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鞍 鋼 股 份 有 限 公 司

ANGANG STEEL COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 347)

THIRD QUARTERLY REPORT OF ANGANG STEEL COMPANY LIMITED FOR 2009

1 IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”) and the supervisory committee (the “Supervisory Committee”) of Angang Steel Company Limited (the “Company”), its directors (the “Directors”), supervisors and senior management members warrant that there is no misleading statement or misrepresentation contained in, or material omission from this report, and are jointly and severally liable for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 The financial statements of the Company for the third quarter of 2009 have not been audited by accountants.
- 1.3 Mr. Zhang Xiaogang, the Chairman of the Board and Mr. Ma Lianyong, the Chief Accountant and Head of the Accounting Department of the Company, warrant the truthfulness and completeness of the financial statements in the quarterly report.

2 COMPANY PROFILE

2.1 Major accounting data and financial indicators

Unit: Rmb million

	30 September 2009	31 December 2008	Increase/decrease	
Total assets	100,998	92,184	9.56%	
Owners' equity attributable to shareholders of the listed company	52,000	53,108	-2.09%	
Share capital	7,235	7,235	—	
Net assets per share attributable to shareholders of the listed company (<i>Rmb/share</i>)	7.19	7.34	-2.04%	
	July to September 2009	Increase/decrease year-on-year	January to September 2009	Increase/decrease year-on-year
Total operating revenue	19,182	-16.04%	49,224	-21.89%
Net profit attributable to shareholders of the listed company	1,893	-16.72%	330	-96.00%
Net cash flow from operating activities	1,600	58.57%	3,015	-61.95%
Net cash flow from operating activities per share (<i>Rmb/share</i>)	0.221	58.99%	0.417	-61.92%
Basic earnings per share (<i>Rmb/share</i>)	0.262	-16.56%	0.046	-95.97%
Diluted earnings per share (<i>Rmb/share</i>)	0.262	-16.56%	0.046	-95.97%
Return on net assets attributable to shareholders of the listed company	3.64%	Decreased by 0.25 percentage points	0.63%	Decreased by 13.51 percentage points
Return on net assets after deduction of extraordinary profit and loss attributable to shareholders of the listed company	3.64%	Decreased by 0.26 percentage points	0.56%	Decreased by 13.60 percentage points

Unit: Rmb million

	Amount from the beginning of the year to the end of the reporting period
Extraordinary items	
Gains or losses from disposal of non-current assets	10
Government subsidies (except for government subsidies which are closely related to the Company's ordinary business operation, in conformity with the national policies and continuously entitled for standard amount or quantities) attributable to gains or losses for the period	4
Other non-operating income and expenses apart from those stated above	40
Effect of income tax	-14
	<hr/>
Total	<u>40</u>

2.2 Statement of total number of shareholders and the particulars of the shareholdings of the top 10 shareholders not subject to trading moratorium at the end of the reporting period

Unit: Share

Total number of shareholders as at the end of the reporting period 148,642 shareholders in total, including 547 holders of H shares

Shareholdings of the top 10 shareholders not subject to trading moratorium

Name of shareholder (full name)	Number of shares not subject to trading moratorium held as at the end of the reporting period	Class of share
HKSCC Nominees Limited	1,072,743,938	Overseas-listed foreign shares
Industrial and Commercial Bank of China — China Southern Risk-resistant Value-added Fund (中國工商銀行 — 南方避險增值基金)	21,022,000	Renminbi ordinary shares
Bank of Communications — HuaAn Strategic Prime Stock Securities Investment Fund (交通銀行 — 華安策略優選股票型證券投資基金)	20,901,740	Renminbi ordinary shares
DEUTSCHE BANK AKTIENGESELLSCHAFT	20,274,653	Renminbi ordinary shares
National Social Insurance Fund 104 Portfolio (全國社保基金一零四組合)	18,000,000	Renminbi ordinary shares
Industrial and Commercial Bank of China — ChinaAMC CSI 300 Index Securities Investment Fund	17,400,000	Renminbi ordinary shares
UBS AG	17,087,036	Renminbi ordinary shares
Industrial and Commercial Bank of China — Rongtong Shenzhen 100 Index Securities Investment Fund (中國工商銀行 — 融通深證 100指數證券投資基金)	16,331,196	Renminbi ordinary shares
IFC — STANDARD CHARTERED — GOV'T OF SINGAPORE INVEST CORP. PTE LTD.	15,786,152	Renminbi ordinary shares
Nomura Securities Co., Ltd.	15,711,794	Renminbi ordinary shares

3 SIGNIFICANT EVENTS

3.1 Significant changes in the major items of the financial statements and financial indicators and reasons for changes

Applicable Not applicable

1. The decrease in business tax and surcharges for the reporting period as compared with the corresponding period last year was mainly attributable to: 1) the decrease in tariffs as a result of the cancellation of export tariff for hot rolled sheets and medium & thick plates as well as the decreased export volume; 2) a decrease in VAT recognized which resulted in less business tax and surcharges.
2. The decrease in selling expenses for the reporting period as compared with the corresponding period last year was mainly attributable to: 1) the decrease in package expenses due to less package cost; 2) the decrease in transportation expenses as a result of decreased sales volume under the CIF as well as the decreased export volume, and 3) the decrease in export operation fee and consigned sale handling charge due to the decreased export volume.
3. The decrease in asset impairment losses for the reporting period as compared with the corresponding period last year was mainly attributable to less provision for diminution in value of inventories, as a result of rebounding prices of steel products and thus the increase in value of inventories.
4. The increase in investment income for the reporting period as compared with the corresponding period last year was mainly attributable to: 1) a reversal of previously recognized losses due to the consolidation of financial statements of Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited (“Angang Tian Tie”) at the end of the reporting period; 2) the increase in profit from joint venture and affiliated companies; and 3) the dividend in cash received from WISDRI Engineering & Research Incorporation Limited.
5. The decrease in income tax expenses for the reporting period as compared with the corresponding period last year was mainly attributable to the decrease in profit for the period from the beginning of the year to the end of the reporting period.

6. The increase in receivables as compared with the end of last year was mainly due to an increase in the sales receivables from steel distributors as a result of the market condition.
7. The increase in prepayments as compared with the end of last year was mainly attributable to: 1) increased prepayment for imported raw fuel; and 2) increased prepayment as a result of the consolidation of financial statements of Angang Tian Tie at the end of the reporting period.
8. The decrease in other receivables as compared with the end of last year was due to the transfer of receivables of Rmb60 million investment contributed by Heilongjiang Longmay Mining Group Co., Ltd. to long-term equity investment.
9. The increase in available-for-sale financial assets as compared with the end of last year was due to the change in value for 10,000,000 shares in Zhuzhou Smelter Company Ltd of Hunan subscribed by the Company through non-public offering, which were traded at Rmb11.99 per share as compared to Rmb4.49 per share at the beginning of the year.
10. The decrease in construction materials as compared with the end of last year was mainly attributable to the consumption of construction materials.
11. The increase in deferred income tax assets as compared with the end of last year was mainly attributable to: 1) the increase in deferred income tax assets arising from recognized loss; 2) the consolidation of financial statements of Angang Tian Tie.
12. The increase in advances from customers as compared with the end of last year was mainly attributable to: 1) the increase in advances due to price rebound of steel products, increased output of Bayuquan Company and increase in deposits from customers for increased orders; 2) the consolidation of financial statements of Angang Tian Tie.
13. The increase in non-current liabilities due within one year as compared with the end of last year was mainly attributable to the transfer of long-term loans due within one year into this item.

14. Minority interests recorded at the end of the reporting period is a result of the consolidation of financial statements of Angang Tian Tie.

3.2 Note and analysis of the progress of significant events and their impact and solution

Applicable Not applicable

3.3 Performance of undertakings by the Company, shareholders and the de facto controller

Applicable Not applicable

Undertakings	Contents of undertakings	Performance of undertakings
Share reform undertaking	<p>Angang Holding, the controlling shareholder of the Company, has made certain minimum statutory undertakings during the period of the State-owned Share Reform Plan under the relevant laws and regulations.</p> <p>In addition to the minimum statutory undertakings, Angang Holding had also made the following special undertakings:</p> <p>(1) The shares held by Angang Holding following the implementation of the State-owned Share Reform Plan would be subject to a trading moratorium of 36 months from the listing date, except for the shares to be transferred to the holders of tradable A shares upon his/her exercise of the warrants.</p> <p>(2) In the event that the Company, subject to approval of the general meeting of shareholders and regulatory authorities, issues new tradable A shares to Angang Holding for the acquisition of the 100% equity interest in ANSI held by Angang Holding, Angang Holding undertakes that such new shares held would also be subject to a trading moratorium of 36 months from the day on which the shares were transferred to Angang Holding's account.</p> <p>(3) Angang Holding shall maintain a minimum of 60% shareholding in the Company commencing from the completion of the above acquisition till 31 December 2010.</p>	No breach of any of such undertakings by Angang Holding was found during the reporting period

- (4) Angang Holding warrants that it shall compensate other shareholders for any loss arising from its failure to fulfill the whole or part of the undertakings herein.
- (5) Angang Holding shall complete formalities for the deposit of the consideration shares held thereby with China Securities Depository and Clearing Corporation Limited, Shenzhen Branch to ensure the fulfillment of obligation for such consideration arrangements.
- (6) Angang Holding will pay all the costs relating to the State-owned Share Reform Plan.

Angang Holding further undertook that:

“We will faithfully fulfill our undertaking and accept the corresponding legal liabilities. Unless it is agreed by the transferee and its being able to be liable for the undertakings, we will not transfer any share held by us.”

Undertaking of trading moratorium	—	—
Undertakings made in the acquisition report or equity change report	—	—
Undertakings made in significant asset restructuring	—	—
Undertakings made in issuance	—	—

Other undertakings
(including additional
undertakings)

1. On 28 October 2008, the Company received a notice from Angang Holding that according to the Approval Reply on the Whitewash Waiver to Angang Holding from offer for acquisition of shares in Angang Steel Company Limited issued by China Securities Regulatory Commission to Angang Holding, Angang Holding would increase the shareholding in the Company from the secondary markets within 12 months since the date of first share acquisition (i.e. 28 October 2008) in a quantity no more than 361,000,000 shares or 4.99% of the issued shares of the Company. On 28 October 2008, Angang Holding acquired additional 1,000,000 shares in the Company through the trading system of the Shenzhen Stock Exchange, accounting for 0.014% of total share capital of the Company.

Angang Holding undertook that: it would not reduce its shareholding in the Company within the period of acquisition and the statutory period.

2. On 3 December 2008, 526,795,621 shares in the Company held by Angang Holding was released from trading moratorium under the Company's State-owned Share Reform Plan, representing 7.28% of total share capital of the Company.

According to shareholding purpose and divestment plan of Angang Holding for shares released from trading moratorium, Angang Holding had no plan to sell any tradable shares not subject to trading moratorium within six months after the shares were released from such trading moratorium.

No breach of any of such undertakings
by Angang Holding was found
during the reporting period

3. On 24 October 2007, the Company and Angang Holding entered into Supply of Materials and Services Agreement (2008-2009), pursuant to which, Base Price of iron concentrate is "a price not higher than the average free-on-board import price reported to the PRC Customs for the first half of the year before adjustment ("Average Import Price") plus railway transportation expenses from Bayuquan Port to the Company and a price adjustment according to grade. Among other things, the price adjustment according to grade is based on the weighted average grade of the iron concentrate imported by the Company in the previous half year. Price adjustment for every 1% of grade of the iron concentrate is Rmb10/tonne." Angang Holding made the undertaking to give a discount of 5% of Average Import Price to the maximum price determined on the basis of such Base Price. The undertaking is valid from 1 January 2008 to 31 December 2009.

3.4 Warning on any potential loss in accumulated net profit for the period from the year beginning to the end of next reporting period or any material change in accumulated net profit as compared with the corresponding period last year and the reason thereof

Applicable

Not applicable

Results estimation

Significant decrease over the same period last year

	From the beginning of the year to the end of next reporting period	The corresponding period last year	Changes (%)
Estimated total net profit <i>(Rmb billion)</i>	0-1.495	2.989	Decreased by 50% to 100%
Basic earnings per share <i>(Rmb/share)</i>	0-0.207	0.413	Decreased by 50% to 100%

Explanation on the results estimation:

Given the impact of the global financial crisis, the Company's profit decreased significantly as a result of the plunge in steel prices.

3.5 Other material events

3.5.1 Reception Activities including research, communication and interviews during the reporting period

Time of reception	Place of reception	Manner of reception	Received party	Major issues discussed and information provided
8 July 2009	The Office of the Secretary to the Board	Investigation and research on site	Le Yashan of Daiwa Institute of Research (Hong Kong) Limited Dai Chao of Shanghai Representative Office of Daiwa Institute of Research (Hong Kong) Limited Xu Jingwen of RBC Investment Services (Asia) Limited Saino Yoko of J.P.Morgan Asset Management Nigel Tan of GRUIX Investment Management Chris Wong of Moon Capital Management, LP	1. Production and operation of the Company 2. Development trend of the Company 3. Status of domestic and overseas steel industry
23 July 2009	The Office of the Secretary to the Board	Investigation and research on site	June Long and other four persons of Government of Singapore Investment Corp.	1. Production and operation of the Company 2. Development trend of the Company 3. Status of domestic and overseas steel industry
24 July 2009	The Office of the Secretary to the Board	Investigation and research on site	Zhang Qi of Yinhua Fund Management Co., Ltd. Liao Ping of Yinhua Fund Management Co., Ltd. Tong Wei of China Asset Management Co., Ltd. Song Xiangyu of Da Cheng Fund Management Co., Ltd. Li Huasong of Harvest Fund Management Co., Ltd. Liu Jie of Harvest Fund Management Co., Ltd. Li Hongliang of CITIC Securities Co., Ltd	1. Production and operation of the Company 2. Development trend of the Company 3. Status of domestic and overseas steel industry
29 July 2009	The Office of the Secretary to the Board	Investigation and research on site	Zhou Tao of Sinolink Securities Co., Ltd. Lei Ming of China Universal Asset Management Co., Ltd. Zhou Xuejun of China Nature Asset Management Co., Ltd. Kang Ping of Hua An Fund Management Co., Ltd. Guo Rui of E Fund Management Co., Ltd. Gao Xiyang of China Nature Asset Management Co., Ltd. Wang Jing of Minsheng Royal Fund Management Co., Ltd.	1. Production and operation of the Company 2. Development trend of the Company 3. Status of domestic and overseas steel industry

5 August 2009	The Office of the Secretary to the Board	Investigation and research on site	Sha Wei of Boshi Fund Management Co., Ltd. Meng Yaqiang of Boshi Fund Management Co., Ltd. Huo Jingchun of Rongtong Fund Management Co., Ltd. Chu Xueliang of China Jianyin Investment Securities Co., Ltd. Tang Xiaohui of China International Capital Corporation Limited Wong Dagang of First-Trust Fund Management Co., Ltd. Feng Bao of Shanghai Kaishi Investment Management Co., Ltd. Wang Bingshi of Shenzhen Hengyunsheng Investment Consultant Co., Ltd.	1. Production and operation of the Company 2. Development trend of the Company 3. Status of domestic and overseas steel industry
7 August 2009	The Office of the Secretary to the Board	Investigation and research on site	He Sixian of Nomura International (Hong Kong) Limited Wang Yandong of Value Partners Limited	1. Production and operation of the Company 2. Development trend of the Company 3. Status of domestic and overseas steel industry
8 September 2009	The Office of the Secretary to the Board	Investigation and research on site	Jin Baihua of BOCI Securities Limited Song Zhenbiao of ABSOLUTE ASIA KEES RIGTER of PELARGOS CAPITAL	1. Production and operation of the Company 2. Development trend of the Company 3. Status of domestic and overseas steel industry

3.6 Derivatives investment

Applicable Not applicable

3.6.1 Position of derivatives investment at the end of the reporting period

Applicable Not applicable

4 APPENDICES

4.1 Balance Sheet

Prepared by: Angang Steel Company Limited
30 September 2009

Unit: Rmb million

Item	Closing balance		Opening balance	
	Consolidated	Company	Consolidated	Company
Current assets:				
Cash and bank balances	2,804	1,128	2,974	2,914
Bills receivable	2,531	2,191	2,583	2,583
Accounts receivable	1,652	1,652	1,235	1,235
Prepayments	6,744	5,674	2,731	2,731
Other receivables	40	25	78	78
Inventories	10,980	10,294	10,372	10,372
Total current assets	24,751	20,964	19,973	19,913
Non-current assets:				
Available-for-sale financial assets	120	120	45	45
Long-term equity investment	1,587	3,052	2,262	2,322
Fixed assets	53,184	51,051	43,252	43,252
Construction in progress	10,401	8,837	12,547	12,547
Construction materials	2,374	2,347	6,242	6,242
Intangible assets	7,101	6,646	6,761	6,761
Deferred income tax assets	1,480	1,298	1,102	1,102
Total non-current assets	76,247	73,351	72,211	72,271
Total assets	100,998	94,315	92,184	92,184

Current liabilities:

Short term loans	13,360	11,700	7,570	7,570
Bills payable	3,657	2,903	4,585	4,585
Accounts payable	3,930	3,298	3,427	3,427
Payment received in advance	5,904	5,603	3,629	3,629
Staff remuneration payable	328	325	329	329
Taxes payable	-2,469	-2,387	-2,771	-2,771
Other payables	3,288	3,277	3,523	3,523
Non-current liabilities due within one year	7,957	7,641	1,031	1,031
Total current liabilities	35,955	32,360	21,323	21,323

Non-current liabilities:

Long term loans	11,405	9,724	17,565	17,565
Deferred income tax liabilities	54	54	47	47
Other non-current liabilities	177	177	141	141
Total non-current liabilities	11,636	9,955	17,753	17,753
Total liabilities	47,591	42,315	39,076	39,076

Owners' equity (Shareholders' equity)

Paid-up capital (share capital)	7,235	7,235	7,235	7,235
Capital reserve	31,479	31,479	31,423	31,423
Special reserve	47	47	21	21
Surplus reserve	3,280	3,280	3,280	3,280
Undistributed profit	9,959	9,959	11,149	11,149
Equity attributable to the equity holders of the parent company	52,000	52,000	53,108	53,108
Minority interests	1,407	—	—	—
Total owners' equity	53,407	52,000	53,108	53,108
Total liabilities and owners' equity	100,998	94,315	92,184	92,184

4.2 Income Statement for the period

Prepared by: Angang Steel Company Limited
From July to September 2009

Unit: Rmb million

Item	The period		The same period last year	
	Consolidated	Parent Company	Consolidated	Parent Company
I. Total operating revenue	19,182	19,182	22,847	22,847
Including: Operating revenue	19,153	19,182	22,847	22,847
2. Total cost of operations	17,415	17,415	20,166	20,166
Including: Operating cost	16,016	16,016	17,354	17,354
Business tax and surcharges	58	58	276	276
Selling expenses	275	275	462	462
Administrative expenses	815	815	1,001	1,001
Finance expenses	228	228	194	194
Impairment losses on assets	23	23	879	879
Add: Investment income				
(loss stated with “-”)	139	139	35	35
Including: Investment income from associates and jointly controlled entities	133	133	20	20
3. Operating profit (loss stated with “-”)	1,906	1,906	2,716	2,716
Add: Non-operating income	5	5	11	11
Less: Non-operating expenses	7	7	12	12
Including: Loss on disposal of non-current assets	6	6	10	10

4.	Total profit (loss stated with “-”)	1,904	1,904	2,715	2,715
	Less: Income tax expenses	11	11	442	442
5.	Net profit (loss stated with “-”)	1,893	1,893	2,273	2,273
	Net profit attributable to the equity holders of the parent company	1,893	1,893	2,273	2,273
	Minority interest income	—	—	—	—
6.	Earnings per share:				
	(1) Basic earnings per share (<i>Rmb</i>)	0.262	0.262	0.314	0.314
	(2) Diluted earnings per share (<i>Rmb</i>)	0.262	0.262	0.314	0.314
7.	Other comprehensive income	-11	-11	-23	-23
8.	Total comprehensive income	1,882	1,882	2,250	2,250
	Total comprehensive income attributable to the equity holders of the parent company	1,882	1,882	2,250	2,250
	Total comprehensive income attributable to minority interests	—	—	—	—

4.3 Income Statement for the first three quarters

Prepared by: Angang Steel Company Limited
From January to September 2009

Unit: Rmb million

Item	Amount for the period		Amount for last period	
	Consolidated	Parent Company	Consolidated	Parent Company
I. Total operating revenue	49,224	49,224	63,015	63,015
Including: Operating revenue	49,195	49,224	63,015	63,015
2. Total cost of operations	49,254	49,254	52,883	52,883
Including: Operating cost	44,998	44,998	46,700	46,700
Business tax and surcharges	130	130	801	801
Selling expenses	709	709	1,307	1,307
Administrative expenses	2,233	2,233	2,597	2,597
Finance expenses	549	549	531	531
Impairment losses on assets	635	635	947	947
Add: Investment income				
(loss stated with “-”)	125	125	126	126
Including: Income from investment in associates and jointly controlled entities	119	119	110	110
3. Operating profit (loss stated with “-”)	95	95	10,258	10,258
Add: Non-operating income	74	74	25	25
Less: Non-operating expenses	20	20	43	43
Including: Loss from disposal of non-current assets	19	19	23	23

4.	Total profit (loss stated with “-”)	149	149	10,240	10,240
	Less: Income tax expenses	-181	-181	1,987	1,987
5.	Net profit (loss stated with “-”)	330	330	8,253	8,253
	Net profit attributable to the equity holders of the parent company	330	330	8,253	8,253
	Minority interest income	—	—	—	—
6.	Earnings per share:				
	(1) Basic earnings per share (<i>Rmb</i>)	0.046	0.046	1.141	1.141
	(2) Diluted earnings per share (<i>Rmb</i>)	0.046	0.046	1.141	1.141
7.	Other comprehensive income	56	56	-158	-158
8.	Total comprehensive income	386	386	8,095	8,095
	Total comprehensive income attributable to the equity holders of the parent company	386	386	8,095	8,095
	Total comprehensive income attributable to minority interests	—	—	—	—

4.4 Cash Flow Statement for the first three quarters

Prepared by: Angang Steel Company Limited
From January to September 2009

Unit: Rmb million

Item	Amount for the period		Amount for last period	
	Consolidated	Parent Company	Consolidated	Parent Company
1. Cash flow from operating activities:				
Cash received from sales of goods and rendering of services	52,623	52,623	75,149	75,149
Refund of tax and levies received	460	460	—	—
Cash received relating to other operating activities	241	241	55	55
Sub-total of cash inflow from operating activities	53,324	53,324	75,204	75,204
Cash paid for purchase of goods and receipt of services	46,089	46,089	57,176	57,176
Cash paid to and on behalf of employees	1,897	1,897	1,995	1,995
Taxes and auxiliary charges paid	1,804	1,804	7,427	7,427
Cash paid relating to other operating activities	519	519	683	683
Sub-total of cash outflow from operating activities	50,309	50,309	67,281	67,281
Net cash flow from operating activities	3,015	3,015	7,923	7,923

2. Cash flow from investing activities				
Cash received from return				
on investments	43	43	16	16
Net cash received from disposal				
of fixed assets, intangible assets				
and other long-term assets	22	22	6	6
Cash received relating to other				
investing activities	1,716	532	223	223
Sub-total of cash inflow from				
investing activities	1,781	597	245	245
Cash paid to acquire fixed assets,				
intangible assets and				
other long-term assets	5,019	5,019	12,759	12,759
Cash paid for investment	142	574	326	386
Sub-total of cash outflow				
from investing activities	5,161	5,593	13,085	13,145
Net cash flow from				
investing activities	-3,380	-4,996	-12,840	-12,900
3. Cash flow from financing activities:				
Cash received from borrowings	16,640	16,640	14,870	14,870
Sub-total of cash inflow from				
financing activities	16,640	16,640	14,870	14,870
Cash paid for repayments of liabilities	13,734	13,734	10,444	10,444
Cash payments for dividends,				
profits distribution or				
interest repayment	2,687	2,687	5,073	5,073
Other Cash payments relating to				
financing activities	24	24	59	59
Sub-total of cash outflow				
from financing activities	16,445	16,445	15,576	15,576
Net cash flows from				
financing activities	195	195	-706	-706

4.	Effect on cash and cash equivalents due to change in foreign currency exchange rate	—	—	—	—
5.	Net increase in cash and cash equivalents	-170	-1,786	-5,623	-5,683
	Add: Balance of cash and cash equivalents at the beginning of the period	2,974	2,914	7,733	7,733
6.	Balance of cash and cash equivalents at the end of the period	2,804	1,128	2,110	2,050

4.5 Audit Report

Audit opinion: Unaudited

4.6 Note of Change in Consolidation Scope of Financial Statements

According to the Joint Venture Contract for Establishment of Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited entered into between Angang Steel Company Limited and Tianjin Tian Tie Metallurgy Group Corporation, the relevant agreements and the resolutions of the Board, the Company increased its capital contribution to Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited by Rmb432 million to an accrued investment in Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited of Rmb1,407 million in September 2009. Based on the understanding and analysis of the Accounting Standards for Business Enterprises, the relevant interpretations and the relevant provisions of the joint venture contract, the Company has de facto control over Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited, which was thus included in the scope of consolidated financial statements of the Company with effect from the end of the reporting period.

By Order of the Board
ANGANG STEEL COMPANY LIMITED
Fu Jihui
Executive Director and Company Secretary

Anshan City, Liaoning Province, the PRC

27 October 2009

As at the date of this announcement, the Board comprises the following directors:

Executive Directors

Zhang Xiaogang

Yang Hua

Chen Ming

Yu Wanyuan

Fu Jihui

Independent Non-executive Directors

Li Shijun

Ma Guoqiang

Liu Wei

Kwong Chi Kit, Victor

* *For identification purposes only*