.60	-39.74	0.40	0.42
Basic earnings per share less non-recurring gains and losses (RMB)	0.38	0.25	0.27	49.55	0.38	0.40
Weighted average return-on-equity (%)	5.29	8.77	9.52	Down by 3.48 ppts	7.20	7.02
Weighted average return-on-equity less non-recurring gains and losses (%)	5.75	3.84	4.33	Up by 1.91 ppts	6.81	6.69

III. Non-recurring Gains and Losses

Unit: RMB million

Items	2013	2012	2011
Profits and losses arising from disposal of non-current assets	-108	9,577	-121
Returns on investment arising from available-for-sale financial assets and etc.	12	19	42
Assets impairment losses arising from assets disposal in the area of Luojing	-976	-2,645	-
Other non-operating incomes and expenditures other than the above items	438	644	602
Effect of income taxes	163	-1,895	-124
Effect of minority interest	-32	-27	-34
Total of non-recurring gains and losses	-502	5,673	365

Note: The non-recurring gains and losses data in 2012 and 2011 are considered as the restated data.