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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  
2015 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 Information of Director not attending

<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>
Ren Tianbao	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, but have been considered and approved by the Audit Committee.

## 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	Unit: '000    Currency: RMB Increase/(decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets	65,284,300	68,511,175	-4.71
Owners' equity (or shareholders' equity)	20,679,109	23,295,566	-11.23
	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 (%)
Net cash flows from operating activities	3,033,560	2,913,367	4.13
	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	34,726,380	44,433,401	-21.85
Net profit attributable to shareholders of the Company	-2,575,382	-326,318	-
Net profit attributable to shareholders of the Company excluding non-recurring gains or losses	-2,762,562	-400,623	-
Return on net assets – Weighted average (%)	-11.71	-1.42	Decreased by 10.29 percentage points
Basic earnings per share (RMB/share)	-0.3344	-0.0424	-
Diluted earnings per share (RMB/share)	-0.3344	-0.0424	-

**Item and Amount of non-recurring gains or losses**✓ Applicable       Not applicable*Unit: Yuan    Currency: RMB*

<b>Item</b>	<b>Amount from the beginning of the year to the end of the reporting period (January to September)</b>
Losses or gains from disposal of non-current assets	20,479,843.75
Government subsidies recognized in current gains and losses, except for those closely relevant to normal business of the Company, conformed to requirements of State policy but granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards	164,020,707.76
Non-operating income and expenses other than the above items	-12,282,825.48
Amortization of deferred income	89,316,470.63
Effects of income tax	-65,439,869.04
Effect of minority interests (After tax)	-8,914,113.50
Total	187,180,214.12

**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 331,173

**Shareholding of the top ten shareholders**

Name of shareholder	Total number of shares held at the end of the reporting period	Percentage (%)	Number of shares with selling restrictions	Pledged or frozen shares		Type of shareholders
				Status of shares	Number of shares	
Magang (Group) Holding Company Limited (馬鋼(集團)控股有限公司)	3,506,467,456	45.53	0	None	0	State-owned shareholder
HKSCC (Nominees) Limited (香港中央結算(代理人)有限公司)	1,709,804,898	22.20	0	Unknown	Unknown	Foreign shareholder
Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	142,155,000	1.85	0	Unknown	Unknown	Others
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	88,096,538	1.14	0	Unknown	Unknown	Others
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme (大成基金－農業銀行－大成中證金融資產管理計劃)	33,609,200	0.44	0	Unknown	Unknown	Others
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme (工銀瑞信基金－農業銀行－工銀瑞信中證金融資產管理計劃)	33,609,200	0.44	0	Unknown	Unknown	Others
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme (南方基金－農業銀行－南方中證金融資產管理計劃)	33,609,200	0.44	0	Unknown	Unknown	Others

## Shareholding of the top ten shareholders

Name of shareholder	Total number of shares held at the end of the reporting period	Percentage	Number of shares with selling restrictions	Pledged or frozen shares		Type of shareholders
				Status of shares	Number of shares	
Lombarda China Fund – Agricultural Bank of China – Lombarda China CSI Financial Assets Management Scheme (中歐基金－農業銀行－中歐中證金融資產管理計劃)	33,609,200	0.44	0	Unknown	Unknown	Others
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme (銀華基金－農業銀行－銀華中證金融資產管理計劃)	33,609,200	0.44	0	Unknown	Unknown	Others
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme (嘉實基金－農業銀行－嘉實中證金融資產管理計劃)	33,609,200	0.44	0	Unknown	Unknown	Others

## Shareholding of top ten shareholders without selling restrictions

Name of shareholder	Number of marketable 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)	3,506,467,456	RMB-denominated ordinary shares	3,506,467,456
HKSCC (Nominees) Limited (香港中央結算(代理人)有限公司)	1,709,804,898	Overseas-listed foreign shares	1,709,804,898
Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	142,155,000	RMB-denominated ordinary shares	142,155,000
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	88,096,538	RMB-denominated ordinary shares	88,096,538

Name of shareholder	Number of marketable shares held without selling restrictions	Type and number of shares	
		Type	Number of shares
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme (大成基金－農業銀行－大成中證金融資產管理計劃)	33,609,200	RMB-denominated ordinary shares	33,609,200
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme (工銀瑞信基金－農業銀行－工銀瑞信中證金融資產管理計劃)	33,609,200	RMB-denominated ordinary shares	33,609,200
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme (南方基金－農業銀行－南方中證金融資產管理計劃)	33,609,200	RMB-denominated ordinary shares	33,609,200
Lombarda China Fund – Agricultural Bank of China – Lombarda China CSI Financial Assets Management Scheme (中歐基金－農業銀行－中歐中證金融資產管理計劃)	33,609,200	RMB-denominated ordinary shares	33,609,200
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme (銀華基金－農業銀行－銀華中證金融資產管理計劃)	33,609,200	RMB-denominated ordinary shares	33,609,200
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme (嘉實基金－農業銀行－嘉實中證金融資產管理計劃)	33,609,200	RMB-denominated ordinary shares	33,609,200

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.

### **2.3 Total number of preferred shareholders, shareholdings of top ten preferred shareholders and top ten preferred shareholders without selling restrictions as at the end of the reporting period**

Applicable       Not applicable

### **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       Not applicable

During the reporting period, China's GDP grew by 6.9% year-on-year with economy growth continuing to decelerate. At the end of September, the price index for international steel products was 128.7, down 17.94% year-on-year; the price index for domestic steel products was 61.19, down 29.14% year-on-year. During the reporting period, the price of iron ores remained range-bound, while the price of coking coal recorded a modest decline, yet the extent of the decreases were far smaller than that of the steel price. The Company thus suffered greater losses.

During the reporting period, production of pig iron, crude steel and steel products of the Company and its subsidiaries (the "Group") were flat year-on-year at 4.81 million tonnes, 4.97 million tonnes and 4.83 million tonnes respectively. During the period from January to September, the Group produced an aggregated of 13.49 million pig iron, 14.12 million crude steel and 13.74 million steel product, representing a year-on-year increase of 0.71%, 0.70% and 1.51%, respectively. Under the PRC Accounting Standards, the Group's operating revenue amounted to RMB34,726 million. Net loss attributable to shareholders of the Company was RMB2,575 million.

In the fourth quarter, the Company will continue to implement the business policy to "seize orders, retain capital, reduce inventory, adjust the structure" and organize balanced and stable production; seize market orders; expedite the integration of business specialization and shutting down of certain production lines, as well as speeding up the development of new products and mass production.

Items with more than 30% changes as compared to the end of 2014 in the consolidated financial statements and the reasons for such changes:

- (1) Financial assets measured at fair value through profit or loss at the end of the period was zero. Amount as at the end of the previous year was RMB1,073,490, mainly due to the sale in all such financial assets during the period.
- (2) Interest receivable amounted to RMB2,957,308, up 55.73% over the end of the previous year, mainly owing to an increase in interest receivable arising out of loans provided by the Finance Company to other members of the Group.

- (3) Construction in progress amounted to RMB3,676,429,072, up 29.86% over the end of the previous year, mainly due to the increase in the Company's investment in 4# Blast Furnace, 3# Sintering Machine and Auxiliary Supporting Project during the period.
- (4) Financial assets sold for repurchase were worth RMB101,176,672, compared with zero at the end of the previous year, mainly caused by an increase in bill rediscount with the central bank by the Finance Company during the reporting period.
- (5) Short term loans was RMB5,820,466,969, a decrease of 51.73% as compared to the end of the previous year, mainly due to the repayment of RMB5 billion corporate bonds due in August during the period.
- (6) Advance from customers was RMB2,574,962,323, a decrease of 30.43% as compared to the end of the previous year, mainly due to the decrease in selling price during the period.
- (7) Tax payable amounted to RMB121,406,165, a decrease of 48.73% as compared to the end of the previous year, mainly attributable to the decrease in outstanding tax payable at the end of the reporting period as compared to the end of the previous year.
- (8) Interest payable amounted to RMB75,447,415, decreased by 48.54% over the end of the previous year, mainly attributable to the decrease in interest rate of loans during the period, and the fact that the interest payable as at the end of the previous year included the accrued interest on corporate bonds and short-term financing bonds for four months while the interest payable for the period only included accrued interest on corporate bonds for one month and the accrued interest on the newly issued medium-term notes for two to three months.
- (9) Non-current liabilities due within one year amounted to RMB5,373,024,960, increased by 140.76% over the end of the previous year, mainly attributable to the fact that the 5-year corporate bonds issued in August 2011 will fall due within one year, and the increase in long term loans due within one year.
- (10) Bonds payable amounted to RMB4,000,555,556, increased by 71.5% compared to the end of the previous year, mainly attributable to the issuance of RMB4 billion medium-term notes by the Company during the period, and the reclassification of the 5-year corporate bonds issued in August 2011, which will fall due within one year, to non-current liabilities due within one year.
- (11) Retained profits was RMB875,917,782, a decrease of 74.62% as compared to the end of the previous year, mainly due to the increase in net loss attributable to shareholders of the parent company.



Items with more than 30% changes as compared to January to September of 2014 in the consolidated financial statements and the reasons for such changes:

- (1) Selling expenses amounted to RMB472,599,507, increased by 30.92% as compared to the corresponding period last year, mainly attributable to the year-on-year increase in external freight and miscellaneous expenses caused by the increase in export volume of the Company.
- (2) Loss on the changes in fair value was zero, a decrease of 100% year-on-year, which was mainly due to the sale in all financial assets measured at fair value through profit or loss during the period.
- (3) Investment income amounted to RMB73,151,647, a 33.93% retreat year on year, primarily due to the decrease in net profits of associates and jointly controlled entities attributable to the Company as compared to the corresponding period last year.
- (4) Non-operating income amounted to RMB276,714,813, increased by 101.65% as compared to the corresponding period last year, mainly due to the increase in government financial subsidies for transformation and development, and the rise in the valuation gain of land contributed to Ma-Steel OCI Chemical, the Company's associate.
- (5) Non-operating expenses amounted to RMB15,180,616, increased by 343.12% as compared to the corresponding period last year, mainly due to the impact of the compensation ruled to pay in respect of the litigation of Shanghai Industry and Trade Company Limited during the period.
- (6) Income tax expenses amounted to RMB219,844,606, increased by 357.61% as compared to the corresponding period last year, mainly due to the impact of the reversal of deferred tax related to deductible tax losses.
- (7) Net loss attributable to shareholders of the parent company was RMB2,575,382,047, up 689.22% year on year, primarily because gross operating profit experienced severe decrease during the reporting period.
- (8) Minority interests amounted to -RMB209,508,768, with loss increased by 564.2% as compared to the corresponding period of the previous year, mainly as a result of the increase in loss realized by non-wholly owned subsidiaries during the period.
- (9) Net cash outflows from investing activities amounted to RMB810,422,298, a decrease of 153.07% as compared to the net cash inflows of RMB1,527,083,142 for the corresponding period last year, which was mainly due to the fact that the Company received the remaining consideration for the disposal of assets other than that of core iron and steel business and the compensation for land expropriation to Hefei Iron and Steel during the corresponding period last year, but there were no such items during the period.

(10) Net cash outflows from financing activities amounted to RMB663,554,255, down 174.9% as compared to the net cash inflows of RMB885,869,158 for the corresponding period last year, mainly due to the capital inflow from the issuance of medium term notes during the period fell short of the capital outflow from the repayment of short-term financing bonds.

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

Applicable       Not applicable

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

Applicable       Not Applicable

On 24 July 2015, the Company received a letter from the controlling shareholder, which stated that it intended to further acquire A Shares in the Company of not less than RMB409 million at appropriate prices through a wholly owned subsidiary in a way complying with applicable laws and regulations and pledged that shares acquired would not be sold within six months after the completion of the further acquisition plan. Further details are stated in “Announcement on Intended Increase in Shareholding of the Company’s A Shares by the Controlling Shareholder” on 25 July 2015. Information source: <http://www.sse.com.cn>; <http://www.hkexnews.hk>.

### **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 perceives that an accumulated loss in net profit will be recorded from the beginning of the year to the end of 2015, mainly because the aggregate net loss of the Company for the first three quarters was relatively high, and there will hardly be any favourable changes in the markets of raw materials and steel products that will bring obvious benefits to the iron and steel industry and the Group in the fourth quarter.

#### IV. APPENDIX

##### 4.1 Financial Statements

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet**  
*30 September 2015*  
*Renminbi Yuan*

<b>Assets</b>	<b>30 September 2015 Unaudited</b>	<b>31 December 2014 Audited</b>
<b>Current assets:</b>		
Cash and bank balances	5,995,803,878	4,654,551,519
Financial assets measured at fair value through profit or loss	–	1,073,490
Bills receivable	6,365,052,850	8,483,607,113
Trade receivables	1,013,942,056	856,559,860
Interest receivable	2,957,308	1,898,994
Prepayments	575,424,214	648,963,073
Other receivables	230,907,177	255,577,937
Inventories	7,428,441,656	8,684,293,285
Loans and advances	644,806,420	633,203,277
Other current assets	675,172,053	665,474,438
<b>Total current assets</b>	<b>22,932,507,612</b>	<b>24,885,202,986</b>
<b>Non-current assets:</b>		
Financial assets available for sale	126,722,160	126,772,160
Long-term equity investments	1,020,711,905	1,089,585,013
Investment properties	64,115,820	62,904,210
Fixed assets	35,136,930,421	37,041,356,860
Construction-in-progress	3,676,429,072	2,831,050,182
Intangible assets	1,853,052,228	1,826,460,576
Deferred tax assets	473,830,683	647,842,823
<b>Total non-current assets</b>	<b>42,351,792,289</b>	<b>43,625,971,824</b>
<b>Total assets</b>	<b>65,284,299,901</b>	<b>68,511,174,810</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet (Cont'd)**  
30 September 2015  
Renminbi Yuan

<b>Current liabilities:</b>	<b>30 September 2015 Unaudited</b>	<b>31 December 2014 Audited</b>
<b>Current liabilities:</b>		
Borrowing funds	450,000,000	500,000,000
Deposits taken	1,384,478,764	1,199,618,850
Financial assets sold or repurchased	101,176,672	–
Short-term loans	5,820,466,969	12,058,394,894
Bills payable	5,367,573,092	4,802,906,077
Accounts payable	6,419,062,453	6,679,288,444
Deposits received	2,574,962,323	3,701,440,863
Payroll and benefits payable	254,670,164	299,077,212
Taxes payable	121,406,165	236,783,996
Interests payable	75,447,415	146,625,806
Dividends payable	7,328,392	7,210,819
Other payables	959,669,351	827,419,110
Non-current liabilities due within one year	5,373,024,960	2,231,683,000
Accrued liabilities	16,707,944	14,100,985
<b>Total current liabilities</b>	<b>28,925,974,664</b>	<b>32,704,550,056</b>
<b>Non-current liabilities:</b>		
Long-term loans	8,049,861,666	6,339,132,454
Bonds payable	4,000,555,556	2,332,666,298
Deferred income	1,198,806,359	1,186,358,849
Long-term payroll and benefits payable	28,089,477	25,877,746
Deferred tax liabilities	33,382,422	33,191,420
<b>Total non-current liabilities</b>	<b>13,310,695,480</b>	<b>9,917,226,767</b>
<b>Total liabilities</b>	<b>42,236,670,144</b>	<b>42,621,776,823</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
Other Comprehensive income	(176,021,590)	(137,159,480)
Surplus reserves	19,298,291	21,511,442
Retained profits	3,831,458,700	3,831,458,700
General risk reserve	98,706,649	98,706,649
Retained profit	875,917,782	3,451,299,829
Total equity attributable to equity holders of the parent company	20,679,108,681	23,295,565,989
Minority interests	2,368,521,076	2,593,831,998
<b>Total shareholders' equity</b>	<b>23,047,629,757</b>	<b>25,889,397,987</b>
<b>Total liabilities and shareholders'</b>	<b>65,284,299,901</b>	<b>68,511,174,810</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement**  
*For the nine months ended 30 September 2015*  
*Renminbi Yuan*

	July–September 2015 Unaudited	January–September 2015 Unaudited	July–September 2014 Unaudited	January–September 2014 Unaudited
<b>Operating revenue</b>	11,278,859,355	34,726,380,048	15,569,048,512	44,433,400,510
Less: Cost of sales	11,701,621,787	34,325,912,817	14,156,444,742	41,979,379,153
Taxes and surcharges	21,677,531	147,892,490	72,738,419	165,407,993
Selling expenses	172,869,389	472,599,507	129,709,596	360,973,932
Administrative expenses	340,660,913	1,163,633,109	349,585,474	947,865,899
Financial expenses	272,767,148	838,626,486	309,732,620	1,003,220,247
Assets impairment losses	310,171,575	677,447,692	186,589,555	530,909,950
Add: Loss on changes in fair value	–	–	47,220	27,490
Investment income	29,047,163	73,151,647	36,367,932	110,711,740
Including: Share of profits of associates and a jointly controlled entity	21,416,202	62,530,249	36,357,291	103,499,774
<b>Operating profit/(loss)</b>	<b>(1,511,861,825)</b>	<b>(2,826,580,406)</b>	400,663,258	(443,617,434)
Add: Non-operating income	105,071,845	276,714,813	35,809,196	137,224,648
Including: Net profit on disposal	19,819,357	20,479,844	–	–
Less: Non-operating expenses	1,021,191	15,180,616	1,464,950	3,425,874
Including: Net loss on disposal	–	–	1,265,062	1,785,942
<b>Profit/(loss) before tax</b>	<b>(1,407,811,171)</b>	<b>(2,565,046,209)</b>	435,007,504	(309,818,660)
Less: Income tax expense	16,776,105	219,844,606	29,372,168	48,041,499
<b>Net profit/(loss)</b>	<b>(1,424,587,276)</b>	<b>(2,784,890,815)</b>	<b>405,635,336</b>	<b>(357,860,159)</b>
Net profit/(loss) attributable to equity holders of the parent company	<b>(1,338,789,620)</b>	<b>(2,575,382,047)</b>	<b>403,947,840</b>	<b>(326,318,338)</b>
Minority interests	<b>(85,797,656)</b>	<b>(209,508,768)</b>	<b>1,687,496</b>	<b>(31,541,821)</b>
<b>Other comprehensive income (after tax)</b>				
Other comprehensive income net of tax attributable to shareholders of the parent company				
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Foreign currency translation differences	3,242,123	(38,862,110)	(43,552,210)	(36,124,835)
Other comprehensive income net of tax attributable to minority shareholders	(561,415)	329,226	18,153	806,829
<b>Total comprehensive income</b>	<b>(1,421,906,568)</b>	<b>(2,823,423,699)</b>	<b>362,101,279</b>	<b>(393,178,165)</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement (Cont'd)**  
*For the nine months ended 30 September 2015*  
*Renminbi Yuan*

	July–September 2015 Unaudited	January–September 2015 Unaudited	July–September 2014 Unaudited	January–September 2014 Unaudited
Including: Total comprehensive income attributable to the shareholders of the parent company	<u>(1,335,547,497)</u>	<u>(2,614,244,157)</u>	<u>360,395,630</u>	<u>(362,443,173)</u>
Total comprehensive income attributable to the minority shareholders	<u>(86,359,071)</u>	<u>(209,179,542)</u>	<u>1,705,649</u>	<u>(30,734,992)</u>
<b>Earnings per share:</b>				
Basic earnings per share(cents)	<u>(17.39)</u>	<u>(33.44)</u>	<u>5.25</u>	<u>(4.24)</u>
Diluted earnings per share(cents)	<u>(17.39)</u>	<u>(33.44)分</u>	<u>5.25</u>	<u>(4.24)</u>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement**  
*For the nine months ended 30 September 2015*  
*Renminbi Yuan*

	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>Unaudited</b>	Unaudited
<b>1. Cash flows from operating activities:</b>		
rendering of services	<b>38,070,596,190</b>	51,660,086,483
Net increase in customer bank deposits and due to banks and other financial institutions	<b>134,859,915</b>	–
Cash received from charging interests, fees and commission charged	<b>95,473,090</b>	109,544,875
Refunds of tax received	<b>51,220,273</b>	75,899,244
Net decrease in deposits in the Central Bank	<b>504,467,708</b>	–
Net increase in sale of financial assets sold or repurchased	<b>101,176,672</b>	–
Cash received relating to other operating activities	<b>47,339,833</b>	48,167,304
Sub-total of cash inflows	<b>39,005,133,681</b>	51,893,697,906
Cash paid for goods and services	<b>(31,424,959,051)</b>	(43,465,080,622)
Cash paid to and on behalf of employees	<b>(2,847,731,968)</b>	(2,960,557,770)
Cash paid for all taxes	<b>(1,447,436,143)</b>	(1,670,677,049)
Net decrease in sale of financial assets sold or repurchased	–	(240,903,175)
Net decrease in customer bank deposits and due to banks and other financial institutions	–	(99,473,961)
Net increase in deposits in the Central Bank	–	(59,967,599)
Net increase in loans and advances granted	<b>(11,603,142)</b>	(113,240,720)
Cash used in the payment of interests, fees and commission	<b>(26,648,085)</b>	(27,905,308)
Cash paid relating to other operating activities	<b>(213,195,594)</b>	(342,524,658)
Sub-total of cash outflows	<b>(35,971,573,983)</b>	(48,980,330,862)
Net cash flows from operating activities	<b>3,033,559,698</b>	2,913,367,044

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement** *(Cont'd)*  
*For the nine months ended 30 September 2015*  
*Renminbi Yuan*

	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>Unaudited</b>	Unaudited
<b>2. Cash flows from investing activities:</b>		
Cash received by investors	<b>1,073,490</b>	–
Cash received from returns on investments	<b>166,900,669</b>	207,426,629
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>29,787,611</b>	2,336,950,389
Net cash from decrease in restricted use of monetary funds	–	1,344,306,684
Other cash received in relation to investing	<b>121,727,909</b>	17,031,502
	<hr/>	<hr/>
Sub-total of cash inflows	<b>319,489,679</b>	3,905,715,204
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	<b>(590,250,045)</b>	(2,316,587,329)
Net cash from the decrease of restricted use of monetary funds	<b>(357,162,050)</b>	–
Cash paid for the investment of joint companies and other business entities	<b>(109,311,358)</b>	(45,000,000)
Cash paid for the acquisition of subsidiaries	<b>(73,188,524)</b>	(17,044,733)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(1,129,911,977)</b>	(2,378,632,062)
	<hr/>	<hr/>
Net cash flows from/(used in) investing activities	<b>(810,422,298)</b>	1,527,083,142
	<hr/>	<hr/>



**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement (Cont'd)**  
*For the nine months ended 30 September 2015*  
*Renminbi Yuan*

	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>unaudited</b>	unaudited
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowing	<b>15,490,616,957</b>	13,017,901,132
Cash received from issuance of medium-term notes	<b>4,000,000,000</b>	—
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	<b>19,490,616,957</b>	13,017,901,132
	<hr/>	<hr/>
Cash repayments of borrowings	<b>(19,283,579,778)</b>	(11,135,326,884)
Cash paid for distribution of dividend, profits or interest expenses	<b>(870,591,434)</b>	(996,705,090)
Including: dividends and profits paid by subsidiaries to minority shareholders	<b>—</b>	(20,640,464)
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	<b>(20,154,171,212)</b>	(12,132,031,974)
	<hr/>	<hr/>
Net cash flows from/(used in) financing activities	<b>(663,554,255)</b>	885,869,158
	<hr/>	<hr/>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(71,025,126)</b>	(17,013,116)
	<hr/>	<hr/>
<b>5. Net increase in cash and cash equivalents</b>	<b>1,488,558,019</b>	5,309,306,228
	<hr/>	<hr/>
Add: Balance of cash and cash equivalents at beginning of period	<b>2,709,836,297</b>	1,814,518,125
	<hr/>	<hr/>
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>4,198,394,316</b>	7,123,824,353
	<hr/> <hr/>	<hr/> <hr/>

**Maanshan Iron & Steel Company Limited**  
**Balance Sheet**  
*30 September 2015*  
*Renminbi Yuan*

<b>ASSETS</b>	<b>30 September 2015 Unaudited</b>	31 December 2014 Audited
<b>CURRENT ASSETS:</b>		
Cash and bank balances	3,992,301,805	5,033,512,998
Financial assets measured at fair value through profit or loss	–	1,073,490
Bills receivable	5,217,050,432	6,168,408,389
Trade receivables	2,039,081,088	1,301,307,701
Dividends receivable	7,225,723	7,225,723
Prepayments	352,213,826	408,746,555
Other receivables	249,905,710	161,823,003
Inventories	5,118,837,369	6,084,558,454
Other current assets	336,183,492	346,438,700
<b>Total current assets</b>	<b>17,312,799,445</b>	<b>19,513,095,013</b>
<b>NON-CURRENT ASSETS:</b>		
Available-for-sale investments	126,722,160	126,772,160
Long term equity investments	6,808,818,265	6,542,246,491
Investment properties	76,467,101	77,745,472
Fixed assets	26,537,389,369	27,894,663,311
Construction in progress	3,207,037,314	2,725,983,735
Intangible assets	978,373,957	1,003,515,704
Deferred tax assets	473,045,265	583,517,420
<b>Total non-current assets</b>	<b>38,207,853,431</b>	<b>38,954,444,293</b>
<b>TOTAL ASSETS</b>	<b>55,520,652,876</b>	<b>58,467,539,306</b>

**Maanshan Iron & Steel Company Limited**  
**Balance Sheet (Cont'd)**  
30 September 2015  
Renminbi Yuan

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>30 September 2015 Unaudited</b>	31 December 2014 Audited
<b>CURRENT LIABILITIES:</b>		
Short term loans	610,000,000	5,350,000,000
Bills payable	3,659,139,281	3,281,609,644
Accounts payable	8,539,837,475	10,496,946,152
Deposits received	1,754,587,321	3,158,414,180
Payroll and benefits payable	145,715,991	186,884,642
Taxes payable	26,853,495	80,187,544
Interest payable	71,875,122	146,840,022
Dividends payable	6,525,534	6,407,961
Other payables	733,929,958	556,182,231
Non-current liabilities due within one year	5,373,024,960	2,180,683,000
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>20,921,489,137</b>	<b>25,444,155,376</b>
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES:</b>		
Long term loans	10,683,831,008	8,471,764,660
Bonds payable	4,000,555,556	2,332,666,298
Deferred income	515,165,699	500,208,915
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>15,199,552,263</b>	<b>11,304,639,873</b>
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>36,121,041,400</b>	<b>36,748,795,249</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
	2,807,567	2,807,567
Surplus reserve	2,993,175,001	2,993,175,001
Retained profits	364,589,323	2,683,721,904
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>19,399,611,476</b>	<b>21,718,744,057</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>55,520,652,876</b>	<b>58,467,539,306</b>
	<hr/> <hr/>	<hr/> <hr/>

**Maanshan Iron & Steel Company Limited**  
**Income Statement**  
*For the nine months ended 30 September 2015*  
*Renminbi Yuan*

	July-September 2015 Unaudited	January-September 2015 Unaudited	July-September 2014 Unaudited	January-September 2014 Unaudited
<b>Revenue</b>	<b>9,038,871,953</b>	<b>29,426,965,193</b>	13,631,305,746	38,379,028,835
Less: Cost of sales	<b>9,435,667,553</b>	<b>29,439,977,280</b>	12,566,791,693	36,702,614,861
Business taxes and surcharges	<b>4,560,412</b>	<b>94,027,848</b>	54,586,720	122,084,032
Selling expenses	<b>95,238,504</b>	<b>268,288,875</b>	71,993,561	188,247,679
Administrative expenses	<b>235,010,397</b>	<b>829,993,687</b>	233,803,112	669,448,016
Financial expenses	<b>226,594,847</b>	<b>692,288,982</b>	236,375,238	731,591,102
Assets impairment losses	<b>309,702,230</b>	<b>613,622,425</b>	166,857,995	510,722,452
Add: Gain on fair value changes	-	-	47,220	27,490
Investment income	<b>43,012,472</b>	<b>84,318,845</b>	64,062,315	138,831,597
including: share of profits of associates and jointly-controlled entities	<b>21,416,201</b>	<b>61,956,766</b>	36,357,291	103,767,118
Operating profit/(loss)	<b>(1,224,889,518)</b>	<b>(2,426,915,059)</b>	365,006,962	(406,820,220)
Add: Non-operating income	<b>74,165,633</b>	<b>219,324,419</b>	33,957,954	80,856,532
including: gain from disposal of non-current assets	<b>20,927,710</b>	<b>21,324,038</b>	-	-
Less: Non-operating expenses	<b>609,327</b>	<b>1,069,786</b>	968,783	2,019,550
including: loss from disposal of non-current assets	-	-	920,904	1,250,438
Profit/(loss) before tax	<b>(1,151,333,212)</b>	<b>(2,208,660,426)</b>	397,996,133	(327,983,238)
Less: Income tax	-	<b>110,472,155</b>	-	(1,724,653)
<b>Net profit/(loss)</b>	<b><u>(1,151,333,212)</u></b>	<b><u>(2,319,132,581)</u></b>	<b><u>397,996,133</u></b>	<b><u>(326,258,585)</u></b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b><u>(1,151,333,212)</u></b>	<b><u>(2,319,132,581)</u></b>	<b><u>397,996,133</u></b>	<b><u>(326,258,585)</u></b>

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement**  
*For the nine months ended 30 September 2015*  
*Renminbi Yuan*

	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>Unaudited</b>	Unaudited
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>29,793,580,291</b>	42,791,847,214
Refunds of taxes	<b>51,220,273</b>	22,934,771
Cash received relating to other operating activities	<b>3,013,913</b>	5,800
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	<b>29,847,814,477</b>	42,814,787,785
	<hr/>	<hr/>
Cash paid for goods and services	<b>(28,559,664,683)</b>	(34,868,467,255)
Cash paid to and on behalf of employees	<b>(2,378,557,719)</b>	(2,481,391,977)
Cash paid for all taxes	<b>(1,043,360,738)</b>	(1,163,841,775)
Cash paid relating to other operating activities	<b>(199,084,765)</b>	(340,442,422)
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	<b>(32,180,667,905)</b>	(38,854,143,429)
	<hr/>	<hr/>
Net cash flows from (used in) operating activities	<b>(2,332,853,428)</b>	3,960,644,356
	<hr/>	<hr/>
<b>2. Cash flows from investing activities:</b>		
Cash received from disinvestment	<b>1,073,490</b>	–
Cash received from investment income	<b>182,168,536</b>	275,278,016
Net cash received from disposal of fixed assets		
intangible assets and other long term assets	<b>29,787,611</b>	1,563,938,442
Cash received relating to other investing activities	<b>107,975,904</b>	8,480,477
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	<b>321,005,541</b>	1,847,696,935
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets		
intangible assets and other long term assets	<b>(262,809,645)</b>	(1,095,589,047)
Cash paid for investments in JV and other business units	<b>(109,311,358)</b>	(538,740,031)
Cash received from subsidiaries	<b>(170,377,250)</b>	–
Cash paid due to increase in pledged deposits, net	<b>(506,734,493)</b>	(6,764)
	<hr/>	<hr/>
Sub-total of cash outflows from investment activities	<b>(1,049,232,746)</b>	(1,634,335,842)
	<hr/>	<hr/>
Net cash flows from/(used in) investing activities	<b>(728,227,205)</b>	213,361,093
	<hr/>	<hr/>

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement (Cont'd)**  
For the nine months ended 30 September 2015  
Renminbi Yuan

	<b>For the nine months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>Unaudited</b>	Unaudited
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	<b>9,589,692,000</b>	11,753,483,996
Cash received from issuance of medium-term notes	<b>4,000,000,000</b>	—
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	<b>13,589,692,000</b>	11,753,483,996
	<hr/>	<hr/>
Cash repayments of borrowings	<b>(11,241,392,500)</b>	(11,109,356,177)
Cash paid for distribution of dividend or profits and for interest expenses	<b>(818,803,689)</b>	(771,321,084)
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	<b>(12,060,196,189)</b>	(11,880,677,261)
	<hr/>	<hr/>
Net cash flows (used in)/from financing activities	<b>1,529,495,811</b>	(127,193,265)
	<hr/>	<hr/>
<b>4. Effect of foreign exchange rate changes on cash</b>	<b>(16,360,862)</b>	18,285,598
	<hr/>	<hr/>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,547,945,684)</b>	4,065,097,782
	<hr/>	<hr/>
Add: Balance of cash and cash equivalents at beginning of period	<b>4,807,119,543</b>	4,232,198,204
	<hr/>	<hr/>
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>3,259,173,859</b>	8,297,295,986
	<hr/> <hr/>	<hr/> <hr/>

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

During the period, there is no change to the Group's accounting policy and 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  
**Maanshan Iron & Steel Company Limited**  
**Ding Yi**  
*Chairman*

27 October 2015

Maanshan City, Anhui Province, the PRC

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

*Executive Directors: Ding Yi, Qian Haifan,*

*Non-executive Directors: Su Shihuai, Ren Tianbao*

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