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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)

MAANSHAN IRON & STEEL COMPANY LIMITED
2017 FIRST QUARTERLY REPORT

I. 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 Information of Director not attending

Name of Director not Attending	Position of Director not Attending	Reasons for the Absence of Director	Name of Proxy
Qian Haifan	Director	Other business engagements	Ding Yi

1.3 Ding Yi, the person in charge of the Company, Qian Haifan, the person in charge of the accounting operations, and 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.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

Unit: Yuan Currency: RMB

	As at the end of the reporting period	As at the end of the previous year	Increase/(decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets	68,762,878,637	66,245,531,030	3.80
Net assets attributable to equity holders of the Company	20,678,873,389	19,764,171,955	4.63
	Beginning of this year to the end of the reporting period	Beginning of previous year to the end of the previous reporting period	Increase/(decrease) as compared with the same period of the previous year (%)
Net cash flow from operating activities	1,644,749,451	2,385,380,026	-31.05
	Beginning of this year to the end of the reporting period	Beginning of previous year to the end of the previous reporting period	Increase/(decrease) as compared with the same period of the previous year (%)
Operating income	17,336,558,057	9,225,769,905	87.91
Net profits attributable to the shareholders of the Company	901,746,797	-348,162,808	-
Net profit attributable to shareholders of the Company excluding non-recurring gains or losses	894,603,238	-403,012,000	-
Return on net assets (weighted average) (%)	4.46	-1.90	Increased by 6.36 percentage points
Basic earnings per share (RMB/share)	0.12	-0.05	-
Diluted earnings per share (RMB/share)	0.12	-0.05	-

Items and amount of non-recurrent profit and loss

Unit: Yuan Currency: RMB

Item	Current amount
Profit/loss from disposal of non-current assets	-52,332
Government subsidies recognized in current gains and losses, except for those closely relevant to normal business of the Company, conformed to requirements of State policy but granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards	1,325,603
Profit/loss from fluctuation of fair value from tradable financial assets and tradable financial liabilities and investment income from disposal of tradable financial assets, tradable financial liabilities and saleable financial assets, besides the effective hedging business related to normal operating business	-2,818,905
Other non-operating income and expenditure besides the above mentioned items	604,417
Amortization of deferred income	11,848,189
Effect of minority interests (After tax)	-327,740
Effects of income tax	-3,435,673
Total	7,143,559

2.2 Total number of shareholders, the shareholding of the top ten shareholders, the shareholding of top ten floating shareholders (or shareholders without selling restrictions)

Unit: Share

Total number of shareholders 252,189

Shareholding of the top ten shareholders

Name of the shareholder (complete name)	Amount of shares held at the end of the period	Percentage (%)	Amount of shares with limited conditions	Pledged or frozen		Nature of shareholder
				State of share	Quantity	
Magang (Group) Holding Co.,Ltd	3,506,467,456	45.54	0	Pledged	800,000,000	State-owned legal person
HKSCC Nominees Limited	1,711,418,900	22.22	0	Unknown	Unknown	Oversea legal person
Central Huijin Assets Management Co.,Ltd.	142,155,000	1.85	0	Unknown	Unknown	Unknown
China Securities Finance Co., Ltd.	88,096,538	1.14	0	Unknown	Unknown	Unknown
Bosera Funds – Agricultural Bank – Bosera China Securities Financial Assets Management Plan	33,609,200	0.44	0	Unknown	Unknown	Unknown
E Fund – Agricultural Bank – E Fund China Securities Financial Assets Management Plan	33,609,200	0.44	0	Unknown	Unknown	Unknown
Dacheng Fund – Agricultural Bank – Dacheng China Securities Financial Assets Management Plan	33,609,200	0.44	0	Unknown	Unknown	Unknown
Harvest Fund – Agricultural Bank – Harvest Fund China Securities Financial Assets Management Plan	33,609,200	0.44	0	Unknown	Unknown	Unknown
GF Fund Management – Agricultural Bank – GF Fund China Securities Financial Assets Management Plan	33,609,200	0.44	0	Unknown	Unknown	Unknown
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities Financial Assets Management Plan	33,609,200	0.44	0	Unknown	Unknown	Unknown

Shareholding of the top ten shareholders not holding shares with limited conditions

Shareholder name	Quantity of circulating shares without sale limitation	Category and quantity of shares	
		Category	Quantity
Magang (Group) Holding Co., Ltd.	3,506,467,456	Common share in RMB	3,506,467,456
HKSCC Nominees Limited	1,711,418,900	Foreign share listed oversea	1,711,418,900
Central Huijin Assets Management Co.,Ltd.	142,155,000	Common share in RMB	142,155,000
China Securities Finance Co., Ltd.	88,096,538	Common share in RMB	88,096,538
Bosera Funds – Agricultural Bank – Bosera China Securities Financial Assets Management Plan	33,609,200	Common share in RMB	33,609,200
E Fund – Agricultural Bank – E Fund China Securities Financial Assets Management Plan	33,609,200	Common share in RMB	33,609,200
Dacheng Fund – Agricultural Bank – Dacheng China Securities Financial Assets Management Plan	33,609,200	Common share in RMB	33,609,200
Harvest Fund – Agricultural Bank – Harvest Fund China Securities Financial Assets Management Plan	33,609,200	Common share in RMB	33,609,200
GF Fund Management – Agricultural Bank – GF Fund China Securities Financial Assets Management Plan	33,609,200	Common share in RMB	33,609,200
Zhong ou Fund – Agricultural Bank – Zhong ou China Securities Financial Assets Management Plan	33,609,200	Common share in RMB	33,609,200

<p>Explanation on the relation of the above shareholders or the concerted action</p>	<p>There is no connected relationship between Magang (Group) Holding Co., Ltd. and the other above shareholders, nor are they persons acting in concert. But the Company doesn't know whether the other above-mentioned shareholders have connected relationship or they are persons acting in concert.</p>
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2.3 Total number of shareholders of preferred shares, the shareholding of the top ten shareholders of preferred shares, the shareholding of top ten or shareholders not holding shares with limited conditions.

Applicable No applicable

III. IMPORTANT ITEM

3.1 Main accounting report items, important variation of financial indicators and the reasons

The China GDP growth of the first quarter is 6.9%, with a year-on-year increase of 0.2%, which is the highest since one and a half years ago. According to the State Statistic Bureau, the national scale industrial enterprise has a crude steel production of 201 million tons in the first quarter, with a year-on-year increase of 4.7%; roll steel production of 263 million tons, the same as last year. The steel price in January was stable, increased rapidly in February and decreased largely in March. At the end of March, the price index of the domestic steel price is 101.81 points, with a year-on-year increase of 45.84% and an increase of 2.31% compared with the end of last year. The price of iron ore and that of roll steel varied almost the same. The coking coal price stays high. The production and operation of steel enterprise has been improved but still face a lot of challenges.

During the reporting period, the Company and its subsidiary companies (abbreviated as “the group” hereinafter) produced 4,79 million tons of pig iron, 5.09 million tons of crude steel and 4.73 million tons of roll steel, with a year-on-year increase of 15.70%, 17.01% and 13.70% respectively (among which: the Company produced 3.81 million tons of pig iron, 4.06 million of crude steel, 3.75 million tons of roll steel, with a year-on-year increase of 15.81%, 16.67% and 13.98% respectively). During the reporting period, if we calculate according to China Accounting Standard, the operating income of the Group is RMB17,337 million, with a year-on-year increase of 87.91%, mainly resulting from the increase of roll steel sales quantity and the price increase; the operating cost is RMB15,353 million, with a year-on-year increase of 81.96%, mainly resulting from the increase of the price of raw materials and fuels and the increase of steel sales volume; the net profit belonging to the shareholders of the listed company is RMB902 million, with a year-on-year increase of RMB1,250 million, mainly resulting from the gross profit increase of roll steel.

Facing the market fluctuation, the Company will enforce our study and judgement on the market based on the assurance of the stable and balanced production of the total system and maintain a good production and operation development, start from the updating of the quality management system standard, make full efforts on production management and control, rectification and reform of the hidden problems, market expansion and after-sale service and take a long march of building Magang brand.

In the consolidated financial report, the items with a change of over 30% compared with the end of last year and their variation reasons are as follows:

- (1) The financial assets which are measured in fair value and whose variation is included in the current profit/loss increased 83.15% compared with the end of last year, mainly resulting from the increase of fund production held by the financial company in this period.
- (2) The bill receivable increased 41.93% compared with the end of last year, mainly resulting from the increase of received bills from the product sales caused by the roll steel price increase of this period and the decrease of endorsement transfer of bills.
- (3) The interest receivable decreased 32.01% compared with the end of last year, mainly resulting from the decrease of interest receivable of fixed time deposit of the financial company in the commercial bank during this period.
- (4) The prepayment decreased 39.24% compared with the end of last year, mainly resulting from the decrease of prepayment for the purchasing of raw materials and fuels in this period.
- (5) The purchase of resold financial assets is zero, compared with RMB230,047,000 of last year end, mainly resulting from the expiration of reverse repurchase of the financial company of this period.
- (6) The saleable financial assets increased 189.05% compared with the end of last year, mainly resulting from the increase of negotiable certificate of deposit of the financial company.
- (7) The borrowing capital is 600,000,000, compared with zero of the end of last year, mainly resulting from the increase of loans from other banks by the financial company.
- (8) Financial assets sold for repurchase decreased 66.53% compared with the end of last year, mainly resulting from the decrease of rediscounted bills to the central bank.
- (9) Financial liabilities which is measured in fair value and whose fluctuation is included in the current profit/loss is -1,593,021, compared with zero of the end of last year, mainly resulting from the influence caused by exchange rate variation of forward currency purchasing contract.
- (10) The salary payable decreased 32.83% compared with the end of last year, mainly resulting from this period distribution of the performance bonus withdrawn at the end of last year.

- (11) The taxes and charges payable increased 86.24% compared with the end of last year, mainly resulting from the increase of taxes and fees payable and value-added taxes payable caused by the income increase of this period.
- (12) Non-current liability within one year decreased 67.28% compared with the end of last year, mainly resulting from the return of long term loan within one year.
- (13) The long term loan increased 47.91% compared with the end of last year, mainly resulting from the new increase of long term loan of the Company.
- (14) The undistributed profit is RMB712,020,659, compared with RMB902,589,281 at the end of last year, mainly resulting from the current profit of the Group.

The items with a year-on-year variation of over 30% in the consolidated financial reports and their variation reasons are as follows:

- (1) The year-on-year increase of operating income is 87.91%, mainly resulting from the price growth of the roll steel and the sales volume increase of roll steel.
- (2) The year-on-year increase of operating cost is 81.96%, mainly resulting from the price growth of the raw materials and fuels and the increase of roll steel sales volume.
- (3) The year-on-year increase of taxes and additional increased 440.53%, mainly resulting from increase of additional fees such as city planning tax caused by the year-on-year increase of VAT, and the calculation of building taxes, land use tax, vehicle and vessel use tax, stamp duty generated in the operating activities added in this subject.
- (4) The year-on-year increase of sales cost is 38.36%, mainly resulting from the transportation fee increase caused by the sale increase of roll steel in the Group.
- (5) The year-on-year decrease of assets impairment loss is 81.22%, mainly resulting from the year-on-year decrease of inventory falling price reserves withdrawn in this period.
- (6) The year-on-year decrease of gains on the change of fair value is 87.07%, mainly resulting from the fluctuation of fair value estimation generated from the forward currency exchange.
- (7) The year-on-year increase of investment income is 373.42%, mainly resulting from the year-on-year increase of net profit of associated companies and joint ventures.

- (8) The year-on-year decrease of non-operating income is 81.34%, mainly resulting from the year-on-year decrease of received governmental financial subsidies during this period.
- (9) The year-on-year decrease of non-operating expenditure is 46.89%, mainly resulting from year-on-year decrease of scrapped fixed assets loss of this period.
- (10) The year-on-year increase of income taxes and fees is 396.43%, mainly resulting from profitability level increase of some subsidiaries in this period.
- (11) The year-on-year increase of net profit attributable to the parent company is RMB1,249,909,605, mainly resulting from the gross profit increase of the steel product.
- (12) The year-on-year increase of minority interest income is RMB152,456,933, mainly resulting from the year-on-year increase of the profit of non-wholly owned subsidiaries during this period.
- (13) The year-on-year decrease of foreign currency translation difference is 71.97%, mainly resulting from the year-on-year decrease of the appreciation range of the recording currency of the oversea subsidiaries.
- (14) The year-on-year decrease of net cash inflow produced in the operation activities is 31.05%, mainly resulting from the decrease of operating receivables and the large increase of operating payables at the same time in last year, which led to a large inflow of cash from operating activities last year, while this year the cash flow of operating activities is normal (the inventory capital increased).
- (15) The year-on-year increase of cash outflow from the investment activities is 137.22%, mainly resulting from the year-on-year increase of cash outflow for purchasing financial assets by the financial company this year.
- (16) The year-on-year decrease of cash net outflow from the financial activities is 79.94%, mainly resulting from the year-on-year increase of the received cash from the loans obtained during this period.

3.2 Development of important events and analysis and explanation on their influence and solutions

Magang (Group) Holding Co., Ltd., the controlling shareholder of the Company promised on July 24, 2015 that it would buy the stock A of Magang of no less than RMB409 million with a proper price in a legal method through Magang Investment Company. And it will not sell the newly purchased stocks within six months after the complete application of this plan. During the reporting period, although the production and operation of Magang (Group) Holding Co. Ltd. had been improved in a certain degree, the profit is very small because of the excess production capacity and rapid increase of the price of the upstream products and it hasn't collected enough funds for the new purchase. Magang (Group) Holding Co., Ltd. plans to actively collect fund based on the normal circulating of the capital to implement its new purchase plan in a legal way and strictly fulfill its obligation of information disclosure.

3.3 Commitments not fulfilled within the reporting period

Applicable non-applicable

3.4 The estimated accumulated net profit from the beginning of this year and the end of next reporting period might be loss or the warning of big variation compared with the same period of last year and the explanation of the reason.

The net profits attributable to the shareholders of the Company of the first quarter is RMB902 million, and the profit of the second quarter can be in positive territory despite of the big production and operation pressure and uncertainty; the accumulated net profit of the same period of last year was 452 million, hence the estimated accumulated net profit will enjoy a big year-on-year increase.

By order of the Board
Maanshan Steel Co., Ltd,
Ding Yi
Chairman

25 April 2017

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

IV. ANNEXES

4.1 Financial report

Consolidated Balance Sheet

31 March 2017

Established by: Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Ending Balance	Beginning Balance
CURRENT ASSETS		
Cash	4,843,069,043	5,312,101,041
Financial assets which are measured in fair value and whose fluctuation is included in the current loss/profit	1,017,081,200	555,322,261
Bills receivables	5,121,375,410	3,608,459,121
Accounts receivables	1,005,268,259	859,929,107
Advances	562,101,674	925,051,274
Interest receivable	2,750,034	4,044,939
Other receivables	163,102,045	127,614,834
Purchase of resold financial assets	–	230,047,000
Inventory	11,570,372,675	10,548,061,832
Distribution of loans and advance	1,455,361,573	1,555,212,556
Other current assets	707,346,267	692,471,233
Total current assets	26,447,828,180	24,418,315,198
NON-CURRENT ASSETS:		
Saleable financial assets	1,670,545,518	577,947,698
Long term equity investment	1,344,644,587	1,239,776,313
Investment real estate	59,352,674	58,833,998
Fixed assets	34,740,900,330	35,522,601,715
Construction in progress	2,308,169,472	2,258,191,398
Intangible assets	1,811,064,112	1,821,768,927
Deferred income tax assets	380,373,764	348,095,783
Total of non-current assets	42,315,050,457	41,827,215,832
Total of assets	68,762,878,637	66,245,531,030

Consolidated Balance Sheet (Continued)

31 March 2017

Established by: Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Ending Balance	Beginning Balance
CURRENT LIABILITY:		
Short-term borrowing	6,463,315,790	6,942,952,420
Deposits and deposit taking of interbank	3,574,073,154	3,708,225,021
Loans from other institution	600,000,000	–
Financial liabilities which is measured in fair value and whose fluctuation is included in the current profit/loss	–1,593,021	–
Bills payables	3,836,764,951	3,584,228,362
Accounts payables	8,145,374,768	6,668,807,923
Advances	3,451,332,551	3,682,322,418
Financial assets sold for repurchase	199,643,037	596,565,698
Salary payable	369,713,392	550,444,683
Tax payable	510,741,200	274,232,114
Interest payable	127,060,208	107,691,398
Dividend payable	8,757,460	8,713,584
Other accounts payables	1,745,148,561	1,912,575,078
Non-current debt due within one year	1,050,778,848	3,211,056,320
Anticipated liabilities	32,746,879	29,580,435
Other current liabilities	2,074,301,370	2,273,058,356
Total of current liabilities	32,188,159,148	33,550,453,810

Consolidated Balance Sheet (Continued)

31 March 2017

Established by: Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Ending Balance	Beginning Balance
NON-CURRENT LIABILITIES:		
Long-term loan	7,636,947,120	5,163,168,960
Bonds payables	3,989,666,667	3,987,666,667
Long-term salary payable	159,456,931	159,173,203
Deferred income	1,562,293,728	1,269,496,538
Deferred income tax liabilities	33,903,137	35,065,411
Total of non-current liabilities	13,382,267,583	10,614,570,779
Total liabilities	45,570,426,731	44,165,024,589
EQUITY		
Capital	7,700,681,186	7,700,681,186
Capital reserve	8,348,726,741	8,348,726,741
Other comprehensive income	-109,144,888	-119,263,454
Special reserve	30,805,642	27,969,571
Surplus reserves	3,842,389,133	3,843,231,617
Generic risk reserve	153,394,916	153,394,916
Undistributed profit	712,020,659	-190,568,622
Total equity attributable to the parent company	20,678,873,389	19,764,171,955
Minority equity	2,513,578,517	2,316,334,486
Total minority	23,192,451,906	22,080,506,441
Total liabilities and equity	68,762,878,637	66,245,531,030

Legal representative:
Ding Yi

*Person-in-charge of
accounting operations:*
Qian Haifan

*Person-in-charge of the
Accounting Department:*
Xing Qunli

Balance Sheet of the Parent Company

31 March 2017

Established by: Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Ending balance	Beginning balance
CURRENT ASSETS:		
Cash	3,229,689,455	3,851,576,750
Financial assets which are measured in fair value and included in current profit/loss	11,704,660	3,789,546
Bills receivables	5,368,152,617	3,518,320,171
Accounts receivables	2,471,832,876	1,953,223,578
Advances	356,192,254	649,277,673
Dividend receivable	–	5,672,730
Other accounts receivable	55,467,589	41,040,509
Inventory	7,878,369,712	7,370,937,053
Other current assets	294,632,327	294,632,327
Total current assets	19,666,041,490	17,688,470,337
NON-CURRENT ASSETS:		
Saleable financial assets	126,722,160	126,722,160
Long-term equity investment	8,166,134,561	7,152,166,287
Investment property	73,169,166	73,988,855
Fixed assets	26,620,997,768	27,272,692,483
Construction in progress	1,582,527,060	1,629,607,224
Intangible assets	926,431,416	933,763,504
Deferred income tax assets	261,808,739	261,808,739
Total non-current assets	37,757,790,870	37,450,749,252
Total assets	57,423,832,360	55,139,219,589

Balance Sheet of the Parent Company (Continued)

31 March 2017

Established by: Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Ending balance	Beginning balance
CURRENT LIABILITIES:		
Short-term loan	4,334,077,357	4,617,240,417
Financial debts which are measures in fair value and whose fluctuation is included in current profit/loss	-1,593,021	-
Bills payables	2,689,559,470	2,766,056,791
Accounts payables	7,132,700,900	5,708,282,008
Advances	2,173,062,808	2,396,866,345
Salary payable	276,683,604	436,242,207
Tax payable	349,693,600	165,339,271
Interest payable	122,476,558	104,959,511
Dividend payable	6,569,410	6,525,534
Other payable	1,324,257,558	1,502,658,072
Non-current liabilities due within one year	2,487,621,110	4,448,099,900
Other current liability	2,074,301,370	2,273,058,356
Total current liabilities	22,969,410,724	24,425,328,412
NON-CURRENT LIABILITY:		
Long-term loan	9,736,947,120	7,113,168,960
Bonds payable	3,989,666,667	3,987,666,667
Long-term salary payable	127,425,119	127,425,119
Deferred income	839,987,257	556,222,033
Total non-current liability	14,694,026,163	11,784,482,779
Total liability	37,663,436,887	36,209,811,191

Balance Sheet of the Parent Company (Continued)

31 March 2017

Established by: Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Ending balance	Beginning balance
EQUITY:		
Capital	7,700,681,186	7,700,681,186
Capital reserve	8,358,017,477	8,358,017,477
Special reserve	3,827,107	3,827,107
Surplus reserves	2,993,175,001	2,993,175,001
Undistributed profit	704,694,702	-126,292,373
Total equity	<u>19,760,395,473</u>	<u>18,929,408,398</u>
Total liability and equity	<u><u>57,423,832,360</u></u>	<u><u>55,139,219,589</u></u>

*Legal representative:***Ding Yi***Person in charge of
accounting operations:***Qian Haifan***Person in charge of
Accounting Department:***Xing Qunli**

Consolidated Income Statement

January-March,2017

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Current amount	Last term's amount
I. Operating income	17,336,558,057	9,225,769,905
Including: Operating income	17,336,558,057	9,225,769,905
II. Total operating cost	16,378,218,947	9,705,646,250
Including: Operating cost	15,353,050,486	8,437,582,320
Taxes and surcharges	185,013,247	34,228,297
Sales expense	195,070,674	140,983,001
Management expense	320,245,748	401,464,671
Financial expense	236,461,410	220,749,236
Loss from asset devaluation	88,377,382	470,638,725
plus: gains from the fluctuation of fair value (“minus” for loss)	463,561	3,585,304
Investment income (“minus” for loss)	115,536,895	24,404,514
Including: income from the investment on associated enterprises and joint ventures	104,868,274	20,949,033
III. Operating profit (“minus” for loss)	1,074,339,566	-451,886,527
plus: non-operating income	14,097,755	75,557,962
including: disposal gain of non-current assets	3,313	-
minus: non-operating expenditure	371,878	700,238
including: disposal loss of non-current assets	55,645	513,388
IV. Total profit (“minus” for loss)	1,088,065,443	-377,028,803
minus: Income tax fee	78,550,774	15,823,066
V. Net profit (“minus” for loss)	1,009,514,669	-392,851,869
Net profit attributable for parent company	901,746,797	-348,162,808
Minority equity	107,767,872	-44,689,061

Balance Sheet of the Parent Company (Continued)

31 March 2017

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Current amount	Last term's amount
VI. Other net comprehensive income after tax	9,190,567	36,088,932
Other net comprehensive income attributable to parent company	9,314,959	36,094,611
(I) Other comprehensive income that can't be included in profit/loss in the future	–	–
(II) Other comprehensive income which will be included in profit/loss in the future	9,314,959	36,094,611
1. Gains/losses from the fluctuation of fair value of saleable financial assets	-803,607	–
2. Translation balance of foreign currency financial report	10,118,566	36,094,611
Other net comprehensive income after tax attributable to minority	-124,392	-5,679
VII. Total comprehensive income	<u>1,018,705,236</u>	<u>-356,762,937</u>
Total comprehensive income attributable to parent company	<u>911,061,756</u>	<u>-312,068,197</u>
Total comprehensive income attributable to minority	<u>107,643,480</u>	<u>-44,694,740</u>
VIII. EPS:		
(1) Basic EPS (yuan/share)	<u>0.12</u>	<u>-0.045</u>
(2) diluted EPS (yuan/share)	<u>0.12</u>	<u>-0.045</u>

*Legal representative:***Ding Yi***Person in charge of accounting:***Qian Haifan***Person in charge of
accounting institution:***Xing Qunli**

Income Statement of the Parent Company

January-March 2017

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Current period amount	Last period amount
I. Operating income	15,113,920,322	8,254,756,031
minus: Operating cost	13,627,756,862	7,592,374,338
Tax and additional	126,451,247	19,459,538
Sales expenses	89,297,513	70,213,716
Management expenses	226,851,620	217,183,078
Financial expenses	248,794,472	220,054,725
Loss from assets devaluation	88,486,400	470,351,403
plus: gains from fluctuation of fair value ("minus" for loss)	-2,818,905	-844,285
Investment gains ("minus" for loss)	116,010,062	18,770,510
Including: gains from investment on associated enterprises and joint ventures	104,868,274	20,949,033
II. Operating profit ("minus" for loss)	819,473,365	-316,954,542
plus: non-operating income	11,626,591	71,298,494
including: non-current assets disposal gains	3,313	-
minus: non-operating expenditure	112,881	696,848
including: non-current asset disposal loss	18,387	664,714
III. Total profit ("minus" for loss)	830,987,075	-246,352,896
minus: income tax fee	830,987,075	-246,352,896
IV. Net profit ("minus" for net loss)	830,987,075	-246,352,896
V. Total comprehensive income	830,987,075	-246,352,896

Legal representative:

Ding Yi

*Person in charge of
accounting operations:*

Qian Haifan

*Person in charge of
accounting department:*

Xing Qunli

Consolidated Cash Flow Statement

January-March 2017

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit State: non audited

Item	Current period amount	Last period amount
I. Cash flow from operating activities:		
Cash from sales of goods and service supply	15,983,995,933	10,456,038,139
Net increase in financial assets sold for repurchase	—	—
Net increase in customer bank deposits and due to banks and other financial institutions	465,848,133	—
Net decrease in the assets under resale agreements	230,047,000	—
Received interests, handling fees and commission charges	23,623,263	13,004,663
Received tax and fee return	—	116,458,205
Received other cash related to operating activities	106,584,133	134,281,531
Sub-total cash inflow from operating activities	16,810,098,462	11,251,830,487
Cash for purchasing goods and receiving service	12,871,672,206	8,054,075,849
Net decrease in financial assets sold for repurchase	396,922,660	—
Net increase of client credit and advances	-99,850,984	-17,242,619
Net increase of deposit in central bank and interbank	-21,878,372	-504,467,708
Cash paid for interest, handling charges and commission charges	14,082,201	5,850,256
Cash paid to and for employees	1,218,304,990	930,332,158
Paid taxes and fees	676,229,528	319,519,789
Cash paid for other activities related to operation	109,866,782	78,382,736
Subtotal of cash outflow in operating activities	15,165,349,011	8,866,450,461
Net cash inflow generated from operating activities	1,644,749,451	2,385,380,026

Consolidated Cash Flow Statement (Continued)*January-March 2017*

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit State: non audited

Item	Current period amount	Last period amount
II. Cash flow from investment activities:		
Cash from investment gains	20,216,873	12,999,324
Net cash inflow from disposal of fixed assets, intangible assets and other long-term assets	24,513	338,439
Other Cash inflow from investment-related activities	1,550,514	2,557,394
Sub-total of cash inflow of investment activities	21,791,900	15,895,157
Cash paid for buying fixed assets, intangible assets and other long-term assets	326,753,803	504,090,108
Cash paid for investment	1,553,893,199	24,147,243
Net increase of pledged credit	203,753,000	—
Sub-total cash outflow from investment activities	2,084,400,002	885,399,401
Net cash flow produced in investment activities	-2,062,608,102	-869,504,244
III. Cash flow in financial activities:		
Cash from absorbing investment	90,000,000	—
Including : Cash from absorbing minority capital of subsidiary	90,000,000	—
Cash from obtaining borrowings	5,697,846,340	3,528,983,017
Sub-total of cash inflow related to financial activities	5,787,846,340	3,528,983,017
Cash for paying the debts	5,900,885,449	4,445,147,359
Cash paid for dividend or profit distribution, or interest	101,576,237	153,761,170
Including : Dividend or profit paid by the subsidiary to the minority	548,647	—
Sub-total of cash outflow in financial activities	6,002,461,686	4,598,908,529
Net cash flow in financial activities	-214,615,346	-1,069,925,512

Consolidated Cash Flow Statement (Continued)

January-March 2017

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit State: non audited

Item	Current period amount	Last period amount
IV. Influence of exchange rate fluctuation on cash and cash equivalent	<u>-18,432,628</u>	<u>22,848,524</u>
V. Net increase of cash and cash equivalent	<u>-650,906,625</u>	<u>468,798,794</u>
plus: Beginning balance of cash and cash equivalent	<u>3,834,247,326</u>	<u>3,197,996,260</u>
VI. Ending balance of cash and cash equivalent	<u><u>3,183,340,701</u></u>	<u><u>3,666,795,054</u></u>

Legal representative:
Ding Yi

Person in charge of accounting:
Qian Haifan

*Person in charge of
accounting institution:*
Xing Qunli

Consolidated Cash Flow Statement of the Parent Company

January-March 2017

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Current period amount	Last period amount
I. Cash flow from operating activities:		
Cash from sales of goods and supply of service	12,722,041,590	8,408,457,903
Received tax return	–	116,458,205
Received cash related to other operating activities	67,942,900	96,967,221
Sub-total of cash inflow from operating activities	12,789,984,490	8,621,883,329
Cash paid for goods purchasing and receiving service	10,926,293,304	8,490,581,385
Cash paid to and for employees	1,037,980,353	772,657,041
Paid tax and fees	441,073,667	209,792,827
Paid cash to other activities related to operation	109,607,785	78,379,345
Sub-total cash outflow of operating activities	12,514,955,109	9,551,410,598
Net cash flow generated from operating activities	275,029,381	–929,527,269

Consolidated Cash Flow Statement of the Parent Company (Continued)

January-March 2017

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Current period amount	Last period amount
II. Cash flow from investment activities:		
Cash from the gains of the investment	28,698,149	3,997,297
Net cash flow from disposal of fixed assets, intangible assets and other long-term assets	3,813	338,439
Net cash flow from disposal of subsidiary or other operating unit	—	—
Sub-total of cash inflow from investment activities	<u>28,701,962</u>	<u>117,663,718</u>
Cash paid for buying fixed assets, intangible assets and other long-term assets	229,447,243	388,134,501
Cash paid for investment	919,834,019	24,147,243
Net cash outflow for obtaining subsidiary or other operating units	<u>194,124,412</u>	<u>—</u>
Sub-total of cash outflow in investment activities	<u>1,343,405,674</u>	<u>412,281,744</u>
Net cash flow generated in investment activities	<u>-1,314,703,712</u>	<u>-294,618,026</u>

Consolidated Cash Flow Statement of the Parent Company (Continued)

January-March 2017

Established by : Maanshan Iron & Steel Company Limited

Unit: Yuan Currency: RMB Audit state: non audited

Item	Current period amount	Last period amount
III. Cash flow from financial activities:		
Cash from obtaining borrowings	4,190,000,000	3,247,717,477
Sub-total of cash inflow from financial activities	4,190,000,000	<u>3,247,717,477</u>
Cash for paying the debts	3,800,328,501	2,292,611,024
Cash for distributing dividend or profit or paying the interest	137,966,689	<u>150,648,633</u>
Sub-total of cash outflow in financial activities	3,938,295,190	<u>2,443,259,657</u>
Net cash flow produced in financial activities	251,704,810	<u>804,457,820</u>
IV. Influence of exchange rate fluctuation on cash or cash equivalent	-28,042,186	-15,148,548
V. Net increase of cash and cash equivalent	-816,011,707	-434,836,023
plus: Beginning balance of cash and cash equivalent	3,366,317,512	4,140,087,208
VI. Ending balance of cash and cash equivalence	2,550,305,805	3,705,251,185

Legal representative:

Ding Yi

*Person in charge of
accounting operations:*

Qian Haifan

*Person in charge of
accounting department:*

Xing Qunli

4.2 Audit report

Applicable Not Applicable