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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)

2017 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 2017 (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 (comptroller) warrant the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

2. BASIC INFORMATION ON THE COMPANY

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	19,371	11,274	71.82
Net profit attributable to the shareholders of the Company	1,069	-615	273.82
Net profit attributable to the shareholders of the Company after extraordinary items	1,060	-616	272.08
Net cash flow from operating activities	437	-1,385	131.55
Basic earnings per share (RMB/share)	0.148	-0.085	274.12
Diluted earnings per share (RMB/share)	0.148	-0.085	274.12
Return on net assets (weighted average basis)(%)	2.35	-1.43	Increased by 3.78 percentage points

	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	93,805	88,069	6.51
Net assets attributable to the shareholders of the Company	45,962	44,882	2.41

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 or loss on disposal of non-current assets	0
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	11
Other non-operating income and expenses apart from those stated above	1
Less: Effect of income tax	3
	<hr/>
Total	9
	<hr/> <hr/>

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

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 total 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	108,071, amongst whom 545
as at the end of the Reporting Period	are holders of H shares

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 Co. Ltd (鞍山鋼鐵集團有限公司)	State-owned legal person	67.29%	4,868,547,330	-	-	-
HKSCC (Nominees) Limited	Overseas legal person	15.04%	1,088,261,894	-	-	-
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	Domestic non-State-owned legal person	2.67%	193,281,710	-	-	-
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	-	-	-
Abu Dhabi Investment Authority (阿布達比投資局)	Overseas legal person	0.33%	24,028,700	-	-	-
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	-	-	-
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	-	-	-
Yinhua Fund – Agricultural Bank of China – Yinhua Fund China Securities and Financial Assets Management Program (銀華基金-農業銀行-銀華中證金融資產管理計劃)	Other	0.23%	16,624,298	-	-	-

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 Co. Ltd	4,868,547,330	Renminbi ordinary shares	4,868,547,330
HKSCC (Nominees) Limited	1,088,261,894	Overseas-listed foreign shares	1,074,575,143
		Renminbi ordinary shares	13,686,751
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	193,281,710	Renminbi ordinary shares	193,281,710
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
Abu Dhabi Investment Authority (阿布達比投資局)	24,028,700	Renminbi ordinary shares	24,028,700
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
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
Yinhua Fund – Agricultural Bank of China – Yinhua Fund China Securities and Financial Assets Management Program (銀華基金－農業銀行－銀華中證金融資產管理計劃)	16,624,298	Renminbi ordinary shares	16,624,298

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 shareholdings of the top 10 holders of preference shares

Applicable Not applicable

3. SIGNIFICANT EVENTS

I. Changes in the major financial data and financial indicators and reasons for changes during the Reporting Period

Applicable Not applicable

1. The increase in operating revenue during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the increase in prices and sales volume of steel products during the Reporting Period as compared with the corresponding period of the previous year.
2. The increase in operating cost during the Reporting Period as compared with the corresponding period of the previous year was mainly due to (i) the increase in unit cost of steel products during the Reporting Period as compared with the corresponding period of the previous year, resulting from increase in prices of fuel and other factors during the Reporting Period; and (ii) the increase in sales volume of steel products during the Reporting Period as compared with the corresponding period of the previous year.
3. The increase in taxes and surcharges as compared with the corresponding period of the previous year was mainly due to the inclusion of the real estate tax, land use tax, vehicle and vessel use tax and the stamp duty into taxes and surcharges for accounting according to relevant policies of the PRC.

4. The increase in marketing expenses during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the increase in delivery expense and other expenses resulting from the increase in sales volume and freight charges.
5. The decrease in impairment losses on assets during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the decrease in provision for impairment of inventories.
6. The increase 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 the Company obtained remarkable achievements by capitalizing on the favorable opportunities in the steel market to give full play to the budget guideline and management and control functions in seven aspects comprising the sales prices, production volume, procurement prices, processing costs, logistics costs, cost of external energy purchase and the three expenses, and formulating and following out measures for lowering cost and enhancing efficiency according to the work requirements of guaranteeing the scale, temporizing with the market, reducing costs, adjusting the structure, improving efficiency and enhancing benefits.
7. The increase in income tax during the Reporting Period as compared with the corresponding period of the previous year was mainly because of the recognition of deferred income tax for losses in the corresponding period of the previous year.
8. The increase of RMB3,058 million in bills receivable in the Reporting Period as compared with that at the end of the previous year was mainly due to the greater amount of the Company's receipt of bank acceptance as compared with the decrease in bills resulting from the discounting, endorsement and payment of bills.

9. The increase of RMB896 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.
10. The increase of RMB541 million in other receivables as compared to the end of the previous year was mainly due to the payment of deposit and land premium for purchase of land use right by Bayuquan Branch (鮫魚圈分公司).
11. 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.
12. The decrease of RMB869 million in bills payable as compared to the end of the previous year was mainly due to the greater amount of bills issued by the Company as compared with the amount of payment of bills during the period.
13. The increase of RMB3,175 million in accounts payable as compared to the end of the previous year was mainly due to the increase in accounts payable for exported as a result of the trade finance business operated by the Company.
14. The increase of RMB58 million in salaries payable as compared to the end of the previous year was mainly due to the provision for remuneration and benefits of employees by the Company.
15. The increase of RMB64 million in interest payable as compared to the end of the previous year was mainly due to the provision of interests for medium-term bills for the quarter by the Company.
16. The increase of RMB68 million in taxes payable as compared to the end of the previous year was mainly due to the increase in value added tax payable of the head office of the Company as a result of the increase in steel price and sales volume during the period.

17. The increase of RMB801 million in long-term loans as compared to the end of the previous year was mainly due to the borrowing of long-term loans by the Company.
18. The increase of RMB1,069 million in undistributed profits as compared to the end of the previous year was mainly due to the achievement of RMB1,069 million in the net profit attributable to the owners of the listed company during the Reporting Period.
19. The increase of RMB1,822 million in net cash flow from operating activities as compared with the corresponding period of the previous year was mainly due to (i) the increase in the price and sales volume of steel products for the quarter as compared with the corresponding period of the previous year and the increase of RMB4,271 million in cash received for the sales of products of the Company; and (ii) the increase of RMB2,239 million in cash payment for procurement of commodities and receipt of labor services as a result of the increase in the prices of raw materials and fuel as compared to the corresponding period of the previous year.
20. The decrease of RMB616 million in net cash flow for investing activities as compared with the corresponding period of the previous year was mainly due to the payment of deposit and land premium for purchase of land use right by Bayuquan Branch (鮫魚圈分公司).
21. The increase of RMB153 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 not being fully performed by actual controllers, shareholders, related parties and offerors of the Company as well as undertaking-related companies concerned during 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 Co. Ltd (“Angang Holding”)	Industry competition undertakings	Non-competition Undertaking Letter of Anshan Iron & Steel Group Co. Ltd (《鞍山鋼鐵集團有限公司避免同業競爭承諾函》)	20 May 2007	Indefinite	There was no breach of such undertaking
			(1) Angang Holding and its wholly-owned and holding subsidiaries have complied with relevant requirements of the state on the non-competition.			
			(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.			
			(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.			

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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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> <ol style="list-style-type: none"> (1) Angang Holding ceases to be the controlling shareholder of the Company; (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); (3) When the State does not require the contents of certain undertakings, relevant parts shall be terminated automatically. <p>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>			
Whether the undertakings have been timely performed	Yes					

IV. Results forecast for the six months from January to June 2017

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%	51	-	Available for sale financial assets	Non-public issuance
Total			81	4.63	-	4.63	-	51	-		-

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	29 April 2015	-	147	489	548	-	181	0.39%	17
Total				1	-	-	147	489	548	-	181	0.39%	17

Source of funds for derivative investments

Self-owned funds

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

28 March 2017

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 contract settlement prices of deformed bar, hot-rolled coil, copper and nickel quoted on Shanghai Futures Exchange and contract settlement prices of iron ore and coking coal futures quoted on the Dalian Commodity Exchange, settlement prices of deformed bar, hot-rolled coil, copper, nickel, iron ore and coking coal on 3 January 2017 were RMB2,914/tonne, RMB3,353/tonne, RMB46,040/tonne, RMB86,410/tonne, RMB550.5/tonne, and RMB1,159/tonne, respectively; settlement prices on 31 March 2017 were RMB3,166/tonne, RMB3,193/tonne, RMB47,830/tonne, RMB83,020/tonne, RMB556/tonne, and RMB1,215.5/tonne, respectively; and changes in fair values were an increase of RMB252/tonne, a decrease of RMB160/tonne, an increase of RMB1,790/tonne, a decrease of RMB3,390/tonne, an increase of RMB5.5/tonne and an increase of RMB56.5/tonne, respectively.

Specific opinions of independent Directors on the derivatives investment and risk control of the Company

- (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.
- (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.
- (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.

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
10 January 2017	Others	Institutions	<ol style="list-style-type: none">1. The production and operation of the Company2. the development trend of the Company3. the situation of domestic and overseas steel industry
11 January 2017	Others	Institutions	<ol style="list-style-type: none">1. The production and operation of the Company2. the development trend of the Company3. the situation of domestic and overseas steel industry
16 February 2017	Others	Institutions	<ol style="list-style-type: none">1. The production and operation of the Company2. the development trend of the Company3. 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*

Unit: RMB million

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	2,196	1,968
Financial assets measured at fair value through profit and loss		
Bills receivable	11,410	8,352
Accounts receivable	2,838	1,942
Prepayments	2,982	2,586
Dividends receivable		
Other receivables	903	362
Inventories	11,642	10,466
Non-current assets due within one year		
Other current assets		
Total current assets	31,971	25,676

Item	Closing balance	Opening balance
Non-current assets:		
Available-for-sale financial assets	838	839
Long-term equity investment	3,044	2,968
Investment property		
Fixed assets	48,293	49,065
Construction in progress	2,404	2,232
Construction materials	14	9
Intangible assets	5,717	5,755
Long-term deferred expenses		
Deferred income tax assets	1,524	1,525
Other non-current assets		
Total non-current assets	61,834	62,393
Total assets	93,805	88,069
Current liabilities:		
Short-term loans	18,999	18,995
Financial liabilities measured at fair value through profit and loss		
Bills payable	897	1,766
Accounts payable	13,230	10,055
Advances from customers	5,150	4,065
Salaries payable	182	124
Taxes payable	-63	-131
Interests payable	140	76
Other payables	1,940	1,678
Non-current liabilities due within one year	167	161
Other current liabilities		
Total current liabilities	40,642	36,789

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term loans	2,097	1,296
Debentures payable	3,949	3,944
Long-term employee benefits payable		
Deferred income	728	739
Deferred income tax liabilities	13	13
Other non-current liabilities		
Total non-current liabilities	6,787	5,992
Total liabilities	47,429	42,781
Owners' equity:		
Share capital	7,235	7,235
Capital reserve	31,519	31,519
Other comprehensive income	11	12
Special reserve	64	52
Surplus reserve	3,580	3,580
Undistributed profit	3,553	2,484
Total equity attributable to the owner of the parent company	45,962	44,882
Minority interests	414	406
Total owners' equity	46,376	45,288
Total liabilities and owners' equity	93,805	88,069

<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	1,483	1,228
Financial assets measured at fair value through profit and loss		
Bills receivable	11,336	8,280
Accounts receivable	4,756	3,263
Prepayments	2,908	2,488
Dividends receivable		
Other receivables	901	360
Inventories	9,406	9,075
Non-current assets due within one year		
Other current assets		
Total current assets	30,790	24,694
Non-current assets:		
Available-for-sale financial assets	838	839
Long-term equity investment	4,609	4,533
Investment property		
Fixed assets	47,471	48,233
Construction in progress	1,424	1,268
Construction materials	14	3
Intangible assets	5,531	5,568
Long-term deferred expenses		
Deferred income tax assets	1,425	1,425
Other non-current assets		
Total non-current assets	61,312	61,869
Total assets	92,102	86,563

Item	Closing balance	Opening balance
Current liabilities:		
Short-term loans	18,999	18,995
Financial liabilities measured at fair value through profit and loss		
Bills payable	867	1,766
Accounts payable	13,012	9,889
Advances from customers	4,142	3,622
Salaries payable	180	124
Taxes payable	385	157
Interests payable	136	67
Other payables	1,786	1,524
Non-current liabilities due within one year	1	1
Other current liabilities		
Total current liabilities	39,508	36,145
Non-current liabilities:		
Long-term loans	1,645	800
Debentures payable	3,949	3,944
Long-term salaries payable		
Deferred income	587	597
Deferred income tax liabilities	13	13
Other non-current liabilities		
Total non-current liabilities	6,194	5,354
Total liabilities	45,702	41,499
Owners' equity		
Share capital	7,235	7,235
Capital reserve	31,565	31,565
Other comprehensive income	11	12
Special reserve	64	52
Surplus reserve	3,570	3,570
Undistributed profit	3,955	2,630
Total owners' equity	46,400	45,064
Total liabilities and owners' equity	92,102	86,563

3. Consolidated Income Statement

Unit: RMB million

Item	Amount for the period	Amount for the previous period
1. Total operating revenue	19,371	11,274
Including: Operating revenue	19,371	11,274
2. Total cost of operations	18,372	12,136
Including: Operating cost	16,937	10,487
Tax and surcharges	184	54
Selling expenses	632	461
Administrative expenses	335	389
Finance expenses	266	289
Impairment losses on assets	18	456
Add: Gains from fair value variation (loss stated with “-”)		-26
Investment income (loss stated with “-”)	89	96
Including: Investment income from associates and joint ventures	72	88
3. Operating profit (loss stated with “-”)	1,088	-792
Add: Non-operating income	13	18
Less: Non-operating expenses	1	16
Including: Loss on disposal of non-current assets	1	12
4. Total profit (total loss stated with “-”)	1,100	-790
Less: Income tax expenses	23	-175
5. Net profit (net loss stated with “-”)	1,077	-615
Net profit attributable to the owner of the parent company	1,069	-615
Minority interests	8	

Item	Amount for the period	Amount for the previous period
6. Net amount after tax of other comprehensive income	-1	-11
Net amount after tax of other comprehensive income attributable to the owner of the parent company	-1	-11
(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	-1	-11
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	-1	-11
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	1,076	-626
Total comprehensive income attributable to the owner of the parent company	1,068	-626
Total comprehensive income attributable to minority shareholders	8	
8. Earnings per share:		
(1) Basic earnings per share (<i>RMB/share</i>)	0.148	-0.085
(2) Diluted earnings per share (<i>RMB/share</i>)	0.148	-0.085

<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	20,143	11,315
Less: Operating cost	17,540	10,454
Tax and surcharges	181	54
Selling expenses	587	430
Administrative expenses	326	377
Finance expenses	266	287
Impairment losses on assets	18	456
Add: Gains from fair value variation (loss stated with “-”)		-26
Investment income (loss stated with “-”)	89	96
Including: Investment income from associates and joint ventures	72	88
2. Operating profit (loss stated with “-”)	1,314	-673
Add: Non-operating income	12	17
Less: Non-operating expenses	1	16
Including: Loss on disposal of non-current assets	1	12
3. Total profit (total loss stated with “-”)	1,325	-672
Less: Income tax expenses		-181
4. Net profit (net loss stated with “-”)	1,325	-491

Item	Amount for the period	Amount for the previous period
5. Net amount after tax of other comprehensive income	-1	-11
(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	-1	-11
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	-1	-11
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	1,324	-502

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	13,926	9,655
Refund of tax and levies received	34	14
Cash received relating to other operating activities	15	46
Sub-total of cash inflow from operating activities	13,975	9,715
Cash paid for purchase of goods and receipt of services	11,489	9,250
Cash paid to and on behalf of employees	967	961
Cash paid for all types of taxes	401	376
Cash paid relating to other operating activities	681	513
Sub-total of cash outflow from operating activities	13,538	11,100
Net cash flow from operating activities	437	-1,385
2. Cash flow from investing activities:		
Cash received from return of investments		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash inflow on disposal of subsidiaries and other operating units		
Cash received relating to other investing activities	20	25
Sub-total of cash inflow from investing activities	20	25
Cash paid to acquire fixed assets, intangible assets and other long-term assets	821	211
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other operating units		
Cash paid relating to other investment activities	1	
Sub-total of cash outflow from investing activities	822	211
Net cash flow from investing activities	-802	-186

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	6,504	6,475
Cash received relating to other financing activities		
Sub-total of cash inflow from financing activities	6,504	6,475
Cash paid for repayment of liabilities	5,693	5,823
Cash paid for dividends, profit distribution or interests repayment	216	211
Including: dividends or profit paid to minority shareholders by subsidiaries		
Cash paid relating to other financing activities	2	1
Sub-total of cash outflow from financing activities	5,911	6,035
Net cash flow from financing activities	593	440
4. Effect on cash and cash equivalents due to change in foreign currency exchange rate		-19
5. Net increase in cash and cash equivalents	228	-1,150
Add: Balance of cash and cash equivalents at the beginning of the period	1,968	3,601
6. Balance of cash and cash equivalents at the end of the period	2,196	2,451

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	13,658	9,459
Refund of tax and levies received	34	14
Cash received relating to other operating activities	15	39
Sub-total of cash inflow from operating activities	13,707	9,512
Cash paid for purchase of goods and receipt of services	11,324	9,064
Cash paid to and on behalf of employees	939	935
Cash paid for all types of taxes	377	354
Cash paid relating to other operating activities	659	496
Sub-total of cash outflow from operating activities	13,299	10,849
Net cash flow from operating activities	408	-1,337
2. Cash flow from investing activities:		
Cash received from return of investments		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating units		
Cash received relating to other investing activities	20	22
Sub-total of cash inflow from investing activities	20	22
Cash paid to acquire fixed assets, intangible assets and other long-term assets	807	142
Cash paid for investment Cash paid relating to other investment activities	1	
Sub-total of cash outflow from investing activities	808	142
Net cash flow from investing activities	-788	-120

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	6,504	6,305
Other cash received from financing activities		
Sub-total of cash inflow from financing activities	6,504	6,305
Cash paid for repayment of liabilities	5,655	5,784
Cash paid for dividends, profit distribution or interests repayment	204	189
Other cash paid for financing activities	10	81
Sub-total of cash outflow from financing activities	5,869	6,054
Net cash flow from financing activities	635	251
4. Effect on cash and cash equivalents due to change in foreign currency exchange rate		-19
5. Net increase in cash and cash equivalents	255	-1,225
Add: Balance of cash and cash equivalents at the beginning of the period	1,228	2,774
6. Balance of cash and cash equivalents at the end of the period	1,483	1,549

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
28 April 2017

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

Executive Directors:

Yao Lin
Wang Yidong
Li Zhongwu
Zhang Jingfan

Independent Non-executive Directors:

Wu Dajun
Ma Weiguo
Luo Yucheng

* *For identification purpose only*