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馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00323)

**INSIDE INFORMATION/
OVERSEAS REGULATORY ANNOUNCEMENT**

2016 FIRST QUARTERLY REPORT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. IMPORTANT NOTICES

- 1.1 The board of directors (the “Board”), the Supervisory Committee, the Directors, the Supervisors and Senior Management of Maanshan Iron & Steel Company Limited (the “Company”) warrant that there are no false representations or misleading statements contained in, or material omissions from this report; and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 All members of the Board attended the Board meeting to review this quarterly report.
- 1.3 Mr. Ding Yi, the person-in-charge of the Company; Mr. Qian Haifan, the person overseeing accounting operations; and Mr. Xing Qunli, the person-in-charge of the Accounting Department, make representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial statements contained in this first quarterly report have not been audited, but have been considered and approved by the Audit Committee.

2. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

2.1 Major accounting data

| | As at the end of the reporting period | As at the end of previous year | Unit: Yuan Currency: RMB Increase/decrease when compared to the end of previous year (%) |
|---|--|-----------------------------------|---|
| Total assets | 61,000,123,989 | 62,454,465,955 | -2.33 |
| Net assets attributable to shareholders of the Company | 18,142,719,128 | 18,455,838,015 | -1.70 |

| | From the beginning of the year to the end of the reporting period | The same period of previous year | Increase/decrease when compared to the same period of previous year (%) |
|--|---|-------------------------------------|--|
| Net cash flows from operating activities | 2,385,380,026 | 2,300,177,640 | 3.70 |
| Operating revenue | 9,225,769,905 | 11,747,680,767 | -21.47 |
| Net profit attributable to shareholders of the Company | -348,162,808 | -595,419,114 | Not applicable |
| Net profit attributable to shareholders of the Company excluding non-recurring gains or losses | -403,012,420 | -667,837,279 | Not applicable |
| Return on net assets – Weighted average (%) | -1.90 | -2.59 | Increased by 0.69 percentage points |
| Basic earnings per share (RMB/share) | -0.045 | -0.077 | Not applicable |
| Diluted earnings per share (RMB/share) | -0.045 | -0.077 | Not applicable |

Items and amount of non-recurring gains or losses

Unit: Yuan Currency: RMB
**Amount for
the reporting period**

| Item | |
|---|-------------|
| Gains or losses from disposal of non-current assets | -513,388 |
| Government subsidies recognized in current gains/losses (excluding those having close relationship with the Company's normal business, conforming to the national policies and regulations and enjoying ongoing fixed amount or quantity according to certain standard) | 58,365,561 |
| In addition to effective hedging business related to normal operations of the Company, changes in fair value of trading financial assets and trading financial liabilities held, as well as the return on investment generated from the disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets | -844,285 |
| Non-operating income and expenses other than the above items | -147,966 |
| Amortisation of deferred income | 17,153,516 |
| Effect on minority interests (after tax) | -578,566 |
| Income tax effect | -18,585,260 |
| Total | 54,849,612 |

2.2 Total number of shareholders as at the end of the reporting period and table of shareholdings of the top ten shareholders and the top ten holders of circulating shares (or shareholders of shares not subject to selling restrictions)

Unit: Share

Total number of shareholders 296,363

Shareholdings of the top ten shareholders

| Name of shareholder | Number of shares held as at the end of the reporting period | Percentage (%) | Number of shares with selling restrictions | Pledge or freezing | | Type of shareholders |
|--|---|----------------|--|--------------------|---------|--------------------------|
| | | | | Status of shares | Amount | |
| Magang (Group) Holding Company Limited | 3,506,467,456 | 45.54 | 0 | None | 0 | State-owned legal person |
| HKSCC Nominees Limited | 1,710,062,900 | 22.21 | 0 | Unknown | Unknown | Unknown |
| Central Huijin Asset Management Co., Ltd. | 142,155,000 | 1.85 | 0 | Unknown | Unknown | State-owned legal person |
| China Securities Finance Corporation Limited | 88,096,538 | 1.14 | 0 | Unknown | Unknown | State-owned legal person |
| Bosera Funds – Agricultural Bank of China – Bosera – CSF Financial Asset Management Plan | 33,609,200 | 0.44 | 0 | Unknown | Unknown | Unknown |
| Dacheng Fund – ABC – Dacheng – CSF Financial Asset Management Plan | 33,609,200 | 0.44 | 0 | Unknown | Unknown | Unknown |
| ICBC Credit Suisse – ABC – ICBC Credit Suisse – CSF Financial Asset Management Plan | 33,609,200 | 0.44 | 0 | Unknown | Unknown | Unknown |
| GF Fund-ABC-GF-CSF Financial Asset Management Plan | 33,609,200 | 0.44 | 0 | Unknown | Unknown | Unknown |
| China AMC-ABC-China AMC-CSF Financial Asset Management Plan | 33,609,200 | 0.44 | 0 | Unknown | Unknown | Unknown |
| Harvest Fund-ABC-Harvest–CSF Financial Asset Management Plan | 33,609,200 | 0.44 | 0 | Unknown | Unknown | Unknown |

Shareholdings of the top ten shareholders not subject to selling restrictions

| Name of shareholder | Number of circulating shares not subject to selling restrictions | Type and number of shares | |
|--|---|---------------------------------|---------------|
| | | Type | Number |
| Magang (Group) Holding Company Limited | 3,506,467,456 | RMB-denominated ordinary shares | 3,506,467,456 |
| HKSCC Nominees Limited | 1,710,062,900 | Overseas listed foreign shares | 1,710,062,900 |
| Central Huijin Asset Management Co., Ltd. | 142,155,000 | RMB-denominated ordinary shares | 142,155,000 |
| China Securities Finance Corporation Limited | 88,096,538 | RMB-denominated ordinary shares | 88,096,538 |
| Bosera Funds – Agricultural Bank of China – Bosera – CSF Financial Asset Management Plan | 33,609,200 | RMB-denominated ordinary shares | 33,609,200 |
| Dacheng Fund – ABC – Dacheng – CSF Financial Asset Management Plan | 33,609,200 | RMB-denominated ordinary shares | 33,609,200 |
| ICBC Credit Suisse – ABC – ICBC Credit Suisse – CSF Financial Asset Management Plan | 33,609,200 | RMB-denominated ordinary shares | 33,609,200 |
| GF Fund-ABC-GF-CSF Financial Asset Management Plan | 33,609,200 | RMB-denominated ordinary shares | 33,609,200 |
| China AMC-ABC-China AMC-CSF Financial Asset Management Plan | 33,609,200 | RMB-denominated ordinary shares | 33,609,200 |
| Harvest Fund-ABC-Harvest-CSF Financial Asset Management Plan | 33,609,200 | RMB-denominated ordinary shares | 33,609,200 |
| Description of any connected relationships or concerted actions among the above mentioned shareholders | There was no connected relationship between Magang (Group) Holding Company Limited and any of the aforementioned shareholders, nor were they concerted parties. The Company is not aware of whether the other shareholders mentioned above had connected relationship or whether they were concerted parties. | | |

2.3 Total number of the holders of preferred shares, top ten holders of preferred shares, and shareholdings of top ten holders of preferred shares not subject to selling restrictions as at the end of the reporting period.

Applicable Not applicable

3. SIGNIFICANT MATTERS

3.1 Details of and reasons for material changes in the major financial statement items and financial indicators of the Company

✓Applicable Not applicable

China's gross domestic product grew 6.7% in the first quarter, decreased 0.3 percentage point year-on-year. According to data from the National Bureau of Statistics of China, crude steel production of industrial enterprises above designated size was put at 192 million tonnes, down 3.2% year-on-year; and steel production stayed flat when compared to the same period last year and amounted to 262 million tonnes. From January to February, the aggregate output of pig iron, crude steel and steel (including reproduced steel) decreased by 7.0%, 5.7% and 2.1% year-on-year, respectively. As a result, the imbalance between supply and demand of the steel market moderated and steel price increased significantly in March due to various factors, including lower output at the beginning of the year, the increase in end-user demand as well as increased steel export, resulting in improved supply and demand in domestic steel market. At the end of March, the price index for domestic steel products was 69.81, down 7.45% year-on-year and representing an increase of 23.84% as compared to the end of last year. As steel price increased, the prices of raw materials and fuels rebounded quickly, which led to the fact that the operation of iron and steel enterprises was improved, but still difficult as a whole.

During the reporting period, the Company and its subsidiaries (the "Group") produced 4.14 million tonnes of pig iron, 4.35 million tonnes of crude steel and 4.16 million tonnes of steel products, representing 2.48%, 3.45% and 4.13% year-on-year decrease, respectively. Among which, the Company produced 3.29 million tonnes of pig iron, 3.48 million tonnes of crude steel and 3.29 million tonnes of steel products, representing 0.61%, 1.76% and 3.07% year on-year decrease, respectively. Under the PRC Accounting Standards, the Group achieved operating revenue of RMB9.23 billion during the reporting period, down 21.47% year-on-year mainly due to lower sales volume of steel products and the decrease in the prices of steel products. Cost of sales was RMB8.437 billion, down 26.25% year-on-year primarily due to the decrease in the prices of raw materials and fuels. Net loss attributable to shareholders of the Company narrowed by 41.53% year-on-year to RMB348 million mainly due to the increase in gross profit and reduction in period costs such as management fee.

In the face of operating pressure, the Company will, on the basis of ensuring balanced production of the whole system, enhance in-house management and strengthen the execution capability; ensure on-time delivery meeting requirements in terms of both quality and quantity with optimized coordination of sales and production; attach significant attention to clients' demand and also marketing promotion and stick to a lower-inventory strategy; and meanwhile will be more selective in terms of suppliers to ensure better control of procurement quality and cost performance.

Items with more than 30% changes as compared to the end of 2015 in the consolidated financial statements and the reasons for such changes:

- (a) Other current assets amounted to RMB629,405,783, down 33.64% from the end of previous year mainly because there was no input value added tax to be credited as recorded in previous year.
- (b) Deposits and balances from banks and other financial institutions amounted to RMB800,000,000 (the end of previous year: 0) mainly due to an increase in deposits received from banks.
- (c) Financial assets sold for repurchase were worth RMB26,860,813, as compared with zero at the end of the previous year, mainly caused by an increase in bill rediscount with the central bank by the Finance Company during the reporting period.
- (d) The financial liabilities at fair value through profit or loss amounted to RMB222,841,032 (the end of the previous year: nil), mainly because of effect attributable to changes of exchange rate of forward contracts.
- (e) Taxes payable amounted to RMB210,156,573 and increased by 40.2% from the end of the previous year, mainly due to an increase in outstanding payable VAT compared to the end of last year.
- (f) Interest payable amounted to RMB222,841,032 and increased by 47.74% from the end of the previous year, mainly because of the increase in accrued interests from corporate bond and medium-term bills.

Items with more than 30% changes as compared to the corresponding period of 2015 in the consolidated financial statements and the reasons for such changes:

- (a) Business taxes and surcharges amounted to RMB34,228,297, decreased by 43.27% year-on-year as compared to the same period of the previous year mainly due to the decrease in city maintenance and construction taxes as compared to the same period of last year.
- (b) Loss from impairment of assets amounted to RMB470,638,725, increased by 378.64% year-on-year, mainly due to the year-on-year increase in the provision for price decreases in inventory during the reporting period.
- (c) Gain from changes in fair value amounted to RMB3,585,304, increased by 1,960.40% year-on-year, mainly due to the gains from investment in financial products by Masteel Financial in the reporting period.
- (d) Income tax expenses amounted to RMB15,823,066, decreased by 41.96% year on year, mainly owing to a drop in profitability from some subsidiaries during the reporting period.

- (e) Net loss attributable to shareholders of the parent company was RMB348,162,808, narrowing the loss by 41.53% year-on-year, primarily because gross operating profit increased and administrative expenses and other costs decreased during the reporting period.
- (f) Loss attributable to minority interests amounted to RMB44,689,061, narrowing by 39.36% year-on-year mainly as a result of the decrease of net loss realized by non-wholly owned subsidiaries during the reporting period.

3.2 Analysis on progress, impacts and solutions of significant matters

Applicable Not Applicable

3.3 Fulfillment of commitments by the company and shareholders holding more than 5% of shares

Applicable Not Applicable

On 24 July 2015, Magang (Group) Holding Company Limited (hereafter, the “Holding”), the controlling shareholder of the Company, undertook to further acquire A Shares of the Company for not less than RMB409 million at an appropriate price through Magang Investment Limited in a way complying with applicable laws and regulations, and the shares acquired would not be sold within six months after the completion of the further acquisition plan. During the reporting period, although the operation of the Holding improved, its cash position was still difficult, and it was hard to raise required fund to carry out the plan in the short term. Under the premise of ensuring the normal operation of funds, the Holding will make more efforts to raise fund and implement the further acquire plan in a legitimate and compliant manner.

3.4 The warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next reporting period becoming a loss or significant changes over the corresponding period last year.

Applicable Not Applicable

The Company expects that it will record cumulative profit for the period from the beginning of this year to the end of next reporting period mainly because the steel price continued to rebound remarkably in March. Although iron ore price has recovered swiftly, the Company’s production still faces tremendous pressure and uncertainties. It will strive the best to achieve a turnaround in its operating results.

By order of the Board
Maanshan Iron & Steel Company Limited
Ding Yi
Chairman

27 April 2016
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include:

Executive Directors: Ding Yi, Qian Haifan

Non-executive Directors: Su Shihuai, Ren Tianbao

Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Liu Fangduan

4. Appendix

4.1 Financial Statements

Maanshan Iron & Steel Company Limited
Consolidated Statement of Financial Position

31 March 2016

Renminbi Yuan

| Assets | Closing balance of the reporting period Unaudited | Opening Balance Audited |
|--|--|------------------------------------|
| Current assets: | | |
| Cash and bank balances | 5,464,204,616 | 5,142,711,482 |
| Financial assets | | |
| at fair value through profit or loss | 1,016,120,916 | 1,005,271,054 |
| Bills receivable | 4,071,520,097 | 4,689,129,290 |
| Trade receivables | 712,977,318 | 796,986,661 |
| Prepayments | 469,457,423 | 634,407,421 |
| Interest receivable | 1,673,749 | 1,600,176 |
| Other receivables | 228,963,493 | 190,348,070 |
| Inventories | 6,122,300,446 | 6,018,495,505 |
| Loans and advances to customers | 715,671,250 | 732,913,869 |
| Other current assets | 629,405,783 | 948,518,258 |
| Total current assets | 19,432,295,091 | 20,160,381,786 |
| Non-current assets: | | |
| Available-for-sale financial investments | 128,934,410 | 128,934,410 |
| Long term equity investments | 1,074,949,783 | 1,029,853,507 |
| Investment properties | 60,263,998 | 62,356,583 |
| Property, plant and equipment | 33,262,014,782 | 34,605,411,096 |
| Construction in progress | 4,827,618,669 | 4,245,762,868 |
| Intangible assets | 1,881,545,943 | 1,891,358,160 |
| Deferred tax assets | 332,501,313 | 330,407,545 |
| Total non-current assets | 41,567,828,898 | 42,294,084,169 |
| Total assets | 61,000,123,989 | 62,454,465,955 |

Maanshan Iron & Steel Company Limited
Consolidated Statement of Financial Position (Cont'd)

31 March 2016
Renminbi Yuan

| | Closing balance of the reporting period Unaudited | Opening Balance Audited |
|--|--|------------------------------------|
| Current liabilities: | | |
| Short term loans | 5,177,415,661 | 6,791,359,472 |
| Customer deposits and amounts due to banks | 1,606,577,623 | 1,901,390,488 |
| Deposits and balances from banks and other financial institutions | 800,000,000 | |
| Financial liabilities at fair value through profit or loss | 1,144,285 | |
| Bill payables | 4,778,355,266 | 5,343,906,398 |
| Accounts Payable | 5,834,507,160 | 6,144,664,281 |
| Advance from customers | 2,552,004,571 | 2,602,554,258 |
| Repurchase agreements of financial assets | 26,860,813 | |
| Payroll and employee benefits payable | 200,730,289 | 274,614,723 |
| Taxes payable | 210,156,573 | 149,898,321 |
| Interest payable | 222,841,032 | 150,829,308 |
| Dividends payable | 6,525,534 | 6,525,534 |
| Other payables | 1,348,896,643 | 1,258,463,513 |
| Non-current liabilities due within one year | 5,665,721,007 | 5,084,859,415 |
| Provisions | 22,678,968 | 22,232,713 |
| Total current liabilities | 28,454,415,425 | 29,731,298,424 |
| Non-current liabilities: | | |
| Long term loans | 6,770,204,108 | 6,655,171,584 |
| Bonds payable | 3,981,666,667 | 3,979,666,667 |
| Long-term employee benefits payable | 29,817,241 | 28,857,389 |
| Deferred income | 1,345,999,007 | 1,285,164,299 |
| Deferred tax liabilities | 32,365,306 | 32,704,732 |
| Total non-current liabilities | 12,160,052,329 | 11,981,564,671 |
| Total liabilities | 40,614,467,754 | 41,712,863,095 |
| Owners' equity: | | |
| Share Capital | 7,700,681,186 | 7,700,681,186 |
| Capital Reserve | 8,329,067,663 | 8,329,067,663 |
| Other Comprehensive Income | (129,355,940) | (165,450,551) |
| Special Reserve | 13,323,523 | 14,374,213 |
| Surplus Reserves | 3,843,231,617 | 3,843,231,617 |
| General reserve | 102,539,024 | 102,539,024 |
| (Accumulated loss)/Retained profits | (1,716,767,945) | (1,368,605,137) |
| Total equity attributable to owners of the parent company | 18,142,719,128 | 18,455,838,015 |
| Non-controlling interests | 2,242,937,107 | 2,285,764,845 |
| Total owners' equity | 20,385,656,235 | 20,741,602,860 |
| Total liabilities and owners' equity | 61,000,123,989 | 62,454,465,955 |

Legal Representative:
Ding Yi

Chief Accountant:
Qian Haifan

Head of Accounting:
Xing Qunli

Maanshan Iron & Steel Company Limited
Statement of Financial Position of Parent Company

31 March 2016

Renminbi Yuan

| | Closing balance of the reporting period Unaudited | Opening balance Audited |
|---|--|------------------------------------|
| Current assets | | |
| Cash and bank balances | 3,982,870,019 | 4,531,034,025 |
| Financial assets measured at fair value through profit or loss | 10,898,000 | 3,145,560 |
| Bills receivable | 3,223,884,031 | 3,751,615,186 |
| Trade receivables | 1,962,091,851 | 1,563,775,000 |
| Dividends receivable | 7,225,723 | 7,225,723 |
| Prepayments | 244,429,507 | 371,248,500 |
| Other receivables | 247,649,526 | 246,097,801 |
| Inventories | 4,118,333,917 | 4,348,287,858 |
| Other current assets | 294,632,327 | 557,052,098 |
| | 14,092,014,901 | 15,379,481,751 |
| Non-current assets | | |
| Available-for-sale financial investments | 126,722,160 | 126,722,160 |
| Long term equity investments | 6,875,575,673 | 6,830,479,397 |
| Investment properties | 75,267,226 | 75,681,866 |
| Property, plant and equipment | 24,737,868,511 | 25,954,686,393 |
| Intangible assets | 4,535,020,937 | 4,025,657,145 |
| Intangible assets | 963,625,231 | 971,003,316 |
| Deferred tax assets | 314,216,637 | 314,216,637 |
| | 37,628,296,375 | 38,298,446,914 |
| Total non-current assets | | |
| | 37,628,296,375 | 38,298,446,914 |
| Total assets | 51,720,311,276 | 53,677,928,665 |
| CURRENT LIABILITIES | | |
| Short term loans | 988,500,000 | 831,000,000 |
| Financial liabilities at fair value through profit or loss | 1,144,285 | |
| Bills payable | 3,461,530,878 | 3,981,623,516 |
| Accounts payable | 6,918,465,221 | 8,853,140,561 |
| Advances from customers | 1,692,499,197 | 2,132,448,152 |
| Payroll and employee benefits payable | 116,046,662 | 180,534,218 |
| Taxes payable | 156,896,770 | 50,206,106 |
| Interest payable | 220,172,821 | 147,852,499 |
| Dividends payable | 6,525,534 | 6,525,534 |
| Other payables | 1,088,818,303 | 1,001,923,405 |
| Non-current liabilities due within one year | 5,665,721,007 | 5,084,859,415 |
| | 20,316,320,678 | 22,270,113,406 |
| Total current liabilities | 20,316,320,678 | 22,270,113,406 |

Maanshan Iron & Steel Company Limited
Statement of Financial Position of Parent Company (Cont'd)

31 March 2016

Renminbi Yuan

| | Closing balance of the reporting period Unaudited | Opening balance Audited |
|---|--|------------------------------------|
| Non-current liabilities | | |
| Long term loans | 9,504,706,916 | 9,289,847,408 |
| Bonds payable | 3,981,666,667 | 3,979,666,667 |
| Deferred Income | 622,106,728 | 596,438,001 |
| | 14,108,480,311 | 13,865,952,076 |
| Total non-current liabilities | | |
| | 14,108,480,311 | 13,865,952,076 |
| Total liabilities | 34,424,800,989 | 36,136,065,482 |
| Shareholders' equity: | | |
| Share capital | 7,700,681,186 | 7,700,681,186 |
| Capital reserve | 8,338,358,399 | 8,338,358,399 |
| Special reserve | (1,517,185) | (1,517,185) |
| Surplus reserve | 2,993,175,001 | 2,993,175,001 |
| (Accumulated loss)/Retained profits | (1,735,187,114) | (1,488,834,218) |
| | 17,295,510,287 | 17,541,863,183 |
| Total shareholders' equity | | |
| | 17,295,510,287 | 17,541,863,183 |
| Total Liabilities and Shareholders' Equity | 51,720,311,276 | 53,677,928,665 |

Legal Representative:
Ding Yi

Chief Accountant:
Qian Haifan

Head of Accounting:
Xing Qunli

Maanshan Iron & Steel Company Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the three months ended 31 March 2016
Renminbi Yuan

| | For the Reporting Period Unaudited | For the corresponding period last year Unaudited |
|---|---|---|
| 1. Total revenue | 9,225,769,905 | 11,747,680,767 |
| Including: Revenue | 9,225,769,905 | 11,747,680,767 |
| 2. Total operating costs | 9,705,646,250 | 12,512,381,055 |
| Including: Cost of sales | 8,437,582,320 | 11,440,681,553 |
| Business taxes and surcharges | 34,228,297 | 60,339,758 |
| Selling expenses | 140,983,001 | 148,135,576 |
| General and administrative expenses | 401,464,671 | 460,486,901 |
| Financial expenses | 220,749,236 | 304,407,956 |
| Impairment losses | 470,638,725 | 98,329,311 |
| Add: Gain on the changes in fair value (losses are indicated with “-”) | 3,585,304 | 174,010 |
| Investment income (losses are indicated with “-”) including: share of profit from associates and joint ventures | 24,404,514 20,949,033 | 25,645,819 25,645,819 |
| 3. Operating profit (losses are indicated with “-”) | -451,886,527 | -738,880,459 |
| Add: Non-operating income | 75,557,962 | 98,026,492 |
| Less: Non-operating expenses including: loss on disposal of non-current assets | 700,238 513,388 | 999,404 700,368 |
| 4. Profit before tax (losses are indicated with “-”) | -377,028,803 | -641,853,371 |
| Less: Income tax expense | 15,823,066 | 27,263,363 |
| 5. Net profit (losses are indicated with “-”) | -392,851,869 | -669,116,734 |
| Net profit attributable to owners of the parent company | -348,162,808 | -595,419,114 |
| Non-controlling interests | -44,689,061 | -73,697,620 |

Maanshan Iron & Steel Company Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)
For the three months ended 31 March 2016
Renminbi Yuan

| | For the Reporting Period Unaudited | For the corresponding period last year Unaudited |
|---|---|---|
| 6. Other comprehensive income, net of tax | 36,088,932 | -61,575,565 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | 36,094,611 | -63,617,144 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | 36,094,611 | -63,617,144 |
| Exchange differences on translation of foreign operations | 36,094,611 | -63,617,144 |
| Total other comprehensive income attributable to non-controlling interests, net of tax | -5,679 | 2,041,579 |
| 7. Total comprehensive income | <u>-356,762,937</u> | <u>-730,692,299</u> |
| Total comprehensive income attributable to owners of the parent company | <u>-312,068,197</u> | <u>-659,036,258</u> |
| Total comprehensive income attributable to: Owners of the parent company | <u>-44,694,740</u> | <u>-71,656,041</u> |
| 8. EARNINGS PER SHARE: | | |
| (1) Basic | <u>-0.05</u> | <u>-0.08</u> |
| (2) Diluted | <u>-0.05</u> | <u>-0.08</u> |

Legal Representative:
Ding Yi

Chief Accountant:
Qian Haifan

Head of Accounting:
Xing Qunli

Maanshan Iron & Steel Company Limited
Consolidated Statement of Income
For the three months ended 31 March 2016
Renminbi Yuan

| | Jan-Mar 2016 | Jan-Mar 2015 |
|---|----------------------|----------------|
| | Unaudited | Unaudited |
| 1. Operating Revenue | 8,254,756,031 | 10,609,229,008 |
| Less: Cost of sales | 7,592,374,338 | 10,382,974,784 |
| Taxes and surcharges | 19,459,538 | 44,034,352 |
| Selling expenses | 70,213,716 | 85,095,293 |
| Administrative expenses | 217,183,078 | 346,662,282 |
| Financial expenses | 220,054,725 | 232,964,030 |
| Assets impairment losses | 470,351,403 | 107,989,822 |
| Add: Gain/(Loss) on changes in fair value | -844,285 | 174,010 |
| Investment income | | |
| (「-」 represents losses) | 18,770,510 | 25,645,819 |
| Including: Investment incomes of associates and a jointly controlled entity | 20,949,033 | 25,645,819 |
| 2. Operating Profit (「-」 represents losses) | -316,954,542 | -564,671,726 |
| Add: Non-operating income | 71,298,494 | 83,118,818 |
| Less: Non-operating expenses | 696,848 | 857,814 |
| Including: Net loss on disposal of non-current assets | 664,714 | 252,844 |
| 3. Profit before tax (「-」 represents losses) | -246,352,896 | -482,410,722 |
| Less: Income tax expense | | |
| 4. Net Profit (「-」 represents losses) | -246,352,896 | -482,410,722 |
| 5. Total comprehensive income | -246,352,896 | -482,410,722 |

Legal Representative:
Ding Yi

Chief Accountant:
Qian Haifan

Head of Accounting:
Xing Qunli

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement
For the three months ended 31 March 2016
Renminbi Yuan

| | Jan-Mar 2016 | Jan-Mar 2015 |
|--|-----------------------|----------------|
| | Unaudited | Unaudited |
| 1. Cash flows from operating activities: | | |
| Cash received from sale of goods or rendering of services | 10,456,038,139 | 13,686,728,520 |
| Net increase (or decrease) sold in repurchase business capital | 26,860,813 | 58,911,500 |
| Net increase in customer bank deposits and due to banks and other financial institutions | 505,187,136 | -26,207,893 |
| Cash received from charging interests, fees and commissions | 13,004,663 | 22,302,931 |
| Refunds of taxes | 116,458,205 | 32,421,657 |
| Cash received relating to other operating activities | 134,281,531 | 5,153,193 |
| | <hr/> | <hr/> |
| Sub-total of cash inflows from operating activities | 11,251,830,487 | 13,779,309,908 |
| | <hr/> | <hr/> |
| Cash paid for goods and services | 8,054,075,849 | 10,116,386,246 |
| Net increase in loans and advances | -17,242,619 | -214,108,138 |
| Net increase in deposits with central bank and other financial institutions | -504,467,708 | -264,599,018 |
| Cash paid for interests, fees and commissions | 5,850,256 | 5,802,308 |
| Cash paid to and on behalf of employees | 930,332,158 | 1,032,800,784 |
| Cash paid for all taxes | 319,519,789 | 623,643,393 |
| Cash paid relating to other operating activities | 78,382,736 | 179,206,693 |
| | <hr/> | <hr/> |
| Sub-total of cash outflows from operating activities | 8,866,450,461 | 11,479,132,268 |
| | <hr/> | <hr/> |
| Net cash flows from operating activities | 2,385,380,026 | 2,300,177,640 |
| | <hr/> | <hr/> |

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement (Cont'd)
For the three months ended 31 March 2016
Renminbi Yuan

| | Jan-Mar 2016 | Jan-Mar 2015 |
|---|-----------------------------|-----------------------------|
| | Unaudited | Unaudited |
| 2. Cash flows from investing activities: | | |
| Cash received from returns on investments | 12,999,324 | 7,646,241 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 338,439 | 206,600,053 |
| Cash received relating to other investing activities | 2,557,394 | 14,394,587 |
| Sub-total of cash inflows from investing activities | <u>15,895,157</u> | <u>228,640,881</u> |
| Cash received relating to other investing activities | 504,090,108 | 784,095,692 |
| Cash paid for investments | 24,147,243 | 56,537,594 |
| Net cash from increase in restricted use of monetary funds | 357,162,050 | 268,997,317 |
| Sub-total of cash outflows from investing activities | <u>885,399,401</u> | <u>1,109,630,603</u> |
| Net cash flows from investing activities | <u>-869,504,244</u> | <u>-880,989,722</u> |
| 3. Cash flows from financing activities: | | |
| Cash received from borrowings | 3,528,983,017 | 5,498,298,474 |
| Sub-total of cash inflows from financing activities | <u>3,528,983,017</u> | <u>5,498,298,474</u> |
| Cash repayments of borrowings | 4,445,147,359 | 6,263,555,142 |
| Cash paid for distribution of dividend, profits or interest expenses | 153,761,170 | 253,390,798 |
| Sub-total of cash outflows from financing activities | <u>4,598,908,529</u> | <u>6,516,945,940</u> |
| Net cash flows from financing activities | <u>-1,069,925,512</u> | <u>-1,018,647,466</u> |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | <u>22,848,524</u> | <u>-53,044,632</u> |
| 5. Net increase in cash and cash equivalents | <u>468,798,794</u> | <u>347,495,820</u> |
| Add: Balance of cash and cash equivalents at beginning of period | 3,197,996,260 | 2,709,836,297 |
| 6. Balance of cash and cash equivalents at end of period | <u><u>3,666,795,054</u></u> | <u><u>3,057,332,117</u></u> |

Legal Representative:
Ding Yi

Chief Accountant:
Qian Haifan

Head of Accounting:
Xing Qunli

Maanshan Iron & Steel Company Limited
Cash Flow Statement

For the three months ended 31 March 2016
Renminbi Yuan

| | January – March 2016 Unaudited | January – March 2015 Unaudited |
|---|---|--------------------------------------|
| 1. Cash flows from operating activities: | | |
| Cash received from sale of goods or rendering of services | 8,408,457,903 | 10,830,165,697 |
| Refunds of taxes | 116,458,205 | 32,421,657 |
| Net increase (or decrease) sold in repurchase business capital | 96,967,221 | 35,521,437 |
| | <hr/> | <hr/> |
| Sub-total of cash inflows from operating activities | 8,621,883,329 | 10,898,108,791 |
| | <hr/> | <hr/> |
| Cash paid for goods and services | 8,490,581,385 | 9,464,606,440 |
| Cash paid to and on behalf of employees | 772,657,041 | 885,448,951 |
| Cash paid for all taxes | 209,792,827 | 515,650,523 |
| Cash paid relating to other operating activities | 78,379,345 | 179,065,103 |
| | <hr/> | <hr/> |
| Sub-total of cash outflows from operating activities | 9,551,410,598 | 11,044,771,017 |
| | <hr/> | <hr/> |
| Net cash flows from operating activities | -929,527,269 | -146,662,226 |
| | <hr/> | <hr/> |
| 2. Cash flows from investing activities | | |
| Cash received from returns on investments | 3,997,297 | 12,364,679 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 338,439 | 6,824,053 |
| Net cash from decrease in restricted use of monetary funds | 113,327,982 | |
| Cash received relating to other investing activities | | 26,292,582 |
| | <hr/> | <hr/> |
| Sub-total of cash inflows from investing activities | 117,663,718 | 45,481,314 |
| | <hr/> | <hr/> |
| Cash received relating to other investing activities | 388,134,501 | 599,142,276 |
| Cash paid for investments | 24,147,243 | 72,537,594 |
| Net cash from increase in restricted use of monetary funds | | 419,806,555 |
| | <hr/> | <hr/> |
| Sub-total of cash outflows from investing activities | 412,281,744 | 1,091,486,425 |
| | <hr/> | <hr/> |
| Net cash flows from investing activities | -294,618,026 | -1,046,005,111 |
| | <hr/> | <hr/> |

Maanshan Iron & Steel Company Limited
Cash Flow Statement (Cont'd)
For the three months ended 31 March 2016
Renminbi Yuan

| | January – March 2016 Unaudited | January – March 2015 Unaudited |
|---|---|--------------------------------------|
| 3. Cash flows from financing activities: | | |
| Cash received from borrowings | <u>3,247,717,477</u> | <u>2,660,000,000</u> |
| Sub-total of cash inflows from financing activities | <u>3,247,717,477</u> | <u>2,660,000,000</u> |
| Cash repayments of borrowings | <u>2,292,611,024</u> | <u>3,599,960,500</u> |
| Cash paid for distribution of dividend, profits or interest expenses | <u>150,648,633</u> | <u>117,862,019</u> |
| Sub-total of cash outflows from financing activities | <u>2,443,259,657</u> | <u>3,717,822,519</u> |
| Net cash flows from financing activities | <u>804,457,820</u> | <u>-1,057,822,519</u> |
| 4. Effect of foreign exchange rate | | |
| changes on cash and cash equivalents | <u>-15,148,548</u> | <u>8,530,935</u> |
| 5. Net increase in cash and cash equivalents | <u>-434,836,023</u> | <u>-2,241,958,921</u> |
| Add: Balance of cash and cash equivalents at beginning of period | <u>4,140,087,208</u> | <u>4,807,119,543</u> |
| 6. Balance of cash and cash equivalents at end of period | <u>3,705,251,185</u> | <u>2,565,160,622</u> |

Legal Representative:
Ding Yi

Chief Accountant:
Qian Haifan

Head of Accounting:
Xing Qunli

4.2 Audit Report

Applicable Not applicable