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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: 323)

SUMMARY OF 2010 INTERIM RESULTS ANNOUNCEMENT

1. IMPORTANT NOTICE

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 jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.

This summary of interim results announcement has been extracted from the interim report, full details of which have been made available simultaneously at the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>). Investors should read carefully the full text of the interim report for details.

1.2 No funding appropriation by substantial shareholders was found in the Company.

1.3 The Company did not provide external guarantees which were in violation of stipulated decision-making procedures.

1.4 Mr. Gu Jianguo, Chairman of the Company, Mr. Su Jianguo, Director and General Manager overseeing the accounting operations, and Mr. Zhang Qianchun, Planning and Finance Manager in charge of the Accounting Department, make representation in respect of the truthfulness and completeness of the financial statements contained in the interim report.

1.5 The financial statements contained in this interim report have not been audited, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

2. LISTED COMPANY BASIC INFORMATION

2.1 Company profile

Stock abbreviation	Magang Stock	Maanshan Iron & Steel
Stock code	600808	323
Places of listing	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Secretary to the Board of Directors	Representative for Securities Affairs
Name	Gao Haijian	Hu Shunliang
Correspondence address	No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC	No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC
Telephone	86-555-2888158/2875251	86-555-2888158/2875251
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2.2 Major financial data and indicators

2.2.1 Major accounting data and financial indicators

(Prepared under China Accounting Standards)

	As at the end of the reporting period	As at the end of the previous year	Unit: RMB'000 Increase/(decrease) at the end of the reporting period as compared to the end of the previous year (±%)
	Reporting period (January to June)	Corresponding period of the previous year	Increase/(decrease) of the reporting period as compared to the corresponding period of the previous year (±%)
Total assets	69,754,771	67,984,107	2.60
Shareholders' equity	27,191,326	26,464,654	2.75
Net assets per share (RMB)	3.53	3.44	2.75
Operating profit/(loss)	1,388,799	(818,234)	269.73
Total profit/(loss)	1,469,660	(732,964)	300.51
Net profit/(loss)	1,041,639	(795,421)	230.95
Net profit/(loss) excluding non-recurring gains or losses	972,098	(879,123)	210.58
Basic earnings per share (RMB)	0.1353	(0.1033)	230.95
Diluted earnings per share (RMB)	N/A	N/A	N/A
Return on net assets (%)	3.86	(3.10)	increased by 6.96 percentage points
Net cash flows from operating activities	(514,205)	6,358,176	(108.09)
Net cash flows per share from operating activities (RMB)	(0.0667)	0.8257	(108.09)

2.2.2 Items of non-recurring gains or losses

(Unit: RMB'000)

Items	Amount
Net gain from disposal of non-current assets	2,118
Other non-operating income and expenses	(418)
Government subsidies	39,305
Amortisation of deferred income	39,856
Fair value gains and losses of financial assets held for trading	(88)
Dividend from financial assets held for trading	4
Income tax effect	(9,516)
Non-recurring gains or losses attributable to minority shareholders	(1,720)
	<hr/>
Total net non-recurring gains or losses	<u><u>69,541</u></u>

3. MOVEMENTS IN SHARE CAPITAL AND MAJOR SHAREHOLDING STRUCTURE

3.1 Table on movement in the Company's shareholding structure (Unit: Shares)

	Prior to the		Increase/(decrease) of current movements (+, -)					After current	
	current movements							movements	
	Number of	(%)	Issue of	Bonus	Transferred	Others	Sub-total	Number of	(%)
	shares		new shares	share	from reserves			shares	
I. Shares subject to selling restrictions	-	-	-	-	-	-	-	-	-
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-	-	-
3. Other domestic shares	-	-	-	-	-	-	-	-	-
Including:									
Shares owned by domestic									
legal persons	-	-	-	-	-	-	-	-	-
Shares owned by domestic									
natural persons	-	-	-	-	-	-	-	-	-
4. Foreign owned shares	-	-	-	-	-	-	-	-	-
Including:									
Shares owned by foreign legal persons	-	-	-	-	-	-	-	-	-
Shares owned by foreign natural									
persons	-	-	-	-	-	-	-	-	-
II. Shares not subject to selling restrictions	7,700,681,186	100	-	-	-	-	-	7,700,681,186	100
1. RMB-denominated ordinary shares	5,967,751,186	77.50	-	-	-	-	-	5,967,751,186	77.50
2. Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3. Foreign listed foreign shares	1,732,930,000	22.50	-	-	-	-	-	1,732,930,000	22.50
4. Others	-	-	-	-	-	-	-	-	-
	<hr/>		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
III. Total number of shares	<u>7,700,681,186</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>0</u>	<u>7,700,681,186</u>	<u>100</u>

3.2 Respective shareholdings of top ten shareholders and top ten holders of circulating shares or shares without selling restrictions (Unit: Shares)

Total number of shareholders As at the end of the reporting period, the Company had a total of 414,878 shareholders.

Shareholding of top ten shareholders

Name of shareholder	Type of shareholders	As a percentage to number of shares held (%)	Total number of shares held	Number of shares held with selling restrictions	Number of pledged or frozen shares
Magang (Group) Holding Company Limited	State-owned shareholder	50.47	3,886,423,927	-	-
HKSCC (Nominees) Limited	Foreign shareholder	22.17	1,707,203,897	-	Unknown
中國建設銀行－鵬華價值優勢股票型證券投資基金	Others	0.96	74,000,000	-	Unknown
中國工商銀行－南方成份精選股票型證券投資基金	Others	0.33	25,391,677	-	Unknown
中國銀行－嘉實滬深300指數證券投資基金	Others	0.19	14,959,351	-	Unknown
中國銀行－華寶興業先進成長股票型證券投資基金	Others	0.19	14,499,781	-	Unknown
中國建設銀行－上投摩根中國優勢證券投資基金	Others	0.16	12,345,425	-	Unknown
中國工商銀行－華夏滬深300指數證券投資基金	Others	0.13	10,111,124	-	Unknown
王勇	Others	0.12	9,000,000	-	Unknown
中國工商銀行－景順長城精選藍籌股票型證券投資基金	Others	0.12	8,992,453	-	Unknown

Shareholding of top ten shareholders without selling restrictions

Name of shareholder	Number of shares held without selling restrictions	Type of shares
Magang (Group) Holding Company Limited	3,886,423,927	RMB-denominated ordinary shares
HKSCC (Nominees) Limited	1,707,203,897	Overseas-listed foreign shares
中國建設銀行－鵬華價值優勢股票型證券投資基金	74,000,000	RMB-denominated ordinary shares
中國工商銀行－南方成份精選股票型證券投資基金	25,391,677	RMB-denominated ordinary shares
中國銀行－嘉實滬深300指數證券投資基金	14,959,351	RMB-denominated ordinary shares
中國銀行－華寶興業先進成長股票型證券投資基金	14,499,781	RMB-denominated ordinary shares
中國建設銀行－上投摩根中國優勢證券投資基金	12,345,425	RMB-denominated ordinary shares
中國工商銀行－華夏滬深300指數證券投資基金	10,111,124	RMB-denominated ordinary shares
王勇	9,000,000	RMB-denominated ordinary shares
中國工商銀行－景順長城精選藍籌股票型證券投資基金	8,992,453	RMB-denominated ordinary shares

Description of any connected relationships or concerted actions among the above-mentioned shareholders

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

4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Appointment or removal of directors, supervisors and senior management of the Company

Mr. Su Shihuai was appointed as Deputy General Manager and Chief Engineer of the Company at the eleventh meeting of the sixth session of the Board of the Company held on 31 December 2009. The term of office of Mr. Su commenced on 1 January 2010 and ends on 31 August 2011.

Save as disclosed herein, there was no new appointment or removal of other directors, supervisors and senior management during the reporting period.

5. REPORT OF THE BOARD

(1) The macro environment for production and operation

In the first half of the year, the overall global economy was on the road to recovery, witnessed by rising steel prices as a result of growing international demand for iron and steel. As at the end of June, the price index for global steel products was 198.4, representing an increase of 44.94% year-on-year.

China's national economy performed well and continued to develop towards the expected direction of China's macro-economic control measures. In the first half of the year, GDP grew 11.1%, representing an increase of 3.7 percentage points year-on-year. Social fixed asset investment grew 25.0%, representing a decrease of 8.5 percentage points year-on-year.

Despite increased market demand, the oversupply problem in the steel product market remained acute because of the overcapacity and high output of the domestic iron and steel industry. Prices of steel products in the domestic market have been rising month by month since the beginning of the year. The consolidated price index for steel products was 125.98 as at the end of April, representing an increase of 31.83% year-on-year. Prices of steel products began to fall in May due to market expectations of a drop influenced by the State's introduction of policies to regulate the real estate market and other sectors. The consolidated price index for steel products as at the end of June was 115.89, representing a slowed increase of 13.64% year-on-year.

As for imports and exports, China's exports of iron and steel products increased substantially while imports dropped significantly due to a rebounding demand for steel products in the international market and the relatively fast pace of economic recovery in Asian countries. Aggregated nationwide imports and exports of steel products and steel billets from January to June amounted to an equivalent of net export of crude steel of 15,970,000 tonnes, representing an increase of more than 12 times as compared to the corresponding period of the previous year.

On the cost front, the rising prices of externally purchased raw materials and fuels for iron and steel enterprises in the first half caused great difficulties to the production and operation of iron and steel enterprises. From January to June, out of the procurement costs of nationwide large and medium-sized iron and steel enterprises, prices of coking coal were up 31.6% year-on-year; prices of injection coal were up 21.3%; and prices of domestic iron concentrates were up 45.8%. In the first half, the average CIF cost of China's imported iron ore was US\$111.5/tonnes, up 46.4% year-on-year. In particular, the average CIF cost in June was as high as US\$138.95/tonnes, up 105.27% year-on-year. The room for iron and steel enterprises to make profits was compressed, resulting in low sales margins in the industry.

(2) *Production and operation of the Company*

Faced with such challenging external situations, the Company remained closely focused on “building competitive advantages, improving profitability” as its business theme and adhered to the core elements of “product variety, quality and cost”, while strengthening business efforts and implemented business initiatives to achieve satisfactory results in its production operations.

During the reporting period, the Company's major work included:

- **Unleashed the potential further and boosted cost reduction and efficiency enhancement.** After consolidating the results of cost reduction and efficiency enhancement, and improving the long-term mechanism last year, the Company further strengthened its business efforts and implemented an annual cost reduction and efficiency enhancement plan. During the reporting period, the Group produced a total of 7,230,000 tonnes of pig iron, 7,680,000 tonnes of crude steel and 7,340,000 tonnes of steel products respectively, representing year-on-year increases of 7.11%, 8.47% and 9.72% respectively (in which the Company produced 6,560,000 tonnes of pig iron, 6,950,000 tonnes of crude steel and 6,620,000 tonnes of steel products respectively, representing year-on-year increases of 7.19%, 9.28% and 10.70% respectively).
- **Improved product mix and increased the proportion of key products.** The Company continued to improve its product mix by strengthening research, production and marketing as well as optimizing resource allocation to increase the output of key products such as plates of automobile and home electrical appliances and pipeline steel. The proportion of these products out of the Company's steel products has increased.
- **Enhanced quality and improved the quality management system.** During the reporting period, the Company strengthened the quality control of fuels, raw materials and ancillary materials through the implementation of various initiatives such as closed management of raw materials warehouses, improvement of test methods for directly supplied scrap steel and enhancement of quality inspection of scrap steel delivered from warehouses. Meanwhile, the quality and safety accountability and control systems for major products were strengthened and improved by formulating quality and cost management methods to further improve the Company's quality management system.

- **Monitored the market closely and adapted to market changes.** The Company placed emphasis on the market trends for fuels, raw materials and steel products, carried out researches on such trends, and revised its marketing and procurement strategies as well as its product mix and fuel and raw materials portfolios in a timely manner. During the reporting period, the Group's total sales of steel products amounted to 7,260,000 tonnes, in which sales of steel plates, section steels, wire rods, train wheels and rims amounted to 3,660,000 tonnes, 1,260,000 tonnes, 2,280,000 tonnes and 60,000 tonnes respectively.
- **Developed a recycling economy and enhanced the effectiveness of energy conservation and emissions reduction.** Energy utilisation efficiency was improved by rolling out an integrated “production, supply and use” operation mode, strengthening energy conservation during work processes and establishing a problem-tracking assessment mechanism as well as incentive policies. In the first half, overall energy consumption per tonne of steel amounted to 639 kg of standard coal (*Note*), fresh water consumption per tonne of steel amounted to 4.7 cubic meters and self-generated power accounted for 66.63% of total power consumption. As to technological upgrade of energy conservation, the Company received a financial award of RMB23.06 million from the national project for energy conservation and integrated resources utilisation.

Note: According to the requirements of the “Notice Regarding Unified Revision to the Power Conversion Standard Coefficients in Energy Statistics” (CISA Letter [2006]) of the China Iron and Steel Association, equivalent conversion coefficient 1.229 will be used exclusively to calculate the standard coal coefficients for power conversion from January 2006.

(3) *The operations of the Group's major invested entities under China Accounting Standards for Business Enterprises*

Maanshan BOC-Ma Steel Gases Company Limited, in which the Company holds a direct stake of 50%, is mainly engaged in the production and sales of gas products in gaseous or liquid form, as well as the planning and construction of other industrial gas product projects. Net profit during the reporting period was RMB71 million.

Maanshan Harbor Group Co., Ltd, in which the Company holds a direct stake of 45%, is mainly engaged in stevedoring of materials at the ports; freight agency; storage services; ocean-land cargo transit; assembly and disassembly business of containers; as well as providing integrated services and repair of engineering machinery and provision of spare parts to ships involved in domestic and foreign trade. Net profit for the reporting period amounted to approximately RMB12 million.

Jiyuan Shi JinMa Coke Co., Ltd, in which the Company holds a direct stake of 36%, is mainly engaged in the production and sales of coke, tar, benzene and coal gas. Net profit for the reporting period amounted to approximately RMB95 million.

Tengzhou Shenglong Coke Co., Ltd, in which the Company holds a direct stake of 32%, is mainly engaged in production and sales of coke, tar, coal gas and coke chemical products; provision of ancillary logistics services and operation of economic and trade business. Net profit for the reporting period amounted to approximately RMB37 million.

Shanghai Iron and Steel Electronic Deal Center Co., Ltd., in which the Company holds a direct stake of 20%, is mainly engaged in the electronic trading of iron and steel products and the planning and setting up of the relevant ancillary services, as well as e-commerce technology and information services for iron and steel. Net profit for the reporting period amounted to approximately RMB48 million.

(4) *Financial position and exchange risks*

As at 30 June 2010, the total amount of loans borrowed by the Group amounted to RMB14,379 million, including loans of RMB1,267 million for working capital and long-term loans of RMB13,112 million. Except for foreign currency loans amounting to US\$829 million, all other loans were denominated in Renminbi. Except for US dollar loans which carried interests at a LIBOR plus a fixed percentage, all other loans of the Group carried interests calculated at fixed interest rates. The amounts of all the Group's loans varied according to the scale of production and construction projects. No overdue loans have been recorded so far.

As at 30 June 2010, in accordance with China Accounting Standards for Business Enterprises, the Group's gearing ratio (total liabilities/total assets) was 60.08%. Under the Hong Kong Financial Reporting Standards, the Group's gearing ratio (total liabilities/total assets) was 60.24%.

As at the end of the reporting period, bank commitments to provide banking facilities to the Group amounted to approximately RMB57,223 million.

As at 30 June 2010, the Group's cash and balances with financial institutions amounted to RMB6,814 million. Bills receivable amounted to RMB6,835 million (of which bankers' acceptance bills due within three months amounted to RMB5,409 million). Deposits received for the coming month constituted a substantial part of the cash and balances with financial institutions and bank acceptance bills.

The Group's import of raw materials was mainly settled in US dollar, while import of equipment and spare parts was settled in Euro or Japanese Yen, and export of products was settled in US dollar. Given that the exchange rate of RMB to US dollar appreciated in the first half of 2010, a small amount of exchange gain was resulted from the Company's US dollar-denominated debts. Moreover, since the total amount of payments denominated in US dollar on imported iron ore is larger than that of income from export, the appreciation of RMB has no direct adverse impact to the Company. During the reporting period, the payment amount of facilities purchased in Europe and Japan was insignificant and as a result, the impact of foreign exchange fluctuations on procurement payment was relatively small. During the reporting period, as the borrowing rates of US dollar loan were lower than that of RMB loan, along with the depreciation of US dollar, the Company has increased part of the US financing while reducing part of RMB financing.

(5) *Investments*

- During the reporting period, the Group's expenses on construction projects amounted to RMB280 million, representing a decrease of 77.95% over the previous year.
- Major Investment Projects Financed by Non-Fundraising Proceeds: (*RMB million*)

Project name	Total investment	Construction progress
Recovered coal gas power generation project at the thermal power plant	220	Under construction
Coal moisture controlling project at the coke plant	54	Preparatory stage before construction
Mold alloy plating project at No.2 machinery plant	45	Equipment installation
CRH Train Wheel Steel Project	2,944	Under construction
No.2 Iron Making Plant Comprehensive Utilization of Converter Sludge Project	50	Preparatory stage before construction
Hydrogenation of Benzene Project for Masteel Coke Making Plant	320	Preparatory stage before construction completed

(6) *Status of internal control*

Pursuant to the “Basic Standards for Internal Control of Enterprises” jointly published by the Ministry of Finance in conjunction with the China Securities Regulatory Commission, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission (the “five ministries and commissions”), the Company has established an internal control system that covers the whole process of production and operation management. The system ensures orderly conduct of various work of the Company and forms a regulated management system, giving effective identification and control over operating risks.

In the second half, in order to continue improving the internal control system, the Company will make amendments to the “Internal Control Manual” according to the “Complete Internal Control Guidelines for Enterprises” issued by the five ministries and commissions on 15 April 2010 to ensure that the internal control system of the Company is effective all the time.

(7) *The environment for production and operation and coping strategies*

In the second half, recovery will be the mainstream of global economic development. However, the major financial risks accumulated in some nations during the recovery process will also create a certain negative impact on the sustained recovery of the global economy. China will continue to implement a proactive fiscal policy and a moderately relaxed monetary policy. It will put high regard on regulating the intensity, pace and focus of these policies while strengthening their pertinence and flexibility, striving to maintain steady and rapid economic development.

An array of policies and measures for the iron and steel industry was successively introduced in China during the first half of the year for strengthening energy conservation, emissions reduction and elimination of obsolete production capacity. Such policies and measures have provided specific implementation opinions on energy conservation, emissions reduction, elimination of obsolete production capacity, structural adjustment and production and operation order in respect of the industry. The introduction and implementation of such policies will help narrow the gap between supply and demand in the steel product market and stabilise the market. However, due to an overcapacity of the industry, the problem of oversupply is still acute. Meanwhile, with the impact of some policies such as the reform of the mechanism for setting the RMB exchange rate and the revisions of export tax rebates for steel products, the domestic steel product market will fluctuate unsteadily between middle and low prices during most of the time in the second half of the year. Meanwhile, as iron and steel enterprises will come under greater pressure from steel costs, they will continue to encounter a very challenging situation in production operation.

Faced with the above situations, during the second half of the year, the Company will continue to focus on “product variety, quality and cost”, refine initiatives and strengthen the implementation of these initiatives, striving to achieve various work objectives for the year. Its major initiatives are as follows:

- Implement the product mix adjustment plan as the main theme in the second half of the year, increase the output of key products and improve the overall competitiveness of the product mix.
- Improve the procurement structure and the materials consumption structure, implement stringent inspection of fuels and raw materials, reduce procurement costs and ensure the quality of deliveries.
- Enhance quality control during the production process, implement a quality accountability system and a system for the pursuit of quality liability, so as to ensure profitability with quality and improve the Company’s brand image with quality.
- Carry out benchmarking management and potential unleashing further to upgrade the overall indicator level of the Company on an ongoing basis.
- Keep informed of market trends so as to capitalise on market trends and hedge against risks, and open up new markets while stabilising existing ones.

5.1 Analysis of principal operation by Segment and by Product *(Unit: RMB million)*

Business segment/ product segment	Operating income	Operating cost	Gross profit margin (%)	Year-on-year increase/(decrease) of operating income (±%)	Year-on-year increase/(decrease) of operating cost (±%)	Year-on-year increase/(decrease) of gross profit margin (±%)
Iron and steel	29,003	26,458	8.77	34.35	23.47	increased by 8.04 percentage points
Product segment						
Steel plates	15,445	13,816	10.55	61.24	38.91	increased by 14.38 percentage points
Section steels	4,583	4,347	5.15	31.47	22.07	increased by 7.30 percentage points
Wire rods	8,178	7,586	7.24	10.68	4.66	increased by 5.33 percentage points
Train wheels and rims	540	489	9.44	-52.04	-26.69	decreased by 31.32 percentage points

The amount involving connected transactions which arose from the Company's selling of its products and providing labour services to the controlling shareholder and its subsidiaries totaled RMB51 million during the reporting period.

5.2 Geographical analysis of operating income

(Unit: RMB million)

Region	Operating income	Year-on-year increase/(decrease) of operating income (±%)
Anhui	14,033	-12.13
Jiangsu	4,590	75.06
Zhejiang	2,840	68.65
Shanghai	3,060	179.96
Guangdong	2,693	274.03
Other PRC regions	3,480	231.74
Exports	980	243.86

5.3 Analysis of reasons for material changes in profitability of principal operating activities (gross profit margin) as compared to the previous year

The gross profit margin increased 7 percentage points to 8.11% as compared to the corresponding period of the previous year, which was mainly due to increases in sales volume and average price of steel products during the reporting period.

5.4 Analysis of reasons for material changes in profit breakdowns as compared to the previous year

Compared to the corresponding period of the previous year, the Group's operating income increased by 35.23% year-on-year, which was mainly due to increases in sales volume and average price of steel products during the reporting period. Cost of sales increased by 25.66% year-on-year, which was mainly due to increase in steel production volume and increases in prices of raw materials and fuels during the reporting period. Operating tax and surcharges increased by 143.04% year-on-year, which was mainly due to increases in sales revenue and sales gross profit during the reporting period. Selling expenses had no material difference. Administrative expenses increased by 18.80% year-on-year, which was mainly due to increases in staff costs, technology development costs and office building rentals during the reporting period. Financial expenses decreased by 16.05% year-on-year, mainly due to decrease in the average amount of bank loans during the reporting period. Operating profit, total profit and net profit attributable to equity holders of the Company increased by 269.73%, 300.51% and 230.95% year-on-year respectively, which were mainly due to increase in sales volume during the reporting period and average price of steel products increased year-on-year.

6. SIGNIFICANT MATTERS

6.1 Guarantees

Unit: RMB million

External guarantees provided by the Company (excluding guarantees for subsidiaries)						
Guaranteed entity	Date of Incurrence	Guarantee amount	Type of guarantee	Guarantee period	Completed or not	Guarantee for connected parties (Yes or No)
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total guarantee amount during the reporting period				–		
Balance of guarantees as at the end of the reporting period				–		
Guarantees provided by the Company for subsidiaries						
Total guarantee amount for subsidiaries during the reporting period				(984)		
Balance of guarantees for subsidiaries at the end of the reporting period				2,873		
Total guarantee amount provided by the Company (including guarantees for subsidiaries)						
Total guarantee amount				2,873		
Total guarantee amount as a percentage of net assets of the Company				10.32%		
Including:						
Guarantee amount provided for shareholders, the de facto controller and connected parties				–		
Guarantee amount provided directly or indirectly for entities with gearing (assets–liabilities) ratio exceeding 70% (Note)				2,500		
Total guarantee amount exceeding 50% of net assets				–		
Total amount of the three guarantees mentioned above				2,500		

6.2 Other significant matters and their impact and analysis and explanation on relevant solutions

6.2.1 Securities investments

Unit: RMB

Item no.	Securities code	Abbreviation	Number of shares held at the end of the reporting period	Initial investment amount	Book value at the end of the reporting period	Book value at the beginning of the reporting period	Item category in accounting
1	601857	PetroChina	35,000	584,500	449,400	483,700	Held-for-trading financial assets
2	601390	China Railway Group	33,000	158,400	191,400	207,900	Held-for-trading financial assets
3	601898	China Coal	12,000	201,960	140,040	162,960	Held-for-trading financial assets
4	601186	China Railway Construction Corporation Limited	20,000	181,600	168,600	182,800	Held-for-trading financial assets
Total			-	<u>1,126,460</u>	<u>949,440</u>	<u>1,037,360</u>	-

6.3 Purchase, sales or redemption of listed securities of the Company

During the first half of 2010, the Company has not redeemed any of its securities. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities.

6.4 Pre-emptive rights

According to the articles of association of the Company and the laws of the PRC, there are no provisions to grant the existing shareholders of the Company pre-emptive rights for subscribing new shares in proportion to their shareholdings whenever the Company issues new shares.

6.5 Public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this announcement, the Company has fulfilled the public float requirement as prescribed by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

6.6 Code on corporate governance

The Company has complied with all the code provisions of the Code on Corporate Governance as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited during the first half of 2010.

All of the directors of the Company have confirmed in written form that they have complied with the requirements under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

7. FINANCIAL STATEMENTS

7.1 Auditors' opinion

Financial statements unaudited audited

7.2 Maanshan Iron & Steel Company Limited's comparison of the consolidated and the Company's balance sheets, income statement, cash flow statement and statement of changes in equity (unaudited)

7.3 Notes to financial statements

7.3.1 During the period, there is no change in the Group's accounting policies or accounting estimates, nor there is any accounting error correction.

7.3.2 The consolidation scope of the Group's financial statements for the period has no significant change as compared to the latest financial reports.

By Order of the Board
Gu Jianguo
Chairman

19 August 2010
Maanshan City, Anhui Province, the PRC

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

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

Non-executive Director: Zhao Jianming

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

INTERIM CONSOLIDATED INCOME STATEMENT

(Prepared under Hong Kong Financial Reporting Standards)

RMB'000

		For the six months ended 30 June	
		2010	2009
	Notes	Unaudited	Unaudited
REVENUE	2,3	30,192,768	22,691,332
Cost of sales		(27,893,768)	(22,458,359)
Gross profit		2,299,000	232,973
Other income and gains	3	383,227	145,377
Selling and distribution costs		(289,158)	(187,441)
Administrative expenses		(571,022)	(463,820)
Other operating expenses, net		(119)	(954)
Finance costs	4	(435,170)	(533,267)
Share of profits and losses of:			
Jointly-controlled entities		35,726	30,981
Associates		47,176	43,186
PROFIT/(LOSS) BEFORE TAX	5	1,469,660	(732,965)
Income tax expenses	6	(390,186)	(7,733)
PROFIT/(LOSS) FOR THE PERIOD		1,079,474	(740,698)
Attributable to:			
Owners of the parent		1,041,640	(795,421)
Minority interests		37,834	54,723
		1,079,474	(740,698)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic		13.53 cents	(10.33) cents
Diluted		N/A	N/A

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Prepared under Hong Kong Financial Reporting Standards)

RMB'000

	For the six months ended 30 June	
	2010 Unaudited	2009 Unaudited
PROFIT/(LOSS) FOR THE PERIOD	<u>1,079,474</u>	<u>(740,698)</u>
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	<u>(19,277)</u>	<u>33,705</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(19,277)</u>	<u>33,705</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,060,197</u>	<u>(706,993)</u>
ATTRIBUTABLE TO:		
Owners of the parent	<u>1,022,363</u>	<u>(761,716)</u>
Minority interests	<u>37,834</u>	<u>54,723</u>
	<u>1,060,197</u>	<u>(706,993)</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Prepared under Hong Kong Financial Reporting Standards)

RMB'000

	<i>Notes</i>	As at 30 June 2010 Unaudited	As at 31 December 2009 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		36,058,241	38,272,899
Construction in progress		2,104,445	2,021,193
Investment properties		4,641	4,727
Prepaid land premiums		1,708,762	1,746,690
Other intangible asset		101,248	109,090
Interests in jointly-controlled entities		282,850	309,672
Interests in associates		608,560	580,959
Available-for-sale financial investments		108,772	108,772
Deferred tax assets		447,245	779,581
		<hr/>	<hr/>
Total non-current assets		41,424,764	43,933,583
CURRENT ASSETS			
Inventories		11,757,717	8,835,996
Construction contracts		142,689	152,798
Trade and bills receivables	8	7,606,738	5,244,120
Prepayments, deposits and other receivables		2,007,701	1,116,255
Tax recoverable		290,436	141,960
Equity investments at fair value through profit or loss		949	1,037
Pledged time deposits		1,599,933	2,919,782
Cash and cash equivalents		5,214,281	5,780,536
		<hr/>	<hr/>
Total current assets		28,620,444	24,192,484
CURRENT LIABILITIES			
Trade and bills payables	9	11,974,813	11,715,391
Other payables and accruals		8,943,693	7,853,123
Tax payable		25,515	34,148
Interest-bearing bank and other borrowings		2,785,798	1,989,246
		<hr/>	<hr/>
Total current liabilities		23,729,819	21,591,908
NET CURRENT ASSETS		<hr/>	<hr/>
		4,890,625	2,600,576
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		46,315,389	46,534,159

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(Prepared under Hong Kong Financial Reporting Standards)

RMB'000

	As at 30 June 2010 Unaudited	As at 31 December 2009 Audited
TOTAL ASSETS LESS CURRENT LIABILITIES	46,315,389	46,534,159
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	12,660,412	13,603,960
Bonds with warrants	5,245,463	5,165,410
Deferred income	561,131	579,927
Total non-current liabilities	18,467,006	19,349,297
Net assets	27,848,383	27,184,862
EQUITY		
Equity attributable to owners of the parent		
Issued capital	7,700,681	7,700,681
Reserves	19,490,645	18,455,945
Proposed final dividends	–	308,027
	27,191,326	26,464,653
Minority interests	657,057	720,209
Total equity	27,848,383	27,184,862

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Prepared under Hong Kong Financial Reporting Standards)

RMB'000

	Attributable to owners of the parent											
	Issued share capital	Capital reserve account	Equity component of bonds with warrants	Statutory reserve	Reserve fund	Enterprise expansion fund	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
At 1 January 2010	7,700,681	8,338,359	-	2,956,282	58,836	42,802	17,420	7,042,246	308,027	26,464,653	720,209	27,184,862
Total comprehensive income for the period	-	-	-	-	-	-	(19,277)	1,041,640	-	1,022,363	37,834	1,060,197
Final 2009 dividend declared	-	-	-	-	-	-	-	-	(308,027)	(308,027)	-	(308,027)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	-	(73,235)	(73,235)
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	-	(32,791)	(32,791)
Others	-	-	-	12,337	-	-	-	-	-	12,337	5,040	17,377
At 30 June 2010 (Unaudited)	7,700,681	8,338,359*	-	2,968,619*	58,836*	42,802*	(1,857)*	8,083,886*	-	27,191,326	657,057	27,848,383
At 1 January 2009	7,700,681	8,338,359	-	2,928,527	45,729	34,267	(47,775)	7,007,195	-	26,006,983	520,119	26,527,102
Total comprehensive income for the period	-	-	-	-	-	-	33,705	(795,421)	-	(761,716)	54,723	(706,993)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	-	(9,973)	(9,973)
Capital contribution by minority shareholders	-	-	-	-	-	-	-	-	-	-	30,153	30,153
At 30 June 2009 (Unaudited)	7,700,681	8,338,359	-	2,928,527	45,729	34,267	(14,070)	6,211,774	-	25,245,267	595,022	25,840,289

* These reserve accounts comprise the consolidated reserves of RMB19,490,645,000 as at 30 June 2010 in the interim consolidated statement of financial position.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(Prepared under Hong Kong Financial Reporting Standards)

RMB'000

	For the six months ended 30 June	
	2010 Unaudited	2009 Unaudited
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(514,205)	6,358,176
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	722,298	(5,731,018)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(686,658)	1,297,621
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(478,565)	1,924,779
Cash and cash equivalents at beginning of period	5,502,948	5,437,367
Effect of foreign exchange rate changes, net	(61,318)	24,210
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,963,065</u>	<u>7,386,356</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>4,963,065</u>	<u>7,386,356</u>

1. ACCOUNTING POLICIES

The interim condensed consolidated financial statements are prepared in accordance with HKAS 34. The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2009.

Besides, the Group also adopted a number of new and revised standards and interpretations that have no material impact on the accounting policies of the Group and the methods of computation in the Group's interim condensed consolidated financial statements. These are described under Note 2.3 of the Company's 2009 Annual Report and Accounts.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised as a single business unit focusing on the manufacture and sales of iron and steel products and related by-products, and, therefore, has no separable operating segment.

Revenue from external customers based on the location of customer is analysed as follows:

	For the six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
The PRC	29,212,894	22,416,181
Overseas	979,874	275,151
	30,192,768	22,691,332

The geographical location of the Group's non-current assets is analysed as follows:

	As at 30 June 2010	As at 31 December 2009
	Unaudited	Audited
	RMB'000	RMB'000
The PRC	40,763,046	42,930,910
Overseas	105,699	114,320
	40,868,745	43,045,230

The non-current asset information above is based on the location of the assets and excludes financial instruments and deferred tax assets.

The Group has not placed reliance on any single external customers, amounting to 10% or more of its revenues.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowance for returns and trade discounts, and excludes sales taxes and intra-group transactions.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
Revenue		
Sale of goods	30,192,768	22,691,332
	<hr/> <hr/>	<hr/> <hr/>
Other income and gains		
Subsidies income	39,305	49,469
Recognition of deferred income	39,856	34,598
Bank interest income	42,119	35,895
Dividend income from available-for-sale financial investments	4,794	8,057
Sales of fuels and raw materials	254,405	2,757
Net rental income	625	625
Others	2,123	13,976
	<hr/>	<hr/>
	383,227	145,377
	<hr/> <hr/>	<hr/> <hr/>

4. FINANCE COSTS

The Group's finance costs represent interests on bank loans, other loans and bonds with warrants repayable within five years.

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
Cost of inventories sold (<i>note i</i>)	27,893,768	22,458,359
Depreciation of property, plant and equipment	2,413,616	2,388,753
Depreciation of investment properties	85	34
Recognition of prepaid land premiums	21,029	20,583
Amortisation of a mine participation right (<i>note ii</i>)	2,248	1,943
Auditors' remuneration	2,880	3,011
Staff costs:		
Wages and salaries	1,183,120	1,048,926
Welfare and benefits	383,626	319,601
Pension scheme contributions	272,598	236,550
	1,839,344	1,605,077
Contingent rents under operating leases in respect of land and buildings	24,265	20,168
Foreign exchange differences:		
Foreign exchange gains/(losses), net	20,126	(376)
Gain on disposal of items of property, plant and equipment, net	(1,190)	(2,515)
Net rental income	(625)	(625)
Bank interest income	(42,119)	(35,895)
Dividend income from available-for-sale financial investments	(4,794)	(8,057)
Recognition of deferred income (<i>note iii</i>)	(39,856)	(34,598)

Notes:

- (i) Included in the cost of inventories sold for the six months ended 30 June 2010 is a write-back of provision against inventories of RMB19,826,000 (2009: RMB 1,746,361,000).
- (ii) The amortisation of a mine participation right is included in "Cost of sales" on the face of the condensed consolidated income statement.
- (iii) Various government grants have been received for the construction of specific projects and included in deferred income in the statement of financial position. Upon completion of the construction of specific projects and the related transfers to property, plant and equipment, the relevant government grants would be amortised and recorded as other revenue over the estimated useful lives of the property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

6. TAX

	For the six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
Group:		
Current – The mainland of the PRC	48,149	4,337
Current – Elsewhere	9,701	14,344
Deferred	332,336	(10,948)
	<hr/>	<hr/>
Total tax charge for the period	390,186	7,733
	<hr/> <hr/>	<hr/> <hr/>

The corporate income tax (“CIT”) for the Company for the current reporting period has been provided at the rate of 25% on the assessable profits according to the relevant tax rules and regulations.

The State Administration of Taxation (the “SAT”) issued a tax circular “Enterprise Income Tax Issues relating to Nine Companies Listed Overseas (“Circular No. 664”) in June 2007 which requested the relevant local tax authorities to rectify, immediately, the expired concessionary tax policy for the nine listed companies authorised by the State Council to issue shares in Hong Kong in 1993 which, at the time of writing, was still being applied. The Circular stated that the difference in CIT arising from the expired preferential CIT rate and the applicable CIT rate (the “CIT Differences”) should be settled according to the provisions of “Law on the Administration of Tax Collection”.

The Company is one of the nine listed companies mentioned above and applied the preferential CIT rate of 15% prior to 2007. Having understood the above, the Company thoroughly communicated with the relevant tax authority and was informed by the relevant tax authority that the Company applies the CIT tax rate of 33% for 2007. The Company has not been requested to pay the CIT Differences in respect of any prior years.

Based on a notice from the relevant tax authority and communication with the relevant tax authority, the directors of the Company consider that, at this stage, it is uncertain whether the relevant tax authority will claim the CIT Differences from the Company in respect of any prior years and could not reliably estimate the eventual outcome of this matter. Consequently, no provision has been made in these financial statements for the CIT Differences in respect of any prior years.

The CIT for the Company’s subsidiaries, jointly-controlled entities and associates in the mainland of the PRC is calculated at rates ranging from 22% to 25% on their estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. Certain of them are foreign investment enterprises and after obtaining the authorisation from the respective tax authorities, these subsidiaries are subject to a full foreign enterprise income tax exemption for the first two years and a 50% reduction in the succeeding three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years.

The Group is mainly subject to income taxes in various regions within the PRC. Where the final tax outcomes of the objective estimates and judgements are different from the amounts originally recorded, the differences will affect the income tax and tax provision in the period in which the differences are realised.

Profits tax for a subsidiary in Hong Kong has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the current reporting period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

8. TRADE AND BILLS RECEIVABLES

	As at 30 June 2010 Unaudited RMB'000	As at 31 December 2009 Audited RMB'000
Trade receivables	792,540	843,471
Bills receivable	6,834,743	4,421,190
	<u>7,627,283</u>	<u>5,264,661</u>
Impairment	(20,545)	(20,541)
	<u><u>7,606,738</u></u>	<u><u>5,244,120</u></u>

The Group's credit periods offered to selected customers are generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's trade receivables relate to a few major customers and there is a concentration of credit risk with a maximum exposure equal to the carrying amounts of the trade receivables. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables based on the invoice date and net of provisions, is as follows:

	As at 30 June 2010 Unaudited RMB'000	As at 31 December 2009 Audited RMB'000
Trade receivables:		
Within three months	491,808	658,413
Four to six months	134,855	64,211
Seven to twelve months	109,545	64,348
One to two years	29,034	27,319
Two to three years	5,683	8,018
Over 3 years	1,070	621
	<u>771,995</u>	<u>822,930</u>
Bills receivable	6,834,743	4,421,190
	<u><u>7,606,738</u></u>	<u><u>5,244,120</u></u>

Bills receivable will mature within one year.

The movements in provision for impairment of trade and bills receivables are as follows:

	For the six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
At 1 January	20,541	19,815
Amount written off as uncollection	4	138
	<hr/>	<hr/>
At 30 June	20,545	19,953
	<hr/> <hr/>	<hr/> <hr/>

The above provision for impairment of the Group's trade and bills receivables is a provision for individually impaired trade receivables, with a carrying amount of RMB28,754,000 (30 June 2009: RMB29,386,000). The individually impaired trade receivables relate to customers that were in financial difficulties or the customers were in default or delinquency in principal payments and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	As at	As at
	30 June	31 December
	2010	2009
	Unaudited	Audited
	RMB'000	RMB'000
Neither overdue nor impaired	7,531,424	5,199,890
Overdue less than six months	59,897	18,624
Overdue over six months	15,417	25,606
	<hr/>	<hr/>
	7,606,738	5,244,120
	<hr/> <hr/>	<hr/> <hr/>

Receivables that were neither overdue nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were overdue but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered recoverable.

Included in the Group's trade and bills receivables are amounts due from Holding and its subsidiaries, the Group's associates of RMB50,176,000 (31 December 2009: RMB27,369,000), RMB386,000 (31 December 2009: RMB1,149,000), respectively. Such balances principally arose from normal trading activities.

As at 31 December 2009, all of the Company's trade receivables were pledged as securities for the Group's bank loans of RMB680,000,000. Such loans have been repaid in the current period.

As at 30 June 2010, certain of the Group's bills receivable of RMB27,558,000 (31 December 2009: RMB29,000,000) were pledged as securities for the Group's bank loans.

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables based on the invoice date, is as follows:

	As at 30 June 2010 Unaudited RMB'000	As at 31 December 2009 Audited RMB'000
Within one year	11,800,193	11,530,506
One to two years	86,145	110,735
Two to three years	63,194	35,436
Over three years	25,281	38,714
	<u>11,974,813</u>	<u>11,715,391</u>

The trade payables are non-interest-bearing and are normally settled within three months.

Included in the Group's trade and bills payables are amounts due to Holding and its subsidiaries, and the Group's jointly-controlled entities and associates of RMB33,543,000 (31 December 2009: RMB110,024,000), RMB13,113,000 (31 December 2009: RMB13,002,000) and RMB13,915,000 (31 December 2009: RMB21,351,000), respectively. Such balances principally arose from normal trading activities.

10. CONTINGENT LIABILITIES

- (a) As at 30 June 2010, the Company had granted guarantees amounting to approximately RMB2,873,500,000 (31 December 2009: approximately RMB3,856,674,000) to banks in connection with facilities granted to its subsidiaries. On that date, there were no banking facilities were utilised (31 December 2009: RMB616,246,000).
- (b) As detailed in note 7 to the financial statements, the Group has potential risk on CIT in prior years. The directors of the Company, at this stage, consider that it is uncertain whether the relevant tax authority will claim the CIT Differences from the Company in respect of any prior years and could not reliably estimate the eventual outcome of this matter. Consequently, no provision has been made in these financial statements for the CIT Differences and the related tax concessions, deferred tax, penalty and interest (if applicable).

CONSOLIDATED BALANCE SHEET

(Prepared under China Accounting Standards)

Renminbi Yuan

ASSETS	30 June 2010 Unaudited	31 December 2009 Audited
CURRENT ASSETS:		
Cash and bank balances	6,814,213,536	8,700,317,608
Financial assets held for trading	949,440	1,037,360
Bills receivable	6,834,742,855	4,421,189,686
Trade receivables	771,995,327	822,930,091
Dividends payable	42,119,078	24,751,198
Prepayments	1,230,915,986	823,338,565
Other receivables	734,665,589	268,164,615
Inventories	11,900,405,557	8,988,794,051
Total Current Assets	<u>28,330,007,368</u>	<u>24,050,523,174</u>
NON-CURRENT ASSETS:		
Long term equity investments	1,000,182,290	999,403,592
Investment properties	4,641,411	4,727,175
Fixed assets	36,058,240,700	38,272,898,821
Construction materials	220,662,158	223,238,270
Construction in progress	1,883,782,056	1,797,954,642
Intangible assets	1,810,010,409	1,855,779,750
Deferred tax assets	447,244,836	779,581,081
Total non-current assets	<u>41,424,763,860</u>	<u>43,933,583,331</u>
TOTAL ASSETS	<u>69,754,771,228</u>	<u>67,984,106,505</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

(Prepared under China Accounting Standards)

Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2010 Unaudited	31 December 2009 Audited
CURRENT LIABILITIES:		
Short term loans	1,267,271,624	1,173,245,805
Bills payable	5,581,969,416	5,400,287,600
Accounts payable	6,392,844,063	6,315,104,235
Deposits received	6,802,169,484	6,092,362,835
Payroll and benefits payable	223,172,276	275,489,773
Taxes payable	(216,017,480)	(85,807,517)
Interests payable	20,025,105	8,138,718
Dividends payable	850,479,593	701,538,763
Other payables	998,996,585	753,587,311
Non-current liabilities due within one year	1,518,525,556	816,000,000
	<hr/>	<hr/>
Total current liabilities	23,439,382,222	21,449,947,523
	<hr/>	<hr/>
NON-CURRENT LIABILITIES:		
Long term loans	11,642,612,400	13,603,960,000
Bonds payable	5,245,462,523	5,165,409,845
Medium-term notes	1,017,800,000	–
Deferred income	561,130,781	579,926,538
	<hr/>	<hr/>
Total non-current liabilities	18,467,005,704	19,349,296,383
	<hr/>	<hr/>
Total liabilities	41,906,387,926	40,799,243,906
	<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	3,070,258,447	3,057,920,649
Retained profits	8,083,885,700	7,350,273,452
Exchange fluctuation reserve	(1,857,443)	17,419,949
	<hr/>	<hr/>
Equity attributable to equity holders of the parent	27,191,326,289	26,464,653,635
	<hr/>	<hr/>
Minority interests	657,057,013	720,208,964
	<hr/>	<hr/>
Total shareholder's equity	27,848,383,302	27,184,862,599
	<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	69,754,771,228	67,984,106,505
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED INCOME STATEMENT

(Prepared under China Accounting Standards)

Renminbi Yuan

	For the six months ended 30 June	
	2010	2009
	Unaudited	Unaudited
Revenue	31,676,470,966	23,423,756,972
Less: Cost of sales	29,108,534,376	23,164,022,588
Taxes and surcharges	173,895,391	71,549,258
Selling expenses	115,262,315	115,891,502
Administrative expenses	535,595,837	450,856,769
Financial expenses	428,089,275	509,930,351
Assets impairment losses	13,906,462	12,241,344
Add: Gain/(loss) on fair value changes	(87,920)	271,500
Investment income	87,699,598	82,229,365
including: share of profits of associates and jointly controlled entities	82,901,417	74,167,291
Operating profit/(loss)	1,388,798,988	(818,233,975)
Add: Non-operating income	81,279,445	86,628,393
Less: Non-operating expenses	418,009	1,358,628
including: net (gain)/loss on disposal of non-current assets	(2,118,190)	(2,514,845)
Profit/(loss) before tax	1,469,660,424	(732,964,210)
Less: Income tax	390,186,567	7,733,268
Net profit/(loss)	<u>1,079,473,857</u>	<u>(740,697,478)</u>
Attributable to:		
Equity holders of the parent	<u>1,041,639,495</u>	<u>(795,420,710)</u>
Minority interests	<u>37,834,362</u>	<u>54,723,232</u>
EARNINGS PER SHARE		
Basic	<u>13.53cents</u>	<u>(10.33)cents</u>
Diluted	<u>N/A</u>	<u>N/A</u>
Other comprehensive income	(19,277,392)	33,705,044
Total comprehensive income/(loss)	<u>1,060,196,465</u>	<u>(706,992,434)</u>
Attributable to:		
Equity holders of the parent	<u>1,022,362,103</u>	<u>(761,715,666)</u>
Minority interests	<u>37,834,362</u>	<u>54,723,232</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Prepared under China Accounting Standards)

Renminbi Yuan

30 June 2010

	Attributable to equity holders of the parent						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Surplus reserves	Retained profits	Exchange fluctuation reserve	Sub-total		
1. At 1 January 2010	7,700,681,186	8,338,358,399	3,057,920,649	7,350,273,452	17,419,949	26,464,653,635	720,208,964	27,184,862,599
2. Increase/(decrease) during the period								
1) Net profit	-	-	-	1,041,639,495	-	1,041,639,495	37,834,362	1,079,473,857
2) Other comprehensive income	-	-	-	-	(19,277,392)	(19,277,392)	-	(19,277,392)
Total comprehensive income	-	-	-	1,041,639,495	(19,277,392)	1,022,362,103	37,834,362	1,060,196,465
3) Capital contribution and withdrawal by shareholders								
1. Capital withdrawal by shareholders	-	-	-	-	-	-	(32,790,825)	(32,790,825)
2. Others	-	-	12,337,798	-	-	12,337,798	5,039,382	17,377,180
4) Profits appropriation								
1. Dividend declared	-	-	-	(308,027,247)	-	(308,027,247)	(73,234,870)	(381,262,117)
5) Transfers within shareholders' equity	-	-	-	-	-	-	-	-
3. At 30 June 2010	<u>7,700,681,186</u>	<u>8,338,358,399</u>	<u>3,070,258,447</u>	<u>8,083,885,700</u>	<u>(1,857,443)</u>	<u>27,191,326,289</u>	<u>657,057,013</u>	<u>27,848,383,302</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(Prepared under China Accounting Standards)

Renminbi Yuan

30 June 2009

	Attributable to equity holders of the parent						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Surplus reserves	Retained profits	Exchange fluctuation reserve	Sub-total		
1. At 1 January 2009	7,700,681,186	8,338,358,399	3,008,523,500	7,007,195,285	(47,775,207)	26,006,983,163	520,119,259	26,527,102,422
2. Increase/(decrease) during the period								
1) Net profit/(loss)	-	-	-	(795,420,710)	-	(795,420,710)	54,723,232	(740,697,478)
2) Other comprehensive income	-	-	-	-	33,705,044	33,705,044	-	33,705,044
Total comprehensive income/(loss)	-	-	-	(795,420,710)	33,705,044	(761,715,666)	54,723,232	(706,992,434)
3) Capital contribution and withdrawal by shareholders								
1. Capital contribution by shareholders	-	-	-	-	-	-	30,152,736	30,152,736
4) Profits appropriation								
1. Dividend declared	-	-	-	-	-	-	(9,973,570)	(9,973,570)
5) Transfers within shareholders' equity	-	-	-	-	-	-	-	-
3. At 30 June 2009	<u>7,700,681,186</u>	<u>8,338,358,399</u>	<u>3,008,523,500</u>	<u>6,211,774,575</u>	<u>(14,070,163)</u>	<u>25,245,267,497</u>	<u>595,021,657</u>	<u>25,840,289,154</u>

CONSOLIDATED CASH FLOW STATEMENT

(Prepared under China Accounting Standards)

Renminbi Yuan

	For the six months ended 30 June	
	2010 Unaudited	2009 Unaudited
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	37,201,460,117	26,178,487,296
Refunds of taxes	–	14,932,173
Cash received relating to other operating activities	39,305,498	49,515,878
	<hr/>	<hr/>
Sub-total of cash inflows	37,240,765,615	26,242,935,347
	<hr/>	<hr/>
Cash paid for goods and services	(33,621,163,366)	(16,469,310,439)
Cash paid to and on behalf of employees	(1,833,031,852)	(1,594,024,407)
Cash paid for all taxes	(1,933,595,981)	(1,485,132,290)
Cash paid relating to other operating activities	(367,179,070)	(336,292,660)
	<hr/>	<hr/>
Sub-total of cash outflows	(37,754,970,269)	(19,884,759,796)
	<hr/>	<hr/>
Net cash flows from operating activities	(514,204,654)	6,358,175,551
	<hr/>	<hr/>
2. Cash flows from investing activities:		
Cash received from returns on investments	116,572,507	45,757,418
Net cash received from disposal of fixed assets, intangible assets and other long term assets	20,013,991	8,757,482
Cash received from decrease of pledged deposits	1,319,849,124	–
Cash received relating to other investing activities	49,432,000	30,490,000
	<hr/>	<hr/>
Sub-total of cash inflows	1,505,867,622	85,004,900
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long term assets	(778,669,720)	(1,959,496,184)
Cash paid for investments	(4,900,000)	(9,500,000)
Cash paid due to increase in pledged deposits, net	–	(3,847,026,861)
	<hr/>	<hr/>
Sub-total of cash outflows	(783,569,720)	(5,816,023,045)
	<hr/>	<hr/>
Net cash flows from investing activities	722,297,902	(5,731,018,145)
	<hr/>	<hr/>

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(Prepared under China Accounting Standards)

Renminbi Yuan

	For the six months ended 30 June	
	2010 Unaudited	2009 Unaudited
3. Cash flows from financing activities:		
Cash received from capital contribution	–	30,152,736
including: capital contribution by minority shareholders received by subsidiaries	–	30,152,736
Cash received from borrowings	6,386,977,124	14,758,798,523
Sub-total of cash inflows	6,386,977,124	14,788,951,259
Cash repayments of borrowings	(6,571,617,805)	(13,050,925,932)
Cash paid for distribution of dividend or profits and for interest expenses	(502,017,320)	(440,404,521)
including: dividend paid to minority shareholders by subsidiaries	(25,566,752)	(9,973,570)
Sub-total of cash outflows	(7,073,635,125)	(13,491,330,453)
Net cash flows from financing activities	(686,658,001)	1,297,620,806
4. Effect of foreign exchange rate changes on cash	(61,318,195)	24,210,708
5. Net increase/(decrease) in cash and cash equivalents	(539,882,948)	1,948,988,920
Add: Balance of cash and cash equivalents at beginning of period	5,502,947,835	5,437,367,246
6. Balance of cash and cash equivalents at end of period	4,963,064,887	7,386,356,166