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馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited

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

(Stock Code: 00323)

**INSIDE INFORMATION/
OVERSEAS REGULATORY ANNOUNCEMENT
2014 FIRST QUARTERLY REPORT**

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

1 IMPORTANT NOTICES

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

Mr. Ding Yi, the person-in-charge of the Company, Mr. Qian Haifan, the person overseeing of accounting operations, and Mr. Xing Qunli, the person-in-charge of the Accounting Department, make representations in respect of the truthfulness and completeness of the financial statements contained in this quarterly report.

2 COMPANY PROFILE

2.1 Major accounting data and financial indicators

	As at the end of the reporting period	As at the end of the previous year	<i>Currency: RMB</i> Increase/decrease of the end of the reporting period as compared to the end of the previous year (%)
Total assets (RMB)	71,370,805,770	71,317,211,721	0.08
Owners’ equity (or shareholders’ equity) (RMB)	22,679,830,610	23,131,445,621	-1.95
Net assets per share attributable to shareholders of the Company (RMB/share)	2.95	3.00	-1.67

	Beginning of the year to the end of the reporting period	Beginning of the previous year to the end of the previous reporting period	Increase/(decrease) as compared to the same period of the previous year
Net cash flows from operating activities (RMB)	-522,528,126	678,309,882	-177.03
	Reporting period	Beginning of the previous year to the end of the previous reporting period	Increase/(decrease) of the reporting period as compared to the same period of the previous year
Revenue	13,643,609,773	17,791,718,370	-23.31
Net profit attributable to shareholders of the Company (RMB)	-445,984,347	-385,425,120	Not applicable
Net profit excluding non-recurring gains or losses attributable to the shareholders of the Company	-479,705,744	-479,705,744	Not applicable
Return on net assets – Weighted average (%)	-1.95	-1.95	Decreased by 0.27 percentage points
Basic earnings per share (RMB/share)	-0.0579	-0.0501	Not applicable
Diluted earnings per share (RMB/share)	-0.0579	-0.0501	Not applicable

Excluding items and amounts of non-recurring gains or losses:

Item	<i>Unit: Yuan</i>	<i>Currency: RMB</i> Amount
Gains or losses from disposal of non-current assets		-109,008.48
Government subsidy income accounted for in the profit and loss account for the reporting period		35,596,146.26
Gains or losses from change in fair value		-23,910.00
Other non-operating income and expenses other than the above items		-495,180.64
Income tax effect		14,507,506.97
Effect on minority interests (After tax)		10,192,586.93
Amortisation of deferred income		23,453,443.51
Total		33,721,396.75

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 of shares not subject to selling restrictions)

Total number of shareholders as at the end of the reporting period 332,301

Shareholding of the top ten holders of circulating shares not subject to selling restrictions

Name of shareholder	Number of shares held without selling restrictions	Type and number of shares	
Magang (Group) Holding Company Limited (馬鋼(集團)控股有限公司)	3,886,423,927	RMB-denominated ordinary shares	3,886,423,927
HKSCC Nominees Limited (香港中央結算(代理人)有限公司)	1,707,706,898	Overseas-listed foreign shares	1,707,706,898
Zhang Mucheng (張沐城)	27,379,500	RMB-denominated ordinary shares	27,379,500
China Construction Bank – Penghua Value Advantage Equity Securities Investment Fund (中國建設銀行 – 鵬華價值優勢股票型證券投資基金)	21,797,500	RMB-denominated ordinary shares	21,797,500
Wang Yong (王勇)	20,250,000	RMB-denominated ordinary shares	20,250,000
He Wenhua (何文華)	11,983,587	RMB-denominated ordinary shares	11,983,587
Zhang Wu (張武)	10,400,000	RMB-denominated ordinary shares	10,400,000
Xiao Guoen (肖國文)	10,335,200	RMB-denominated ordinary shares	10,335,200
Bai Jiping (白計平)	8,209,900	RMB-denominated ordinary shares	8,209,900
Hu Lixin (胡立新)	8,055,184	RMB-denominated ordinary shares	8,055,184
Description of any connected relationships or concerted actions among the abovementioned shareholders	There was no connected relationship between Holding and any of the afore-mentioned shareholders, nor were they concerted parties as defined in the Measures on Management of Acquisition for Listed Companies. The Company is not aware of whether the other shareholders mentioned above had connected relationship or whether they were concerted parties.		

3 SIGNIFICANT MATTERS

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

✓Applicable Not applicable

During the reporting period, the global economy continued to gain momentum, but the risks were still skewed to the downside. The international steel price was flat in January, then started to plunge in February, and slightly rebound at mid-March. At the end of March, the price index for international steel products was 164.75, down 8.01% year-on-year, representing a decrease of 2.24% as compared to the end of last year. The domestic GDP growth was 7.4% in the first quarter, and the industrial production growth slid. Domestic steel production increased, as data from the National Bureau of Statistics of China shows that crude steel production of industrial enterprises above designated size was put at 202,700,000 tonnes, up 2.4% year-on-year. However, the imbalance between supply and demand of the steel market intensified as the downstream demand growth slowed down. Therefore, steel price continued to fall since the beginning of this year. At the end of March, the price index for domestic steel products was 94.83, down 11.42% year-on-year, representing a decrease of 4.14% as compared to the end of last year. Although the prices of raw materials and fuels dropped, the operation of steel enterprises has fallen into a more difficult position on the whole.

During the reporting period, the Company and its subsidiaries (the “Group”) produced 4,020,000 tonnes of pig iron, 4,190,000 tonnes of crude steel and 4,010,000 tonnes of steel products, representing year-on-year decreases of approximately 6.07%, 3.90% and 5.87%, respectively. Among which the Company produced 2,810,000 tonnes of pig iron, 3,010,000 tonnes of crude steel and 2,860,000 tonnes of steel products, representing year-on-year decreases of approximately 13.80%, 10.15% and 12.00%, respectively. During the reporting period, under the PRC Accounting Standards, the Group’s operating revenue was RMB13.64 billion, decreased by 23.3% year-on-year, mainly due to a decrease in the prices of steel products. Cost of sales was RMB13.16 billion, representing a year-on-year decrease of 22.8%, primarily due to a decrease in the prices of raw materials and fuels. Net loss attributable to shareholders of the Company was RMB446 million, representing a year-on-year increase of RMB61 million.

The company will, on the basis of ensuring balanced production of the whole system, improve the product quality and order realization rate; enhance market research, and maintain low stock strategy when purchasing; endeavor to grasp the business opportunities, while increase direct supply and expand distribution channels; introduce technology support, such as silicon steel, auto sheet, etc, so as to promote new product development and profitability.

Items with more than 30% changes as compared to the end of 2013 in the consolidated financial statements and the reasons for such changes:

- (1) Dividends receivable reduced by 90.85% over the end of the previous year, which was mainly due to the receipt of dividend for previous years from Jiyuan Jinma Coking and Magang Engineering Technology Co., Ltd.
- (2) Interest receivable increased by 217.06% over the end of the previous year mainly attributable to MASTEEL-Financial's increased interest receivable of deposits in commercial banks
- (3) Other receivables decreased by 34.59% over the end of the previous year, which was mainly due to the receipt of assets restructuring fund by the Group company.
- (4) Construction materials increased by 141.15% compared to the end of the previous year, mainly as a result of the increase of the engineering equipment procured by the subsidiaries of the Company for engineering projects.
- (5) Deposits taken decreased by 50.12% as compared to the end of the previous year, mainly due to the decrease in the Group's internal deposits taken by Finance Company.
- (6) Borrowing from other banks increased by 300,000,000 over the end of the previous year mainly due to increase in interbank borrowing amount of the Finance Company.
- (7) Interest payable increased by 91.30% over the end of the previous year mainly attributable to increased interest on corporate bonds and short-term financing bonds.
- (8) Deferred income increased by 168.93% over the end of the previous year mainly attributable to confirmation of deferred income from land purchase and storage of Ma Steel (Hefei) Iron & Steel Co., Ltd.

Items with more than 30% changes as compared to the corresponding period of 2013 in the consolidated financial statements and the reasons for such changes:

- (1) Business taxes and surcharges decreased by 36.99% year-on-year mainly due to decreases in city maintenance and construction taxes, education taxes payable, and local education taxes payable as a result of a year-on-year decrease in VAT payable during the period.
- (2) Loss from impairment of assets decreased by 36.79% year-on-year, mainly due to the year-on-year decrease in the provision for price decreases in inventory during the period.
- (3) Loss from changes in fair value increased by 609.5% year-on-year, mainly due to the fall in the prices of shares held by the Company during the period.

- (4) Non-operating income increased by 58.22% year-on-year, mainly due to the increase of government subsidies received by subsidiaries.
- (5) Non-operating expenses decreased by 71.49% year-on-year, mainly due to decreases in loss from disposal of fixed assets during the period.
- (6) Minority interests decreased by 481.46% year-on-year, mainly as a result of the decrease of net profit realized by non-wholly owned subsidiaries during the period.

3.2 Progress of significant matters and its impact and solution analysis

Applicable Not applicable

The Company has published provisional announcements to explain the trade dispute, bankruptcy and restructuring involving Logistics Company. For details, please refer to Shanghai Securities News dated 25 September, 9 October and 13 October 2012. The Logistics Company is still in the stage of bankruptcy and restructuring.

3.3 Performance of undertakings on company, shareholders and the de facto controller performance of undertakings

Applicable Not applicable

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

Applicable Not applicable

The Company expects there is likely a loss in the cumulative net profit during the period from the beginning of the year to the end of next reporting period mainly because losses in the first quarter is huge. In addition, the steel industry situation in the second quarter is unlikely to improve and the enterprise still faces difficulties in operation.

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

The thirty-six meeting of the seventh session of the Board of the Company considered and approved the Company's 2013 profit distribution plan on 26 March 2014, which proposed not to distribute any cash dividend in the year 2013, and no capital reserve fund will be transferred to share capital. The distribution plan will be submitted to the Company's 2013 annual general meeting for consideration and approval.

4 APPENDIX

4.1 Financial statements

Maanshan Iron & Steel Company Limited Consolidated Balance Sheet

31 March 2014

Unit: RMB

Assets	31 March 2014 (Unaudited)	30 March 2013 (Unaudited)
Current assets:		
Cash and bank balances	5,057,242,199	5,106,718,069
Financial assets measured at fair value through profit or loss	485,420	509,330
Bills receivable	8,795,375,782	8,629,108,926
Trade receivables	773,527,965	800,946,475
Dividends receivable	4,100,000	44,787,460
Interest receivable	11,225,362	3,540,453
Prepayments	876,235,501	1,022,394,879
Other receivables	1,274,239,794	1,948,145,123
Inventories	11,422,804,365	10,049,721,134
Loans and advances	466,160,487	486,511,748
Total current assets	28,681,396,875	28,092,383,597
Non-current assets:		
Financial assets available for sale	126,772,160	126,772,160
Long-term equity investments	1,021,347,323	950,065,445
Investment properties	64,045,488	64,412,476
Fixed assets	29,936,450,644	30,668,420,630
Construction materials	71,834,246	29,788,206
Construction-in-progress	8,942,330,438	8,729,815,208
Intangible assets	1,787,380,329	1,900,179,245
Deferred tax assets	739,248,267	755,374,754
Total non-current assets	42,689,408,895	43,224,828,124
Total assets	71,370,805,770	71,317,211,721

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet (Cont'd)
31 March 2014
Unit: RMB

Liabilities and shareholders' equity	31 March 2014 (Unaudited)	30 March 2013 (Unaudited)
Current liabilities:		
Deposits taken	693,579,042	1,390,609,858
Loans from banks and other financial institutions	300,000,000	–
Financial assets sold or repurchased	298,937,500	344,732,675
Short-term loans	8,109,609,378	8,553,509,860
Bills payable	5,580,409,628	5,542,646,513
Accounts payable	6,845,748,868	6,524,149,751
Deposits received	4,951,483,207	5,125,265,201
Payroll and benefits payable	226,262,708	208,890,914
Taxes payable	(282,610,689)	(270,441,931)
Interests payable	316,337,360	165,365,086
Dividends payable	80,642,412	80,642,412
Other payables	1,050,868,447	962,699,474
Non-current liabilities due within one year	8,402,235,187	7,951,717,780
Accrued liabilities	4,140,000	4,140,000
	<hr/>	<hr/>
Total current liabilities	36,577,643,048	36,583,927,593
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Non-current liabilities:		
Long-term loans	5,588,228,400	6,059,444,300
Bonds payable	2,329,366,132	2,328,266,077
Deferred income	1,639,487,253	609,637,532
Deferred tax liabilities	36,900,781	36,900,781
	<hr/>	<hr/>
Total non-current liabilities	9,593,982,566	9,034,248,690
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Total liabilities	46,171,625,614	45,618,176,283
	<hr/>	<hr/>
Shareholders' equity		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,329,067,663	8,329,067,663
Surplus reserves	12,418,474	13,055,678
Retained profits	3,789,735,764	3,789,735,764
General risk reserve	98,706,649	98,706,649
Retained profit	2,826,422,393	3,272,406,740
Exchange fluctuation reserve	(77,201,519)	(72,208,059)
	<hr/>	<hr/>
Total equity attributable to equity holders of the parent company	22,679,830,610	23,131,445,621
Minority interests	2,519,349,546	2,567,589,817
	<hr/>	<hr/>
Total shareholders' equity	25,199,180,156	25,699,035,438
	<hr/>	<hr/>
Total liabilities and shareholders' equity	71,370,805,770	71,317,211,721
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Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet
31 March 2014
Unit: RMB

	January – March 2014 (Unaudited)	January – March 2013 (Unaudited)
Operating revenue	13,643,609,773	17,791,718,370
Less: Cost of sales	13,157,255,022	17,048,862,830
Taxes and surcharges	44,759,487	71,031,364
Selling expenses	103,543,119	91,961,685
Administrative expenses	305,722,507	354,748,751
Financial expenses	364,873,630	326,643,182
Assets impairment losses	185,653,947	293,727,249
Add: Gain on changes in fair value	(23,910)	(3,370)
Investment income	37,313,263	31,076,438
Including: Share of profits of associates and a jointly controlled entity	35,367,590	31,079,562
Operating profit/(loss)	(480,908,586)	(364,183,623)
Add: Non-operating income	59,068,420	37,332,415
Less: Non-operating expenses	623,019	2,185,492
Including: Net loss/(gain) on disposal of non-current assets	109,008	1,632,465
Profit/(loss) before tax	(422,463,185)	(329,036,700)
Less: Income tax expense	55,986,191	47,877,684
Net profit/(loss)	(478,449,376)	(376,914,384)
Including: Net profit/(loss) attributable to equity holders of the parent company	(445,984,347)	(385,425,120)
Minority interests	(32,465,029)	8,510,736
Earnings per share:		
Basic earnings/(loss) per share	(0.06)	(0.05)
Diluted earnings/(loss) per share	(0.06)	(0.05)
Other comprehensive income/(loss)	(4,993,460)	(18,646,427)
Total comprehensive income/(loss)	(483,442,836)	(395,560,811)
Including: Total comprehensive income/(loss) attributable to equity holders of the parent company	(450,977,807)	(404,071,547)
Total comprehensive income/(loss) attributable to minority shareholders	(32,465,029)	8,510,736

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet
31 March 2014
Unit: RMB

	January – March 2014 (Unaudited)	January – March 2013 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	15,572,871,888	20,325,815,152
Refunds of taxes	1,301,297	–
Net increase in financial assets sold or repurchased	(45,795,175)	(696,061)
Net increase in deposits taken	(397,030,816)	149,995,540
Cash received from charging interests, fees and commissions	27,949,032	35,993,293
Cash received relating to other operating activities	194,566	16,776,557
Sub-total of cash inflows from operating activities	<u>15,159,490,792</u>	<u>20,527,884,481</u>
Cash paid for goods and services	(14,060,927,024)	(17,675,101,112)
Cash paid to and on behalf of employees	(1,026,868,882)	(1,217,364,622)
Cash paid for all taxes	(531,278,787)	(696,863,458)
Net increase in deposits in the Central Bank	37,802,588	(66,553,394)
Net increase in loans and advances	8,351,261	(52,510,464)
Cash paid for interests, fees and commissions	(6,293,867)	(4,717,808)
Cash paid relating to other operating activities	(102,804,207)	(136,463,741)
Sub-total of cash outflows from operating activities	<u>(15,682,018,918)</u>	<u>(19,849,574,599)</u>
Net cash flows from operating activities	<u>(522,528,126)</u>	<u>678,309,882</u>
2. Cash flows from investing activities:		
Cash received from returns on investments	78,195,033	73,169,241
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	145,193,817	16,611,439
Net cash from received from disposal of subsidiaries	1,582,728,000	–
Net cash from decrease in restricted use of monetary funds	656,652,513	931,689,954
Other cash received in relation to investing	249,800,244	–
Sub-total of cash inflows from investing activities	<u>2,712,569,607</u>	<u>1,021,470,634</u>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(922,547,250)	(1,209,280,366)
Cash paid for investments	(45,000,000)	(53,000,000)
Cash paid for the acquisition of subsidiaries	(17,044,733)	–
Sub-total of cash outflows from investing activities	<u>(984,591,983)</u>	<u>(1,262,280,366)</u>
Net cash flows from investing activities	<u>1,727,977,624</u>	<u>(240,809,732)</u>

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet *(Cont'd)*
31 March 2014
Unit: RMB

	January – March 2014 (Unaudited)	January – March 2013 (Unaudited)
3. Cash flows from financing activities:		
Cash received from investments	–	–
Cash received from borrowings	5,044,841,388	7,661,319,132
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	5,044,841,388	7,661,319,132
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Cash repayments of borrowings	(5,361,219,995)	(8,415,896,154)
Cash paid for distribution of dividend, profits or interest expenses	(245,673,259)	(232,990,040)
Sub-total of cash outflows from financing activities	–	–
	<hr/>	<hr/>
Cash repayments of borrowings	(5,606,893,254)	(8,648,886,194)
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Net cash flows from financing activities	(562,051,866)	(987,567,062)
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4. Effect of foreign exchange rate changes on cash and cash equivalents	1,581,600	(8,159,346)
	<hr/>	<hr/>
5. Net increase/(decrease) in cash and cash equivalents	644,979,232	(558,226,258)
	<hr/>	<hr/>
Add: Balance of cash and cash equivalents at beginning of period	1,814,518,125	6,629,796,092
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6. Balance of cash and cash equivalents at end of period	2,459,497,357	6,071,569,834
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Maanshan Iron & Steel Company Limited
Balance Sheet
31 March 2014
Unit: RMB

Assets	31 March 2014 Unaudited	31 March 2013 Audited
Current assets:		
Cash and bank balances	4,911,310,559	4,232,355,957
Financial assets measured at fair value through profit or loss	485,420	509,330
Bills receivable	5,744,713,162	4,924,057,882
Trade receivables	1,227,186,398	1,292,033,185
Dividends receivable	4,100,000	44,787,460
Interests receivable	663,686,428	837,535,356
Prepayments	228,500,359	1,766,161,692
Other receivables	8,057,152,781	7,151,763,970
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Total current assets	20,837,135,107	20,249,204,832
	<hr/>	<hr/>
Non-current assets:		
Financial assets available for sale	126,772,160	126,772,160
Long-term equity investments	5,994,706,546	5,907,348,550
Investment properties	79,394,439	79,758,318
Fixed assets	23,838,902,903	24,560,421,961
Construction-in-progress	6,384,504,907	6,477,395,016
Intangible assets	1,025,716,957	1,033,117,375
Deferred tax assets	723,967,462	723,967,462
	<hr/>	<hr/>
Total non-current assets	38,173,965,374	38,908,780,842
	<hr/>	<hr/>
Total assets	59,011,100,481	59,157,985,674
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Maanshan Iron & Steel Company Limited
Balance Sheet (Cont'd)
31 March 2014
Unit: RMB

Liabilities and shareholders' equity	31 March 2014 Unaudited	31 March 2013 Audited
Current liabilities:		
Short-term loans	1,957,904,179	2,009,536,713
Bills payable	2,547,848,463	2,380,386,149
Accounts payable	9,160,106,483	8,843,343,090
Deposits received	3,863,975,212	4,325,598,569
Payroll and benefits payable	189,291,265	136,411,098
Taxes payable	(128,527,138)	(179,415,288)
Interests payable	303,097,760	160,616,364
Dividends payable	6,296,662	6,296,662
Other payables	739,696,338	623,463,137
Non-current liabilities due within one year	8,402,235,187	7,951,717,780
Accrued liabilities	4,140,000	4,140,000
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Total current liabilities	27,046,064,411	26,262,094,274
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Non-current liabilities:		
Long-term loans	7,818,988,900	8,289,928,800
Bonds payable	2,329,366,132	2,328,266,077
Deferred income	560,110,352	583,338,640
	<hr/>	<hr/>
Total non-current liabilities	10,708,465,384	11,201,533,517
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Total liabilities	37,754,529,795	37,463,627,791
	<hr/>	<hr/>
Shareholders' equity:		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	2,991,017,140	2,991,017,140
Retained profits	2,226,513,961	2,664,301,158
	<hr/>	<hr/>
Total shareholders' equity	21,256,570,686	21,694,357,883
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Total liabilities and shareholders' equity	59,011,100,481	59,157,985,674
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Maanshan Iron & Steel Company Limited
Income Statement
For the three months ended 31 March 2014
Unit: RMB

	January – March 2014 (Unaudited)	January – March 2013 (Unaudited)
Operating revenue	11,666,853,976	14,093,356,994
Less: Cost of sales	11,403,256,883	13,706,994,457
Taxes and surcharges	31,457,480	56,904,461
Selling expenses	51,751,212	56,715,671
Administrative expenses	232,933,612	232,262,331
Financial expenses	269,902,373	301,804,555
Assets impairment losses	175,118,947	279,999,810
Add: Gain/(Loss) on changes in fair value	(23,910)	(3,370)
Investment income	37,313,263	31,079,562
Including: Share of profits of associates and a jointly controlled entity	37,313,263	31,079,562
Operating profit/(loss)	(460,277,178)	(510,248,099)
Add: Non-operating income	22,946,208	22,361,611
Less: Non-operating expenses	456,227	1,428,258
Including: Net gain on disposal of non-current assets	114,560	1,378,414
Profit/(loss) before tax	(437,787,197)	(489,314,746)
Less: Income tax expense	–	21,322
Net profit/(loss)	(437,787,197)	(489,336,068)
Other comprehensive income	–	–
Total comprehensive income/(loss)	(437,787,197)	(489,336,068)

Maanshan Iron & Steel Company Limited
Cash Flow Statement
For the three months ended 31 March 2014
Unit: RMB

	January – March 2014 (Unaudited)	January – March 2013 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	12,406,971,130	14,814,932,388
Refunds of taxes	1,301,297	–
Cash received relating to other operating activities	–	1,805,991
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	12,408,272,427	14,816,738,379
	<hr/>	<hr/>
Cash paid for goods and services	(11,595,343,827)	(10,548,442,933)
Cash paid to and on behalf of employees	(826,329,546)	(913,570,060)
Cash paid for all taxes	(346,006,753)	(458,809,591)
Cash paid relating to other operating activities	(101,961,502)	(135,706,507)
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	(12,869,641,628)	(12,056,529,091)
	<hr/>	<hr/>
Net cash flows from operating activities	(461,369,201)	2,760,209,288
	<hr/>	<hr/>
2. Cash flows from investing activities:		
Cash received from returns on investments	65,725,896	54,831,829
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	(7,821,978)	16,611,439
Decrease in net cash from restricted monetary funds	–	800,000,000
Net cash received from disposal of subsidiaries and other business units	1,582,728,000	–
Cash received relating to other investing activities	237,677	–
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	1,640,869,595	871,443,268
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(381,902,458)	(630,510,545)
Cash paid for investments	(62,044,733)	(53,000,000)
Cash paid due to increase in pledged deposits, net	(257,957,692)	–
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	(701,904,883)	(683,510,545)
	<hr/>	<hr/>
Net cash flows from investing activities	938,964,712	187,932,723
	<hr/>	<hr/>

Maanshan Iron & Steel Company Limited
Cash Flow Statement (Cont'd)
For the three months ended 31 March 2014
Unit: RMB

	January – March 2014 (Unaudited)	January – March 2013 (Unaudited)
3. Cash flows from financing activities:		
Cash received from capital contributions	–	–
Cash received from borrowings	<u>2,153,963,756</u>	<u>4,100,000,000</u>
Sub-total of cash inflows from financing activities	<u>2,153,963,756</u>	<u>4,100,000,000</u>
Cash repayments of borrowings	<u>(2,100,729,922)</u>	<u>(7,225,949,832)</u>
Cash paid for distribution of dividend, profits or interest expenses	<u>(116,408,201)</u>	<u>(194,724,630)</u>
Sub-total of cash outflows from financing activities	<u>(2,217,138,123)</u>	<u>(7,420,674,462)</u>
Net cash flows from financing activities	<u>(63,174,367)</u>	<u>(3,320,674,462)</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>6,575,768</u>	<u>10,289,965</u>
5. Net increase/(decrease) in cash and cash equivalents	<u>420,996,912</u>	<u>(362,242,486)</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>4,232,198,204</u>	<u>5,559,785,755</u>
6. Balance of cash and cash equivalents at end of period	<u><u>4,653,195,116</u></u>	<u><u>5,197,543,269</u></u>

4.2 Change in accounting policy and its effect

During the period, there is no change to the Group's accounting policies or accounting estimates as compared to the latest financial reports.

4.3 Change in the scope of consolidation

During the period, there is no change to the consolidation scope of the Group's financial statements as compared to the latest financial reports.

By order of the Board

Ding Yi

Chairman

Maanshan Iron & Steel Company Limited

28 April 2014

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, Ren Tianbao

Non-executive Director: Su Shihuai

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