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鞍鋼股份有限公司

ANGANG STEEL COMPANY LIMITED*

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

(Stock Code: 0347)

2016 FIRST QUARTERLY REPORT

The board of directors (the “Board”) of Angang Steel Company Limited (鞍鋼股份有限公司)(the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries for the three months ended 31 March 2016 (the “Reporting Period”), prepared in accordance with the Accounting Standards for Business Enterprises of the People’s Republic of China. This announcement is made pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The contents of this announcement are consistent with the announcement published on the Shenzhen Stock Exchange. This announcement is published simultaneously in Hong Kong and Shenzhen.

1. IMPORTANT NOTICE

The Board, the supervisory committee of the Company, and the directors, supervisors and senior management members warrant the truthfulness, accuracy, and completeness of the contents of this quarterly report, and that there is no false representation or misleading statement contained in, or material omission from this quarterly report and assume joint and several legal liabilities.

All directors have attended the Board meeting to consider this quarterly report.

Yao Lin, person-in-charge of the Company, Zhang Jingfan, person-in-charge of accounting operations and Che Chengwei, head of the accounting department warrant the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

2. MAJOR FINANCIAL FIGURES AND CHANGES IN SHAREHOLDERS

I. Principal accounting figures and financial indicators

Whether the Company has made retrospective adjustment to, or restatement of, the accounting data of prior years due to changes in accounting policies and correction of accounting errors

Yes No

Unit: RMB million

	The Reporting Period	Corresponding period of the previous year	Increase/decrease of the Reporting Period as compared with the corresponding period of the previous year
Operating revenue	11,274	14,961	-24.64%
Net profit attributable to the shareholders of the Company	-615	19	-3,336.84%
Net profit attributable to the shareholders of the Company after extraordinary items	-616	10	-6,260.00%
Net cash flow from operating activities	-1,385	933	-248.45%
Basic earnings per share (RMB/share)	-0.085	0.003	-2,933.33%
Diluted earnings per share (RMB/share)	-0.085	0.003	-2,933.33%
Return on net assets (weighted average basis)(%)	-1.43%	0.04%	Decreased by 1.47 percentage point

	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease as of the end of the Reporting Period as compared with the end of the previous year
Total assets	90,044	88,596	1.63%
Net assets attributable to the shareholders of the Company	42,660	43,274	-1.42%

Extraordinary items and amounts

Applicable Not applicable

Unit: RMB million

Item	Amount from the beginning of the year to the end of the Reporting Period
Profit/(loss) on disposal of non-current assets (including write-offs of asset impairment provisions)	-10
Government subsidies (except for government subsidies which are closely related to the Company's operations, and entitled in a fixed amount or quantity in conformity with the common standards of the State) attributable to gains or losses for the period	14
Other non-operating income and expenses apart from those stated above	-2
Less: Effect of income tax	1
Total	<u><u>1</u></u>

Notes for the Company's extraordinary gain or loss items as defined in the Explanatory Announcement on Information Disclosure by Companies Offering Their Securities to the Public No. 1 – Extraordinary Gains or Losses, and the extraordinary gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure by Companies Offering Their Securities to the Public No. 1 – Extraordinary Gains or Losses which have been defined accordingly as its recurring gain or loss items

Applicable Not applicable

During the Reporting Period, the Company did not classify any item of extraordinary gain or loss as defined and illustrated in accordance with the Explanatory Announcement on Information Disclosure by Companies Offering Their Securities to the Public No. 1 – Extraordinary Gains or Losses as an item of recurring gain or loss.

II. Statement of the total number of shareholders and the particulars of the shareholdings of the top 10 shareholders as at the end of the Reporting Period

1. Statement of the number of holders of ordinary shares and holders of preference shares with restored voting rights, and the particulars of the shareholdings of the top 10 shareholders

Unit: share

Total number of shareholders	116,306, amongst whom 569
as at the end of the Reporting Period	are holders of H shares

Total number of holders of preference shares with restored voting rights as at the end of the Reporting Period (if any)	–
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Shareholding of the top 10 shareholders

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held	Number of shares held subject to trading moratorium	Pledged or frozen Status of shares	Number
Anshan Iron & Steel Group Complex* (鞍山鋼鐵集團公司)	State-owned legal person	67.29%	4,868,547,330	-	-	-
HKSCC (Nominees) Limited	Overseas legal person	14.85%	1,074,213,162	-	-	-
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	Other	2.99%	216,322,910	-	-	-
Central Huijin Asset Management Limited (中央匯金資產管理有限責任公司)	State-owned legal person	1.00%	72,575,900	-	-	-
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme (工銀瑞信基金-農業銀行-工銀瑞信中證金融資產管理計劃)	Other	0.23%	16,652,700	-	-	-
Lombarda China Fund – Agricultural Bank of China – Lombarda China CSI Financial Assets Management Scheme (中歐基金-農業銀行-中歐中證金融資產管理計劃)	Other	0.23%	16,652,700	-	-	-
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme (博時基金-農業銀行-博時中證金融資產管理計劃)	Other	0.23%	16,652,700	-	-	-
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme (大成基金-農業銀行-大成中證金融資產管理計劃)	Other	0.23%	16,652,700	-	-	-
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme (嘉實基金-農業銀行-嘉實中證金融資產管理計劃)	Other	0.23%	16,652,700	-	-	-
EFund – Agricultural Bank of China – EFund China Securities and Financial Assets Management Program (易方達基金-農業銀行-易方達中證金融資產管理計劃)	Other	0.23%	16,652,700	-	-	-

Shareholding of the top 10 shareholders not subject to trading moratorium

Name of shareholder	Number of shares not subject to trading moratorium	Class of shares	
		Class of shares	Number
Anshan Iron & Steel Group Complex* (鞍山鋼鐵集團公司)	4,868,547,330	Renminbi ordinary shares	4,868,547,330
HKSCC (Nominees) Limited	1,074,213,162	Overseas-listed foreign shares	1,074,213,162
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	216,322,910	Renminbi ordinary shares	216,322,910
Central Huijin Asset Management Limited (中央匯金資產管理有限責任公司)	72,575,900	Renminbi ordinary shares	72,575,900
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme (工銀瑞信基金 – 農業銀行 – 工銀瑞信中證金融資產管理計劃)	16,652,700	Renminbi ordinary shares	16,652,700
Lombarda China Fund – Agricultural Bank of China – Lombarda China CSI Financial Assets Management Scheme (中歐基金 – 農業銀行 – 中歐中證金融資產管理計劃)	16,652,700	Renminbi ordinary shares	16,652,700
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme (博時基金 – 農業銀行 – 博時中證金融資產管理計劃)	16,652,700	Renminbi ordinary shares	16,652,700
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme (大成基金 – 農業銀行 – 大成中證金融資產管理計劃)	16,652,700	Renminbi ordinary shares	16,652,700
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme (嘉實基金 – 農業銀行 – 嘉實中證金融資產管理計劃)	16,652,700	Renminbi ordinary shares	16,652,700
EFund – Agricultural Bank of China – EFund China Securities and Financial Assets Management Program (易方達基金 – 農業銀行 – 易方達中證金融資產管理計劃)	16,652,700	Renminbi ordinary shares	16,652,700

Explanations on the connected relationship or concert party relationship among the shareholders mentioned above

The Company is not aware of any connected relationship among the above shareholders of the Company or any such shareholders acting in concert within the meaning of the Procedures on the Administration of Information Disclosure for Change in Shareholdings of the Shareholders of Listed Companies.

Whether any of the top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to trading moratorium of the Company conducted any transactions on agreed repurchases during the Reporting Period

Yes No

The top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to trading moratorium of the Company did not conduct any transactions on agreed repurchases during the Reporting Period.

2. Total number of holders of preference shares and shareholding of the top 10 holders of preference shares as at the end of the Reporting Period

Applicable Not applicable

3. SIGNIFICANT EVENTS

I. Changes in the major items of the financial statements and financial indicators and reasons for changes during the Reporting Period

Applicable Not applicable

1. The decrease in operating revenue during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the decrease in prices of steel products during the Reporting Period as compared with the corresponding period of the previous year.
2. The decrease in business tax and surcharges as compared with the corresponding period of the previous year was mainly due to (i) the fact that the decrease in prices of steel was greater than the decrease in prices of fuel during the Reporting Period as compared with the corresponding period of the previous year, which led to a greater decrease in output tax than input tax and a decrease in VAT and further led to a decrease in business tax and surcharge; and (ii) the decrease in export price of steel as compared with the corresponding period of previous year, which led to a decrease in export tax refund and tax credit and a decrease in VAT, resulting in a decrease in business tax and surcharge.

3. The increase in non-operating expenses during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the increase in loss on retirement of fixed assets of the Company.
4. The decrease in operating profit, total profit, net profit and net profit attributable to owners of the Company during the Reporting Period as compared with the corresponding period of the previous year was mainly because even though the environment of the steel market had improved as compared to the fourth quarter last year and there was a slight increase in steel price, the decrease was still greater as compared with the corresponding period of the previous year while the decrease in fuel price was less than the decrease in steel price which squeezed the profit margin of the Company. Although the Company has continued to exploit internal potential and has taken various measures to reduce costs and improve efficiency, it was not sufficient to cover the loss brought about by the drop in steel price, resulting in a loss to the Company.
5. The decrease in income tax during the Reporting Period as compared with the corresponding period of the previous year was mainly because of the loss of the Company for the period and the recognition of deferred income tax.
6. The decrease of RMB1,150 million in cash and bank balances as compared to the end of the previous year was mainly due to (i) the net cash outflow from operating activities amounting to RMB1,385 million; (ii) net cash outflow from investment activities amounting to RMB186 million; (iii) net cash inflow from financing activities amounting to RMB440 million; and (iv) the decrease of RMB19 million from the change in exchange rate.
7. The decrease of RMB4 million in financial assets at fair value through profit or loss as compared to the end of the previous year was mainly because of the decrease in the floating profit of the futures contracts held by the Company at the end of the period.
8. The increase of RMB520 million in accounts receivable as compared to the end of the previous year was mainly due to (i) the increase in trade receivables of export products of the Company; and (ii) the increase in unit sales volume of credit sales.

9. The increase of RMB5 million in construction materials as compared to the end of the previous year was mainly because the construction materials had not been used since arrival.
10. The increase of RMB22 million in financial liabilities at fair value through profit or loss for the period as compared to the end of the previous year was mainly due to the floating loss of futures contracts held by the Company at the end of the period.
11. The increase of RMB906 million in advances as compared to the end of the previous year was mainly due to the slight increase in steel price during the period and increase in orders from customers and prepayments.
12. The increase of RMB95 million in interest payable as compared to the end of the previous year was mainly due to the provision of interests for short-term debentures and medium-term bills for the quarter by the Company.
13. The increase of RMB16 million in taxes payable as compared to the end of the previous year was mainly due to the slight increase in steel price and the realization of increase in income tax payable.
14. The increase of RMB497 million in long-term loans as compared to the end of the previous year was mainly due to the increase in liquidity borrowings of the Company.
15. The decrease of RMB615 million in undistributed profits as compared to the end of the previous year was mainly due to the loss of the Company during the Reporting Period.
16. The decrease of RMB11 million of other comprehensive income as compared to the end of the previous year was due to effect of changes in fair value of stocks of Hunan Zhuzhou Smelter Group Company Limited* subscribed by the Company.

17. The decrease of RMB2,318 million in cash inflow from operating activities as compared with the corresponding period of the previous year was mainly due to (i) the decrease in the price of steel products for the quarter as compared with the corresponding period of the previous year and the decrease of RMB3,089 million in cash received for the sales of products of the Company; and (ii) the commencement of trade finance service for the import of fuel and the payment for procurement for the period when it became due after 6 months. Since the second half of 2015, the exchange rate of USD fluctuated frequently. In order to avoid the risk of fluctuation in exchange rate, since January 2016, the Company has ceased the trade finance business and the procurement of import fuel were settled by prepayment, resulting in an increase in the payment for import fuel. As such, although the procurement price of fuel decreased as compared with the corresponding period of the previous year, the cash paid for purchase of products and service received only decreased by RMB227 million as compared with the corresponding period of the previous year.
18. The increase of RMB421 million in net cash outflow for investing activities as compared with the corresponding period of the previous year was mainly due to (i) the decrease of RMB1,030 million in the cash paid for the purchase of fixed assets as compared with the corresponding period of the previous year; and (ii) the fact that the Company had received cash dividends of RMB650 million distributed by a joint venture during the corresponding period of the previous year but it did not receive such dividend during this period.
19. The increase of RMB730 million in net cash flow from financing activities as compared with the corresponding period of the previous year was mainly due to the decrease in cash paid for repayment of loans during the Reporting Period as compared with the corresponding period of the previous year.

II. Progress and impact of significant events and the analysis on solutions

Applicable Not applicable

III. The undertakings performed by the Company, shareholders, actual controllers, offerors, directors, supervisors, senior management or other related parties during the Reporting Period as well as the undertakings that they have not yet performed as at the end of the Reporting Period

Applicable Not Applicable

Undertaking	Undertaker	Type of Undertaking	Details of undertaking	Time of undertaking	Period of undertaking	Performance of undertaking
Undertakings made during restructuring of assets	Anshan Iron & Steel Group Complex*	Undertaking in terms of competition, connected transactions, misappropriation of funds	<p>On 20 May 2007, based on the industry policies of national iron and steel industry and the development of domestic iron and steel industry, Anshan Iron & Steel Group Complex (“Angang Holding”) issued the Non-competition Undertaking Letter of Anshan Iron & Steel Group Complex (《鞍山鋼鐵集團公司避免同業競爭承諾函》) to the Company:</p> <p>(1) Angang Holding and its wholly-owned and holding subsidiaries have complied with relevant requirements of the state on the non-competition.</p> <p>(2) Angang Holding and its wholly-owned and holding subsidiaries have never engaged in any business which directly or indirectly competes with the iron and steel business, the principal business of the Company.</p> <p>(3) Angang Holding undertakes that the Company is entitled to the preemption rights for the assets and business to be disposed of by Angang Holding or the wholly-owned and controlling subsidiaries of Angang Holding, which are related to the iron and steel business of the Company.</p>	20 May 2007	Indefinite	There was no breach of such undertaking.

Undertaking	Undertaker	Type of Undertaking	Details of undertaking	Time of undertaking	Period of undertaking	Performance of undertaking
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(4) If the enterprises in which Angang Holding holds equity interests produce products or engage in business which compete or may compete with the Company, Angang Holding undertakes that, when required by the Company, it will transfer all the capital contribution, shares or equity interests and grant the Company preemptive rights for such capital contribution, shares or equity interests.

(5) If Angang Holding and its wholly-owned and holding subsidiaries have assets and business which compete or may compete with the Company, when the Company proposes to purchase such assets and business, Angang Holding and its wholly-owned and holding subsidiaries will transfer relevant assets and business to the Company with priority based on reasonable prices and terms according to the processes required by laws.

Undertaking	Undertaker	Type of Undertaking	Details of undertaking	Time of undertaking	Period of undertaking	Performance of undertaking
			<p>(6) During the effective period of the undertakings, on the premise of equal investment qualifications, Angang Holding shall inform the Company first regarding the opportunity of new business. If the Company accepts such opportunity of new business, Angang Holding shall transfer such new business to the Company for free. Angang Holding and its wholly-owned and holding subsidiaries have the rights to invest in the new business only if the Company expressly refuses such opportunity of new business. If the Company proposes to acquire such business in the future, Angang Holding and its wholly-owned and holding subsidiaries are still required to transfer the assets and business formed by such opportunities to the Company with priority based on reasonable prices and terms.</p>			
			<p>(7) Other effective measures to avoid and eliminate horizontal competition. The above undertakings do not limit the business of Angang Holding and its wholly-owned and holding subsidiaries which do not compete with the Company, especially the business of provision of relevant materials or services required for the operation of the Company. All the undertakings made by Angang Holding are based on the national requirements and subject to the adjustments according to the national requirements. Angang Holding is eligible to engage in businesses not prohibited by the State.</p>			

Undertaking	Undertaker	Type of Undertaking	Details of undertaking	Time of undertaking	Period of undertaking	Performance of undertaking
			<p>Such undertakings became effective from the date of issuance, and shall be terminated once one of following conditions occurs:</p> <p>(1) Angang Holding ceases to be the controlling shareholder of the Company;</p> <p>(2) The shares of the Company cease to be listed on any stock exchange (except for temporary suspension of the shares of the Company due to any reason);</p> <p>(3) When the State does not require the contents of certain undertakings, relevant parts shall be terminated automatically. Considering that Angang Holding does not have any iron and steel production projects put into production which compete with the Company, therefore, the undertakings made in the undertaking letter shall prevail if any inconsistencies occur between such undertakings and all the undertakings made by Angang Holding concerning the competition with the Company before the date of the issuance of the undertaking letter.</p>			
Other undertakings made to medium and minority shareholders of the Company	Angang Group Company*	Undertaking of shareholders acting in concert	Angang Group Company and the parties acting in concert with it did not reduce their shareholding in the Company in the last six months, and undertook not to reduce their shareholding in the Company within six months from the date of publication.	15 July 2015	Six months	There was no breach of such undertaking
Whether the undertakings have been timely performed	Yes					

IV. Results forecast for the six months from January to June 2016

Warning on any potential loss in accumulated net profit for the period from the beginning of the year to the end of the next reporting period or any material changes in accumulated net profit as compared with the corresponding period of the previous year and the reason(s) thereof

Applicable Not Applicable

V. Investment in securities

Applicable Not Applicable

Unit: RMB million

Stock type	Stock code	Abbreviation	Initial investment cost	Number of shares held at the beginning of the Reporting Period	Shareholding percentage at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Shareholding percentage at the end of the Reporting Period	Book value at the end of the Reporting Period	Loss or gain during the Reporting Period	Accounting item	Source of shares
				(million shares)	(million shares)	(million shares)	(million shares)				
Shares	600961	Zhuzhou Group (株冶集團)	81	4.63	0.88%	4.63	0.88%	47	0	Available for sale financial assets	Self-owned capital
Total			81	4.63	-	4.63	-	47	0	-	-

VI. Investment in derivatives

Applicable Not Applicable

Unit: RMB million

Name of the derivative investment operator	Related party	Type of transaction or not	Initial investment amount of derivative investment	Date of commencement	Date of termination	Investments at the beginning of the Reporting Period	Purchase amount during the Reporting Period	Disposal amount during the Reporting Period	Provision for impairment	Investments at the end of the Reporting Period	Proportion of investments net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period	
													Investments at the end of the Reporting Period
Angang Steel	None	No	Futures investment	1	1 January 2016	31 March 2016	26	943	833	-	121	0.30%	8
Total				1	-	-	26	943	833	-	121	0.30%	8

Source of funds for derivative investments

Self-owned funds

Litigation case (if applicable)

None

Date of the announcement disclosing the approval of derivative investment by the Board

13 February 2015

Date of the announcement disclosing the approval of derivative investment at shareholders' meeting

None

- Risk analysis on positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risks, liquidity risks, credit risks, operation risks, legal risks, etc.)
- (1) Market risks exist when the position held by the Company is related to the steel industry, which is highly relevant to spot commodities operated by the Company. Although the Company makes regular analysis and estimation on the market, the judgment on the market may be deviated, resulting in potential risks. However, the risk is controllable after futures are hedged with spot commodities.
 - (2) As the category of positions held has a sufficient level of liquidity, there is no liquidity risk.
 - (3) The Futures Exchange provides credit guarantee for the category of positions held, thus the credit risk is minimal.
 - (4) The Company carries out such business in strict compliance with the relevant requirements of hedging and total positions held and the time are in line with the Company's approval. The Company has performed assessment of relevant legal risks. Since business development is carried out in accordance with the laws and regulations of futures exchanges in the PRC, and thus, risks can be controlled.

Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value

With reference to dominant contracts of iron ore and coking coal and deformed bar and hot-rolled coil dominant settlement prices quoted on the Dalian Commodity Exchange and the Shanghai Futures Exchange, dominant contract settlement prices of coking coal, iron ore, deformed bar and hot-rolled coil on 1 January 2016 were RMB559.5/tonne, RMB323.5/tonne, RMB1,797/tonne and RMB1,949/tonne, respectively; settlement prices on 31 March 2016 were RMB631.5/tonne, RMB378.5/tonne, RMB2,122/tonne and RMB2,359/tonne, respectively, representing an increase of RMB72/tonne, RMB55/tonne, RMB410/tonne and RMB325/tonne, respectively, as compared with that at the beginning of the period.

<p>Explanations of any significant changes in the Company's accounting policies and specific accounting principles on derivatives adopted during the Reporting Period as compared with those of last reporting period</p>	<p>N/A</p>
<p>Specific opinions of independent Directors on the derivatives investment and risk control of the Company</p>	<p>(1) The Company utilized the self-owned funds for the development of futures hedging business on the basis of ensuring its normal production and operation, and performed related approval procedures in compliance with relevant requirements of the relevant laws, regulations and the Articles and Association, which was beneficial to the reduction of operating risks of the Company, without prejudice to the Company and shareholders as a whole.</p> <p>(2) The Company established Administrative Measures on Angang Steel Company Limited Commodity Futures Hedging, and explicitly confirmed internal control procedures such as the business operation procedures, approval process and risks prevention and control, achieving a guarantee for the Company to control future risks.</p> <p>(3) The Company confirmed that the maximum amount and the types for trading of the annual hedging guarantees were reasonable and in compliance with the actual situation of production and operation of the Company, and thus, in favour of the Company's reasonable control over trading risks.</p>

VII. Registration sheet for reception of activities such as survey, communication and interview

Applicable Not Applicable

Date of reception	Method of reception	Type of recipient	Major discussion points and information provided
12 January 2016	Others	Institutions	<ol style="list-style-type: none">1. the production and operation of the Company;2. the development trend of the Company;3. the situation of domestic and overseas steel industry.

VIII. Information on illegal external guarantees

Applicable Not Applicable

During the Reporting Period, the Company had no illegal external guarantee.

IX. Information on the non-operating use of funds of the listed company by the controlling shareholder and its related parties

Applicable Not Applicable

During the Reporting Period, the Company had no non-operating use of funds of the listed company by the controlling shareholder and its related parties.

4. FINANCIAL STATEMENTS

I. Financial Statements

1. Consolidated Balance Sheet

Prepared by: Angang Steel Company Limited*

31 March 2016

Unit: RMB million

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	2,451	3,601
Financial assets measured at fair value through profit and loss		4
Bills receivable	9,771	8,311
Accounts receivable	1,643	1,123
Prepayments	3,148	2,493
Dividends receivable	6	6
Other receivables	63	49
Inventories	8,364	8,008
Non-current assets due within one year		
Other current assets		
Total current assets	25,446	23,595

Item	Closing balance	Opening balance
Non-current assets:		
Available-for-sale financial assets	834	849
Long-term equity investment	2,776	2,673
Investment property		
Fixed assets	50,514	51,014
Construction in progress	2,715	2,852
Construction materials	11	6
Intangible assets	6,046	6,086
Long-term deferred expenses		
Deferred income tax assets	1,702	1,521
Other non-current assets		
Total non-current assets	64,598	65,001
Total assets	90,044	88,596
Current liabilities:		
Short-term loans	16,776	16,319
Financial liabilities measured at fair value through profit and loss	22	
Bills payable	4,538	3,991
Accounts payable	5,606	5,799
Advances from customers	3,740	2,834
Salaries payable	203	167
Taxes payable	36	20
Interests payable	276	181
Other payables	2,280	2,106
Non-current liabilities due within one year	4,107	4,587
Other current liabilities	7,000	7,000
Total current liabilities	44,584	43,004

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term loans	1,459	962
Debentures payable		
Long-term employee benefits payable	1	1
Deferred income	902	914
Deferred income tax liabilities	31	34
Other non-current liabilities		
Total non-current liabilities	2,393	1,911
Total liabilities	46,977	44,915
Owners' equity:		
Share capital	7,235	7,235
Capital reserve	31,519	31,519
Other comprehensive income	7	18
Special reserve	66	54
Surplus reserve	3,580	3,580
Undistributed profit	253	868
Total equity attributable to the owner of the parent company	42,660	43,274
Minority interests	407	407
Total owners' equity	43,067	43,681
Total liabilities and owners' equity	90,044	88,596

<i>Legal representative:</i> Yao Lin	<i>Person-in-charge of accounting operations:</i> Zhang Jingfan	<i>Head of the accounting department:</i> Che Chengwei
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2. Balance Sheet of the Parent Company

Unit: RMB million

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	1,549	2,774
Financial assets measured at fair value through profit and loss		4
Bills receivable	9,720	8,235
Accounts receivable	2,547	1,635
Prepayments	2,445	1,806
Dividends receivable	6	6
Other receivables	61	47
Inventories	7,201	7,178
Non-current assets due within one year		
Other current assets		
Total current assets	23,529	21,685
Non-current assets:		
Available-for-sale financial assets	834	849
Long-term equity investment	4,642	4,538
Investment property		
Fixed assets	49,706	50,399
Construction in progress	1,560	1,569
Construction materials	7	4
Intangible assets	5,677	5,714
Long-term deferred expenses		
Deferred income tax assets	1,666	1,486
Other non-current assets		
Total non-current assets	64,092	64,559
Total assets	87,621	86,244

Item	Closing balance	Opening balance
Current liabilities:		
Short-term loans	16,400	15,917
Financial liabilities measured at fair value through profit and loss	22	
Bills payable	4,536	3,989
Accounts payable	5,423	5,627
Advances from customers	3,345	2,458
Salaries payable	200	167
Taxes payable	280	220
Interests payable	276	171
Other payables	1,627	1,708
Non-current liabilities due within one year	4,096	4,566
Other current liabilities	7,000	7,000
Total current liabilities	43,205	41,823
Non-current liabilities:		
Long-term loans	801	301
Debentures payable		
Long-term salaries payable	1	1
Deferred income	678	689
Deferred income tax liabilities	15	19
Other non-current liabilities		
Total non-current liabilities	1,495	1,010
Total liabilities	44,700	42,833
Owners' equity		
Share capital	7,235	7,235
Capital reserve	31,565	31,565
Other comprehensive income	7	18
Special reserve	66	54
Surplus reserve	3,570	3,570
Undistributed profit	478	969
Total owners' equity	42,921	43,411
Total liabilities and owners' equity	87,621	86,244

<i>Legal representative:</i> Yao Lin	<i>Person-in-charge of accounting operations:</i> Zhang Jingfan	<i>Head of the accounting department:</i> Che Chengwei
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3. Consolidated Income Statement

Unit: RMB million

Item	Amount for the period	Amount for the previous period
1. Total operating revenue	11,274	14,961
Including: Operating revenue	11,274	14,961
2. Total cost of operations	12,136	15,064
Including: Operating cost	10,487	13,102
Business tax and surcharges	54	83
Selling expenses	461	622
Administrative expenses	389	452
Finance expenses	289	312
Impairment losses on assets	456	493
Add: Gains from fair value variation (loss stated with “-”)	-26	
Investment income (loss stated with “-”)	96	113
Including: Investment income from associates and joint ventures	88	107
3. Operating profit (loss stated with “-”)	-792	10
Add: Non-operating income	18	19
Less: Non-operating expenses	16	7
Including: Loss on disposal of non-current assets	12	3
4. Total profit (total loss stated with “-”)	-790	22
Less: Income tax expenses	-175	4
5. Net profit (net loss stated with “-”)	-615	18
Net profit attributable to the owner of the parent company	-615	19
Minority interests		-1

Item	Amount for the period	Amount for the previous period
6. Net amount after tax of other comprehensive income	-11	38
(1) Other comprehensive income which can not be reclassified into profit or loss		
a. Changes of net assets or net liabilities from the re-measurement of defined benefit plans		
b. Shares of other comprehensive income which can not be reclassified in profit or loss of the invested company in equity method		
(2) Other comprehensive income which can be subsequently reclassified into profit or loss	-11	38
a. Shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method		
b. Profit or loss from the change at fair value of available-for-sale financial assets	-11	38
c. Profit or loss from held-to-maturity investment reclassified as available-for-sale financial assets		
d. Effective portion of profit or loss from cash flows hedges		
e. Differences from translation of foreign currency		
f. Others		
7. Total comprehensive income	-626	56
Total comprehensive income attributable to the owner of the parent company	-626	57
Total comprehensive income attributable to minority shareholders		-1
8. Earnings per share:		
(1) Basic earnings per share (RMB/share)	-0.085	0.003
(2) Diluted earnings per share (RMB/share)	-0.085	0.003

<i>Legal representative:</i>	<i>Person-in-charge of accounting operations:</i>	<i>Head of the accounting department:</i>
Yao Lin	Zhang Jingfan	Che Chengwei

4. Income Statement of the Parent Company

Unit: RMB million

Item	Amount for the period	Amount for the previous period
1. Operating Revenue	11,315	14,954
Less: Operating cost	10,454	13,042
Business tax and surcharges	54	83
Selling expenses	430	600
Administrative expenses	377	447
Finance expenses	287	312
Impairment losses on assets	456	488
Add: Gains from fair value variation (loss stated with “-”)	-26	
Investment income (loss stated with “-”)	96	113
Including: Investment income from associates and joint ventures	88	107
2. Operating profit (loss stated with “-”)	-673	95
Add: Non-operating income	17	18
Less: Non-operating expenses	16	7
Including: Loss on disposal of non-current assets	12	3
3. Total profit (total loss stated with “-”)	-672	106
Less: Income tax expenses	-181	4
4. Net profit (net loss stated with “-”)	-491	102

Item	Amount for the period	Amount for the previous period
5. Net amount after tax of other comprehensive income	-11	38
(1) Other comprehensive income which can not be reclassified into profit or loss in subsequent periods		
a. Changes of net assets or net liabilities from the re-measurement of defined benefit plans		
b. Shares of other comprehensive income which can not be reclassified in profit or loss of the invested company in equity method		
(2) Other comprehensive income which can be subsequently reclassified into profit or loss	-11	38
a. Shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method		
b. Profit or loss from the change at fair value of available-for-sale financial assets	-11	38
c. Profit or loss from held-to-maturity investment reclassified as available-for-sale financial assets		
d. Effective portion of profit or loss from cash flows hedges		
e. Differences from translation of foreign currency		
f. Others		
6. Total comprehensive income	-502	140

<i>Legal representative:</i>	<i>Person-in-charge of accounting operations:</i>	<i>Head of the accounting department:</i>
Yao Lin	Zhang Jingfan	Che Chengwei

5. Consolidated Cash Flow Statement

Unit: RMB million

Item	Amount for the period	Amount for the previous period
1. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	9,655	12,744
Refund of tax and levies received	14	
Cash received relating to other operating activities	46	16
Sub-total of cash inflow from operating activities	9,715	12,760
Cash paid for purchase of goods and receipt of services	9,250	9,477
Cash paid to and on behalf of employees	961	1,055
Cash paid for all types of taxes	376	563
Cash paid relating to other operating activities	513	732
Sub-total of cash outflow from operating activities	11,100	11,827
Net cash flow from operating activities	-1,385	933
2. Cash flow from investing activities:		
Cash received from return of investments		
Cash received from investment income		650
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2
Net cash inflow on disposal of subsidiaries and other operating units		
Cash received relating to other investing activities	25	14
Sub-total of cash inflow from investing activities	25	666
Cash paid to acquire fixed assets, intangible assets and other long-term assets	211	1,241
Cash paid for investment		32
Net cash paid for acquisition of subsidiaries and other operating units		
Cash paid relating to other investment activities		
Sub-total of cash outflow from investing activities	211	1,273
Net cash flow from investing activities	-186	-607

Item	Amount for the period	Amount for the previous period
3. Cash flow from financing activities:		
Cash received from absorbing investments		
Including: cash received from absorbing minority shareholders' investments by subsidiaries		
Cash received from borrowings	6,475	6,858
Cash received relating to other financing activities		
Sub-total of cash inflow from financing activities	6,475	6,858
Cash paid for repayment of liabilities	5,823	6,885
Cash paid for dividends, profit distribution or interests repayment	211	256
Including: dividends or profit paid to minority shareholders by subsidiaries		
Cash paid relating to other financing activities	1	7
Sub-total of cash outflow from financing activities	6,035	7,148
Net cash flow from financing activities	440	-290
4. Effect on cash and cash equivalents due to change in foreign currency exchange rate	-19	-3
5. Net increase in cash and cash equivalents	-1,150	33
Add: Balance of cash and cash equivalents at the beginning of the period	3,601	1,712
6. Balance of cash and cash equivalents at the end of the period	2,451	1,745

<i>Legal representative:</i> Yao Lin	<i>Person-in-charge of accounting operations:</i> Zhang Jingfan	<i>Head of the accounting department:</i> Che Chengwei
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6. Cash Flow Statement of the Parent Company

Unit: RMB million

Item	Amount for the period	Amount for the previous period
1. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	9,459	12,663
Refund of tax and levies received	14	
Cash received relating to other operating activities	39	12
Sub-total of cash inflow from operating activities	9,512	12,675
Cash paid for purchase of goods and receipt of services	9,064	9,396
Cash paid to and on behalf of employees	935	1,042
Cash paid for all types of taxes	354	557
Cash paid relating to other operating activities	496	712
Sub-total of cash outflow from operating activities	10,849	11,707
Net cash flow from operating activities	-1,337	968
2. Cash flow from investing activities:		
Cash received from return of investments		
Cash received from investment income		650
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1
Net cash received from disposal of subsidiaries and other operating units		
Cash received relating to other investing activities	22	13
Sub-total of cash inflow from investing activities	22	664
Cash paid to acquire fixed assets, intangible assets and other long-term assets	142	888
Cash paid for investment		32
Cash paid relating to other investment activities		30
Sub-total of cash outflow from investing activities	142	950
Net cash flow from investing activities	-120	-286

Item	Amount for the period	Amount for the previous period
3. Cash flow from financing activities:		
Cash received from absorbing investments		
Cash received from borrowings	6,305	6,370
Other cash received from financing activities		
Sub-total of cash inflow from financing activities	6,305	6,370
Cash paid for repayment of liabilities	5,784	6,847
Cash paid for dividends, profit distribution or interests repayment	189	254
Other cash paid for financing activities	81	
Sub-total of cash outflow from financing activities	6,054	7,101
Net cash flow from financing activities	251	-731
4. Effect on cash and cash equivalents due to change in foreign currency exchange rate	-19	-3
5. Net increase in cash and cash equivalents	-1,225	-52
Add: Balance of cash and cash equivalents at the beginning of the period	2,774	548
6. Balance of cash and cash equivalents at the end of the period	1,549	496

<i>Legal representative:</i> Yao Lin	<i>Person-in-charge of accounting operations:</i> Zhang Jingfan	<i>Head of the accounting department:</i> Che Chengwei
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II. Audit Report

Whether this first quarterly report has been audited or not

Yes No

This first quarterly report of the Company is unaudited.

By Order of the Board
ANGANG STEEL COMPANY LIMITED
Yao Lin
Executive Director and Chairman of the Board

Anshan City, Liaoning Province, the PRC
29 April 2016

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

Executive Directors:

Yao Lin
Wang Yidong
Zhang Lifan
Zhang Jingfan

Independent Non-executive Directors:

Chen Fangzheng
Qu Xuanhui
Liu Zhengdong
Chau Chi Wai, Wilton

* *For identification purpose only*