



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)

**PRICE-SENSITIVE INFORMATION/
OVERSEAS REGULATORY ANNOUNCEMENT**

2009 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 NOTICE

- 1.1 The board of directors (the “Board of Directors”), the supervisory committee, the directors, the supervisors and senior management members of Maanshan Iron & Steel Company Limited (the “Company”) warrant that there are no false representations and 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 Mr. Gu Jianguo, the person-in-charge of the Company, Mr. Su Jiangang, the overseer of accounting operations, and Mr. Guan Yagang, person-in-charge of the Accounting Department, make representations in respect of the truthfulness and completeness of the financial reports contained in this quarterly report.
- 1.3 The financial statements contained in this quarterly report have been prepared in accordance with PRC Accounting Standards for Business Enterprises. They have not been audited, but have been reviewed by the Audit Committee of the Board of Directors of the Company.

2. BASIC INFORMATION OF THE COMPANY

2.1 Major accounting data and financial indicators (unaudited)

	<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	66,319,959,953	66,144,555,642	0.27
Shareholders' equity attributable to shareholders of the Company	25,094,882,229	26,006,983,163	-3.51
Net assets per share attributable to shareholders of the Company	3.26	3.38	-3.55
	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 flows from operating activities	626,380,644		-69.34
Net cash flows per share from operating activities	0.0813		-73.11
	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	(898,620,183)	(898,620,183)	-217.17
Basic earnings per share	(0.1135)	(0.1135)	-200.00
Basic earnings per share excluding non-recurring gains or losses	(0.1198)	(0.1198)	-207.93
Diluted earnings per share	Not applicable	Not applicable	Not applicable
Return on net assets – Fully diluted (%)	(3.58)	(3.58)	-6.81
Return on net assets excluding non-recurring gains or losses – Fully diluted (%)	(3.68)	(3.68)	-6.84

Item of 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	41,474
Subsidy income	7,854,380
Recognition of deferred income	16,756,191
Gains or losses on changes in fair value	57,780
Other non-operating income and expenses	(175,687)
Income tax effect	(18,605)
Non-recurring gains or losses attributable to minority shareholders of the Company after excluding the effect of tax expenses	<u>409,914</u>
Non-recurring gains or losses attributable to shareholders of the Company after excluding the effect of tax expenses	<u><u>24,142,829</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 are not subject to selling restrictions)

Unit: Share

Total number of shareholders at the end of the reporting period	403,094
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Shareholding of the top ten holders of circulating shares that are not subject to selling restrictions

Name of shareholder	Number of circulating shares held	Type of shares
HKSCC (Nominees) Limited	1,703,644,997	Overseas-listed foreign shares
中國建設銀行－鵬華價值優勢股票型證券投資基金	56,998,705	RMB-denominated ordinary shares
中國工商銀行－南方成份精選股票型證券投資基金	34,499,984	RMB-denominated ordinary shares
中國建設銀行－上投摩根中國優勢證券投資基金	24,975,255	RMB-denominated ordinary shares
興業銀行股份有限公司－興業趨勢投資混合型證券投資基金	24,000,000	RMB-denominated ordinary shares
中國銀行－泰達荷銀行業精選證券投資基金	23,903,741	RMB-denominated ordinary shares

Name of shareholder	Number of circulating shares held	Type of shares
中國工商銀行－諾安股票證券投資基金	21,191,238	RMB-denominated ordinary shares
中國建設銀行－工銀瑞信紅利股票型證券投資基金	19,999,994	RMB-denominated ordinary shares
中國工商銀行－招商核心價值混合型證券投資基金	19,999,904	RMB-denominated ordinary shares
中國銀行－嘉實穩健開放式證券投資基金	18,499,954	RMB-denominated ordinary shares

3. SIGNIFICANT MATTERS

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

In the first quarter of 2009, the demand for steel products in the international and domestic markets continued to weaken significantly and therefore, iron and steel enterprises faced a tougher situation with respect to their production and operation. On the one hand, the exports of steel products met severe restrictions, leading to a significant decrease in export volume. On the other hand, domestic sales of steel products became difficult and prices of steel products have dropped substantially since 6 February. Accordingly, the Company adopted a series of measures that focused on strengthening research-production-sales and reduced costs, dedicating a lot of conscientious efforts and hard work in all aspects including procurement, research and development, production, management and sales so as to increase income and reduce expenses. However, as the rate of decreases in prices of steel product far exceeded the rate of decreases in product costs, the Company incurred a loss in its production and operation.

From January to March 2009, the Company and its subsidiaries (the “Group”) produced 3,260,000 tonnes of pig iron, 3,440,000 tonnes of crude steel and 3,240,000 tonnes of steel products (among which the Company produced 2,950,000 tonnes of pig iron, 3,070,000 tonnes of crude steel and 2,870,000 tonnes of steel products), representing year-on-year decreases of approximately 4.12%, 9.23% and 6.63% respectively. During the reporting period, under PRC Accounting Standards for Business Enterprises, the Group’s operating revenue decreased by 34.33% year-on-year and net profit attributable to shareholders of the Company decreased by 217.17% year-on-year, primarily due to significant decreases in sales prices of steel products of the Company.

- Items with more than 30% changes as compared to the end of 2008 in the consolidated financial statements and the reasons for such changes:

Account item	Change	Reason for changes
Bills receivable	+55.40%	Decrease in the amount of bills discounted during the reporting period.
Other receivables	-62.60%	Decrease in prepayments of customs import taxes during the reporting period.
Bills payable	+200.25%	Increase in settlements by bills during the reporting period.
Taxes payable	-148.46%	Output VAT was less than input VAT and income tax decreased during the reporting period.
Interest payable	-51.21%	Decrease in unpaid interest payable 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	-34.33%	Decrease in sales prices of products during the reporting period.
Taxes and surcharges	-85.51%	Decreases in operating revenues and export tariffs during the reporting period.
Gains on changes in fair value	+109.40%	Increase in prices of the shares held by the Company during the reporting period.
Investment income	-52.35%	Decrease in the Company's share of profits from associates and jointly-controlled entity during the reporting period.
Non-operating income	+46.02%	Increase in government subsidies received during the reporting period.
Income tax expense	-97.66%	Decrease in profit before tax during the reporting period.
Minority interests	-75.01%	Decrease in profit before tax of certain non-wholly owned subsidiaries during the reporting period.
Net cash flows from operating activities	-69.34%	Decrease in cash received from sales due to decreases in sales prices of products during the reporting period.

Account item	Change	Reason for changes
Net cash flows from investing activities	+43.97%	Decrease in cash paid for acquisition and construction of fixed assets during the reporting period.
Net cash flows from financing activities	+103.94%	Increase in loans during the reporting period.

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

- In the process of 2006 State Share Reform, the following special undertakings made by Magang (Group) Holding Company Limited (“Holding”), the controlling shareholder, 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 listing, 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:

- (a) 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 (the “SSE”), and will bear any legal liabilities accordingly.

- (b) 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 complied fully with such undertakings.

- Holding acquired 13,760,000 A shares of the Company for the first time via the trading system of the SSE on 12 September 2008, representing 0.2% of the then issued share capital of the Company. Meanwhile, Holding undertook that: It would continue to acquire A shares of the Company via the trading system of the SSE within 12 months from the date of the Company's first time to increase in holding of shares (i.e. 12 September 2008). The accumulated acquisition ratio would not exceed 2% of the total share capital of the Company (i.e. the then issued share capital of the Company) (including the shares acquired that time) and that it would not sell the shares of the Company it held during the implementation of the continuous acquisition plan and during the statutory period.

As at 31 December 2008, Holding acquired a total 55,857,927 A shares of the Company, representing 0.73% of the issued share capital of the Company during the first acquisition. Such number of shares did not exceed 2% of the issued share capital of the Company during the first acquisition. Nor did Holding sell the shares of the Company it held.

During the reporting period, Holding complied fully 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 during the reporting period, and no extension of shares lock-up undertakings was reported.

3.3 Securities investments

Unit: RMB

Item no.	Securities Code	Abbreviation	Number of shares held at the end of the reporting period	Initial Investment amount	Book value at the end of the reporting period	Book value at the beginning of the reporting period	Item category in accounting
1	601857	PetroChina	35,000	584,500	399,350	355,950	Held-for-trading financial assets
2	601390	China Railway Group	33,000	158,400	179,520	178,860	Held-for-trading financial assets
3	601898	China Coal Energy	12,000	201,960	104,160	77,640	Held-for-trading financial assets
4	601186	China Railway Construction Corporation Limited	20,000	181,600	188,000	200,800	Held-for-trading financial assets
Total				<u>1,126,460</u>	<u>871,030</u>	<u>813,250</u>	

3.4 Implementation of the cash dividend distribution policy during the reporting period

The “Amendments to the Articles of Association of Maanshan Iron & Steel Company Limited” was considered and approved by the Board of Directors of the Company at the meeting held on 28 April 2009, whereby it was unequivocally determined that the Company shall maintain a consistent and steady cash dividend distribution policy. Such amendments will be submitted for consideration to the annual general meeting which will be held on 16 June 2009.

By Order of the Board of Directors

Gu Jianguo

Chairman

28 April 2009

Maanshan City, Anhui Province, the PRC

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

Executive Directors: Gu Jianguo, Su Jiangang, Gao Haijian, Hui Zhigang

Non-executive Director: Zhao Jianming

Independent Non-executive Directors: Wong Chun Wa, Su Yong, Hui Leung Wah, Han Yi

4 APPENDIX:

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet

(Prepared under the PRC Accounting Standards for Business Enterprises)

31 March 2009

Unit: RMB

Assets	31 March 2009 (Unaudited)	31 December 2008 (Audited)
Current Assets		
Cash and balances with financial institutions	7,233,108,181	5,951,087,213
Financial assets held for trading	871,030	813,250
Bills receivable	1,969,332,263	1,267,254,719
Trade receivables	788,495,253	626,727,102
Prepayments	1,128,432,193	1,107,261,236
Other receivables	163,247,832	436,494,366
Inventories	8,810,102,700	9,848,058,341
Non-current assets due within one year	2,938,870	2,938,870
Total current assets	20,096,528,322	19,240,635,097
Non-current Assets:		
Long-term equity investments	948,664,763	909,160,061
Investment properties	1,171,397	1,205,850
Fixed assets	40,177,408,041	40,769,495,822
Construction materials	554,055,949	476,672,223
Construction in progress	2,087,644,133	2,277,918,588
Intangible assets	1,836,287,849	1,850,539,277
Deferred tax assets	618,199,499	618,928,724
Total non-current assets	46,223,431,631	46,903,920,545
Total Assets	66,319,959,953	66,144,555,642

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet (Cont'd)
(Prepared under the PRC Accounting Standards for Business Enterprises)
31 March 2009
Unit: RMB

	31 March 2009	31 December 2008
Liabilities and Shareholders' Equity	(Unaudited)	(Audited)
Current Liabilities:		
Short-term loans	1,390,868,697	1,154,000,000
Bills payable	3,149,951,067	1,049,125,831
Accounts payable	6,291,518,265	7,525,140,482
Deposits received	5,271,415,438	5,615,976,320
Payroll and benefits payable	164,955,060	197,384,329
Taxes payable	(323,130,088)	666,749,301
Interests payable	21,514,990	44,099,563
Dividends payable	1,101,630,638	1,101,575,013
Other payables	790,863,850	802,838,050
Non-current liabilities due within one year	<u>207,463,772</u>	<u>223,579,337</u>
Total current liabilities	<u>18,067,051,689</u>	<u>18,380,468,226</u>
Non-current Liabilities:		
Long-term loans	16,971,714,971	15,666,296,218
Bonds payable	5,055,334,044	4,992,975,444
Deferred income	561,220,705	563,549,396
Deferred tax liabilities	6,678,903	6,678,903
Other non-current liabilities	<u>7,485,033</u>	<u>7,485,033</u>
Total non-current liabilities	<u>22,602,433,656</u>	<u>21,236,984,994</u>
Total liabilities	<u>40,669,485,345</u>	<u>39,617,453,220</u>
Shareholders' Equity:		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	3,008,523,500	3,008,523,500
Retained profits	6,108,575,102	7,007,195,285
Exchange fluctuation reserve	<u>(61,255,958)</u>	<u>(47,775,207)</u>
Equity attributable to equity holders of the parent	<u>25,094,882,229</u>	<u>26,006,983,163</u>
Minority interests	<u>555,592,379</u>	<u>520,119,259</u>
Total shareholder's equity	<u>25,650,474,608</u>	<u>26,527,102,422</u>
Total Liabilities and Shareholders' Equity	<u>66,319,959,953</u>	<u>66,144,555,642</u>

Maanshan Iron & Steel Company Limited

Consolidated Income Statement

(Prepared under the PRC Accounting Standards for Business Enterprises)

Three Months Ended 31 March 2009

Unit: RMB

	January-March 2009 (Unaudited)	January-March 2008 (Unaudited)
Operating revenue	11,531,083,575	17,558,219,420
Less: Cost of sales	11,901,631,985	15,726,327,710
Taxes and surcharges	26,548,999	183,219,787
Selling expenses	62,366,538	78,537,924
Administrative expenses	220,069,072	213,947,793
Financial expenses	270,073,807	375,209,452
Assets impairment losses	-	-
Add: Gain/(loss) on changes in fair value	57,780	(614,510)
Investment income	38,561,543	80,928,025
including: share of profits of associates and a jointly controlled entity	30,504,702	66,225,289
Operating profit	(910,987,503)	1,061,290,269
Add: Non-operating income	24,659,973	16,887,620
Less: Non-operating expenses	182,065	146,069
including: net loss on disposal of non-current assets	-	-
Profit before tax	(886,509,595)	1,078,031,820
Less: Income tax	6,790,204	289,831,370
Net profit	<u>(893,299,799)</u>	<u>788,200,450</u>
including: Attributable to equity holders of the parent	(898,620,183)	766,911,710
Minority interests	<u>5,320,384</u>	<u>21,288,740</u>
Earnings per Share:		
Basic	<u>(11.35) cents</u>	<u>11.35 cents</u>
Diluted	<u>Not applicable</u>	<u>10.51 cents</u>

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement
(Prepared under the PRC Accounting Standards for Business Enterprises)
Three Months Ended 31 March 2009
Unit: RMB

	January-March 2009 (Unaudited)	January-March 2008 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	12,627,464,087	22,233,711,484
Cash received relating to other operating activities	41,225,023	215,652,200
	<u>12,668,689,110</u>	<u>22,449,363,684</u>
Sub-total of cash inflows		
Cash paid for goods and services	(10,179,992,073)	(18,093,778,770)
Cash paid to and on behalf of employees	(507,555,323)	(658,234,721)
Cash paid for all taxes	(1,068,452,351)	(1,328,520,735)
Cash paid relating to other operating activities	(286,308,719)	(325,655,287)
	<u>(12,042,308,466)</u>	<u>(20,406,189,513)</u>
Sub-total of cash outflows		
Net cash flows from operating activities	<u>626,380,644</u>	<u>2,043,174,171</u>
2. Cash flows from investing activities:		
Cash received from returns on investments	8,056,841	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	93,095	4,509,665
	<u>8,149,936</u>	<u>4,509,665</u>
Sub-total of cash inflows		
Cash paid for acquisitions and construction of fixed assets, intangible assets and other long-term assets	(380,204,272)	(742,467,107)
Cash paid for investments	(41,391,512)	–
	<u>(421,595,784)</u>	<u>(742,467,107)</u>
Sub-total of cash outflows		
Net cash flows from investing activities	<u>(413,445,848)</u>	<u>(737,957,442)</u>

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement *(Cont'd)*
(Prepared under the PRC Accounting Standards for Business Enterprises)
Three Months Ended 31 March 2009
Unit: RMB

	January-March 2009 (Unaudited)	January-March 2008 (Unaudited)
3. Cash flows from financing activities:		
Cash received from borrowings	<u>6,289,008,000</u>	<u>3,936,879,484</u>
Sub-total of cash inflows	<u>6,289,008,000</u>	<u>3,936,879,484</u>
Cash repayments of borrowings	<u>(5,021,292,600)</u>	<u>(2,685,778,131)</u>
Cash paid for distribution of dividend or profits and for interest expenses	<u>(218,772,733)</u>	<u>(736,774,726)</u>
Sub-total of cash outflows	<u>(5,240,065,333)</u>	<u>(3,422,552,857)</u>
Net cash flows from financing activities	<u>1,048,942,667</u>	<u>514,326,627</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>20,143,505</u>	<u>(11,689,159)</u>
5. Net increase in cash and cash equivalents	<u>1,282,020,968</u>	<u>1,807,854,197</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>5,951,087,213</u>	<u>6,291,957,508</u>
6. Balance of cash and cash equivalents at end of period	<u><u>7,233,108,181</u></u>	<u><u>8,099,811,705</u></u>

Maanshan Iron & Steel Company Limited

Balance Sheet

(Prepared under the PRC Accounting Standards for Business Enterprises)

31 March 2009

Unit: RMB

	31 March 2009	31 December 2008
Assets	(Unaudited)	(Audited)
Current Assets:		
Cash and balances with financial institutions	4,699,476,988	4,368,314,406
Financial assets held for trading	871,030	813,250
Bills receivable	2,069,406,076	1,180,972,207
Trade receivables	1,121,796,577	840,021,187
Prepayments	1,292,738,160	1,573,542,503
Other receivables	27,938,423	48,206,022
Inventories	7,702,727,924	8,991,015,193
Non-current assets due within one year	2,938,870	2,938,870
Total current assets	16,917,894,048	17,005,823,638
Non-current Assets:		
Long-term equity investments	2,080,203,293	2,018,118,616
Investment properties	18,774,680	18,809,133
Fixed assets	38,306,324,363	38,877,703,976
Construction materials	491,635,585	434,169,176
Construction in progress	1,840,660,156	2,138,731,681
Intangible assets	1,261,964,019	1,269,925,611
Deferred tax assets	603,267,351	603,267,351
Total non-current assets	44,602,829,447	45,360,725,544
Total Assets	61,520,723,495	62,366,549,182

Maanshan Iron & Steel Company Limited**Balance Sheet (Cont'd)***(Prepared under the PRC Accounting Standards for Business Enterprises)**31 March 2009**Unit: RMB*

	31 March 2009	31 December 2008
Liabilities and Shareholders' Equity	(Unaudited)	(Audited)
Current Liabilities		
Short-term loans	388,000,000	630,000,000
Bills payable	1,389,055,269	20,000,000
Accounts payable	6,228,220,161	6,917,042,896
Deposits received	4,581,601,363	5,212,997,409
Payroll and benefits payable	90,489,566	136,423,372
Taxes payable	(315,517,167)	650,199,891
Interests payable	21,316,858	43,853,466
Dividends payable	1,101,630,638	1,101,575,013
Other payables	697,552,865	734,772,103
Non-current liabilities due within one year	200,000,000	216,000,000
Total current liabilities	<u>14,382,349,553</u>	<u>15,662,864,150</u>
Non-current Liabilities:		
Long-term loans	16,961,157,167	15,654,324,200
Bonds payable	5,055,334,044	4,992,975,444
Deferred income	545,748,205	562,504,397
Other non-current liabilities	7,485,033	7,485,033
Total non-current liabilities	<u>22,569,724,449</u>	<u>21,217,289,074</u>
Total liabilities	<u>36,952,074,002</u>	<u>36,880,153,224</u>
Shareholders' Equity:		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	2,864,520,805	2,864,520,805
Retained profits	5,665,089,103	6,582,835,568
Total shareholders' equity	<u>24,568,649,493</u>	<u>25,486,395,958</u>
Total Liabilities and Shareholders' Equity	<u><u>61,520,723,495</u></u>	<u><u>62,366,549,182</u></u>

Maanshan Iron & Steel Company Limited

Income Statement

(Prepared under the PRC Accounting Standards for Business Enterprises)

Three Months Ended 31 March 2009

Unit: RMB

	January-March 2009 (Unaudited)	January-March 2008 (Unaudited)
Operating revenue	12,154,417,540	17,606,564,594
Less: Cost of sales	12,620,818,078	15,880,153,492
Taxes and surcharges	21,362,095	175,707,563
Selling expenses	58,855,544	74,329,272
Administrative expenses	174,939,984	169,082,089
Financial expenses	257,935,189	329,047,747
Assets impairment losses	-	-
Add: Gain/(loss) on changes in fair value	57,780	(614,510)
Investment income	38,752,804	66,509,698
including: share of profits of associates and a jointly controlled entity	30,695,963	66,509,698
Operating profit	(940,682,766)	1,044,139,619
Add: Non-operating income	23,108,183	16,763,915
Less: Non-operating expenses	171,882	102,822
including: net loss on disposal of non-current assets	-	-
Profit before tax	(917,746,465)	1,060,800,712
Less: Income tax	-	265,200,178
Net profit	<u>(917,746,465)</u>	<u>795,600,534</u>

Maanshan Iron & Steel Company Limited

Cash Flow Statement

(Prepared under the PRC Accounting Standards for Business Enterprises)

Three Months Ended 31 March 2009

Unit: RMB

	January-March 2009 (Unaudited)	January-March 2008 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	13,356,764,826	17,734,549,036
Cash received relating to other operating activities	<u>39,814,765</u>	<u>203,462,165</u>
Sub-total of cash inflows	<u>13,396,579,591</u>	<u>17,938,011,201</u>
Cash paid for goods and services	(11,839,995,759)	(14,400,424,993)
Cash paid to and on behalf of employees	(485,268,104)	(603,055,304)
Cash paid for all taxes	(1,051,099,268)	(1,207,065,743)
Cash paid relating to other operating activities	<u>(358,197,260)</u>	<u>(385,174,003)</u>
Sub-total of cash outflows	<u>(13,734,560,391)</u>	<u>(16,595,720,043)</u>
Net cash flows from operating activities	<u>(337,980,800)</u>	<u>1,342,291,158</u>
2. Cash flows from investing activities:		
Cash received from returns on investments	8,056,841	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<u>93,095</u>	<u>4,509,664</u>
Sub-total of cash inflows	<u>8,149,936</u>	<u>4,509,664</u>
Cash paid for acquisitions and construction of fixed assets, intangible assets and other long-term assets	(379,711,068)	(560,250,539)
Cash paid for investments	<u>(32,391,512)</u>	<u>-</u>
Sub-total of cash outflows	<u>(412,102,580)</u>	<u>(560,250,539)</u>
Net cash flows from investing activities	<u>(403,952,644)</u>	<u>(555,740,875)</u>

Maanshan Iron & Steel Company Limited
Cash Flow Statement (Cont'd)
(Prepared under the PRC Accounting Standards for Business Enterprises)
Three Months Ended 31 March 2009
Unit: RMB

	January-March 2009 (Unaudited)	January-March 2008 (Unaudited)
3. Cash flows from financing activities:		
Cash received from borrowings	<u>6,289,008,000</u>	<u>3,936,879,484</u>
Sub-total of cash inflows	<u>6,289,008,000</u>	<u>3,936,879,484</u>
Cash repayments of borrowings	<u>(5,021,292,600)</u>	<u>(2,685,778,131)</u>
Cash paid for distribution of dividend or profits and for interest expenses	<u>(217,646,159)</u>	<u>(736,774,726)</u>
Sub-total of cash outflows	<u>(5,238,938,759)</u>	<u>(3,422,552,857)</u>
Net cash flows from financing activities	<u>1,050,069,241</u>	<u>514,326,627</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>23,026,785</u>	<u>(9,969,925)</u>
5. Net increase in cash and cash equivalents	<u>331,162,582</u>	<u>1,290,906,985</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>4,368,314,406</u>	<u>3,665,369,814</u>
6. Balance of cash and cash equivalents at end of period	<u><u>4,699,476,988</u></u>	<u><u>4,956,276,799</u></u>