馬鞍山鋼鐵股份有限公司
Maanshan Iron & Steel Company Limited

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 323)

SUMMARY OF 2004 INTERIM RESULTS ANNOUNCEMENT

1 IMPORTANT

1.1 The Board of Directors and the Directors of the Company jointly and severally accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement and confirm that there are no false records, misleading statements or material omissions in this report.

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

1.2 Mr. Gu Jianguo, Company Chairman, Mr. Su Jiangang, Director and Deputy General Manager overseeing the accounting operations, and Mr. Guan Yagang, Finance Manager in charge of the Accounting Department, make representation in respect of the authenticity and completeness of the financial statements contained in the interim report.

1.3 The financial statements contained in this interim report have not been audited, but have been reviewed by the Company's audit committee .

2 COMPANY INFORMATION

2.1 Company profile

Stock Name	**Magang Stock**	**Magang Stock**
Stock Code	600808	323
Place of Listing	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Secretary to the Board of Directors	Su Jiangang	
Correspondence Address	No. 8 Hong Qi Zhong Road, Maanshan City, Anhui Province, the PRC	

Telephone	86-555-2888158
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E-mail Address	mggfdms@magang.com.cn

2.2 Major financial figures and indicators

2.2.1 Major accounting figures and indicators

(Prepared in accordance with PRC accounting standards)

UNIT: RMB

	As at the end of this period	As at the end of the previous year	Increase (decrease) of this period as compared to the beginning of the year (%)
Current assets ('000)	10,116,206	8,334,038	21.38
Current liabilities ('000)	9,520,381	6,986,606	36.27
Total assets ('000)	29,732,235	26,355,229	12.81
Shareholders' funds(excluding minority interests) ('000)	16,113,938	14,960,345	7.71
Net assets per share (RMB)	2.5	2.32	7.76
Adjusted net assets per share (RMB)	2.5	2.32	7.76

	Reporting period (January to June)	Corresponding period of the previous year	Increase (decrease) of this reporting period as compared to the corresponding period of the previous year (%)
Net profit ('000)	2,300,027	953,852	141.13
Net profit excluding non-recurring gains or losses ('000)	2,295,116	956,537	139.94
Earnings per share (RMB)	0.3563	0.1478	141.07
Return on net assets (%)	14.274	7.443	increase by 6.831 percentage points
Net cash flows from operating activities ('000)	2,656,797	1,322,989	100.82

2.2.2 Non-recurring gains or losses

(Prepared in accordance with PRC accounting standards)

UNIT: RMB'000

Non-recurring gains or losses	**Amounts**
Subsidies income	672
Other non-operating income and expenses, net	5,040
Income tax effect	(801)
Total	4,911

Note: All the above amounts are stated net of income tax effect.

2.2.3 Differences between PRC and foreign accounting standards

UNIT: RMB'000

		PRC Accounting Standards	**Foreign (Hong Kong) Accounting Standards**
Net profit		2,300,027	2,315,540
Description of differences	Net profit under PRC Accounting Standards		2,300,027
	Add:		
	Transfer of deferred income		15,513
	Net profit under Hong Kong Accounting Standards		2,315,540

3 MOVEMENTS IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

3.1 Shareholding of the 10 largest shareholders and 10 largest holders of shares in circulation

Number of shareholders as at the end of the reporting period	The Company had a total of 145,911 shareholders, including139,301 A-share holders and 6,610 H-share holders.

Shareholding of the 10 largest shareholders

Name of shareholders (in full)	Increase (decrease) during the reporting period (±)	Number of shares held as at the end of the period	As a percentage of total share capital (%)	Class of shares (circulating or non-circulating)	Number of shares pledged or held in lieu	Type of shareholders (domestic shareholders or foreign shareholders)
Magang (Group) Holding Company Limited	0	4,082,330,000	63.24	Non-circulating	Nil	Domestic shareholder
HKSCC (Nominees) Limited	18,762,000	1,633,930,997	25.311	Circulating H shares	Unknown	Foreign shareholder

HSBC (Nominees) Limited	-3,306,000	29,528,000	0.457	Circulating H shares	Unknown	Foreign shareholder
Tai He Securities Investment Fund	Unknown	17,463,808	0.271	Circulating A shares	Unknown	Not applicable
Guo Yuan Securities Limited Liability Company	1,964,270	10,630,450	0.165	Circulating A shares	Unknown	Not applicable
Shanghai Quan Long Shiye Company Limited	0	9,800,000	0.152	Non-circulating	Unknown	Not applicable
Bank of Communications - Han Xing Securities Investment Fund	-10,357,990	7,838,527	0.121	Circulating A shares	Unknown	Not applicable
Bank of Communications - Yi Fang Da 50 Index Securities Investment Fund	Unknown	7,107,108	0.110	Circulating A shares	Unknown	Not applicable
Tian Hua Securities Investment Fund	Unknown	6,103,900	0.095	Circulating A shares	Unknown	Not applicable
Xing He Securities Investment Fund	Unknown	4,957,794	0.077	Circulating A shares	Unknown	Not applicable

Shareholding of the 10 largest holders of shares in circulation

Name of shareholders (in full)	Number of shares in circulation held as at the end of the period	Type (A,B,H shares or others)
HKSCC Nominees Limited	1,633,930,997	H shares
HSBC Nominees Limited	29,528,000	H shares
Tai He Securities Investment Fund	17,463,808	A shares
Guo Yuan Securities Limited Liability Company	10,630,450	A shares
Bank of Communications - Han Xing Securities Investment Fund	7,838,527	A shares
Bank of Communications - Yi Fang Da 50 Index Securities Investment Fund	7,107,108	A shares
Tian Hua Securities Investment Fund	6,103,900	A shares
Xing He Securities Investment Fund	4,957,794	A shares
Da Cheng Value Growth Securities Investment Fund	4,556,244	A shares
Lu Xiaolin	3,747,500	A shares

Description of any connected relationships or concerted party relationships among the shareholders mentioned above	Magang (Group) Holding Company Limited was not related to the other shareholders mentioned above, nor were they parties acting in concert. However, the Company is not aware of whether the other shareholders mentioned above were related to each other or whether they were parties acting in concert.

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Segmental analysis of principal operating activities and products

UNIT: RMB million

	Principal operating income	Cost of sales from principal operating activities	Gross profit margin (%)	Increase/(decrease) of principal operating income as compared to the corresponding period of the previous year (%)	Increase/(decrease) of cost of sales from principal operating activities as compared to the corresponding period of the previous year (%)	Increase/(decrease)of gross profit margin as compared to the corresponding period of the previous year (%)
Steel products	12,193	9,038	25.88	86.18	73.11	5.60
Including: connected transactions	17.62	12.78	27.46	-60.84	-64.50	7.57
Pricing basis of connected transactions	Market price was adopted as the pricing basis. Such transactions were on terms no less favourable to the Company than normal commercial terms.					

Of which: During the reporting period, the total amount incurred in relation to connected transactions of product sales conducted by the Company to the controlling shareholder and its subsidiaries was RMB39.91 million.

4.2 Geographical analysis of principal operating activities

UNIT: RMB million

Region	Principal operating income	Increase/(decrease) of principal operating income as compared to the corresponding period of the previous year(%)
Anhui	3,304	42
Jiangsu	3,038	89
Shanghai	1,960	87
Zhejiang	1,081	96

Guangdong	1,103	Not applicable
Other PRC regions	1,955	67
Exports	367	4

4.3 Analysis of reasons for material changes in profit breakdown as compared to the previous year

Profit from principal operating activities accounted for 117.74% of profit before tax, a decrease of 13.32 percentage points as compared to the previous year. Expenses for the period accounted for 18.48% of profit before tax, a decrease of 14.05 percentage points as compared to the previous year. Such decrease was mainly due to increase in the Company's profit before tax during the reporting period.

4.4 Profit warning with reasons on a possible reversal to losses of the accumulated net profit from the beginning of the year to the end of the next reporting period or on a substantial change when compared to the corresponding period of the previous year

In light of the remarkable increase in the Group's net profit as compared to the corresponding period of the previous year, the Group expects to achieve an increase of more than 50% in net profit for January to September of this year as compared to the corresponding period of the previous year, provided that there will be no obvious decrease in the Company's steel products prices and that major raw materials and fuels prices and sea freight costs are not going to increase significantly during the third quarter.

5 SIGNIFICANT MATTERS

5.1 Guarantees

UNIT: RMB million

Name of company to which the guarantee was issued	Inception date (the date on which the agreement was signed)	Guaranteed amount	Type of Guarantee	Guaranteed period	Completion of performance	Guarantee provided for related parties (yes or no)
Maanshan Iron & Steel (HK) Limited	2000.9.7	68.7	Guarantee with joint responsibilities	Not applicable	Not yet completed	Yes
Ma Steel International Trade and Economic Corporation	2002.3.6	760	Guarantee with joint responsibilities	Five years after the inception of L/C	Not yet completed	Yes
Ma Steel International Trade and Economic Corporation	2002.3.22	283.4	Guarantee with joint responsibilities	Two years after the inception of L/C	Completed	Yes

Ma Steel International Trade and Economic Corporation	2002.4.18	95	Guarantee with joint responsibilities	Two years after the inception of L/C	Completed	Yes
Ma Steel International Trade and Economic Corporation	2002.4.26	151.1	Guarantee with joint responsibilities	Two years	Completed	Yes
Ma Steel International Trade and Economic Corporation	2002.5.15	14.43	Guarantee with joint responsibilities	Two years	Completed	Yes
Ma Steel International Trade and Economic Corporation	2002.6.26	40.89	Guarantee with joint responsibilities	Two years	Completed	Yes
Ma Steel International Trade and Economic Corporation	2002.7.2	25.05	Guarantee with joint responsibilities	Five years from the inception of L/C	Not yet completed	Yes
Ma Steel International Trade and Economic Corporation	2002.9.26	112.4	Guarantee with joint responsibilities	Two years after the inception of L/C	Not yet completed	Yes
Ma Steel International Trade and Economic Corporation	2003.3.12	100	Guarantee with joint responsibilities	One year	Completed	Yes
Ma Steel International Trade and Economic Corporation	2003.3.15	320	Guarantee with joint responsibilities	One year	Completed	Yes
Ma Steel International Trade and Economic Corporation	2003.5.15	71.2	Guarantee with joint responsibilities	Two years after the inception of L/C	Not yet completed	Yes
Ma Steel International Trade and Economic Corporation	2004.1.21	199.22	Guarantee with joint responsibilities	Two years after the inception of L/C	Not yet completed	Yes
Ma Steel International Trade and Economic Corporation	2004.3.15	1,100	Guarantee with joint responsibilities	15/3/04-30/4/05	Not yet completed	Yes
Ma Steel International Trade and Economic Corporation	2004.5.1	320.91	Guarantee with joint responsibilities	Two years after the inception of L/C and guarantee letter	Not yet completed	Yes

Total guarantee amount	0
Balance of guarantee	0
Including: related guarantee balance	0
Illegal guarantee amount	0
Percentage of total guarantee amount to net asset value of the Company	16.49%
Total guarantee amount provided by the listed company to subsidiaries with controlling interests	3,662.3

6 CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with "The Code of Best Practice" as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the reporting period.

7. FINANCIAL REPORT

7.1 Disclosure of the comparative consolidated and company's income statement

STATEMENT OF INCOME AND PROFIT APPROPRIATION
(Prepared under PRC accounting standards)

Period ended 30 June 2004

RMB

	Group For the six months ended 30 June		Company For the six months ended 30 June	
	2004	2003	**2004**	2003
	Unaudited	Unaudited	**Unaudited**	Unaudited
Principal operating income	**12,808,080,075**	7,061,706,316	**12,713,830,190**	7,041,761,876
Less: Cost of sales	**(9,531,762,014)**	(5,565,935,778)	**(9,486,579,646)**	(5,562,045,628)
Taxes and surcharges	**(90,576,934)**	(60,976,727)	**(88,347,193)**	(59,884,053)
Profit from principal operating activities	**3,185,741,127**	1,434,793,811	**3,138,903,351**	1,419,832,195
Add: Other operating profit	**13,834,610**	27,140,756	**8,130,687**	23,529,232
Less: Selling expenses	**(70,390,165)**	(33,607,752)	**(75,389,571)**	(32,750,829)
Administrative expenses	**(359,407,093)**	(241,309,714)	**(347,597,637)**	(234,405,012)
Financial expenses	**(70,694,899)**	(43,826,371)	**(65,919,490)**	(40,254,265)
Operating profit	**2,699,083,580**	1,143,190,730	**2,658,127,340**	1,135,951,321
Add: Investment income/(loss)	**1,105,000**	(5,025,841)	**27,701,507**	(3,080,563)
Subsidies income	**672,381**	–	**–**	–
Non-operating income	**6,445,613**	4,092,951	**6,445,613**	4,125,100
Less: Non-operating expenses	**(1,406,141)**	(8,678,830)	**(1,358,506)**	(8,634,819)
Profit before tax	**2,705,900,433**	1,133,579,010	**2,690,915,954**	1,128,361,039
Less: Income tax	**(403,928,166)**	(179,727,410)	**(402,576,120)**	(178,299,288)
Minority interests	**(1,945,538)**	–	**–**	–
Net profit	**2,300,026,729**	953,851,600	**2,288,339,834**	950,061,751
Add: Retained profits at beginning of period	**912,571,065**	39,803,181	**929,800,280**	43,193,048
Profit available for distribution	**3,212,597,794**	993,654,781	**3,218,140,114**	993,254,799

Less: Transfers to statutory surplus reserve	**–**	–	**–**	–
Transfers to statutory public welfare fund	**–**	–	**–**	–
Transfers to reserve fund	**–**	–	**–**	–
Transfers to enterprise expansion fund	**–**	–	**–**	–
Transfers to employee bonus and welfare fund	**–**	–	**–**	–
Profit available for distribution to shareholders	**3,212,597,794**	993,654,781	**3,218,140,114**	993,254,799
Less: Proposed ordinary share dividend	**–**	–	**–**	–
Retained profits at end of period	**3,212,597,794**	993,654,781	**3,218,140,114**	993,254,799

Company Representative: Gu Jianguo   Chief Accountant: Su Jiangang   Head of Accounting Department: Guan Yagang

7.2 Notes to financial statements

7.2.1 Descriptions with reasons and influence on figures in relation to changes in accounting policies, accounting estimates and corrections of accounting errors.

In view of the continued expansion of the Company's production capacity and with new products being developed and put into production, the planned cycles for medium and large-scale maintenance and renovation and modification works for fixed assets were shortened accordingly. This has contributed to a change in the original estimated useful life of fixed assets. Based on a re-assessment of the useful lives of the Company's fixed assets, the average annual depreciation rate of fixed assets was adjusted from 6.5% to 8.5%. Such an adjustment has become effective on 1 January 2004. It is expected that the change of such accounting estimate will cause the current period's profit before tax to decrease by RMB222.27 million.

Apart from the above-mentioned change of accounting estimate, the principal accounting policies adopted by the Company and the Group in the presentation of the financial statements under PRC Accounting Standards for the current period had no difference from those adopted in the most recently announced annual report.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
(Prepared under Hong Kong accounting standards)

Period ended 30 June 2004

		For the six months ended 30 June	
		2004	2003
	Notes	**Unaudited**	Unaudited
		RMB'000	*RMB'000*
TURNOVER	(iii)	**12,808,080**	7,061,706
Cost of sales		**(9,531,762)**	(5,622,201)
Gross profit		**3,276,318**	1,439,505
Other revenue	(iii)	**80,572**	27,878
Selling and distribution costs		**(160,967)**	(94,585)
Administrative expenses		**(365,108)**	(231,003)
Other operating income/(expenses), net		**(48)**	8,042
PROFIT FROM OPERATING ACTIVITIES	(iv)	**2,830,767**	1,149,837
Finance costs	(v)	**(109,353)**	(42,502)
PROFIT BEFORE TAX		**2,721,414**	1,107,335
Tax	(vi)	**(403,928)**	(177,740)
PROFIT BEFORE MINORITY INTERESTS		**2,317,486**	929,595
Minority interests		**(1,946)**	–
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**2,315,540**	929,595
EARNINGS PER SHARE	(ix)		
Basic		**35.87 cents**	14.40 cents
Diluted		**N/A**	N/A

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Prepared under Hong Kong accounting standards)

(i) SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice 25 "Interim financial reporting" and Appendix 16 of the Listing Rules.

The accounting policies and basis of presentation used in the preparation of these condensed consolidated interim financial statements are the same as those used in the annual audited financial statements for the year ended 31 December 2003 except for the change in the following accounting estimate:

During the period, the Group has revised the estimated useful lives of certain fixed assets. In the opinion of the directors, the revised useful lives of such assets reflect more fairly the current estimate of their useful lives. The change of estimated useful lives has the effect of increasing the Group's depreciation charge by approximately RMB222,270,000 for the current period and an estimated amount of approximately RMB444,540,000 for the year.

(ii) SEGMENT INFORMATION

The Group has only one business segment, which is the manufacture and sale of iron and steel products, and therefore, no business segment information is presented.

No geographical segment information is presented as over 90% of the Group's turnover is derived from customers based in the People's Republic of China (the "PRC"), and over 90% of the Group's assets are located in the PRC.

(iii) TURNOVER AND REVENUE

Turnover represents the invoiced value of goods sold, net of trade discounts and returns, and excludes sales taxes and intra-group transactions.

An analysis of turnover and revenue is as follows:

	For the six months ended 30 June	
	2004	2003
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Turnover - sale of goods	**12,808,080**	7,061,706
Interest income	**14,716**	5,379
Others	**65,856**	22,499
	12,888,652	7,089,584

(iv) PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2004	2003
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Depreciation	**852,232**	511,746
Amortisation of deferred staff cost	**–**	8,800
Gain on disposal of fixed assets	**(6,429)**	(3,240)
Loss on disposal of subsidiaries	**–**	6,425
Interest income	**(14,716)**	(5,379)

(v) FINANCE COSTS

	For the six months ended 30 June	
	2004	2003
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interest on bank loans	**131,930**	68,093
Less: Interest capitalised	**(22,577)**	(25,591)
	109,353	42,502

(vi) TAX

	For the six months ended 30 June	
	2004	2003
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Group:		
Current – PRC		
Charge for the period	**403,928**	170,636
Underprovision in prior year	**–**	9,091
Deferred	**–**	(1,987)
	403,928	177,740

The PRC income tax for the Company and its subsidiaries is calculated at rates ranging from 15% to 33%, on their estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof. Ma Steel (Wuhu) Processing and Distribution Co., Ltd. ("Ma Steel (Wuhu)") (a subsidiary of the Company) is a production foreign investment enterprise registered in Wuhu Economic and Technological Development Zone. The applicable tax rate is 15% and is entitled to enjoy the "two years exempt and subsequent three years with 50% reduction" tax holiday. With approval obtained from respective tax bureau, the tax holiday started in 2004.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the six months ended 30 June 2004 and 30 June 2003.

No provision for overseas profits tax has been made for the Group as there were no assessable profits for the six months ended 30 June 2004 and 30 June 2003.

(vii) STATUTORY SURPLUS RESERVE, STATUTORY PUBLIC WELFARE FUND, RESERVE FUND AND ENTERPRISE EXPANSION FUND

No appropriation was made to the statutory surplus reserve, statutory public welfare fund, reserve fund and enterprise expansion fund by the Company and its subsidiaries for the period ended 30 June 2004. Such appropriation will be made at the year end in accordance with the Company Law of the PRC and the Company's and subsidiaries' Articles of Associations.

(viii) INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2004 (2003: Nil).

(ix) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of approximately RMB2,315,540,000 (2003: approximately RMB929,595,000) and 6,455,300,000 (2003: 6,455,300,000) ordinary shares in issue during the period.

No diluted earnings per share is presented as the Company does not have any dilutive potential ordinary shares.

8. Differences in financial statements prepared under PRC and Hong Kong accounting standards

Effects on net profit and the shareholders' funds arising from the material differences between the consolidated financial statements prepared under PRC and Hong Kong accounting standards are summarised as follows:

Net profit	*Note*	**For the six months ended 30 June 2004 Unaudited** ***RMB'000***
Net profit from ordinary activities attributable to shareholders under Hong Kong accounting standards		**2,315,540**
Deduct:		
Transfer of deferred income	(ii)	**(15,513)**
Net profit from ordinary activities attributable to shareholders under PRC accounting standards		**2,300,027**

Shareholders' equity	*Notes*	**30 June 2004 Unaudited** *RMB'000*
Shareholders' equity under Hong Kong accounting standards		**15,747,947**
Add back:		
Deferred income	(ii)	**514,068**
Deduct:		
Deferred tax assets	(i)	**(54,459)**
Transfer of deferred income	(ii)	**(15,513)**
Transfer of deferred income charged to opening retained profits	(ii)	**(3,606)**
Provision for furnace relining costs	(iii)	**(74,499)**
Shareholders' equity under PRC accounting standards		**16,113,938**

(i) Deferred tax assets

Under PRC accounting standards and regulations, the Company adopted the tax payable method in which the current period's tax payable represents the current period's income tax expense and does not recognise the effect of timing difference on income tax. Thus, no deferred tax is recognised in current period.

Under Hong Kong SSAP 12 (Revised), deferred tax is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred tax expenses or income recognised in the current period (1-6/2003: deferred tax income of approximately RMB1.99 million). Deferred tax assets recognised as at 30 June 2004 amounted to approximately RMB54.5 million (31 December 2003: RMB54.5 million).

(ii) Deferred income

Government grants for specific construction projects are accounted for as specific payables under PRC accounting standards. Whereas under Hong Kong accounting standards, such grants are accounted for as deferred income.

Under PRC accounting standards and regulations, upon completion of the subsidised construction projects, the costs incurred are recognised as fixed assets and the utilised portion of specific payables thereof is transferred to the capital reserve. As at 30 June 2004, accumulated specific payables transferred to the capital reserve amounted to approximately RMB514 million (31 December 2003: approximately RMB305 million).

Under Hong Kong SSAP 35, upon completion of the subsidised construction projects, deferred income is released to the income statement over the expected useful life of the relevant assets by equal annual instalments. During the period, certain subsidised construction projects, with government grants of approximately RMB209 million received in prior years, were completed. As at 30 June 2004, accumulated deferred income amounting to approximately RMB514 million (31 December 2003: approximately RMB305 million) should be released to income statement over the expected useful lives of the relevant assets. Deferred income of approximately RMB15.51 million (1-6/2003: Nil) was released to the current period's income statement. As at 30 June 2004, the accumulated deferred income released amounted to approximately RMB19.12 million (31 December 2003: approximately RMB3.61 million).

(iii) Furnace relining costs

Under PRC accounting standard "Accounting Standard for Business Enterprises - Fixed Assets" issued on 1 January 2002, repair and maintenance costs incurred on fixed assets should be charged to the income statement as and when incurred. Hence, from 1 January 2002 onwards, the Company no longer accrued for the provision for furnace relining costs. The balance of provision for furnace relining costs, amounting to approximately RMB120.34 million as at 31 December 2001, will be utilised when furnace relining costs are actually incurred. During the current period, no furnace relining costs were incurred, and the remaining provision as at 30 June 2004 amounted to approximately RMB74.5 million (31 December 2003: approximately RMB74.5 million).

Under Hong Kong Statement of Standard Accounting Practice ("SSAP") 28, furnace relining costs are recognised as and when incurred starting from 1 January 2001. The balance of provision for furnace relining costs of approximately RMB124 million as at 31 December 2000 was derecognised retrospectively by a prior year adjustment. No furnace relining costs were incurred during the current period (1-6/2003: Nil).

9. DETAILED INTERIM RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE OF HONG KONG LIMITED'S WEBSITE

A detailed interim results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

As at the date of this announcement, directors of the Company are: Messrs. Gu Jianguo, Gu Zhanggen, Zhu Changqiu, Shi Zhaogui, Zhao Jianming, Su Jiangang and Gao Haijian; and independent directors of the Company are: Messrs. Cheng Shaoxiu, Wu Junnian, Shi Jianjun and Chan Yuk Sing.

By order of the Board of Directors
Gu Jianguo
Chairman

Maanshan City, Anhui Province, the PRC
18 August 2004

Please also refer to the published version of this announcement in South China Morning Post dated 19 August 2004.