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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 THIRD QUARTERLY REPORT**

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

**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 If any director(s) failed to attend the Board meeting to consider the quarterly report, the name(s) of such director(s) and the reason(s) for failing to attend the meeting shall be disclosed separately.

<b>Name of Director not Attending</b>	<b>Position of Director not Attending</b>	<b>Reasons for the Absence of Director</b>	<b>Name of Proxy</b>
Su Shihuai	Director	Other business engagements	Ding Yi

- 1.3 Mr. Ding Yi, the person-in-charge of the Company, Mr. Qian Haifan, the person-in-charge of accounting operations, and Mr. Xing Qunli, the person-in-charge of the Accounting Department, make representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial statements contained in this third quarterly report have not been audited.

## II. THE COMPANY'S MAJOR ACCOUNTING DATA AND CHANGE OF SHAREHOLDERS

### 2.1 Major financial data

	As at the end of the reporting period	As at the end of the previous year	<i>Unit: RMB'000</i> Increase/(decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets	72,573,171	71,821,618	1.05
Owners' equity (or shareholders' equity)	22,774,492	23,131,446	-1.54
	Beginning of the year to the end of the reporting period (January to September)	Beginning of previous year to e the end of the previous reporting period (January to September)	Increase/(decrease) as compared to the same period of the previous year (%)
Net cash flows from operating activities	2,913,367	4,084,899	-28.68
	Beginning of the year to the end of the reporting period (January to September)	Beginning of previous year to the end of the previous reporting period (January to September)	Increase/(decrease) as compared to the same period of the previous year (%)
Operating income	44,433,401	56,392,085	-21.21
Net profit attributable to shareholders of the Company	-326,318	-329,374	-
Net profit attributable to shareholders of the Company excluding non-recurring gains or losses	-414,586	-400,623	-
Return on net assets – Weighted average (%)	-1.42	-1.30	Decreased by 0.12 percentage points
Basic earnings per share (RMB/share)	-0.0424	-0.0428	-
Diluted earnings per share (RMB/share)	-0.0424	-0.0428	-

## Net of items of non-recurring gains or losses

	<i>Unit: RMB</i>
<b>Item</b>	<b>Beginning of the year to the end of the reporting period (January to September)</b>
Losses or gains from disposal of non-current assets	-1,785,942.38
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, granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards	61,515,498.20
Profit and loss of changes in fair value arising from holding of trading financial assets and trading financial liabilities except for valid straddle business relevant to normal business of the Company, as well as investment gain realized from disposal of trading financial assets, trading financial liabilities and financial assets available-for-sale	27,490.00
Non-operating income and expenses other than the above items	-1,597,576.02
Amortization of deferred income	75,666,794.32
Effects of income tax	-33,378,983.35
Effect of minority interests (After tax)	-12,179,573.92
Total	88,267,706.85

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

*Unit: Shares*

**Total number of shareholders as at the end of the reporting period** 325,832

**Shareholding of the top ten shareholders**

Name of shareholder	Total number of shares held at the end of the reporting period	As a percentage to number of shares held (%)	Number of shares held with selling restrictions	Pledged or frozen shares Status of shares	Number of shares	Type of shareholders
Magang (Group) Holding Company Limited	3,886,423,927	50.47	0	None	0	State-owned shareholder
HKSCC (Nominees) Limited	1,708,236,898	22.18	0	Unknown	Unknown	Foreign shareholder
Zhang Mucheng (張沐城)	34,424,300	0.45	0	Unknown	Unknown	Others
Wang Yong (王勇)	20,056,308	0.26	0	Unknown	Unknown	Others
He Wenhua (何文華)	11,983,587	0.16	0	Unknown	Unknown	Others
Rong Du Furniture Exhibition Center Company Limited (成都市蓉都家具展覽中心有限公司)	11,009,785	0.14	0	Unknown	Unknown	Others
Zhang Wu (張武)	10,600,000	0.14	0	Unknown	Unknown	Others
Hu Lixin (胡立新)	8,373,600	0.11	0	Unknown	Unknown	Others
Bai Jiping (白計平)	8,209,900	0.11	0	Unknown	Unknown	Others
Zhang Junying (張俊英)	7,520,000	0.10	0	Unknown	Unknown	Others

## Shareholding of top ten shareholders without selling restrictions

Name of shareholder	Number of shares held without selling restrictions	Type and number of shares	
		Type	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)	1,708,236,898	Overseas-listed foreign shares	1,708,236,898
Zhang Mucheng (張沐城)	34,424,300	RMB-denominated ordinary shares	34,424,300
Wang Yong (王勇)	20,056,308	RMB-denominated ordinary shares	20,056,308
He Wenhua (何文華)	11,983,587	RMB-denominated ordinary shares	11,983,587
Rong Du Furniture Exhibition Center Company Limited (成都市蓉都家具 展覽中心有限公司)	11,009,785	RMB-denominated ordinary shares	11,009,785
Zhang Wu (張武)	10,600,000	RMB-denominated ordinary shares	10,600,000
Hu Lixin (胡立新)	8,373,600	RMB-denominated ordinary shares	8,373,600
Bai Jiping (白計平)	8,209,900	RMB-denominated ordinary shares	8,209,900
Zhang Junying (張俊英)	7,520,000	RMB-denominated ordinary shares	7,520,000

**Description of any connected relationships or concerted actions among the abovementioned shareholders**

There was no connected relationship between Magang (Group) Holding Company Limited and any of the afore-mentioned shareholders, nor were they concerted parties. The Company is not aware of whether the other shareholders mentioned above had connected relationship or whether they were concerted parties.

### III. SIGNIFICANT MATTERS

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

✓ Applicable

During the period under review, US economy maintained its momentum, while economies in Eurozone and Japan remained sluggish. China's GDP grew by 7.3% with economy growth decelerating. At the end of September, the price index for international steel products was 156.84, down 6.75% year-on-year; the price index for domestic steel products was 86.35, down 14.14% year-on-year. During the reporting period, prices of raw materials and fuels plunged significantly, leading to a decrease in the Company's consolidated procurement costs.

During the reporting period, production of pig iron of the Company and its subsidiaries (the "Group") remained stable year-on-year at 4.75 million tonnes. The Group produced 4.97 million tonnes of crude steel and 4.88 million tonnes of steel products, representing year-on-year increase of approximately 1.43% and 4.27% respectively. During the reporting period, under the PRC Accounting Standards, the Group's operating revenue amounted to RMB15,569 million. Net profit attributable to shareholders of the Company was RMB403.9 million. During the period from January to September, the Group produced 13,390,000 tonnes of pig iron, down 1.19% year-on-year; 14,020,000 tonnes of crude steel and 13,600,000 tonnes of steel products, representing a year-on-year increase of 1.35% and 1.83%, respectively. Under the PRC Accounting Standards, the Group's operating revenue amounted to RMB44.433 billion, net loss attributable to shareholders of the Company amounted to RMB326.3 million.

In the fourth quarter, the Company will continue to implement the business policy to "maintain stable production, adjust the structure, reduce inventory and enhance quality" and organize balanced and stable production, continue to optimize the Company's marketing system, and actively explore the procure systems for further reducing the costs.

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) Cash and bank balances amounted to RMB9,131,685,211, an increase of 78.82% as compared to the end of the previous year, mainly due to the recognition of the consideration receivables due from the Holding Company in relation to the assets reorganization at the end of last year was fully received during the period, as well as the first tranche of 2014 short-term financing bonds amounting to RMB5,000,000,000 was being issued during the period.
- (2) Dividends receivable amounted to RMB0, a decrease of 100% as compared to the end of the previous year, mainly due to the receipt of unpaid final dividends of last year from jointly-controlled entities and associates during the period.
- (3) Other receivables amounted to RMB437,057,331, a decrease of 77.57% as compared to the end of the previous year, mainly due to the full collection of consideration receivables due by the end of the previous year from the Holding Company in relation to the assets reorganization during the period.

- (4) Construction materials amounted to RMB182,816,640, a decrease of 72.87% as compared to the end of the previous year, mainly due to the purchase of construction materials by subsidiaries for the project having been basically utilized during the period.
- (5) Projects under construction amounted to RMB1,802,503,534, an decrease of 79.35% as compared to the end of the previous year, mainly due to the 1580mm hot rolling project at No.4 steel and rolling plant, converter and continuous casting project, Phase II silicon steel technological transformation project achieved an expected useable status and transferred into fixed assets during the period.
- (6) Repurchase agreements amounted to RMB103,829,500, an increase of 69.88% as compared to the end of the previous year, mainly due to the decrease of re-discounted bills by Masteel Financial to the Central Bank during the period.
- (7) Short-term borrowings amounted to RMB12,768,555,111, an increase of 49.28% as compared to the end of the previous year, mainly due to the first tranche of 2014 short-term financing bonds amounting to RMB5,000,000,000 was being issued during the period.
- (8) Payroll payable amounted to RMB370,664,814, an increase of 77.44% as compared to the end of the previous year, mainly due to the increase in the provision for bonuses and surcharge on wages during the period.
- (9) Other payables amounted to RMB1,354,051,981, an increase of 40.65% as compared to the end of the previous year, mainly due to the increase of accrued and unpaid sales incentives and refund balances during the period.
- (10) Non-current liabilities due within one year amounted to RMB5,346,254,700, an decrease of 32.77% as compared to the end of the previous year, mainly due to the repayment of corporate bonds “11 Magang 01” amounted to RMB 3.16 billion during the period.
- (11) Deferred income amounted to RMB1,109,633,487, an increase of 82.02% as compared to the end of the previous year, mainly due to the land compensation received by the subsidiary, Magang (Hefei) Iron & Steel Co., Ltd., during the period.
- (12) Special reserve amounted to RMB17,738,732, an increase of 35.87% as compared to the end of the previous year, mainly due to the increase in safe production costs utilized by the subsidiaries in compliance with relevant regulations during the period.
- (13) Exchange fluctuation reserve amounted to RMB-107,526,065, a decrease of 48.91% as compared to the end of the previous year, mainly due to the depreciation of exchange rates of the book entry currency by some overseas subsidiaries against RMB during the period.

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

- (1) Loss from changes in fair value amounted to RMB27,490, as compared to a loss of the last corresponding period, an increase of 117.64% year-on-year, mainly due to the rise in the prices of shares of the investees.
- (2) Investment income of associates and jointly controlled entities amounted to RMB103,499,774, an increase of 36.81% year-on-year, which was mainly due to the increase of earnings of some associates and jointly controlled entities.
- (3) Non-operating expenses amounted to RMB3,425,874, a decrease of 42.8% year-on-year mainly due to the year-on-year decrease in the loss from disposal of fixed assets and in the penalty and confiscation expenses during the period.
- (4) Income tax amounted to RMB48,041,499, a decrease of 59.74% year-on-year which was mainly due to an increase in total loss for the period.
- (5) Minority interests amounted to RMB31,541,821, as compared to a gain of the previous year, a decrease of 197.97% year-on-year which was mainly due to net loss of non-wholly owned subsidiaries in the period as compared to a profit recorded during last period.
- (6) Net cash inflow from operating activities amounted to RMB1,527,083,142, compared to a net cash outflow of the previous year, representing a year-on-year change of 128.17%, mainly due to the full collection of consideration receivables due by the end of the previous year from the Holding Company in relation to the assets reorganization during the period, as well as the decrease of cash expenditures for construction projects.
- (7) Net cash outflow from financing activities amounted to RMB885,869,158, compared to a net cash outflow of the last corresponding period, representing a year-on-year change of 145.13%, mainly due to the decrease of the cash outflow for payment of debts.

### **3.2 Progress of significant matters and its impact and solution analysis**

✓ Not applicable

### **3.3 Performance of undertakings by the Company and shareholders with a shareholding over 5%**

✓ 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

The Company recorded earnings of RMB404 million for the third quarter, but an accumulated loss amounted to RMB326 million for the first three quarters. For the fourth quarter, provided that no material change on the two markets, the Company will continue to be profitable, and therefore may be free from total accumulated loss for the year.

### **3.5 Effect of the adoption of new accounting standards on the consolidated financial statements**

The Company has early adopted the new or revised accounting standards to the 2013 financial statements.

### **3.6 Other issues**

#### **3.6.1 Change in accounting policy and its effect**

Effective from 1 July 2014, the Company adjusted the depreciation period of fixed assets under the equipment category from 13 years to 15 years and the depreciation period of fixed assets under the buildings and structures category from 20 years to 30 years. Such adjustment to depreciation period is estimated to reduce the Company's annual depreciation expenses by approximately RMB900.58 million and to increase owners' equities and net profits by RMB675.44 million. With the new depreciation period being effective since July 2014, the depreciation expenses of fixed assets for 2014 will reduce by RMB450.29 million, while owners' equities and net profits will increase by RMB337.72 million.

Apart from the stated above, during the period, there is no change to the Group's accounting policy and estimates as compared to the latest financial reports.

#### **3.6.2 Change in the scope of consolidation**

In the current period, the subsidiaries newly included in the consolidation scope are the seven new regional sales companies, namely Ma Steel (Shanghai) Metal Trading Co., Ltd. (馬鋼(上海)鋼材銷售有限公司), Ma Steel (Wuhan) Metal Trading Co., Ltd. (馬鋼(武漢)鋼材銷售有限公司), Nanjing Ma Steel Metal Trading Co., Ltd. (南京馬鋼鋼材銷售有限公司), Guangzhou Ma Steel Metal Trading Co., Ltd. (廣州馬鋼鋼材銷售有限公司), Ma Steel (Hangzhou) Metal Trading Co., Ltd. (馬鋼(杭州)鋼材銷售有限公司), Ma Steel (Chongqing) Metal Trading Co., Ltd. (馬鋼(重慶)鋼材銷售有限公司) and Maanshan Iron & Steel Wuxi Trading Co., Ltd. (馬鞍山鋼鐵無錫銷售有限公司).

Apart from the stated above, during the period, there is no change to the consolidation scope of the Group's financial statements as compared to the latest financial reports.

#### IV. APPENDIX

##### 4.1 Financial Statements

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet**  
*30 September 2014*  
*Unit: RMB*

<b>Assets</b>	<b>30 September 2014 Unaudited</b>	<b>31 December 2013 Audited</b>
<b>Current assets:</b>		
Cash and bank balances	9,131,685,211	5,106,718,069
Financial assets measured at fair value through profit or loss	536,820	509,330
Bills receivable	7,682,526,784	8,629,108,926
Trade receivables	778,670,504	800,946,475
Dividends receivable	–	44,787,460
Interest receivable	3,087,584	3,540,453
Prepayments	719,652,790	1,022,394,879
Other receivables	437,057,331	1,948,145,123
Inventories	10,107,138,062	10,049,721,134
Loans and advances	568,752,469	486,511,748
Other current assets	601,230,158	504,406,279
<b>Total current assets</b>	<b>30,030,337,713</b>	<b>28,596,789,876</b>
<b>Non-current assets:</b>		
Financial assets available for sale	126,772,160	126,772,160
Long-term equity investments	1,010,565,219	950,065,445
Investment properties	63,175,538	64,412,476
Fixed assets	36,997,360,441	30,668,420,630
Construction materials	76,110	29,788,206
Construction-in-progress	1,802,503,534	8,729,815,208
Intangible assets	1,749,301,376	1,900,179,245
Deferred tax assets	793,079,335	755,374,754
<b>Total non-current assets</b>	<b>42,542,833,713</b>	<b>43,224,828,124</b>
<b>Total assets</b>	<b>72,573,171,426</b>	<b>71,821,618,000</b>

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

<b>Liabilities and shareholders' equity</b>	<b>30 September 2014 Unaudited</b>	<b>31 December 2013 Audited</b>
<b>Current liabilities:</b>		
Deposits taken	1,291,135,897	1,390,609,858
Financial assets sold or repurchased	103,829,500	344,732,675
Short-term loans	12,768,555,111	8,553,509,860
Bills payable	5,344,574,136	5,542,646,513
Accounts payable	6,496,614,619	6,524,149,751
Deposits received	4,036,822,076	5,125,265,201
Payroll and benefits payable	370,664,814	208,890,914
Taxes payable	181,874,960	233,964,348
Interests payable	190,033,283	165,365,086
Dividends payable	80,753,711	80,642,412
Other payables	1,354,051,981	962,699,474
Non-current liabilities due within one year	5,346,254,700	7,951,717,780
Accrued liabilities	4,140,000	4,140,000
<b>Total current liabilities</b>	<b>37,569,304,788</b>	<b>37,088,333,872</b>
<b>Non-current liabilities:</b>		
Long-term loans	6,223,977,000	6,059,444,300
Bonds payable	2,331,566,243	2,328,266,077
Deferred income	1,109,633,487	609,637,532
Deferred tax liabilities	35,046,101	36,900,781
<b>Total non-current liabilities</b>	<b>9,700,222,831</b>	<b>9,034,248,690</b>
<b>Total liabilities</b>	<b>47,269,527,619</b>	<b>46,122,582,562</b>
<b>Shareholders' equity:</b>		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,329,067,663	8,329,067,663
Surplus reserves	17,738,732	13,055,678
Retained profits	3,789,735,764	3,789,735,764
General risk reserve	98,706,649	98,706,649
Retained profit	2,946,088,402	3,272,406,740
Exchange fluctuation reserve	(107,526,065)	(72,208,059)
Total equity attributable to equity holders of the parent company	22,774,492,331	23,131,445,621
Minority interests	2,529,151,476	2,567,589,817
<b>Total shareholders' equity</b>	<b>25,303,643,807</b>	<b>25,699,035,438</b>
<b>Total liabilities and shareholders'</b>	<b>72,573,171,426</b>	<b>71,821,618,000</b>

The financial statements are signed by the following persons

Company Representative:  
**Ding Yi**  
28 October 2014

Chief Accountant:  
**Qian Haifan**  
28 October 2014

Head of Accounting:  
**Xing Qunli**  
28 October 2014

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement**  
*For the nine months ended 30 September 2014*  
*Unit: RMB*

	July – September 2014 Unaudited	January – September 2014 Unaudited	July – September 2013 Unaudited	January – September 2013 Unaudited
<b>Operating revenue</b>	15,569,048,512	44,433,400,510	19,439,522,760	56,392,085,099
Less: Cost of sales	14,156,444,742	41,979,379,153	18,454,227,055	53,698,022,416
Taxes and surcharges	72,738,419	165,407,993	55,480,015	190,395,442
Selling expenses	129,709,596	360,973,932	105,141,489	288,837,594
Administrative expenses	349,585,474	947,865,899	345,410,141	1,029,072,321
Financial expenses	309,732,620	1,003,220,247	287,067,787	912,904,122
Assets impairment losses	186,589,555	530,909,950	187,260,621	665,091,178
Add: Loss on changes in fair value	47,220	27,490	(58,260)	(155,830)
Investment income	36,367,932	110,711,740	35,051,082	104,433,948
Including: Share of profits of associates and a jointly controlled entity	36,357,291	103,499,774	26,131,414	75,652,095
<b>Operating profit/(loss)</b>	400,663,258	(443,617,434)	39,928,474	(287,959,856)
Add: Non-operating income	35,809,196	137,224,648	27,685,764	112,516,037
Less: Non-operating expenses	1,464,950	3,425,874	(656,992)	2,398,991
Including: Net loss on disposal	1,265,062	1,785,942	(999,199)	703,136
<b>Profit/(loss) before tax</b>	435,007,504	(309,818,660)	68,271,230	(177,842,810)
Less: Income tax expense	29,372,168	48,041,499	42,222,399	119,335,527
<b>Net profit/(loss)</b>	<u>405,635,336</u>	<u>(357,860,159)</u>	<u>26,048,831</u>	<u>(297,178,337)</u>
Net profit/(loss) attributable to equity holders of the parent company	403,947,840	(326,318,338)	3,448,888	(329,374,190)
Minority interests	<u>1,687,496</u>	<u>(31,541,821)</u>	<u>22,599,943</u>	<u>32,195,853</u>
<b>Earnings per share:</b>				
Basic earnings per share (cents)	<u>5.25</u>	<u>(4.24)</u>	<u>0.04</u>	<u>(4.28)</u>
Diluted earnings per share	<u>5.25</u>	<u>(4.24)</u>	<u>0.04</u>	<u>(4.28)</u>
<b>Other comprehensive income</b>	(43,534,057)	(35,318,006)	(3,189,490)	(94,532,874)
<b>Total comprehensive income</b>	<u>362,101,279</u>	<u>(393,178,165)</u>	<u>22,859,341</u>	<u>(391,711,211)</u>
Including: Total comprehensive income attributable to the shareholders of the parent company	<u>360,395,630</u>	<u>(362,443,173)</u>	<u>259,398</u>	<u>(423,907,064)</u>
Total comprehensive income attributable to the minority shareholders	<u>1,705,649</u>	<u>(30,734,992)</u>	<u>22,599,943</u>	<u>32,195,853</u>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement**  
*For the nine months ended 30 September 2014*  
*Unit: RMB*

	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>unaudited</b>	unaudited
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>51,660,086,483</b>	63,775,120,780
Refunds of tax received	<b>75,899,244</b>	37,458,386
Net increase in sale of financial assets sold or repurchased	<b>(240,903,175)</b>	(6,970,373)
Net (decrease)/increase in deposits taken	<b>(99,473,961)</b>	1,218,838,961
Cash received from charging interests, fees and commission charged	<b>109,544,875</b>	149,405,638
Cash received relating to other operating activities	<b>48,167,304</b>	3,260,414
	<hr/>	<hr/>
Sub-total of cash inflows	<b>51,553,320,770</b>	65,177,113,806
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Cash paid for goods and services	<b>(43,465,080,622)</b>	(54,652,715,305)
Cash paid to and on behalf of employees	<b>(2,960,557,770)</b>	(3,870,940,955)
Cash paid for all taxes	<b>(1,670,677,049)</b>	(1,900,101,058)
Net increase in deposits in the Central Bank	<b>(59,967,599)</b>	(366,249,071)
Net increase in loans and advances granted	<b>(113,240,720)</b>	124,968,956
Cash used in the payment of interests, fees and commission	<b>(27,905,308)</b>	(31,510,950)
Cash paid relating to other operating activities	<b>(342,524,658)</b>	(395,666,201)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(48,639,953,726)</b>	(61,092,214,584)
	<hr/>	<hr/>
Net cash flows from operating activities	<b>2,913,367,044</b>	4,084,899,222
	<hr/>	<hr/>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement** *(Cont'd)*  
*For the nine months ended 30 September 2014*  
*Unit: RMB*

	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>unaudited</b>	unaudited
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	<b>207,426,629</b>	174,580,960
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>2,336,950,389</b>	21,343,683
Other cash received in relation to investing	<b>17,031,502</b>	71,781,652
	<hr/>	<hr/>
Sub-total of cash inflows	<b>2,561,408,520</b>	267,706,295
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	<b>(2,316,587,329)</b>	(4,800,868,163)
Cash paid for investments	<b>(45,000,000)</b>	(83,000,000)
Net cash from the decrease/(increase) of restricted use of monetary funds	<b>1,344,306,684</b>	(804,713,141)
Cash paid for the acquisition of subsidiaries	<b>(17,044,733)</b>	–
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(1,034,325,378)</b>	(5,688,581,304)
	<hr/>	<hr/>
Net cash flows from investing activities	<b>1,527,083,142</b>	(5,420,875,009)
	<hr/>	<hr/>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement (Cont'd)**  
*For the nine months ended 30 September 2014*  
*Unit: RMB*

	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>unaudited</b>	unaudited
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowing	<b>13,017,901,132</b>	18,368,192,868
Cash received from the absorption of investments	–	49,000,000
Including: Cash received from the absorption of minority investments by subsidiaries	–	49,000,000
	<hr/>	<hr/>
Sub-total of cash outflows	<b>13,017,901,132</b>	18,417,192,868
	<hr/>	<hr/>
Cash repayments of borrowings	<b>(11,135,326,884)</b>	(19,538,827,957)
Cash paid for distribution of dividend, profits or interest expenses	<b>(996,705,090)</b>	(841,102,759)
Including: dividends and profits paid by subsidiaries to minority shareholders	<b>(20,640,464)</b>	(10,329,021)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(12,132,031,974)</b>	(20,379,930,716)
	<hr/>	<hr/>
Net cash flows from financing activities	<b>885,869,158</b>	(1,962,737,848)
	<hr/>	<hr/>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(17,013,116)</b>	(66,061,346)
	<hr/>	<hr/>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>5,309,306,228</b>	(3,364,774,981)
	<hr/>	<hr/>
Add: Balance of cash and cash equivalents at beginning of period	<b>1,814,518,125</b>	6,629,796,092
	<hr/>	<hr/>
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>7,123,824,353</b>	3,265,021,111
	<hr/> <hr/>	<hr/> <hr/>

**Maanshan Iron & Steel Company Limited**  
**Balance Sheet**  
*30 September 2014*  
*Renminbi Yuan*

<b>ASSETS</b>	<b>30 September 2014 Unaudited</b>	31 December 2013 Audited
<b>CURRENT ASSETS:</b>		
Cash and bank balances	8,297,460,501	4,232,355,957
Financial assets measured at fair value through profit or loss	536,820	509,330
Bills receivable	5,560,339,515	4,924,057,882
Trade receivables	1,738,454,341	1,292,033,185
Dividends receivable	–	44,787,460
Prepayments	421,499,686	837,535,356
Other receivables	232,333,224	1,766,161,692
Inventories	6,645,786,891	7,151,763,970
Other current assets	294,632,327	294,632,327
<b>Total current assets</b>	<b>23,191,043,305</b>	<b>20,543,837,159</b>
<b>NON-CURRENT ASSETS:</b>		
Available-for-sale investments	126,772,160	126,772,160
Long term equity investments	6,461,855,699	5,907,348,550
Investment properties	78,530,708	79,758,318
Fixed assets	28,545,203,577	24,560,421,961
Construction in progress	1,182,815,433	6,477,395,016
Intangible assets	1,010,916,122	1,033,117,375
Deferred tax assets	725,692,115	723,967,462
<b>Total non-current assets</b>	<b>38,131,785,814</b>	<b>38,908,780,842</b>
<b>TOTAL ASSETS</b>	<b>61,322,829,119</b>	<b>59,452,618,001</b>



**Maanshan Iron & Steel Company Limited**  
**Balance Sheet (Cont'd)**  
30 September 2014  
Renminbi Yuan

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>30 September 2014 Unaudited</b>	<b>31 December 2013 Audited</b>
<b>CURRENT LIABILITIES:</b>		
Short term loans	5,290,000,000	2,009,536,713
Bills payable	2,970,113,846	2,380,386,149
Accounts payable	10,465,387,780	8,843,343,090
Deposits received	3,370,366,418	4,325,598,569
Payroll and benefits payable	295,865,907	136,411,098
Taxes payable	96,085,676	115,217,039
Interest payable	185,496,909	160,616,364
Dividends payable	6,407,961	6,296,662
Other payables	927,993,734	623,463,137
Non-current liabilities due within one year	5,346,254,700	7,951,717,780
Accrued liabilities	4,140,000	4,140,000
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>28,958,112,931</b>	<b>26,556,726,601</b>
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES:</b>		
Long term loans	8,154,739,500	8,289,928,800
Bonds payable	2,331,566,243	2,328,266,077
Deferred income	510,311,147	583,338,640
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>10,996,616,890</b>	<b>11,201,533,517</b>
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>39,954,729,821</b>	<b>37,758,260,118</b>
	<hr/>	<hr/>
<b>Shareholders' equity:</b>		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserve	2,991,017,140	2,991,017,140
Retained profits	2,338,042,573	2,664,301,158
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>21,368,099,298</b>	<b>21,694,357,883</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>61,322,829,119</b>	<b>59,452,618,001</b>
	<hr/> <hr/>	<hr/> <hr/>

**Maanshan Iron & Steel Company Limited**  
**Income Statement**  
*For the nine months ended 30 September 2014*  
*Renminbi Yuan*

	<b>July-September 2014 Unaudited</b>	<b>January-September 2014 Unaudited</b>	<b>July-September 2013 Unaudited</b>	<b>January-September 2013 Unaudited</b>
<b>Revenue</b>	<b>13,631,305,746</b>	<b>38,379,028,835</b>	13,353,492,985	41,759,677,212
Less: Cost of sales	<b>12,566,791,693</b>	<b>36,702,614,861</b>	12,746,016,245	40,143,286,881
Business taxes and surcharges	<b>54,586,720</b>	<b>122,084,032</b>	38,456,082	146,835,796
Selling expenses	<b>71,993,561</b>	<b>188,247,679</b>	55,605,804	164,007,933
Administrative expenses	<b>233,803,112</b>	<b>669,448,016</b>	224,812,260	667,471,697
Financial expenses	<b>236,375,238</b>	<b>731,591,102</b>	237,590,127	778,244,356
Assets impairment losses	<b>166,857,995</b>	<b>510,722,452</b>	172,260,620	650,637,006
Add: Gain/(loss) on fair value changes	<b>47,220</b>	<b>27,490</b>	(58,260)	(155,830)
Investment income	<b>64,062,315</b>	<b>138,831,597</b>	466,828,046	545,643,141
including: share of profits of associates and jointly-controlled entities	<b>36,357,291</b>	<b>103,767,118</b>	26,131,414	77,597,768
Operating profit/(loss)	<b>365,006,962</b>	<b>(406,820,220)</b>	345,521,633	(245,319,146)
Add: Non-operating income	<b>33,957,954</b>	<b>80,856,532</b>	22,436,720	67,394,951
Less: Non-operating expenses	<b>968,783</b>	<b>2,019,550</b>	750,104	2,607,515
including: loss from disposal of non-current assets	<b>920,904</b>	<b>1,250,438</b>	672,412	2,084,428
Profit/(loss) before tax	<b>397,996,133</b>	<b>(327,983,238)</b>	367,208,249	(180,531,710)
Less: Income tax	-	<b>(1,724,653)</b>	14,758	17,361,713
<b>Net profit/(loss)</b>	<b>397,996,133</b>	<b>(326,258,585)</b>	367,193,491	(197,893,423)
<b>Other comprehensive income/(loss)</b>	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>397,996,133</b>	<b>(326,258,585)</b>	367,193,491	(197,893,423)

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement**  
*For the nine months ended 30 September 2014*  
*Renminbi Yuan*

	<b>For the nine months ended</b>	
	<b>30 September 2014</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>42,791,847,214</b>	47,884,384,155
Refunds of taxes	<b>22,934,771</b>	–
Cash received relating to other operating activities	<b>5,800</b>	53,791
	<hr/>	<hr/>
Sub-total of cash inflows	<b>42,814,787,785</b>	47,884,437,946
	<hr/>	<hr/>
Cash paid for goods and services	<b>(34,868,467,255)</b>	(37,241,688,593)
Cash paid to and on behalf of employees	<b>(2,481,391,977)</b>	(2,778,696,585)
Cash paid for all taxes	<b>(1,163,841,775)</b>	(1,244,527,184)
Cash paid relating to other operating activities	<b>(340,442,422)</b>	(395,874,725)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(38,854,143,429)</b>	(41,660,787,087)
	<hr/>	<hr/>
Net cash flows from operating activities	<b>3,960,644,356</b>	6,223,650,859
	<hr/>	<hr/>
<b>2. Cash flows from investing activities:</b>		
Cash received from investment income	<b>275,278,016</b>	625,277,421
Net cash received from disposal of fixed assets, intangible assets and other long term assets	<b>1,563,938,442</b>	21,343,683
Cash received relating to other investing activities	<b>8,480,477</b>	30,241,152
	<hr/>	<hr/>
Sub-total of cash inflows	<b>1,847,696,935</b>	676,862,256
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long term assets	<b>(1,095,589,047)</b>	(2,231,055,517)
Cash paid for acquisitions of investments	<b>(538,740,031)</b>	(83,000,000)
Cash paid due to increase in pledged deposits, net	<b>(6,764)</b>	(97,295,110)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(1,634,335,842)</b>	(2,411,350,627)
	<hr/>	<hr/>
Net cash flows from investing activities	<b>213,361,093</b>	(1,734,488,371)
	<hr/>	<hr/>

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement (Cont'd)**  
For the nine months ended 30 September 2014  
Renminbi Yuan

	<b>For the nine months ended</b>	
	<b>30 September 2014</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	<b>11,753,483,996</b>	10,037,872,034
Cash received from issuance of corporate bonds	<u>—</u>	<u>—</u>
Sub-total of cash inflows	<b>11,753,483,996</b>	10,037,872,034
Cash repayments of borrowings	<b>(11,109,356,177)</b>	(13,963,145,378)
Cash paid for distribution of dividend or profits and for interest expenses	<u>(771,321,084)</u>	<u>(738,961,797)</u>
Sub-total of cash outflows	<b>(11,880,677,261)</b>	(14,702,107,175)
Net cash flows from financing activities	<u>(127,193,265)</u>	<u>(4,664,235,141)</u>
<b>4. Effect of foreign exchange rate changes on cash</b>	<b>18,285,598</b>	28,415,158
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>4,065,097,782</b>	(146,657,495)
Add: Balance of cash and cash equivalents at beginning of period	<u>4,232,198,204</u>	<u>5,559,785,755</u>
<b>6. Balance of cash and cash equivalents at end of period</b>	<b><u>8,297,295,986</u></b>	<b><u>5,413,128,260</u></b>

**4.2 Audit report**

✓ Not applicable

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

28 October 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*