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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)

2020 THIRD 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 (the “**Group**”) for the nine months ended 30 September 2020, 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.

The directors have attended in person the meeting of the Board held to consider this quarterly report, except for the following

Name of director absent	Position of director absent	Reasons for absence	Name of proxy
Wang Yidong	Chairman	Official duties	Ma Lianyong
Li Zhen	Director	Study sponsored by government funding	Li Zhongwu

Wang Yidong, person-in-charge of the Company, Ma Lianyong, person-in-charge of accounting operations and Gong Jin, 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

Yes No

Unit: RMB million

		As at the end of the Reporting Period (30 September 2020)	As at the end of the previous year (31 December 2019)	Increase/decrease as at the end of the Reporting Period over the end of the previous year (%)
Total assets		88,229	87,808	0.48
Net assets attributable to shareholders of the Company		52,926	52,079	1.63
	The Reporting Period (Three months ended 30 September 2020)	Increase/ decrease in the Reporting Period over the corresponding period of the previous year (%)	From the beginning of the year to the end of the Reporting Period (Nine months ended 30 September 2020)	Increase/decrease from the beginning of the year to the end of the Reporting Period over the corresponding period of the previous year (%)
Operating income	26,521	-0.11	71,171	-8.31
Net profit attributable to shareholders of the Company	825	177.78	1,325	-23.05
Net profit attributable to the shareholders of the Company after extraordinary items	819	183.39	1,291	-21.99
Net cash flow from operating activities	-	-	6,087	-4.11
Basic earnings per share (<i>RMB/share</i>)	0.088	175.00	0.141	-22.95
Diluted earnings per share (<i>RMB/share</i>)	0.082	156.25	0.135	-25.00
Returns on net assets on weighted average basis (%)	1.57	Increased by 1.00 percentage points	2.52	Decreased by 0.77 percentage points

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 (including write-offs of asset impairment provisions)	-33
Government subsidies (except for government subsidies which are closely related to the Company's operations and entitled to a fixed amount or quantity in conformity with the common standards of the State) attributable to gains or losses for the period	43
Changes in fair value of financial assets held for trading	-7
Changes in fair value of other non-current liabilities (portion of derivative financial instruments)	42
Other non-operating income and expenses apart from those stated above	0
Less: Effect of income tax	11
	<hr/>
Total	<u>34</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 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 holders of ordinary shares as at the end of the Reporting Period 101,554, amongst whom 498 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	53.33	5,016,111,529	0	-	-
HKSCC (Nominees) Limited	Overseas legal person	14.86	1,397,335,712	0	-	-
China National Petroleum Corporation (中國石油天然氣集團有限公司)	State-owned legal person	8.98	845,000,000	0	-	-
Power Construction Corporation of China (中國電力建設集團有限公司)	State-owned legal person	4.98	468,000,000	0	-	-
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	94,348,670	0	-	-
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.9	84,679,439	0	-	-
#Liao Qiang	Domestic natural person	0.15	13,793,711	0	-	-
China Merchants Bank Co., Ltd.- Boshi Zhongzheng Sate-owned Enterprise Innovation-Driven Trading Open Type Index Security Investment Fund	Others	0.14	13,104,665	0	-	-
Agricultural Bank of China Limited- Zhongzheng500 Trading Open Type Index Security Investment Fund	Others	0.13	11,880,448	0	-	-
# Cong Zhonghong	Domestic natural person	0.12	11,020,551	0	-	-

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*	5,016,111,529	Renminbi ordinary shares	5,016,111,529
HKSCC (Nominees) Limited	1,397,335,712	Overseas-listed foreign shares	1,397,335,712
China National Petroleum Corporation	845,000,000	Renminbi ordinary shares	845,000,000
Power Construction Corporation of China	468,000,000	Renminbi ordinary shares	468,000,000
Central Huijin Asset Management Limited	94,348,670	Renminbi ordinary shares	94,348,670
Hong Kong Securities Clearing Company Limited	84,679,439	Renminbi ordinary shares	84,679,439
# Liao Qiang	13,793,711	Renminbi ordinary shares	13,793,711
China Merchants Bank Co., Ltd.- Boshi Zhongzheng State-owned Enterprise Innovation-Driven Trading Open Type Index Security Investment Fund	13,104,665	Renminbi ordinary shares	13,104,665
Agricultural Bank of China Limited- Zhongzheng500 Trading Open Type Index Security Investment Fund	11,880,448	Renminbi ordinary shares	11,880,448
# Cong Zhonghong	11,020,551	Renminbi ordinary shares	11,020,551
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-mentioned shareholders of the Company or any party acting in concert as provided in the Procedures for the Administration of Information Disclosure for Changes in Shareholdings of the Shareholders of Listed Companies.		
Description of top ten shareholders to participate in financing business (if any)	At the end of the Reporting Period, Liao Qiang, a shareholder, held 0 share of the Company through an ordinary securities account and 13,793,711 shares of the Company through an investor credit securities account, amounting to a total of 13,793,711 shares of the Company; Cong Zhonghong, a shareholder, held 54,700 shares of the Company through an ordinary securities account and 10,965,851 shares of the Company through an investor credit securities account, amounting to a total of 11,020,551 shares of the Company.		

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 during the Reporting Period and reasons for the changes

Applicable Not applicable

1. The decrease of RMB132 million in finance expenses during the Reporting Period as compared with the corresponding period of the previous year was mainly due to a decrease of RMB37 million in bank interest expenses and a decrease of RMB96 million in exchange losses of H shares convertible bonds.
2. The decrease of RMB11 million in other gains during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the decrease in government grants.
3. The increase of RMB51 million in investment income during the Reporting Period as compared with the corresponding period of the previous year was mainly due to (i) the increase of RMB29 million in investment income from joint ventures and associates; and (ii) the increase of RMB22 million in investment income from commodity futures.
4. The decrease of RMB28 million in gains arising from fair value changes during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the changes in fair value of financial assets held for trading, derivative financial instruments, etc.

5. The decrease of RMB46 million in asset impairment losses during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the decrease in the release of provision for depreciation of inventory during the period.
6. The increase of RMB13 million in asset disposal income during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the increase in income from disposal of fixed assets.
7. The increase of RMB10 million 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 losses from discarding of fixed assets.
8. The significant increase in operating profit, total profit and net profit of the Company and net profit attributable to owners of the parent company during the Reporting Period as compared with the corresponding period of the previous year was mainly due to (i) the gradual recovery in the steel market in the third quarter and the rising price of the steel products in stages with the effective control of the epidemic in the PRC, and (ii) the remarkable achievements through various measures by the Company in relation to cost reduction, quality improvement and efficiency enhancement in a comprehensive and systematic manner, which was mainly reflected in the following aspects: the significant year-on-year decrease in processing costs of each process by increasing its efforts on cost reduction throughout the processes; the reduction of purchase costs on raw materials and fuels by optimizing the structure for coal blending and increasing the proportion of imported coal purchases; the significant year-on-year decrease of finance costs by expanding the financing channels and fully utilizing the preferential financial policies; the year-on-year increase of the steel settlement volume in the third quarter by enhancing the utilization rate of equipment, maximizing the economies of scale and increasing the production efficiency.
9. The increase of RMB174 million in income tax expenses during the Reporting Period as compared with the corresponding period of the previous year was mainly due to the year-on-year increase in profit of the Company.

10. The decrease of RMB2,558 million in notes receivable as compared with the beginning of the year was mainly due to (i) the inclusion of notes receivable in the amount of RMB1,577 million under the “Accounts receivable financing” in compliance with the requirements of the new financial instrument standards, and (ii) the Company’s greater efforts in discounting of notes for reduction of the inventory of notes.
11. The increase of RMB47 million in other receivables as compared with the beginning of the year was mainly due to temporary accounting of the monetary housing subsidies attributable to the parent company.
12. The increase of RMB917 million in constructions in progress as compared with the beginning of the year was mainly due to the increase in technical renovation and other project expenses during the Reporting Period.
13. The increase of RMB684 million in right-of-use assets as compared with the beginning of the year was mainly due to the increase of the leased asset.
14. The increase of RMB109 million in employee benefits payable as compared with the beginning of the year was mainly due to the provision made for employee benefits payable.
15. The decrease of RMB39 million in other non-current liabilities as compared to the beginning of the year was mainly due to the changes in fair value of the equity portion of convertible bonds.
16. The increase of RMB573 million in lease liability as compared with the beginning of the year was mainly due to the increase of the leased asset.
17. The increase of RMB47 million in special reserves as compared with the beginning of the year was mainly due to the provision for safety production expenses.
18. The increase of RMB782 million in net cash outflow from financing activities as compared with the corresponding period of the previous year was mainly due to (i) the decrease of RMB3,460 million in cash received from borrowings; (ii) the decrease of RMB1,547 million in cash paid for settling of debts; and (iii) the decrease of RMB1,140 million in cash paid for distribution of dividends and repayment of interest.

19. Net increase of cash and cash equivalents decreased by RMB604 million as compared with the corresponding period of the previous year, mainly due to (i) the decrease of RMB261 million in net cash inflow from operating activities; (ii) the decrease of RMB439 million in net cash outflow from investing activities; and (iii) the increase of RMB782 million in net cash outflow from financing activities.

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

Applicable Not applicable

Progress of share repurchase

Applicable Not applicable

Progress of decrease in the holding of repurchased shares by way of centralized bidding

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

During the Reporting Period, the Company did not have 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.

IV. Financial Assets Investment

1. Investment in securities

Applicable Not applicable

Unit: RMB million

Stock type	Stock code	Abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning of the Reporting Period	Gains and losses from changes in fair value during the Reporting Period	Accumulated changes in fair value reported in equity	Purchase amount during the Reporting Period	Disposal amount during the Reporting Period	Loss or gain during the Reporting Period	Book value at the end of the Reporting Period	Accounting item	Source of funds
Domestic and overseas shares	600961	Zhuzhou Group (株冶集團)	81	Measured at fair value	26	5	-	-	-	-	31	Financial assets held for trading	Self-financed funds
Total			81	-	26	5	-	-	-	-	31	-	-

2. Investment in derivatives

Applicable Not applicable

Unit: RMB million

Name of the derivative investment operator	Related party	Transaction or not	Type of derivative investment	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 (if any)	Investments at the end of the Reporting Period	Proportion of investments at the end of the period to net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
Angang Steel	None	No	Futures hedging	1	29 April 2015	-	165	214	335	-	169	0.32%	4
Total				1	-	-	165	214	335	-	169	0.32%	4

Source of funds for derivative investments	Self-owned funds
Litigation involved (if applicable)	None
Date of the announcement disclosing the approval of derivative investment by the Board (If any)	On 27 March 2020, the Resolution in relation to the Company's 2020 Annual Hedging Business Amount was approved by the 21st meeting of the eighth session of the Board.
Date of the announcement disclosing the approval of derivatives investment at shareholders' meeting (If any)	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.)	<p>(1) Market risks exist when the category of 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 conducts regular analysis and estimation on the market, its judgment on the market may be deviated, and thus resulting in potential risks. However, the risk is controllable after futures are hedged with spot commodities.</p> <p>(2) As the category of positions held has a sufficient level of liquidity, there is no liquidity risk.</p> <p>(3) The Futures Exchange provides credit guarantee for the category of positions held, thus the credit risk is minimal.</p> <p>(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.</p>
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 settlement prices of deformed bar, hot-rolled coil and nickel quoted on Shanghai Futures Exchange and settlement prices of iron ore and coking coal quoted on the Dalian Commodity Exchange, settlement prices of deformed bar, hot-rolled coil, nickel, iron ore and coking coal on 2 January 2020 were RMB3,563/tonne, RMB3,587/tonne, RMB111,060/tonne, RMB655.5/tonne and RMB1,173/tonne, respectively; settlement prices of deformed bar, hot-rolled coil, nickel, iron ore and coking coal on 30 September 2020 were RMB3,553/tonne, RMB3,689/tonne, RMB113,170/tonne, RMB792/tonne and RMB1,273.5/tonne, respectively; and changes in fair values of deformed bar, hot-rolled coil, nickel, iron ore and coking coal were an decrease of RMB10/tonne, an increase of RMB102/tonne, an increase of RMB2,110/tonne, an increase of RMB136.5/tonne, and an increase of RMB100.5/tonne, respectively.

<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 the 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 the 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 protection 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 it is in favour of the Company to reasonably control the trading risks.</p>

V. Progress of projects financed by proceeds

Applicable Not applicable

VI. Forecast for 2020 operating results

Warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next reporting period becoming a loss or a significant change compared to the same period of the previous year

Applicable Not applicable

VII. Major contracts during daily operations

Applicable Not applicable

VIII. Entrusted wealth management

Applicable Not applicable

During the Reporting Period, the Company did not have entrusted wealth management.

IX. Information on illegal external guarantees

Applicable Not applicable

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

X. 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, there was no non-operating use of funds of the listed company by the controlling shareholder and its related parties.

XI. Record sheet for reception of activities such as survey, communication and interview

Applicable Not applicable

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and information provided	Index of the basic particulars of the survey
7 January 2020	The Company	On-site survey	Institutions	Hua Chuang Securities-Wang Xiaofang; Aegon-industrial Fund-Huang Zhiyuan	Company production and operation and industry operation conditions	Irm.cninfo.com.cn under Shenzhen Stock Exchange/ Investor Relations Activity Record Form on 7 January 2020
30 March 2020	The Company	Results briefing	Others	Please refer to “2019 Annual Results Online Briefing of Angang Steel” on the website of Panorama · Global Roadshow	Company production and operation and industry operation conditions	Irm.cninfo.com.cn under Shenzhen Stock Exchange/2019 Annual Results Online Briefing Record

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and information provided	Index of the basic particulars of the survey
18 May 2020	The Company	Phone	Institutions	China Securities-Luo Xing, Li Renjie and Liao Chengtao; Harvest Fund-Cheng Meihua, Tang Shuting, and Xie Zelin; Tianhong Asset Management -Hong Minghua and Li Shengnan, China Life-Yang Wanying and Yang Chen; ICBC Credit Suisse Asset-Zhang Baiyang; Donghai Securities-Zhuo Qiuye; Soochow Securities-Sun Peng; Aegon-industrial Fund-Huang Zhiyuan; HuaAn Funds-Su Xusheng; Yinhua Fund-Zhang Ziyu	Company production and operation and industry operation conditions	Irm.cninfo.com.cn under Shenzhen Stock Exchange/ Investor Relations Activity Record Form on 18 May 2020
23 June 2020	The Company	Phone	Institutions	TF Securities-Ma Jinlong and Zhao Yingzhou; China International Fund Management* (上投摩根基金)- Wang Daobin; Hangzhou Baixi Asset Management* (杭州白犀資產)-Lin Junjie; Zhonggeng Fund-Pan Bozhong; Qingrui Assets* (慶瑞資產)- Zhang Zhirong; Great Wheel-Tian Feng	Company production and operation and industry operation conditions	Irm.cninfo.com.cn under Shenzhen Stock Exchange/ Investor Relations Activity Record Form on 23 June 2020

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and information provided	Index of the basic particulars of the survey
31 August 2020	The Company	Phone	Institutions	Citibank-Shang You, Ping Jiayan; UBS Securities- Gan Qingren, Zhang Han; Fidelity Funds -James Richard; Eastspring Investments-Bonnie Chan, Yuan Yiu Tsai; Impala Asset Mgmt-Tom McNamara; JPMorgan Asset Management-Andrew Tan; Polunin Capital-Jing Huang; Balyasny-Han Zhang; Drummond Knight Asset Management-Kenneth Wan; Rockhampton-Daniel Lian; Gtja Asset Management-Alvin Lua; Victory Capt-Geoff Boyd; Manulife-Doris Wong; Easpring-Yuan Yiu Tsai	Company production and operation and industry operation conditions	Irm.cninfo.com.cn under Shenzhen Stock Exchange/ Investor Relations Activity Record Form on 31 August 2020
2 September 2020	The Company	Phone	Institutions	JPMorgan* (摩根大通)-Linda; Arga investment management-chih chien chiu; Jpm private banking-Raymond cheng; Easpring-Yuan yiu tsai	Company production and operation and industry operation conditions	Irm.cninfo.com.cn under Shenzhen Stock Exchange/ Investor Relations Activity Record Form on 2 September 2020

4. FINANCIAL STATEMENTS

I. Financial Statements

Consolidated Balance Sheet

As at 30 September 2020

Prepared by: Angang Steel Company Limited

Items	Monetary unit: RMB million	
	30 September 2020	31 December 2019
Current assets:		
Cash and cash equivalents	5,716	4,671
Derivative financial assets	2	
Notes receivable	77	2,635
Accounts receivable	2,227	2,569
Accounts receivable financing	1,577	
Prepayments	3,442	3,405
Other receivables	148	100
Including: interests receivable		
Dividends receivable		
Inventories	10,499	9,793
Other current assets	374	319
Total current assets	24,062	23,492
Non-current assets:		
Long-term equity investments	2,940	2,894
Other investments in equity instruments	483	465
Other non-current financial assets	31	38
Fixed assets	49,409	50,966
Construction in progress	2,466	1,549
Right-of-use assets	846	162
Intangible assets	6,028	6,163
Deferred income tax assets	1,176	1,028
Other non-current assets	788	1,051
Total non-current assets	64,167	64,316
Total assets	88,229	87,808

Items	30 September 2020	31 December 2019
Current liabilities:		
Short-term loans	9,655	12,195
Derivative financial liabilities		
Notes payable	2,446	3,143
Accounts payable	6,232	5,424
Contract liabilities	5,692	4,896
Employee benefits payable	262	153
Tax payable	362	-3
Other payables	1,969	2,530
Including: interests payable	29	9
Dividends payable		8
Non-current liabilities due within 1 year	1,303	1,003
Total current liabilities	27,921	29,341
Non-current liabilities:		
Long-term loans	3,836	3,392
Bonds payable	1,527	1,513
Lease liability	733	160
Long-term employee benefits payable	99	98
Deferred income	565	584
Deferred income tax liabilities	97	93
Other non-current liabilities	40	79
Total non-current liabilities	6,897	5,919
Total liabilities	34,818	35,260
Shareholders' equity:		
Share capital	9,405	9,405
Capital reserve	33,485	33,485
Other comprehensive income	-127	-139
Special reserve	101	54
Surplus reserve	3,723	3,723
Undistributed profit	6,339	5,551
Subtotal of Shareholders' equity attributable to shareholders of parent company	52,926	52,079
Minority interests	485	469
Total shareholders' equity	53,411	52,548
Total liabilities and shareholders' equity	88,229	87,808

Legal representative:
Wang Yidong

Chief Accountant:
Ma Lianyong

*Person-in-charge of
accounting department:*
Gong Jin

Consolidated Income Statement
For the nine months Ended 30 September 2020

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Items	For the nine months Ended 30 September	
	2020	2019
1. Total operating income	71,171	77,623
Including: operating income	71,171	77,623
2. Total operating costs	69,568	75,753
Less: operating costs	64,704	70,616
Tax and surcharges	736	694
Marketing expenses	2,333	2,287
Administrative expenses	901	953
Research and development expenses	239	297
Financial expenses	655	906
Including: interests expenses	707	881
Interests revenue	52	30
Add: Other income	42	60
Investment income (“-” for losses)	157	93
Including: income from investment in jointly ventures and associates	151	107
Gains/losses from fair value variation (“-” for losses)	36	62
Impairment losses on assets (“-” for losses)	-113	186
Credit impairment loss (“-” for losses)		-27
Asset disposal income (“-” for losses)	8	-4
3. Operating profit (“-” for losses)	1,733	2,240
Add: Non-operating income	24	11
Less: Non-operating expenses	65	41
4. Profit before income tax (“-” for losses)	1,692	2,210
Less: Income tax expenses	357	490

Items	For the nine months Ended	
	30 September 2020	2019
5. Net profit for the period (“-” for losses)	1,335	1,720
Classification according to the continuity of operation		
i. Continuous operating net profit (“-” for losses)	1,335	1,720
ii. Termination of net profit (“-” for losses)		
Classification according to ownership		
i. The net profit belongs to the owners of the company	1,325	1,722
ii. Minority interest income	10	-2
6. The net amount after tax of other comprehensive income	13	-83
Net after-tax net of other comprehensive income attributable to the parent company owner	13	-83
I. The other comprehensive income which can not be reclassified into profit or loss	13	-83
i. Changes in fair value of other investments in equity instruments investment	13	-83
II. The other comprehensive income which can be classified into profit or loss		
i. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method		
ii. The profit or loss from the change at fair value of available-for-sale financial assets		
Net after-tax net of other comprehensive income attributable to minority shareholders		

Items	For the nine months Ended 30 September	
	2020	2019
7. Total comprehensive income	1,348	1,637
The comprehensive income attributed to the owners of the company	1,338	1,639
The comprehensive income attributed to the minority	10	-2
8. Earning per share:		
Basic earning per share (<i>RMB/share</i>)	0.141	0.183
Diluted earning per share (<i>RMB/share</i>)	0.135	0.18

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Person-in-charge of accounting department:</i>
Wang Yidong	Ma Lianyong	Gong Jin

Consolidated Income Statement for the reporting period
For the three months Ended 30 September 2020

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Items	For the three months Ended 30 September	
	2020	2019
1. Total operating income	26,521	26,549
Including: operating income	26,521	26,549
2. Total operating costs	25,565	26,330
Less: operating costs	23,962	24,654
Tax and surcharges	257	222
Marketing expenses	800	748
Administrative expenses	309	338
Research and development expenses	84	83
Financial expenses	153	285
Including: interests expenses	233	250
Interests revenue	27	8
Add: Other income	13	24
Investment income (“-” for losses)	69	18
Including: income from investment in jointly ventures and associates	66	37
Gains/losses from fair value variation (“-” for losses)	5	33
Impairment losses on assets (“-” for losses)	43	89
Credit impairment loss (“-” for losses)		
Asset disposal income (“-” for losses)	8	-5
3. Operating profit (“-” for losses)	1,094	378
Add: Non-operating income	3	-1
Less: Non-operating expenses	23	13
4. Profit before income tax (“-” for losses)	1,074	364
Less: Income tax expenses	242	68

Items	For the three months Ended	
	2020	2019
5. Net profit for the period (“-” for losses)	832	296
Classification according to the continuity of operation		
i. Continuous operating net profit (“-” for losses)	832	296
ii. Termination of net profit (“-” for losses)		
Classification according to ownership		
i. The net profit belongs to the owners of the company	825	297
ii. Minority interest income	7	-1
6. The net amount after tax of other comprehensive income		
Net after-tax net of other comprehensive income attributable to the parent company owner		
I. The other comprehensive income which can not be reclassified into profit or loss		
i. Changes in fair value of other investments in equity instruments investment		
II. The other comprehensive income which can be classified into profit or loss		
i. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method		
ii. The profit or loss from the change at fair value of available-for-sale financial assets		

Items	For the three months Ended	
	2020	2019
Net after-tax net of other comprehensive income attributable to minority shareholders		
7. Total comprehensive income	832	296
The comprehensive income attributed to the owners of the company	825	297
The comprehensive income attributed to the minority	7	-1
8. Earning per share:		
Basic earning per share (<i>RMB/share</i>)	0.088	0.032
Diluted earning per share (<i>RMB/share</i>)	0.082	0.032

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Person-in-charge of</i>
Wang Yidong	Ma Lianyong	<i>accounting department:</i>
		Gong Jin

Consolidated Statement of Cash Flows
For the nine months Ended 30 September 2020

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Items	For the nine months Ended	
	2020	2019
1. Cash flows from operating activities:		
Cash received from selling of goods or rendering of services	73,495	70,082
Refund of taxes and fares	35	154
Other cash received from operating activities	95	148
Sub-total of cash inflows	73,625	70,384
Cash paid for goods and services	59,301	55,844
Cash paid to and for the employees	3,109	3,215
Cash paid for all types of taxes	1,936	2,494
Other cash paid for operating activities	3,192	2,483
Sub-total of cash outflows	67,538	64,036
Net cash flow from operating activities	6,087	6,348
2. Cash flows from investing activities:		
Cash received from return of investments		
Cash received from investment income	144	189
Net cash received from disposal of fixed assets, intangible assets and other non-current assets	20	2
Net cash received from disposal of subsidiaries and other business units		
Other cash received from investment activities	68	55
Sub-total of cash inflows	232	246
Cash paid for acquisition of fixed assets, intangible assets and other non-current assets	2,298	2,661
Cash paid for acquisition of investments	14	70
Other cash paid for investment activities	13	47
Sub-total of cash outflows	2,325	2,778
Net cash flow from investing activities	-2,093	-2,532

Items	For the nine months Ended	
	2020	2019
3. Cash flows from financing activities:		
Cash received from absorbing investments	5	
Including: received of subsidiary from minority shareholders		
Cash received from borrowings	12,605	16,065
Cash received from the issuance of bonds		
Other cash received from financing activities		33
Sub-total of cash inflows	12,610	16,098
Cash paid for settling of debts	14,401	15,948
Cash paid for distribution of dividends or profit and repayment of interests	1,094	2,234
Including: dividends or profit paid to minority shareholders		
Other cash paid for financing activities	65	84
Sub-total of cash outflows	15,560	18,266
Net cash flow from financing activities	-2,950	-2,168
4. Effect of changes in foreign exchange rate on cash and cash equivalents		
5. Net increase in cash and cash equivalents	1,044	1,648
Add: Cash and cash equivalents at beginning of this period	4,671	2,154
6. Cash and cash equivalents at the end of this period	5,715	3,802

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Person-in-charge of accounting department:</i>
Wang Yidong	Ma Lianyong	Gong Jin

Balance Sheet

As at 30 September 2020

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Items	30 September 2020	31 December 2019
Current assets:		
Cash and cash equivalents	3,455	3,237
Derivative financial assets	2	
Notes receivable	59	2,200
Accounts receivable	2,550	2,760
Accounts receivable financing	1,259	
Prepayments	3,170	3,239
Other receivables	193	203
Including: interests receivable		
Dividends receivable		12
Inventories	7,514	7,308
Other current assets	361	
Total current assets	18,563	18,947
Non-current assets:		
Long-term equity investments	11,633	11,483
Other investments in equity instruments	483	465
Other non-current financial assets	31	38
Fixed assets	42,388	43,784
Construction in progress	2,235	1,319
Right-of-use assets	839	159
Intangible assets	5,598	5,725
Deferred income tax assets	1,083	887
Other non-current assets	637	1,022
Total non-current assets	64,927	64,882
Total assets	83,490	83,829

Items	30 September 2020	31 December 2019
Current liabilities:		
Short-term loans	10,305	12,895
Derivative financial liabilities		
Notes payable	2,327	2,894
Accounts payable	5,595	4,700
Contract liabilities	4,060	3,660
Employee benefits payable	205	138
Tax payable	207	-69
Other payables	1,745	2,356
Including: interests payable	28	4
Dividends payable		
Non-current liabilities due within 1 year	1,200	900
Other current liabilities		
Total current liabilities	25,644	27,474
Non-current liabilities:		
Long-term loans	3,750	3,200
Bonds payable	1,527	1,513
Lease liability	728	157
Long-term employee benefits payable	95	95
Deferred income	431	446
Deferred income tax liabilities	97	93
Other non-current liabilities	39	79
Total non-current liabilities	6,667	5,583
Total liabilities	32,311	33,057
Shareholders' equity:		
Share capital	9,405	9,405
Capital reserve	26,527	26,527
Other comprehensive income	-127	-139
Special reserve	43	22
Surplus reserve	3,713	3,713
Undistributed profit	11,618	11,244
Subtotal of Shareholders' equity attributable		
to shareholders of parent company	51,179	50,772
Minority interests		
Total shareholders' equity	51,179	50,772
Total liabilities and shareholders' equity	83,490	83,829

<i>Legal representative:</i> Wang Yidong	<i>Chief Accountant:</i> Ma Lianyong	<i>Person-in-charge of accounting department:</i> Gong Jin
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Income Statement

For the nine months Ended 30 September 2020

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Items	For the nine months Ended 30 September	
	2020	2019
1. Total operating income	65,334	73,286
Including: operating income	65,334	73,286
2. Total operating costs	64,754	72,728
Less: operating costs	60,510	68,183
Tax and surcharges	632	595
Marketing expenses	1,951	1,921
Administrative expenses	776	839
Research and development expenses	233	297
Financial expenses	652	893
Including: interests expenses	684	860
Interests revenue	32	22
Add: Other income	35	48
Investment income (“-” for losses)	544	403
Including: income from investment in jointly ventures and associates	150	106
Gains/losses from fair value variation (“-” for losses)	36	62
Exchange earning (“-” for losses)		
Impairment losses on assets (“-” for losses)	-110	189
Credit impairment loss (“-” for losses)		-27
Asset disposal income (“-” for losses)	8	
3. Operating profit (“-” for losses)	1,093	1,233
Add: non-operating income	24	5
Less: non-operating expenses	64	23

Items	For the nine months Ended 30	
	September 2020	2019
4. Profit before income tax (“-” for losses)	1,053	1,215
Less: income tax expenses	143	187
5. Net profit for the period (“-” for losses)	910	1,028
Classification according to the continuity of operation		
i. Continuous operating net profit (“-” for losses)	910	1,028
ii. Termination of net profit (“-” for losses)		
Classification according to ownership		
i. The net profit belongs to the owners of the company	910	1,028
ii. Minority interest income		
6. The net amount after tax of other comprehensive income	13	-83
Net after-tax net of other comprehensive income attributable to the parent company owner	13	-83
I. The other comprehensive income which can not be reclassified into profit or loss	13	-83
i. Changes in fair value of other investments in equity instruments investment	13	-83
II. The other comprehensive income which can be classified into profit or loss		
i. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method		
ii. The profit or loss from the change at fair value of available-for-sale financial assets		

Items	For the nine months Ended 30	
	September	
	2020	2019
Net after-tax net of other comprehensive income attributable to minority shareholders		
7. Total comprehensive income	923	945
The comprehensive income attributed to the owners of the company	923	945
The comprehensive income attributed to the minority		

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Person-in-charge of accounting department:</i>
Wang Yidong	Ma Lianyong	Gong Jin

Income Statement for the reporting period
For the three months Ended 30 September 2020

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Items	For the three months Ended 30	
	September	
	2020	2019
1. Total operating income	23,787	24,419
Including: operating income	23,787	24,419
2. Total operating costs	23,319	24,705
Less: operating costs	21,939	23,210
Tax and surcharges	218	192
Marketing expenses	658	633
Administrative expenses	264	299
Research and development expenses	83	83
Financial expenses	157	288
Including: interests expenses	223	250
Interests revenue	14	5
Add: Other income	11	16
Investment income (“-” for losses)	453	17
Including: income from investment in jointly ventures and associates	66	37
Gains/losses from fair value variation (“-” for losses)	5	33
Exchange earning (“-” for losses)		
Impairment losses on assets (“-” for losses)	45	89
Credit impairment loss (“-” for losses)		
Asset disposal income (“-” for losses)	8	

Items	For the three months Ended 30	
	2020	2019
3. Operating profit (“-” for losses)	990	-131
Add: non-operating income	4	
Less: non-operating expenses	22	13
4. Profit before income tax (“-” for losses)	972	-144
Less: income tax expenses	140	-33
5. Net profit for the period (“-” for losses)	832	-111
Classification according to the continuity of operation		
i. Continuous operating net profit (“-” for losses)	832	-111
ii. Termination of net profit (“-” for losses)		
Classification according to ownership		
i. The net profit belongs to the owners of the company	832	-111
ii. Minority interest income		
6. The net amount after tax of other comprehensive income		
Net after-tax net of other comprehensive income attributable to the parent company owner		
I. The other comprehensive income which can not be reclassified into profit or loss		
i. Changes in fair value of other investments in equity instruments investment		
II. The other comprehensive income which can be classified into profit or loss		
i. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method		
ii. The profit or loss from the change at fair value of available-for-sale financial assets		

Items	For the three months Ended 30	
	September 2020	2019
Net after-tax net of other comprehensive income attributable to minority shareholders		
7. Total comprehensive income	832	-111
The comprehensive income attributed to the owners of the company	832	-111
The comprehensive income attributed to the minority		

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Person-in-charge of</i>
Wang Yidong	Ma Lianyong	<i>accounting department:</i>
		Gong Jin

Statement of Cash Flows

For the nine months Ended 30 September 2020

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Items	For the nine months Ended 30 September	
	2020	2019
1. Cash flows from operating activities:		
Cash received from selling of goods or rendering of services	67,582	67,443
Refund of taxes and fares	8	149
Other cash received from operating activities	110	147
Sub-total of cash inflows	67,700	67,739
Cash paid for goods and services	55,358	56,194
Cash paid to and for the employees	2,698	2,802
Cash paid for all types of taxes	1,574	1,976
Other cash paid for operating activities	3,108	2,544
Sub-total of cash outflows	62,738	63,516
Net cash flow from operating activities	4,962	4,223
2. Cash flows from investing activities:		
Cash received from return of investments		
Cash received from investment income	544	498
Net cash received from disposal of fixed assets, intangible assets and other non-current assets	51	243
Net cash received from disposal of subsidiaries and other business units		
Other cash received from investment activities	56	47
Sub-total of cash inflows	651	788
Cash paid for acquisition of fixed assets, intangible assets and other non-current assets	2,124	2,590
Cash paid for acquisition of investments	119	188
Net cash paid for acquisitions of subsidiaries and other business units		
Other cash paid for investment activities	12	47
Sub-total of cash outflows	2,255	2,825
Net cash flow from investing activities	-1,604	-2,037

Items	For the nine months Ended	
	2020	2019
3. Cash flows from financing activities:		
Cash received from absorbing investments		
Including: Received of subsidiary from minority shareholders		
Cash received from borrowings	12,605	16,595
Cash received from the issuance of bonds		
Other cash received from financing activities	57	69
Sub-total of cash inflows	12,662	16,664
Cash paid for settling of debts	14,345	15,765
Cash paid for distribution of dividends or profit and repayment of interests	1,096	2,227
Including: dividends or profit paid to minority shareholders		
Other cash paid for financing activities	362	
Sub-total of cash outflows	15,803	17,992
Net cash inflow from financing activities	-3,141	-1,328
4. Effect of changes in foreign exchange rate on cash and cash equivalents		
5. Net increase in cash and cash equivalents	217	858
Add: Cash and cash equivalents at beginning of this period	3,237	1,125
6. Cash and cash equivalents at the end of this period	3,454	1,983

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Person-in-charge of accounting department:</i>
Wang Yidong	Ma Lianyong	Gong Jin

By Order of the Board
ANGANG STEEL COMPANY LIMITED*
Wang Yidong
Executive Director and Chairman of the Board

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

Executive Directors

Wang Yidong
Li Zhen
Li Zhongwu
Ma Lianyong

Independent Non-executive Directors

Wu Dajun
Feng Changli
Wang Jianhua
Wang Wanglin

* *For identification purposes only*