



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: 323)

**OVERSEAS REGULATORY ANNOUNCEMENT
2008 FIRST QUARTERLY REPORT**

This announcement is made pursuant to rules 13.09(1) and (2) 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 of Directors”), the supervisory committee and 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 jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 Mr. Gu Jianguo, the person-in-charge of the Company, Mr. Su Jiangan, the overseer of accounting operations, and Mr. Guan Yagan, person-in-charge of the Accounting Department, make representations in respect of the truthfulness and completeness of the financial statements contained in the quarterly report.
- 1.3 The financial statements contained in this quarterly report have not been audited, but have been reviewed by the Company’s audit committee. All financial information set out in this quarterly report has been prepared in accordance with PRC Accounting Standards for Business Enterprises.

2. BASIC INFORMATION OF THE COMPANY

2.1 Major accounting data and financial indicators

	<i>Unit: RMB</i>		
	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	73,916,024,078	71,083,141,216	3.99
Shareholders' equity attributable to the shareholders of the Company	23,764,073,134	23,008,970,484	3.28
Net assets per share attributable to shareholders of the Company	3.52	3.40	3.53
	Beginning of the year to the end of the reporting period		Increase/(decrease) as compared to the corresponding period of the previous year (%)
Net cash flow from operating activities	2,043,174,171		601.52
Net cash flow per share from operating activities	0.3023		570.29
	Reporting period	Beginning of the year to the end of the reporting period	Increase/(decrease) of the reporting period as compared to the corresponding period of the previous year (%)
Net profit attributable to the shareholders of the Company	766,911,710	766,911,710	39.75
Basic earnings per share	0.1135	0.1135	33.53
Basic earnings per share excluding non-recurring gains or losses	0.1110	0.1110	33.90
Diluted earnings per share	0.1051	0.1051	34.57
Return on net assets – Fully diluted (%)	3.23	3.23	an increase of 0.72 percentage point
Return on net assets excluding non-recurring gains or losses – Fully diluted (%)	3.16	3.16	an increase of 0.66 percentage point

Non-recurring gains or losses	Amount (from the beginning of the year to the end of the reporting period)
Net gains/losses on disposal of non-current fixed assets	415,684
Subsidy income	16,471,443
Other non-operating income and expenses	(145,577)
Income tax effect	(91,550)
Non-recurring gains or losses attributable to minority shareholders of the Company after excluding the effect of tax expenses	<u>(21,021)</u>
Non-recurring gains or losses attributable to shareholders of the Company after excluding the effect of tax expenses	<u><u>16,628,979</u></u>

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

Unit: Share

Total number of shareholders at the end of the reporting period	As at the end of the reporting period, the Company had a total of 399,728 shareholders, among whom 398,314 were A share holders and 1,414 were H share holders.
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Top ten holders of circulating shares not subject to selling restrictions

Name of shareholders	Number of circulating shares held	Type of shares
HKSCC (Nominees) Limited	1,706,898,997	Overseas-listed foreign shares
上海浦東發展銀行－長信金利趨勢股票型證券投資基金	31,006,243	RMB-denominated ordinary shares
中國建設銀行－鵬華價值優勢股票型證券投資基金	30,999,683	RMB-denominated ordinary shares
中國工商銀行－易方達價值成長混合型證券投資基金	27,542,403	RMB-denominated ordinary shares
中國光大銀行股份有限公司－光大保德信量化核心證券投資	20,552,050	RMB-denominated ordinary shares

Name of shareholders	Number of circulating shares held	Type of shares
招商銀行股份有限公司－上證紅利交易型開放式指數證券投資基金	15,419,985	RMB-denominated ordinary shares
中國工商銀行－諾安價值增長股票證券投資基金	12,445,000	RMB-denominated ordinary shares
中國銀行－景宏證券投資基金	10,099,875	RMB-denominated ordinary shares
中國銀行－嘉實深300指數證券投資基金	9,627,143	RMB-denominated ordinary shares
通用電氣資產管理公司－GEAM信託基金中國A股基金	7,845,492	RMB-denominated ordinary shares

3. SIGNIFICANT MATTERS

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

- During the first quarter this year, the national economy of China maintained stable and rapid growth with steel product prices in the domestic market surging. In late January and early February, southern China was hit by an unprecedented snowstorm and the Company's production operation was severely hampered, reporting output shortfalls of approximately 170,000 tonnes of pig iron, approximately 210,000 tonnes of crude steel and approximately 190,000 tonnes of steel products. The Company endeavoured to overcome the production difficulties brought by the snowstorm and strove to mitigate the adverse impact brought by rising prices of raw materials and fuels, thereby managing to obtain satisfactory results for production operation.

During January-March 2008, the Group produced 3,400,000 tonnes of pig iron, 3,790,000 tonnes of crude steel and 3,470,000 tonnes of steel products (of which the Company produced 3,060,000 tonnes of pig iron, 3,370,000 tonnes of crude steel and 3,070,000 tonnes of steel product), representing year-on-year increases of approximately 33.33%, 32.98% and 33.98%, respectively. During the reporting period, under PRC Accounting Standards for Business Enterprises the Group's operating revenue increased by 77.19% year-on-year and net profit attributable to shareholders of the Company increased by 39.75% year-on-year, primarily due to increases in the sales volume and sales prices of the Company's steel products.

- Items with more than 30% changes as compared to the end of 2007 in the consolidated financial statements and the reasons for such changes:

Account item	Change	Reason for changes
Construction materials	34.20%	Increase in materials used by the Company for construction during the reporting period.
Short-term loans	-44.01%	Decrease in the Company's bills of exchange for imports during the reporting period.
Payroll and benefits payable	-45.52%	The Company's payment of staff salaries and bonuses unpaid as at the end of 2007 during the reporting period.
Dividends payable	-38.34%	The Company's payment of dividends to the parent company during the reporting period.
Exchange fluctuation reserve	30.05%	Change in exchange rates during the reporting period.

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

Account item	Change	Reason for changes
Operating revenue	77.19%	Increases in sales volumes and sales prices of the Company's products during the reporting period.
Operating cost	77.52%	Increase in sales volumes of the Company's products during the reporting period.
Taxes and surcharges	199.31%	Increases in the Company's sales revenue and export tariffs during the reporting period.
Selling expenses	149.36%	Increase in sales volumes of the Company's products during the reporting period.
Financial expenses	267.69%	Conversion of interests into expenses upon completion of the Company's projects and increases in borrowing interest rates during the reporting period.

Account item	Change	Reason for changes
Investment income	305.14%	Increases in profits of the Company's associates and jointly-controlled entities during the reporting period.
Non-operating expenses	-88.50%	Absence of donations for natural disaster aid by the Company during the reporting period.
Income tax expenses	146.40%	Increase in the Company's profit before tax and change in tax rate during the reporting period.
Minority interests	38.15%	Increase in the Company's net profit attributable to minority shareholders for the reporting period.
Net cash flows from operating activities	601.52%	Increase in the Company's product sales revenue during the reporting period.
Net cash flows from investing activities	78.44%	Decrease in the Company's cash paid for acquisition of fixed assets during the reporting period.
Net cash flows from financing activities	-75.67%	Increases in the Company's cash repayments of bank borrowings and cash paid for dividend distribution during the reporting period.
Net cash inflow from cash and cash equivalents	278.95%	Increase in the Company's cash flows from operating activities during the reporting period.

3.2 Undertakings made by the Company, shareholders and the de facto controller and their implementation

As a process of the State Share Reform in 2006, the following special undertakings made by the controlling shareholder, Magang (Group) Holding Company Limited (“Holding”) continued to be effective during the reporting period:

- a) After the implementation of the State Share Reform, the Company’s shares held by Holding will not be listed for trading or transferred within 12 months from the date of obtaining circulation right, and the State-owned shares held by Holding also will not be listed for trading or transferred in the following 24 months. However, so far as it is permitted under the scope of prevailing policies, Holding may carry out incentive stock option plan(s) or share transfer to particular investor(s). Target(s) of the incentive stock option plan(s) should hold the shares for such period as prescribed under the relevant policies and the particular investor(s) should, after acquiring the shares from Holding, continue to hold such transfer for the same period as undertaken by Holding.
- b) Holding pays all the costs and expenses arising from the State Share Reform.

Moreover, Holding makes representations as follows:

- i) If Holding acts in breach of the above undertakings, it will bear the following breach liabilities in accordance with the law: Holding will be liable for making compensation in respect of the direct economic losses suffered by the other shareholders of the Company as a result of Holding’s breach of the above undertakings. Moreover, Holding will, in accordance with the relevant provisions of Chapter 7 “Regulatory Measures and Legal Liabilities” of the Administrative Procedures of the State Share Reform of Listed Companies, accept any punishment imposed by the regulatory authorities such as the China Securities Regulatory Commission and the Shanghai Stock Exchange, and will bear any legal liabilities accordingly.
- ii) Holding will perform its undertakings in a faithful manner and bear any legal liabilities accordingly. Unless the transferee agrees and has the ability to bear the liabilities for the undertakings, Holding will not transfer the shares it held otherwise.

During the reporting period, Holding fully complied with such undertakings.

Save for the afore-mentioned undertakings, there were no undertakings which may incur significant impact on the Company’s operating results and financial position made during, or already made but extending into, the reporting period, by the Company or shareholders holding 5% or more of the Company’s shares.

3.3 Details of securities investments

Unit: RMB

No.	Stock code	Abbreviation	Number of securities held at the end of the reporting period	Initial investment amount	Book value as at the end of the reporting period	Book value as at the beginning of the reporting period	Account category
1	601857	PetroChina	35,000	584,500	602,700	1,083,600	Financial assets held for trading
2	601390	China Railway	33,000	158,400	233,640	379,170	Financial assets held for trading
3	601898	China Coal Energy	12,000	201,960	199,680	–	Financial assets held for trading
4	601186	China Rail Cons	20,000	181,600	195,800	–	Financial assets held for trading
Total				<u>1,126,460</u>	<u>1,231,820</u>	<u>1,462,770</u>	

By order of the Board of Directors
Gu Jianguo
Chairman

29 April 2008

Maanshan City, Anhui Province, the PRC

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

Gu Jianguo, Gu Zhanggen, Su Jiangang, Zhao Jianming, Gao Haijian, Hui Zhigang, Wong Chun Wa, Su Yong*, Hui Leung Wah*, Han Yi**

* *Independent Non-executive Directors*

4. APPENDIX

A. Unaudited 2008 first quarterly financial statements of Maanshan Iron & Steel Company Limited

Maanshan Iron & Steel Company Limited Consolidated Balance Sheet

(Prepared under PRC Accounting Standards for Business Enterprises)

31 March 2008

Unit: RMB

Assets	31 March 2008 (Unaudited)	31 December 2007 (Audited)
Current assets:		
Cash and balances with financial institutions	8,099,811,705	6,291,957,508
Financial assets held for trading	1,231,820	1,462,770
Bills receivable	3,588,528,921	4,194,297,474
Trade receivables	820,268,638	1,015,376,154
Prepayments	1,762,311,877	1,672,056,969
Other receivables	311,963,243	256,438,362
Inventories	11,651,988,168	9,626,168,900
Total current assets	26,236,104,372	23,057,758,137
Non-current assets:		
Held-to-maturity investment	5,598,870	5,598,870
Long-term equity investments	852,174,079	785,948,790
Investment properties	1,205,850	1,240,303
Fixed assets	40,272,414,581	41,315,357,426
Construction materials	685,575,514	510,853,043
Construction-in-progress	3,937,754,885	3,510,645,084
Intangible assets	1,666,433,757	1,636,977,393
Deferred tax assets	258,762,170	258,762,170
Total non-current assets	47,679,919,706	48,025,383,079
Total assets	73,916,024,078	71,083,141,216

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet (Cont'd)
(Prepared under PRC Accounting Standards for Business Enterprises)
31 March 2008
Unit: RMB

Liabilities and shareholders' equity	31 March 2008 (Unaudited)	31 December 2007 (Audited)
Current liabilities:		
Short-term loans	707,976,402	1,264,495,217
Bills payable	2,114,390,847	1,790,845,160
Short-term commercial papers	2,000,000,000	2,000,000,000
Accounts payable	8,790,004,136	7,681,705,904
Deposits received	6,894,582,251	6,629,640,409
Payroll and benefits payable	186,231,349	341,844,965
Taxes payable	636,209,229	609,688,494
Interests payable	82,967,344	80,523,220
Dividends payable	803,834,963	1,303,757,138
Other payables	858,336,469	929,909,300
Non-current liabilities due within one year	<u>2,124,980,556</u>	<u>2,817,346,333</u>
Total current liabilities	<u>25,199,513,546</u>	<u>25,449,756,140</u>
Non-current liabilities:		
Long-term loans	18,808,141,306	16,577,951,605
Bonds payable	4,840,084,496	4,828,761,588
Deffered income	576,554,324	590,425,767
Deferred tax liabilities	168,275,911	168,275,911
Other non-current liabilities	<u>12,485,032</u>	<u>12,485,032</u>
Total non-current liabilities	<u>24,405,541,069</u>	<u>22,177,899,903</u>
Total liabilities	<u>49,605,054,615</u>	<u>47,627,656,043</u>
Shareholders' equity		
Share capital	6,758,551,716	6,758,551,716
Capital reserve	6,056,692,904	6,056,692,904
Surplus reserves	2,901,562,765	2,901,562,765
Retained profits	8,034,742,367	7,282,533,393
including: cash dividend proposed by directors	878,611,723	878,611,723
Exchange fluctuation reserve	<u>12,523,382</u>	<u>9,629,706</u>
Equity attributable to equity holders of the parent	23,764,073,134	23,008,970,484
Minority interests	<u>546,896,329</u>	<u>446,514,689</u>
Total shareholders' equity	<u>24,310,969,463</u>	<u>23,455,485,173</u>
Total liabilities and shareholders' equity	<u><u>73,916,024,078</u></u>	<u><u>71,083,141,216</u></u>

Maanshan Iron & Steel Company Limited
Consolidated Income Statement
(Prepared under PRC Accounting Standards for Business Enterprises)
Three Months Ended 31 March 2008
Unit: RMB

	January to March 2008 (Unaudited)	January to March 2007 (Unaudited)
Revenue	17,618,219,420	9,943,275,661
Less: Cost of sales	15,726,327,710	8,859,051,598
Taxes and surcharges	183,219,787	61,214,238
Selling expenses	138,537,924	55,557,329
Administrative expenses	213,947,793	217,549,283
Financial expenses	375,209,452	102,044,633
Assets impairment losses	-	-
Add: Gains/losses on fair value changes	(614,510)	-
Investment income	80,928,025	19,975,140
including: share of profits of associates and a jointly controlled entity	66,225,289	19,975,140
Operating profit	1,061,290,269	667,833,720
Add: Non-operating income	16,887,620	15,263,661
Less: Non-operating expenses	146,069	1,269,720
including: loss on disposal of non-current assets	-	-
Profit before tax	1,078,031,820	681,827,661
Less: Income tax	289,831,370	117,627,502
Net profit	788,200,450	564,200,159
Attributable to:		
Equity holders of the parent	766,911,710	548,790,623
Minority interests	21,288,740	15,409,536
Earnings per share:		
Basic	11.35 cents	8.50 cents
Diluted	10.51 cents	7.81 cents

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement
(Prepared under PRC Accounting Standards for Business Enterprises)
Three Months Ended 31 March 2008
Unit: RMB

	January to March 2008 (Unaudited)	January to March 2007 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	22,233,711,484	10,520,880,462
Refunds of taxes	-	75,684
Cash received relating to other operating activities	<u>215,652,200</u>	<u>64,429,617</u>
Sub-total of cash inflows	<u>22,449,363,684</u>	<u>10,585,385,763</u>
Cash paid for goods and services	(18,093,778,770)	(8,901,852,970)
Cash paid to and on behalf of employees	(658,234,721)	(439,914,596)
Cash paid for all taxes	(1,328,520,735)	(760,048,044)
Cash paid relating to other operating activities	<u>(325,655,287)</u>	<u>(192,320,731)</u>
Sub-total of cash outflows	<u>(20,406,189,513)</u>	<u>(10,294,136,341)</u>
Net cash flows from operating activities	<u>2,043,174,171</u>	<u>291,249,422</u>
2. Cash flows from investing activities:		
Cash received from disposal of investments	-	-
Cash received from returns of investments	-	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,509,665	2,222,888
Cash received relating to other investing activities	<u>-</u>	<u>-</u>
Sub-total of cash inflows	<u>4,509,665</u>	<u>2,222,888</u>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(742,467,107)	(3,424,931,326)
Cash paid for acquisitions of investments	<u>-</u>	<u>-</u>
Sub-total of cash outflows	<u>(742,467,107)</u>	<u>(3,424,931,326)</u>
Net cash flows from investing activities	<u>(737,957,442)</u>	<u>(3,422,708,438)</u>

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement (Cont'd)
(Prepared under PRC Accounting Standards for Business Enterprises)
Three Months Ended 31 March 2008
Unit: RMB

	January to March 2008 (Unaudited)	January to March 2007 (Unaudited)
3. Cash flows from financing activities:		
Cash received from capital contribution	–	–
Cash received from borrowings	<u>3,936,879,484</u>	<u>3,900,000,000</u>
Sub-total of cash inflows	<u>3,936,879,484</u>	<u>3,900,000,000</u>
Cash repayments of borrowings	<u>(2,685,778,131)</u>	(1,492,000,000)
Cash paid for distribution of dividend of profits and for interest expenses	<u>(736,774,726)</u>	(229,275,299)
Cash paid relating to other financing activities	<u>–</u>	<u>(64,350,000)</u>
Sub-total of cash outflows	<u>(3,422,552,857)</u>	<u>(1,785,625,299)</u>
Net cash flows from financing activities	<u>514,326,627</u>	<u>2,114,374,701</u>
4. Effect of foreign exchange rate changes on cash	<u>(11,689,159)</u>	<u>6,804,898</u>
5. Net increase in cash and cash equivalents	<u>1,807,854,197</u>	<u>(1,010,279,417)</u>
Add: Balancing of cash and cash equivalents at the beginning of the reporting period	<u>6,291,957,508</u>	4,160,704,714
6. Balance of cash and cash equivalents at the end of the reporting period	<u><u>8,099,811,705</u></u>	<u><u>3,150,425,297</u></u>

Maanshan Iron & Steel Company Limited
Balance Sheet
(Prepared under PRC Accounting Standards for Business Enterprises)
31 March 2008
Unit: RMB

Assets	31 March 2008 (Unaudited)	31 December 2007 (Audited)
Current assets:		
Cash and balances with financial institutions	4,956,276,799	3,665,369,814
Financial assets held for trading	1,231,820	1,462,770
Bills receivable	2,880,368,643	3,667,209,079
Trade receivables	1,191,587,373	1,554,054,832
Prepayments	1,368,126,602	1,576,389,197
Other receivables	52,747,506	63,496,847
Inventories	<u>10,020,529,443</u>	<u>8,314,475,335</u>
Total current assets	<u>20,470,868,186</u>	<u>18,842,457,874</u>
Non-current assets:		
Held-to-maturity investment	5,598,870	5,598,870
Long-term equity investments	1,931,812,584	1,667,922,886
Investment properties	19,179,729	19,214,182
Fixed assets	38,666,368,739	39,741,473,656
Construction materials	543,583,898	432,590,795
Construction-in-progress	3,735,342,603	3,360,315,305
Intangible assets	1,247,202,537	1,214,768,182
Deferred tax assets	<u>258,324,901</u>	<u>258,324,901</u>
Total non-current assets	<u>46,407,413,861</u>	<u>46,700,208,777</u>
Total assets	<u><u>66,878,282,047</u></u>	<u><u>65,542,666,651</u></u>

Maanshan Iron & Steel Company Limited
Balance Sheet (Cont'd)
(Prepared under PRC Accounting Standards for Business Enterprises)
31 March 2008
Unit: RMB

Liabilities and shareholders' equity	31 March 2008 (Unaudited)	31 December 2007 (Audited)
Current liabilities:		
Short-term loans	200,000,000	200,000,000
Bills payable	–	63,000,000
Short-term commercial papers	2,000,000,000	2,000,000,000
Accounts payable	6,807,693,453	7,633,708,228
Deposits received	5,882,971,255	5,456,620,794
Payroll and benefits payable	133,075,757	297,925,673
Taxes payable	592,482,201	529,786,745
Interests payable	82,722,331	80,432,389
Dividends payable	803,834,963	1,303,757,138
Other payables	797,302,693	730,183,167
Non-current liabilities due within one year	<u>2,124,980,556</u>	<u>2,809,660,000</u>
Total current liabilities	<u>19,425,063,209</u>	<u>21,105,074,134</u>
Non-current liabilities:		
Long-term loans	18,785,982,522	16,563,408,200
Bonds payable	4,840,084,496	4,828,761,588
Deffered income	576,554,324	590,425,767
Deferred tax liabilities	167,989,571	167,989,571
Other non-current liabilities	<u>12,485,033</u>	<u>12,485,033</u>
Total non-current liabilities	<u>24,383,095,946</u>	<u>22,163,070,159</u>
Total liabilities	<u>43,808,159,155</u>	<u>43,268,144,293</u>
Shareholders' equity		
Share capital	6,758,551,716	6,758,551,716
Capital reserve	6,056,692,904	6,056,692,904
Surplus reserves	2,777,851,769	2,777,851,769
Retained profits	7,477,026,503	6,681,425,969
including: cash dividend proposed by directors	<u>878,611,723</u>	<u>878,611,723</u>
Total shareholders' equity	<u>23,070,122,892</u>	<u>22,274,522,358</u>
Total liabilities and shareholders' equity	<u><u>66,878,282,047</u></u>	<u><u>65,542,666,651</u></u>

Maanshan Iron & Steel Company Limited

Income Statement

(Prepared under PRC Accounting Standards for Business Enterprises)

Three Months Ended 31 March 2008

Unit: RMB

	January to March 2008 (Unaudited)	January to March 2007 (Unaudited)
Revenue	17,666,564,594	9,981,849,903
Less: Cost of sales	15,880,153,492	9,018,970,315
Taxes and surcharges	175,707,563	54,556,522
Selling expenses	134,329,272	51,936,513
Administrative expenses	169,082,089	187,218,889
Financial expenses	329,047,747	86,553,542
Assets impairment losses	-	-
Add: Gains/losses on fair value changes	(614,510)	-
Investment income	66,509,698	20,218,912
including: share of profits of associates and a jointly controlled entity	66,509,698	20,218,912
Operating profit	1,044,139,619	602,833,034
Add: Non-operating income	16,763,915	14,924,625
Less: Non-operating expenses	102,822	1,171,695
including: loss on disposal of non-current assets	-	-
Profit before tax	1,060,800,712	616,585,964
Less: Income tax	265,200,178	98,190,737
Net profit	<u>795,600,534</u>	<u>518,395,227</u>
Earnings per share:		
Basic	<u>11.77 cents</u>	<u>8.03 cents</u>
Diluted	<u>10.90 cents</u>	<u>7.37 cents</u>

Maanshan Iron & Steel Company Limited

Cash Flow Statement

(Prepared under PRC Accounting Standards for Business Enterprises)

Three Months Ended 31 March 2008

Unit: RMB

	January to March 2008 (Unaudited)	January to March 2007 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	17,734,549,036	10,905,733,601
Cash received relating to other operating activities	<u>203,462,165</u>	<u>11,965,816</u>
Sub-total of cash inflows	<u>17,938,011,201</u>	<u>10,917,699,417</u>
Cash paid for goods and services	(14,400,424,993)	(9,365,322,705)
Cash paid to and on behalf of employees	(603,055,304)	(424,392,937)
Cash paid for all taxes	(1,207,065,743)	(739,646,032)
Cash paid relating to other operating activities	<u>(385,174,003)</u>	<u>(177,102,130)</u>
Sub-total of cash outflows	<u>(16,595,720,043)</u>	<u>(10,706,463,804)</u>
Net cash flows from operating activities	<u>1,342,291,158</u>	<u>211,235,613</u>
2. Cash flows from investing activities:		
Cash received from disposal of investments	—	—
Cash received from returns of investments	—	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,509,664	2,222,888
Cash received relating to other investing activities	<u>—</u>	<u>—</u>
Sub-total of cash inflows	<u>4,509,664</u>	<u>2,222,888</u>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(560,250,539)	(3,419,205,642)
Cash paid for acquisitions of investments	<u>—</u>	<u>—</u>
Sub-total of cash outflows	<u>(560,250,539)</u>	<u>(3,419,205,642)</u>
Net cash flows from investing activities	<u>(555,740,875)</u>	<u>(3,416,982,754)</u>

Maanshan Iron & Steel Company Limited
Cash Flow Statement (Cont'd)
(Prepared under PRC Accounting Standards for Business Enterprises)
Three Months Ended 31 March 2008
Unit: RMB

	January to March 2008 (Unaudited)	January to March 2007 (Unaudited)
3. Cash flows from financing activities:		
Cash received from capital contribution	–	–
Cash received from borrowings	<u>3,936,879,484</u>	<u>3,900,000,000</u>
Sub-total of cash inflows	<u>3,936,879,484</u>	<u>3,900,000,000</u>
Cash repayments of borrowings	<u>(2,685,778,131)</u>	<u>(1,492,000,000)</u>
Cash paid for distribution of dividend of profits and for interest expenses	<u>(736,774,726)</u>	<u>(229,275,299)</u>
Cash paid relating to other financing activities	–	(64,350,000)
Sub-total of cash outflows	<u>(3,422,552,857)</u>	<u>(1,785,625,299)</u>
Net cash flows from financing activities	<u>514,326,627</u>	<u>2,114,374,701</u>
4. Effect of foreign exchange rate changes on cash	<u>(9,969,925)</u>	<u>(676,301)</u>
5. Net increase in cash and cash equivalents	<u>1,290,906,985</u>	<u>(1,092,048,741)</u>
Add: Balancing of cash and cash equivalents at the beginning of the reporting period	<u>3,665,369,814</u>	<u>2,808,993,288</u>
6. Balance of cash and cash equivalents at the end of the reporting period	<u><u>4,956,276,799</u></u>	<u><u>1,716,944,547</u></u>