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鞍 鋼 股 份 有 限 公 司
ANGANG STEEL COMPANY LIMITED*

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

(Stock Code: 347)

2010 INTERIM RESULTS ANNOUNCEMENT

Important: The board of directors, the supervisory committee, the directors, the supervisors and the senior management of Angang Steel Company Limited* (鞍鋼股份有限公司) confirm that there are no false representation or misleading statements contained in, or material omissions from, this report, and jointly and severally take responsibilities for the truthfulness, accuracy and completeness of the contents contained herein.

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 subsidiaries under its control (collectively, the "Group") for the six months ended 30 June 2010 together with the comparative figures as stated herein.

For the purpose of this announcement, the following abbreviations shall have the following meanings:

"Angang Holding"	Anshan Iron and Steel Group Complex*
"ANSI"	Angang New Steel and Iron Company Limited*
"CSRC"	China Securities Regulatory Commission
"IFRSs"	the International Financial Reporting Standards

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China
"PRC Accounting Standards"	the PRC Accounting Standards for Business Enterprises

I. COMPANY PROFILE

1.	Legal Name of the Company		
	(in Chinese)	:	鞍鋼股份有限公司
	(in English)	:	ANGANG STEEL COMPANY LIMITED
2.	Registered and Business Address of the Company	:	Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province, the People's Republic of China (the "PRC")
	Postal Code	:	114021
	Website	:	http://www.ansteel.com.cn
	E-mail	:	ansteel@ansteel.com.cn
3.	Legal Representative of the Company	:	Mr. Zhang Xiaogang
4.	Secretary to the Board of the Company	:	Mr. Fu Jihui
	Correspondence Address	:	1 Qianshan Road West, Qianshan District, Anshan City, Liaoning Province, the PRC
	Telephone	:	(86) 412-8419192, 8417273
	Fax	:	(86) 412-6727772
	E-mail	:	ansteel@ansteel.com.cn

5.	Company's Designated PRC Newspapers for Disclosure of Information	:	China Securities Journal, Securities Times
	Website for Publication of Interim Report Designated by CSRC	:	http://www.cninfo.com.cn
	Website for Disclosure of the Company's Information in Hong Kong	:	http://www.hkex.com.hk and http://angang.wspr.com.hk
	Company's Interim Report Available at	:	1 Qianshan Road West, Qianshan District, Anshan City, Liaoning Province, the PRC
6.	Stock Exchange Listings	:	A shares: Shenzhen Stock Exchange H shares: Hong Kong Stock Exchange
7.	Abbreviation of the Company's stock name and Stock Code	:	A shares: Angang Steel 000898 H shares: Angang Steel 0347
8.	The subsidiaries under the Company's control	:	As at 30 June 2010, the Company controlled the following three subsidiaries, namely Angang Steel Logistics(Wuhan) Company Limited*(鞍鋼鋼材配送(武漢)有限公司), Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited* (天津鞍鋼天鐵冷軋薄板有限公司) and Angang Cold Rolled Steel Plate (Putian) Co., Ltd.*(鞍鋼冷軋鋼板(莆田)有限公司)

II. MAJOR FINANCIAL DATA AND INDICES (UNAUDITED)

1. Major financial data

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Unit: RMB million

	For the six months ended 30 June	
Items	**2010**	2009
Profit/(loss) attributable to the owners of the Company	**2,767**	(1,549)
Earning/(loss) per share (basic) *(RMB)*	**0.382**	(0.214)
Return on net assets (weighted average)	**5.14%**	1.43%

	30 June	31 December
Items	**2010**	2009
Total assets	**105,814**	103,254
Equity attributable to the owners of the Company	**54,701**	52,419
Liabilities to assets ratio	**47.01%**	47.91%
Net assets per share *(RMB)*	**7.56**	7.25

PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("PRC ACCOUNTING STANDARDS")

Unit: RMB million

Items	For the six months ended 30 June 2010	2009
Operating revenue	**44,040**	30,042
Operating profits	**3,582**	(1,811)
Total profit	**3,591**	(1,755)
Net profit attributable to shareholders of the Company	**2,750**	(1,563)
Net profit less extraordinary items attributable to shareholders of the Company	**2,743**	(1,605)
Basic earnings per share *(RMB)*	**0.380**	(0.216)
Diluted earnings per share *(RMB)*	**0.380**	(0.216)
Return on net assets *(%)*	**5.03**	(3.12)
Net cash flows from operating activities	**1,673**	1,415
Net cash flows per share from operating activities *(RMB)*	**0.231**	0.196

Items	30 June 2010	31 December 2009
Total assets	**103,889**	100,987
Owners' equity attributable to shareholders of the Company (or equity of shareholders)	**54,714**	52,432
Net asset per share attributable to shareholders of the Company *(RMB)*	**7.56**	7.25

Extraordinary items:

Number	Item	Effect on profit *(RMB million)*
1	Gains or losses from disposal of non-current assets	4
2	Government subsidies (except for government subsidies which are closely related to the corporate business and entitled in standard amount or quantities in conformity with the uniform standards of the State) attributable to gains or losses for the period	12
3	Other non-operating income and expenses apart from those stated above	(7)
4	Sub-total	9
5	Effect of income tax	(2)
6	Total	7

2. Differences between financial statements prepared in accordance with the IFRSs and the PRC Accounting Standards

Unit: RMB million

	The Group				Attributable to owners of the Company			
	Net profit		Net asset		Net profit		Net asset	
	For the period	For the pervious period	**Closing balance**	Opening balance	**For the period**	For the pervious period	**Closing balance**	Opening balance
Under IFSRs	**2,776**	(1,549)	**56,076**	53,785	**2,767**	(1,549)	**54,701**	52,419
Under PRC Accounting Standards	**2,759**	(1,563)	**56,089**	53,798	**2,750**	(1,563)	**54,714**	52,432
Items and total amount as adjusted under the IFRSs:								
1. Production safety expenses	**17**	19	**—**	—	**17**	19	**—**	—
2. Deferred income tax assets	**—**	(5)	**(13)**	(13)	**—**	(5)	**(13)**	(13)
Total adjustments	**17**	14	**(13)**	(13)	**17**	14	**(13)**	(13)

3. **Return on net assets and earnings per share for the six months ended 30 June 2010 as calculated in accordance with the "Regulations for Preparation and Reporting of Information Disclosure by Listed Companies (No. 9)" issued by CSRC:**

	Return on net assets *(%)*		Earnings per share *(RMB/share)*	
Profit for the reporting period	**Fully diluted**	**Weighted average**	**Basic**	**Diluted**
Net profit attributable to holders of ordinary shares of the Company	5.03	5.11	0.380	0.380
Net profit less extraordinary items attributable to holders of ordinary shares of the Company	5.01	5.10	0.379	0.379

III. DIRECTOR'S REPORT

1. **Business review:**

Under the IFRSs, the Group recorded a profit attributable to owners of the Company of RMB2,767 million for the six months ended 30 June 2010, representing an increase of 278.63% as compared with the same period of the previous year. The basic earnings per share was RMB0.382.

In accordance with the PRC Accounting Standards, the Group recorded a net profit attributable to shareholders of the Company of RMB2,750 million for the six months ended 30 June 2010, representing an increase of 275.94% as compared with the same period of the previous year. The earnings per share was RMB0.380.

(1) *Increase in output of products through strengthening overall management and control*

From January to June, the Group produced 10,740,800 tonnes iron, 10,571,100 tonnes steel and 10,168,500 tonnes steel products, representing an increase of 15.81%, 16.14% and 19.33%, respectively, as compared with the same period of the previous year; the Company sold 9,706,200 tonnes steel products, representing an increase of 16.88% as compared with the same period of the previous year.

Of which, Bayuquan Branch produced 3,190,000 tonnes iron, 3,200,000 tonnes steel and 2,830,000 tonnes steel products, representing an increase of 56.9%, 65.9% and 73.5%, respectively, as compared with the same period of the previous year.

(2) *Further optimization and adjustment of product mix to ensure maximum economic benefits*

During the first half of the year, leveraging on the opportunities arising from the price surge in the steel market, the Company went full steam ahead with its structural adjustment and bolstered its output volume of high efficiency vehicle panels and silicon steel. Sales volume of cold rolled vehicle sheets reached a historical high of 801,600 tonnes. The Company actively pushed forward its progress to attain the designed production capacity for cost effective projects. The Company is gradually attaining to its targets in relation to the production and technology of high-performance silicon steel. Benefits from the efforts to optimize product mix in the first half of the year was remarkable, with an increase of RMB720 million in profit as compared with the same period of the previous year.

(3) *Implementation of research and development projects and enhancement of capability for technical innovation and independent R&D*

A profit of RMB170.577 million is expected to be realized from technological achievement upon completion of 39 new scientific research projects and one carried-forward project. The Company undertook 3 projects funded by the State of the PRC. Projects including production technology and product development of new energy-saving oriented silicon steel (新型節能取向硅鋼製備技術及產品開發) and production technology of high strength, high ductility and corrosion resistant rails (高強高韌性耐磨軌生產技術), were filed with the Ministry of Finance of the PRC as technology innovation capability development projects.

(4) *New achievements in energy saving and emission reduction by strengthening energy management*

The Company strived to minimize energy consumption in production processes by strengthening energy management, further exploring its potentials based on defined objectives and implementing system optimization. Total energy consumption of the Company in the first half of the year decreased by 1.42% as compared with the same period of the previous year and consumption of new water per tonne in steel production decreased by 11.69% as compared with the same period of the previous year, both of which have achieved the best-ever results.

The Group implemented 13 new pollution control projects during the first half of the year, including the sintering flue gas desulphurization project and the rotary railcar dumpers construction and dust removal project at the district of Anshan and the heavy plates and wire rods (厚板線) water treatment system renovation project. These efforts fostered its environmental governance.

(5) *Further accomplishments in marketing and procurement based on market orientation principles*

In addition to strengthening marketing channels and management on target markets to expand its market share in the northern regions, the Company also strengthened the development of direct-supply relationship with enterprises and strategic product mix, implemented integration of production, sales and research, increased the proportion of products with high added value and high technology, promoted the concept of value-added service and enhanced customer satisfaction consistently. In the first half of 2010, sales of steel products with specified applications accounted for 85.17% of the sales of steel productions with commercial applications.

In the first half of 2010, the Group exported a total of 810,000 tonnes steel products, representing an increase of 640,000 tonnes as compared with the same period of the previous year. The export of steel products remained stable.

(6) *Smooth progress of technological improvement projects by strengthening project management*

Equipment installation for the overall wire rod renovation project is in the final stage. Single-unit adjustment and testing for equipment have commenced and testing on heat loading is expected to commence in September of 2010. The Group had achieved a steady progress on the projects including chemical tar capacity expansion, coal-based gas production and Phase IV coke oven renovation.

The Company also improved the management system for the existing production facilities capital investment projects and strengthened project control. As at the end of June, 12 out of the 183 technological improvement projects were of final accounts finalized and 163 were under development.

2. Products representing more than 10% of the operating revenue of the Group are as follows (in accordance with the PRC Accounting Standards):

Principal business of the Group by industry and products

Unit: RMB million

	Operating revenue	Operating cost	Gross profit margin	Increase/ decrease in operating revenue compared with the same period of the previous year	Increase/ decrease in operating cost compared with the same of the previous year	Increase/ decrease in gross profit margin as compared with the same period of the previous year
			%	%	%	*(percentage points)*
Principal activities by industry						
Steel pressing and processing	43,937	37,059	15.65	46.34	27.96	12.11
Principal activities by products						
Hot-rolled products	12,080	10,342	14.39	0.01	(11.83)	11.50
Cold-rolled products	19,001	14,413	24.15	109.75	61.82	22.47
Medium and thick plates	7,609	7,353	3.36	96.31	108.54	(5.67)

Including: The connected transactions for sales of products and provision of labour services by the Company to its controlling shareholder and its subsidiaries amounted to RMB4,336 million in total during the reporting period.

Notes:

(1) The slight increase in operating revenue from hot-rolled products was primarily due to i) the increase in product prices; and ii) the decrease in sales volume of hot-rolled products due to the adjustment of product mix; the decrease in operating cost was primarily due to the decrease in sales volume of products; the increase in gross profit margin was primarily due to the increase in product prices.

(2) The increase in operating revenue from cold-rolled products was due to i) the increase in product prices; ii) the growth in sales volume of products; and iii) the consolidation of financial statements of Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited into the Company's account; the increase in operating cost was due to i) the growth in sales volume of products; ii) the increase in prices of imported ore, alloy, scrap steel and raw fuels including coal; and iii) the consolidation of financial statements of Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited into the Company's account; the increase in gross profit margin was primarily due to the increase in product prices.

(3) The increase in operating revenue from medium and thick plates was primarily due to the realization of production capacity of the thick plate production line of Bayuquan Branch, which resulted in the growth in production and sales volume; the increase in operating cost was due to i) the growth in sales volume of products; and ii) the increase in prices of imported ore, alloy, scrap steel and fuels including coal; the decrease in gross profit margin was primarily due to the fall in prices of welding and exported thick plate products.

Segmental information of principal business of the Group by geographical locations of sales

Unit: RMB million

	Operating revenue for the reporting period	Operating revenue for the same period of the previous year	Increase/ decrease in operating revenue compared with the same period of the previous year *(%)*
Northeast China	15,847	10,016	58.21
North China	6,378	4,864	31.14
East China	9,775	8,114	20.47
South China	6,537	4,976	31.37
Central south China	884	789	11.98
Northwest China	869	292	197.73
Southwest China	202	221	-8.45
Export sales	3,548	770	360.76
Total	44,040	30,042	46.59

3. Problems and difficulties in operation

In the first half of 2010, as the cost of steel materials increased as a result of the continual rise in prices of raw fuels used for iron and steel production, production and operation of iron and steel enterprises were under great pressure. Facing these adverse factors, the Company tapped its inherent potentials and strived for enhancement of economic benefits of the Company and market competitiveness of its products through measures including strengthening of internal control, reasonable resource allocation, enhancement of energy saving, emission reduction and cost control.

4. Investment of the Company

Investment Projects not Funded by Proceeds and Progress thereof

Unit: RMB million

Project Name	Project Budget Amount	Project Progress *(%)*	Project Proceeds
Putian cold-rolling project	3,500	23	—
High-performance cold-rolling silicon steel production line	3,130	95	-1
Seamless ∮ 177 petroleum pipeline production line	817	90	-53
Wire production line renovation projects	776	59	
Total	8,223	—	-54

5. No substantial change from the previous year in principal business and its structure.

6. Profitability (gross profit margin) of principal operations increased as compared with the previous year, mainly due to the increase in the prices of steel products.

7. No substantial change as compared with the previous year in profit composition.

8. Analysis of Financial Condition of the Group

Prepared in accordance with IFRSs (unaudited)

(1) Items of condensed consolidated income statement and condensed consolidated statement of cash flows

Unit: RMB million

Items	For the six months ended 30 June 2010	For the six months ended 30 June 2009	Percentage of increase/ (decrease) *(%)*
Turnover	43,937	30,023	46.34
Profit/(loss) before tax	3,608	(1,736)	307.83
Profit/(loss) attributable to the owners of the Company	2,767	(1,549)	278.63
Net increase in cash and cash equivalents	(289)	(1,328)	78.24

Notes:

(a) The increase in turnover as compared with the same period of the previous year was mainly attributable to (i) the increase in product prices; (ii) the growth in sales volume of products.

(b) The significant increase in both profit before tax and profit attributable to the owners of the Company as compared with the same period of the previous year was mainly attributable to the growth in operating profit and profit attributable to the owners of the Company for the period as a result of the increased product prices and sales volume for the period, comparing with the decreased product prices and the operating loss of the Company under the global financial crisis in the same period of the previous year.

(c) Net increase in cash and cash equivalents increased as compared with the same period of the previous year, attributable to (i) the increase of RMB242 million in net cash inflow from operating activities as compared with the same period of the previous year as a result of increased net profit; (ii) the decrease of RMB1,310 million in net cash outflow in investing activities as compared with the pervious year as a result of the decrease in cash payments of acquisition and construction of property, plant and equipment and external investment; (iii) the decrease of RMB513 million in net cash inflow from financing activities as compared with the same period of the previous year as a result of the increased cash payments of loan repayment.

(2) Items of condensed consolidated statement of financial position

Unit: RMB million

Item	**As at 30 June 2010**	As at 31 December 2009	Percentage of increase/ (decrease) *(%)*
Total assets	**105,814**	103,254	2.48
Total equity	**56,076**	53,785	4.26
Amounts due from fellow subsidiaries	**7,470**	5,547	34.67
Amounts due to fellow subsidiaries	**1,136**	2,104	(46.01)
Amount due to a jointly controlled entity	**112**	373	(69.97)
Short-term debentures	**3,000**		
Deferred income	**213**	74	187.84

Notes:

(a) The increase in total assets and total equity as compared with the end of the previous year was attributable to the profit from operating activities.

(b) The increase in amounts due from fellow subsidiaries as compared with the end of the previous year was mainly attributable to the increase in exports settlement receivables and prepayment for imported raw fuel.

(c) The decrease in amounts due to fellow subsidiaries as compared with the end of the previous year was mainly attributable to the decrease in prepayment for steel products from fellow subsidiaries.

(d) The decrease in amount due to a jointly controlled entity as compared with the end of the previous year was mainly attributable to the decrease in prepayment for steel products from ANSC-TKS Galvanizing Co., Ltd.

(e) The increase in short-term debentures as compared with the end of the previous year was mainly attributable to the issue of RMB3,000 million short-term debentures by the Company for the period.

(f) The increase in deferred income as compared with the end of the previous year was attributable to the increase in government grants pertinent to assets received by the Company for the period.

9. Business plan for the second half of the year

(1) To ensure a steady operation of overall production of the Company by strengthening the overall management and control continuously.

(2) To respond to the market flexibly by enhancing coordination between production and sales, making the best endeavors to procure contracts and export to secure the scale of production capacity.

(3) To step up optimization of product mix to ensure the production of high efficiency products at full capacity and the implementation and achieving target output of new projects.

(4) To control and avoid risks by focusing on the control over various material inventory.

(5) To substantially reduce consumptions by exerting greater efforts in benchmarking and tapping potentials.

(6) To advance the low-carbon operation by implementing emission reduction projects.

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

Results estimation	Significant increase as compared with the same period of the previous year		
	From the beginning of the year to the end of the next reporting period	The same period of the previous year	Increase/decrease
Estimated accumulated net profit *(RMB billion)*	2.3-2.9	0.33	Increased by 597-779%
Basic earnings per share *(RMB/share)*	0.318-0.401	0.046	Increased by 591-772%

Reason: Leveraging on the recovery of the steel market in the first half of 2010, the price of steel rose but it may drop in the third quarter. The Company improved the operating results of the Company by optimizing the product mix. It is expected that the Company will be able to maintain its profitability during the period from January to September 2010.

11. Liquidity, financial resources and capital structure of the Group (prepared in accordance with IFRSs)

As at 30 June 2010, the Group had long-term loans of RMB15,347 million, which was mainly used for supplementation of liquidity and project capital. The loans are for a term of 3 to 25 years at an annual interest rate of 4.86% to 5.346%.

As at 30 June 2010, the Group had cash and cash equivalents of RMB1,953 million, compared with RMB2,242 million at the end of 2009.

As at 30 June 2010, the Group's total assets less current liabilities amounted to RMB71,701 million, as compared with RMB65,426 million at the end of 2009.

The equity attributable to owners of the Company amounted to RMB54,701 million as at 30 June 2010, as compared with RMB52,419 million at the end of 2009.

12. Pledged assets

No assets were pledged by the Group during the reporting period.

13. Commitments and contingent liabilities (in accordance with IFRSs)

As at 30 June 2010, the Group had capital commitment of RMB10,022 million, mainly comprising the construction and renovation projects which had been contracted for but not performed or performed partially or those which had been authorized but not yet contracted for and not performed or performed partially.

As at 30 June 2010, the Group had no contingent liabilities.

14. Equity to liabilities ratio (in accordance with IFRSs)

The ratio of total equity to liabilities of the Group was 1.13 times as at 30 June 2010 and 1.09 times as at 31 December 2009.

15. Foreign exchange risk

The Group was not exposed to significant foreign currency risk arising from major transactions conducted through foreign currencies such as the export and sale of products, the import and procurement of raw materials for production and equipments for projects as these transactions were settled with export and import agents at locked exchange rates.

16. Employees

As at 30 June 2010, the Company had 30,296 employees, of whom 20,948 were production personnel, 274 were sales personnel, 2,698 were technicians, 280 were accounting personnel and 2,134 were administration personnel. Among the employees of the Company, 6,038 held bachelor or higher degrees, representing 19.9% of the total number of employees; 7,605 employees held diplomas, representing 25.1% of the total number of employees and 2,910 employees held the certificate of secondary education, representing 9.6% of the total number of employees.

The Company has adopted position-based and risk-based annual remuneration packages for senior management, position-based remuneration packages and profit share incentives for new product development for technical research personnel, sales/profit-linked remuneration package for sales personnel, and position-based remuneration packages for other personnel.

In the first half of 2010, 23,110 employees were arranged to attend and complete the centralized training course. Among them, 492 senior management members attended training for, among others, political theory knowledge, strategy management, and 3,538 management technology staff attended training for management knowledge, computer, English, expertise and studying in institutes and colleges; 2,893 production staff attended training for technical grades, computer, equipment inspection, security knowledge; 10,476 employees attended on-the-job training; 1,286 employees attended training for team and group management knowledge and 4,425 employees attended other trainings.

As a result of a series of trainings, the overall quality of employees had been improved, which guarantees a smooth implementation of production, operation and technological transformation for the Company.

IV. EXPLANATIONS ON SIGNIFICANT MATTERS

1. Corporate governance of the Company

In strict compliance with the Company Law, the Securities Law, the relevant requirements of CSRC, the Hong Kong Listing Rules, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange, the Corporate Governance Guideline of Listed Companies and the Guidelines for the Internal Control of Listed Companies of the Shenzhen Stock Exchange, the Company has regulated its operations and established a comprehensive corporate governance system and an effective internal control system.

Following the implementation of the Code on Corporate Governance Practices (the “Code”) issued by the Hong Kong Stock Exchange, the Company has further improved its corporate governance pursuant to the Code. During the reporting period, the Company has complied with all provisions of the Code and most of the recommended best practices set out in the Code.

2. Proposals for proposed interim profit distribution and transfer from capital reserve to share capital of the Company

The Company will not declare any interim dividend nor transfer any capital reserves to the share capital of the Company for the six months ended 30 June 2010.

3. Implementation of profit distribution plan

On 18 June 2010, the Company convened its 2009 annual general meeting in Anshan, at which the 2009 profit distribution plan was considered and approved. A cash dividend of RMB0.6 per 10 shares was declared based on the total issued share capital of 7,234,807,847 shares as at 31 December 2009. On 30 June 2010, the Company distributed cash dividends to the holders of its H shares. The exchange rate adopted was HK$100 to RMB87.645, being the average of the basic exchange rates of Renminbi to Hong Kong dollar announced by the Bank of China one calendar week prior to the 2009 annual general meeting. The cash dividends actually paid to the holders of its H shares amounted to HK$74 million. On 30 June 2010, the Company distributed cash dividends to the holders of circulating A shares and state-owned shares in the total amount of RMB369 million. The cash dividends for 2009 distributed by the Company amounted to RMB434 million in total.

4. Material litigation and arbitration

The Company was not involved in any material litigation and arbitration during the reporting period.

5. Material acquisition, sale or disposal of assets

During the reporting period, the Company had no material assets acquisition, disposal and reorganization.

6. Material connected transactions of the Company in the reporting period

(1) Continuing connected transactions

During the reporting period, the Group purchased most of its raw materials, energy and services necessary for production from Angang Holding and its subsidiaries ("Angang Holding Group"), and sold to Angang Holding Group some of its products. The transactions and prices were implemented in accordance with the supply of materials and services agreements entered into between the parties.

a. Angang Holding Group provided the Group with the following major items:

Items	Pricing principle	Price	Amount	As a percentage of the amount of similar transactions
			(RMB million)	*(%)*
Iron concentrate	Not higher than the average import price of domestic iron concentrate reported to the PRC customs in the preceding half-year reporting period and the railway transportation cost from Bayuquan Port to the Company as well as adjustment subject to the grade of the iron concentrate which was based on the average weighted grade of the iron concentrate imported by the Company Steel in the preceding half year before adjustment. For every 1 percentage point increase or decrease in the grade of iron concentrate, the price will be increased or decreased by RMB10/tonne. Angang Holding has undertaken to provide a discount equal to 5% of the average import price of domestic iron concentrate reported to the PRC customs in the preceding half-year reporting period on the highest amount of the price determined.	RMB663/ tonne	2,619	45.07

Items	Pricing principle	Price	Amount	As a percentage of the amount of similar transactions
			(RMB million)	*(%)*
Pellet	Based on the average price of pellets purchased by the Company from independent third parties in the preceding half-year reporting period. For every 1 percentage point of increase or decrease in the grade of pellets, the price will be increased or decreased by RMB10/tonne.	RMB873/ tonne	2,546	99.87
Sinter ore	The price of iron concentrate plus processing cost in the preceding half-year reporting period and 10% gross profit margin. (The processing cost of which is not higher than that of similar products produced by the Company)	RMB858/ tonne	1,146	100.00
Scrap steel	Market prices	—	139	19.82
Billets	Market prices	—	13	100.00
Subtotal	—	—	6,463	63.24
Electricity	State price	RMB0.52/ kWh	868	31.13
Water	State price	RMB3.25/ tonne	41	51.91

Items	Pricing principle	Price	Amount	As a percentage of the amount of similar transactions
			(RMB million)	*(%)*
Steam	Production cost plus a gross profit margin of 5%	RMB38.34/GJ	19	85.97
Subtotal	—	—	928	32.12
Lime stone	Not higher than the selling prices quoted by the relevant member company of Angang Holding Group to the independent third parties	RMB53/ tonne	81	60.63
Lime powder		RMB358/ tonne	394	67.52
Refractory materials		—	24	3.14
Other ancillary materials		—	78	2.44
Spare parts		—	122	6.47
Subtotal	—	—	699	10.68
Total	—	—	8,090	41.17

b. Angang Holding Group provided the Group with the following major services:

Items	Pricing principle	Amount *(RMB million)*	As a percentage of the amount of similar transactions *(%)*
Railway transportation	State price	336	55.34
Road transportation	Market prices	184	80.25
Agency services: — Import of raw materials, equipment, components and auxiliary materials — Product export — Domestic sales of product	Commission not higher than 1.5% (not more than the commissions levied by major state import and export companies of China)	223	100.00
Repair and maintenance of equipment	Market prices	530	76.49
Design and engineering services		338	37.78
Education facilities, vocational education, on-the-job training, translation services		0.5	11.77
Company vehicle services		0.5	100.00
Charge for arrangement of business and meeting expenses		1	58.74

Items	Pricing principle	Amount	As a percentage of the amount of similar transactions
		(RMB million)	*(%)*
Greening services	Expenses of labour, materials and management were paid based on market prices	8	100.00
Security services		29	84.27
Telecommunication business and services, information system	State price or depreciation plus maintenance costs	13	71.77
Environmental protection and security inspection services	State price	1	81.09
Production coordination and maintenance	Expenses of labour, materials and management were paid based on market prices	578	81.91
Welfare assistance and maintenance		69	83.18
Total	—	2,311	65.71
Interest on fund for settlement	State price	5	37.34
Loans and discounted interest	State price	203	28.56

Note: In which, for the six months ended 30 June 2010, the steel products provided by Angang Trade as a domestic and overseas agent amounted to 3,060,000 and 810,000 tonnes respectively.

c. The Group provided Angang Holding Group with the following major items:

Items	Pricing principle	Price	Amount (RMB million)	As a percentage of the amount of similar transactions (%)
Cold rolled sheets	The selling price offered by the Group to the independent third parties; For provision of new products developed for the other party, the price is based on the market price if the market price exists; If the market price does not exist, the price is based on the principle of the cost plus a reasonable profit, while the reasonable profit rate is not higher than the average gross profit margin of related products provided by relevant member company.	RMB5,470/tonne	2,233	12.58
Heavy plates		RMB3,471/tonne	349	5.81
Wire rods		RMB3,639/tonne	78	5.26
Heavy section		RMB4,950/tonne	2	0.09
Hot rolled sheets		RMB3,514/tonne	1,008	8.34
Medium plates		RMB3,723/tonne	81	5.06
Galvanized steel sheets		RMB4,454/tonne	226	6.06
Colour coated sheets		RMB5,076/tonne	4	2.20
Seamless pipes		RMB4,011/tonne	20	4.18
Molten iron		RMB2,255/tonne	2	100.00
Steel ring		RMB3,275/tonne	3	7.49
Coke		RMB890/tonne	37	100.00
Chemical by-products		—	13	1.55
Sub-total		—	4,056	8.84
Scrap steel	Market prices	—	52	100.00
Abandoned materials		—	6	64.79
Sub-total		—	58	78.53
Total		—	4,114	8.95

d. The Group provided Angang Holding Group with the following comprehensive services:

Items	Pricing principle	Price	Amount	As a percentage of the amount of similar transactions
			(RMB million)	*(%)*
New water	State price	RMB2.94/tonne	21	94.61
Clean recycled water	Production cost plus a gross profit margin of 5%	RMB0.74/tonne	11	99.98
Soft water		RMB2.84/tonne	0.2	100.00
Gas		RMB43.62/GJ	134	79.70
Blast furnace gas		RMB4.00/GJ	19	99.99
Steam		RMB39.50/GJ	20	91.58
Nitrogen		RMB179.13/ KM3	0.7	9.75
Oxygen		RMB408.23/ KM3	2	13.09
Argon		RMB438.75/ KM3	0.4	8.85
Compressed air		RMB89.50/ KM3	0.7	100.00
Used hot water		RMB5.57/GJ	11	80.29

Items	Pricing principle	Price	Amount	As a percentage of the amount of similar transactions
			(RMB million)	*(%)*
Product testing service	Market prices	—	1.7	81.38
Transportation service		—	0.3	100.00
Total	—	—	222	34.71

The above transactions of the Company were all settled in cash.

7. Claims and obligations between related parties and the Company

There were no claims or obligations between the Company and the related parties for non-operating purpose during the reporting period.

As at 30 June 2010, the Company's bank loan of RMB2,000 million was secured by Angang Holding.

8. Material contracts and their performance

(1) The Company did not enter into custody, contracting or lease arrangement in respect of the assets of other companies nor did other companies enter into any custody, contracting or lease arrangement in respect of the assets of the Company during the reporting period;

(2) There was no material guarantee which involved the Company during the reporting period;

(3) The Company did not entrust any party with the management of any of its assets during the reporting period;

(4) The Company did not enter into any other material contracts during the reporting period;

(5) The Company did not entrust any party for financial management during the reporting period.

9. Opinions of independent Directors in relation to cumulative and current external guarantees and capital occupied by the controlling shareholders and other related parties:

In accordance with the principles of the "Notice in Relation to Certain Issues Concerning the Regulation of Funds Transfer Between Listed Companies and Connected Parties, and External Guarantees Granted by Listed Companies" [2003] No.56 (the "Notice") issued by CSRC, we have faithfully and carefully reviewed and finalized the external guarantee of Angang Steel Company Limited* (hereafter as the "Company") and flow of funds between the Company and its related parties, and hereby make the following explanations:

(1) During the reporting period, the Company did not provide any external guarantee to its controlling shareholders and other related parties, any legal person entities or individuals.

(2) During the reporting period, none of the controlling shareholders and other related parties had occupied the Company's capital.

(3) In strict compliance with relevant regulations, the Company has clearly specified the relevant procedures and requirements concerning external guarantee in the Articles of Association of the Company. The Company also formulated Administrative Procedures of External Guarantee so as to strengthen the management of the external guarantee. The regulations of the Articles of Association of the Company and Administrative Procedures of External Guarantee are in compliance with the requirements of the relevant domestic and foreign regulations.

10. Undertakings of the Controlling Shareholder

(1) Angang Holding, the controlling shareholder of the Company, made the minimum undertakings required under the relevant laws, rules and regulations, during the period of the Non-tradable Shares Reform.

In addition to the required minimum undertakings, Angang Holding has made the following special undertakings:

1) The shares held by Angang Holding following the completion of the state-owned share reform plan will be subject to a trading moratorium of 36 months from the listing date of such shares except for the shares to be transferred to any holders of tradable ordinary domestic shares upon his/her/its exercise of the warrants.

2) For new circulating A Shares of the Company issued to Angang Holding for the acquisition of the entire equity interest in ANSI subject to the approval of the general meeting and regulatory authorities, it is undertaken by Angang Holding that such shares will also be subject to a trading moratorium of 36 months from the day on which the shares are issued to Angang Holding.

3) Angang Holding will maintain a minimum of 60% shareholding in the Company since the completion of the above acquisition till 31 December 2010.

4) Angang Holding assures that it will compensate other shareholders for any loss arising from its failure to fulfill the whole or part of such undertakings.

5) Angang Holding will complete the formalities for the deposit of the relevant shares of the Company held by it as compensation for implementation of the consideration arrangement with China Securities Depository and Clearing Corporation Limited, Shenzhen Branch to ensure fulfillment of its obligations under the consideration arrangement.

6) Angang Holding will be responsible for all the costs arising from the implementation of the Non-tradable Shares Reform.

Angang Holding further states that:

"Angang Holding will perform its undertakings on a good faith basis and accept the legal liabilities thereunder. Unless the transferee agrees and is eligible to make the undertakings, Angang Holding will not transfer any of such shares held."

During the reporting period, there is no breach of such undertakings made by Angang Holding.

(2) On 27 October 2009, the Company and Angang Holding entered into the Supply of Materials and Services Agreement (2010-2011), pursuant to which, Basic Price of iron concentrate is "not higher than the average free-on-board import price reported to the PRC Customs for the first half of the year before adjustment ("Average Import Price") plus railway transportation expenses from Bayuquan Port to the Company and adjustment according to grade. Among other things, adjustment according to grade is on the basis of weighted average grade of iron concentrate imported in the first half of the year. Price adjustment for every 1% of increase or decrease in iron concentrate grade is RMB10/tonne." Angang Holding made the undertaking on 4 December 2009 to give a discount of 5% of Average Import Price to the maximum price which was confirmed according to the Basic Price. The validity of such undertaking shall be consistent with the Supply of Materials and Services Agreement (2010-2011).

During the reporting period, there was no breach of such undertakings by the undertaker.

11. Purchase, sale or redemption of the Company's listed securities

During the six months ended 30 June 2010, there was no re-purchase, sale or redemption of the Company's securities by the Company or any of its subsidiaries.

12. Directors' Securities transactions

The Company has adopted a code of conduct governing Director's dealings in the Company's securities transactions (the "Code of Directors' Securities Dealings") on terms no less exacting than the standards required under the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules. Upon specific enquiries, all Directors confirmed that they had complied with the provision of the Code of Directors' Securities Dealings during the six months ended 30 June 2010.

13. Audit Committee

The Company has established an audit committee (the "Audit Committee") in compliance with Rule 3.21 of the Hong Kong Listing Rules.

The Audit Committee and the management personnel have reviewed the accounting standards, principles and methods adopted by the Company, and considered matters regarding auditing, internal control and financial reporting, including the unaudited interim report for the six months ended 30 June 2010.

14. Shareholding in other listed companies

Stock Exchange	Stock Code	Stock abbreviation	Initial investment amount *(RMB million)*	Shareholding in that company	Book value at the end of the period *(RMB million)*	(Loss)/profit during the reporting period	Change in equity of holders during the reporting period
Shanghai Stock Exchange	600961	Zhuzhou Smelter Group (株冶集團)	81	1.9%	93	0	-51

V. INTERIM FINANCIAL RESULTS (UNAUDITED)

A. Prepared in accordance with International Financial Reporting Standards

Condensed consolidated income statement
For the six months ended 30 June 2010
(Expressed in Renminbi)

		Six months ended 30 June	
		2010	2009
	Note	***RMB million***	*RMB million*
		(unaudited)	(unaudited)
			(restated)
Turnover	4	**43,937**	30,023
Cost of sales		**(38,270)**	(30,239)
Sales related taxes		**(132)**	(72)
Gross profit/(loss)		**5,535**	(288)
Other operating profit, net		**42**	81
Distribution and other operating expenses		**(767)**	(434)
Administrative expenses		**(837)**	(738)
Profit/(loss) from operations		**3,973**	(1,379)
Finance costs		**(618)**	(343)
Share of profits less losses of jointly controlled entities		**209**	2
Share of profits less losses of associates		**44**	(16)

		Six months ended 30 June	
		2010	2009
	Note	***RMB million***	*RMB million*
		(unaudited)	(unaudited)
			(restated)
Profit/(loss) before tax		**3,608**	(1,736)
Income tax (expense)/credit	5	**(832)**	187
Profit/(loss) for the period	6	**2,776**	(1,549)
Attributable to:			
Owners of the Company		**2,767**	(1,549)
Non-controlling interests		**9**	—
		2,776	(1,549)
Earnings/(loss) per share	8		
Basic		**RMB0.382**	RMB(0.214)

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2010
(Expressed in Renminbi)

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	(unaudited)
		(restated)
Profit/(loss) for the period	**2,776**	(1,549)
Other comprehensive income:		
Fair value change on other investments	**(68)**	89
Income tax relating to components of other comprehensive income	**17**	(22)
Other comprehensive income for the period, net of tax	**(51)**	67
Total comprehensive income for the period	**2,725**	(1,482)
Attributable to:		
Owners of the Company	**2,716**	(1,482)
Non-controlling interests	**9**	—
	2,725	(1,482)

Condensed consolidated statement of financial position at 30 June 2010

(Expressed in Renminbi)

	Note	**At 30 June 2010** *RMB million* **(unaudited)**	At 31 December 2009 *RMB million* (audited) (restated)
Non-current assets			
Property, plant and equipment	9	**61,336**	60,853
Intangible assets		**11**	13
Construction in progress	10	**10,243**	12,922
Interests in jointly controlled entities		**1,126**	934
Interests in associates		**435**	465
Other investments		**348**	391
Deferred tax assets		**947**	1,038
		74,446	76,616

	Note	At 30 June 2010 RMB million (unaudited)	At 31 December 2009 RMB million (audited) (restated)
Current assets			
Inventories		**13,624**	10,658
Amount due from ultimate parent	17	**1**	2
Amounts due from fellow subsidiaries	17	**7,470**	5,547
Amounts due from jointly controlled entities	17	**111**	98
Amount due from an associate	17	**—**	1
Trade receivables	11	**4,238**	4,145
Prepayments, deposits and other receivables		**3,964**	3,742
Current tax assets		**7**	203
Cash and cash equivalents	12	**1,953**	2,242
		31,368	26,638

	Note	At 30 June 2010 RMB million (unaudited)	At 31 December 2009 RMB million (audited) (restated)
Current liabilities			
Trade payables	13	**7,231**	6,744
Amount due to ultimate parent	17	**217**	202
Amounts due to fellow subsidiaries	17	**1,136**	2,104
Amounts due to a jointly controlled entity	17	**112**	373
Amounts due to associates	17	**12**	11
Deferred income		**37**	42
Other payables		**6,361**	6,989
Current tax payables		**109**	—
Current portion of bank loans	14	**15,898**	21,363
Short-term debentures	15	**3,000**	—
		34,113	37,828
Net current liabilities		**(2,745)**	(11,190)
Total assets less current liabilities carried forward		**71,701**	65,426

	Note	At 30 June 2010 RMB million (unaudited)	At 31 December 2009 RMB million (audited) (restated)
Total assets less current liabilities brought forward		**71,701**	65,426
Non-current liabilities			
Bank loans	14	**15,347**	11,502
Provisions		**65**	65
Deferred income		**213**	74
		15,625	11,641
NET ASSETS		**56,076**	53,785

	Note	At 30 June 2010 RMB million (unaudited)	At 31 December 2009 RMB million (audited) (restated)
Capital and reserves			
Share capital		**7,235**	7,235
Share premium		**31,414**	31,414
Reserves		**3,433**	3,467
Retained profits		**12,619**	10,303
Equity attributable to owners of the Company		**54,701**	52,419
Non-controlling interests		**1,375**	1,366
TOTAL EQUITY		**56,076**	53,785

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2010

(Expressed in Renminbi)

		(unaudited)						
		Attributable to owners of the Company						
		Share capital	Share premium	Reserves	Retained profits	Total	Non-controlling interests	Total equity
	Note	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2009, as previously reported		7,235	31,414	3,107	11,215	52,971	—	52,971
Effect of change of accounting policy *(note 2)*		—	—	167	(35)	132	—	132
At 1 January 2009, as restated		7,235	31,414	3,274	11,180	53,103	—	53,103
Total comprehensive income for the period		—	—	67	(1,549)	(1,482)	—	(1,482)
Transfer		—	—	19	(19)	—	—	—
Final dividends — 2008	7	—	—	—	(1,519)	(1,519)	—	(1,519)
Changes in equity for the period		—	—	86	(3,087)	(3,001)	—	(3,001)
At 30 June 2009		7,235	31,414	3,360	8,093	50,102	—	50,102

		(unaudited)						
		Attributable to owners of the Company						
	Note	**Share capital** *RMB million*	**Share premium** *RMB million*	**Reserves** *RMB million*	**Retained profits** *RMB million*	**Total** *RMB million*	**Non-controlling interests** *RMB million*	**Total equity** *RMB million*
At 1 January 2010, as previously reported		7,235	31,414	3,300	10,342	52,291	1,366	53,657
Effect of change of accounting policy *(note 2)*		—	—	167	(39)	128	—	128
At 1 January 2009, as restated		7,235	31,414	3,467	10,303	52,419	1,366	53,785
Total comprehensive income for the period		—	—	(51)	2,767	2,716	9	2,725
Transfer		—	—	17	(17)	—	—	—
Final dividends — 2009	7	—	—	—	(434)	(434)	—	(434)
Changes in equity for the period		—	—	(34)	2,316	2,282	9	2,291
At 30 June 2010		7,235	31,414	3,433	12,619	54,701	1,375	56,076

Condensed consolidated statement of cash flows

For the six months ended 30 June 2010

(Expressed in Renminbi)

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	(unaudited)
Net cash generated from operating activities	**870**	628
Net cash used in investing activities	**(2,107)**	(3,417)
Net cash generated from financing activities	**948**	1,461
Net decrease in cash and cash equivalents	**(289)**	(1,328)
Cash and cash equivalents at 1 January	**2,242**	2,974
Cash and cash equivalents at 30 June	**1,953**	1,646

1. Basis of preparation

This interim financial report is unaudited but has been reviewed by the Audit Committee of Angang Steel Company Limited (the "Company").

This interim financial report has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (the "Group") since the 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the IASB. IFRSs includes all applicable International Financial Reporting Standards ("IFRS"), IAS and related interpretations.

2. Adoption of new and revised International Financial Reporting Standards

In the current period, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

Classification of Land Leases

The adoption of the amendment to IAS 17 "Leases" has resulted in a change in accounting policy for the classification of leasehold land of the Group. Previously, leasehold land was classified as an operating lease and stated at cost less accumulated amortisation. In accordance with the amendment, leasehold land is classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transaction price) of the land held by the Group amounted to substantially all of the fair value of the land as if it were freehold, the leasehold land of the Group has been classified as a finance lease. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

The amendment to IAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial report as follows:

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
Increase in administrative expenses	**2**	2

	At	At 31 December
	30 June 2010	2009
	RMB million	*RMB million*
Increase in property, plant and equipment	**7,014**	7,046
Decrease in lease prepayments	**(6,845)**	(6,875)
Decrease in deferred tax assets	**(43)**	(43)
Increase in reserves	**167**	167
Decrease in retained profits	**(41)**	(39)

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial positions.

3. Segment information

	RMB million
Six months ended 30 June 2010:	
Revenue from external customers (unaudited)	**43,937**
Segment profit (unaudited)	**2,775**
At 30 June 2010:	
Segment assets (unaudited)	**96,937**
Six months ended 30 June 2009:	
Revenue from external customers (unaudited)	30,023
Segment loss (unaudited) (restated)	(1,549)
At 31 December 2009:	
Segment assets (audited) (restated)	96,177

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	(unaudited)
		(restated)
Reconciliation of segment profit or loss:		
Total profit or loss of reportable segments	**2,775**	(1,549)
Unallocated amounts:		
Dividend income	**1**	—
Consolidated profit/(loss) for the period	**2,776**	(1,549)

4. Turnover

Turnover represents the aggregate of the invoiced value of goods sold, after allowances for goods returned, trade discounts and value added tax of steel products.

5. Income tax expense/(credit)

Income tax expense/(credit) in the condensed consolidated income statement represents:

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	(unaudited)
Current tax expense - PRC income tax	**724**	3
Deferred tax expense/(income)	**108**	(190)
	832	(187)

The provision for PRC income tax is based on a statutory rate of 25% (six months ended 30 June 2009: 25%) of the estimated assessable profits of the Group entities for the period as determined in accordance with relevant income tax rules and regulations in the PRC.

6. Profit/(loss) for the period

The Group's profit/(loss) for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	(unaudited)
		(restated)
Interest and other borrowing costs	**866**	791
Less: Amount capitalised as construction in progress	**(270)**	(450)
Net interest expenses	**596**	341
Interest income	**(13)**	(4)
Dividend income from other investments	**(1)**	—
Amortisation of intangible assets	**2**	2
Depreciation	**3,564**	3,000
Loss/(gain) on disposals of property, plant and equipment	**5**	(15)
Impairment losses of property, plant and equipment	**2**	—
Net allowance for inventories	**383**	612
Research and development costs	**11**	3

7. Dividends

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	(unaudited)
Final dividends in respect of the financial year ended 31 December 2009, approved and paid during the following interim period, of RMB0.06 per share (year ended 31 December 2008 approved and paid: RMB0.21 per share)	**434**	1,519

The final dividends attributable to A share shareholders and H share shareholders amounting to RMB369 million (six months ended 30 June 2009: RMB1,291 million) and RMB65 million (six months ended 30 June 2009: RMB228 million) respectively were paid on 30 June 2010.

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: RMBNil).

8. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company for the period of RMB2,767 million (six months ended 30 June 2009: loss attributable to owners of the Company for the period of RMB1,549 million (restated)) and the weighted average number of shares of 7,235 million in issue during the six months ended 30 June 2010 (six months ended 30 June 2009: 7,235 million).

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share are presented as the Company did not have any potential equity shares in existence during the six months ended as at 30 June 2009 and 2010.

9. Property, plant and equipment

During the six months ended 30 June 2010, the Group acquired property, plant and equipment of approximately RMB52 million.

10. Construction in progress

The acquisitions and transfer of items of construction in progress during the six months ended 30 June 2009 and 2010 are as follows:

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	(unaudited)
Additions	**1,359**	3,484
Transfer to property, plant and equipment	**(4,014)**	(9,532)

11. Trade receivables

	At 30 June 2010	At 31 December 2009
	RMB million	*RMB million*
	(unaudited)	(audited)
Accounts receivable	**1,204**	749
Bills receivable	**3,034**	3,396
	4,238	4,145

The ageing analysis of trade receivables is as follows:

	At 30 June 2010 *RMB million* **(unaudited)**	At 31 December 2009 *RMB million* (audited)
Less than 3 months	**3,621**	3,465
More than 3 months but less than 12 months	**609**	674
More than 1 year	**8**	6
	4,238	4,145

The Group requests customers to pay cash or settle by bills in full prior to delivery of goods. Subject to negotiation, credit term of one to four months is only available for certain major customers with well-established trading records.

12. Cash and cash equivalents

Cash and cash equivalents represented cash at bank and in hand.

As at 30 June 2010, a deposit of RMB482 million (31 December 2009: RMB1,288 million) was placed by the Group in Angang Group Financial Company Limited ("Angang Finance"), an associate and a fellow subsidiary of the Group.

13. Trade payables

	At 30 June 2010 *RMB million* **(unaudited)**	At 31 December 2009 *RMB million* (audited)
Accounts payable	**3,849**	3,235
Bills payable	**3,382**	3,509
	7,231	6,744

The ageing analysis of trade payables is as follows:

	At 30 June 2010 *RMB million* (unaudited)	At 31 December 2009 *RMB million* (audited)
Due on demand	**145**	237
Due within 3 months	**5,238**	4,133
Due after 3 months but within 6 months	**1,834**	2,020
Due after 6 months but within 1 year	**13**	344
Due after 1 year but within 2 years	**1**	10
	7,231	6,744

14. Bank loans

	At 30 June 2010 *RMB million* (unaudited)	At 31 December 2009 *RMB million* (audited)
Bank loans	**31,245**	32,865
Less: Bank loans due within one year classified as current liabilities	**(15,898)**	(21,363)
	15,347	11,502

Among the bank loans of the Group as at 30 June 2010, RMB2,000 million (31 December 2009: RMB1,000 million) was guaranteed by Anshan Iron and Steel Group Complex ("Angang Holding"), the ultimate parent of the Company and RMB3,885 million (31 December 2009: RMB3,505 million) was guaranteed by 天津天鐵冶金集團有限公司 (Tianjin Tian Tie Metallurgy Holding Limited) ("Tiantie Holding"), a non-controlling shareholder of a subsidiary of the Group and one of Tiantie Holding's subsidiaries.

As at 30 June 2010, loans from Angang Finance amounted to RMB8,600 million (31 December 2009: RMB9,600 million).

15. Short-term debentures

During the period, the Group issued short-term debentures with an aggregate principal amount of RMB3,000 million ("Debentures") in the PRC inter-bank debenture market. The interest rate of the Debentures is 2.84% per annum and the term of maturity is 365 days.

16. Commitments

The Group had capital commitments outstanding as at 30 June 2010 not provided for as follows:

	At 30 June 2010 *RMB million* **(unaudited)**	At 31 December 2009 *RMB million* (audited)
Authorised and contracted for:		
— Construction projects of production lines	**3,891**	2,764
— Investment in a subsidiary to be set up	**318**	318
Authorised but not contracted for:		
— Construction and improvement projects of production lines	**5,813**	—
	10,022	3,082

17. Related party transactions

The following is a summary of significant transactions carried out between the Group and Angang Holding Group and its subsidiaries other than the Group (collectively referred to as "Angang Holding Group"), the jointly controlled entities and associates during the period.

(A) Significant transactions and balances with Angang Holding Group

(i) Significant transactions which the Group conducts with Angang Holding Group in the normal course of business are as follows:

		Six months ended 30 June	
		2010	2009
	Note	***RMB million***	*RMB million*
		(unaudited)	(unaudited)
Sales of finished goods (before deducting sales related taxes)	(a)	**4,056**	1,968
Sales of scrap materials and minus sieve powder (before deducting sales related taxes)	(a)	**58**	77
Fee received for utilities and services provided	(b)	**222**	269
Purchase of raw materials	(c)	**6,463**	8,011
Purchase of ancillary materials and spare parts	(d)	**699**	738
Utility supplies	(e)	**928**	979
Fees paid for welfare and other support services	(f)	**2,311**	2,715
Purchase of assets	(g)	**68**	85
Interest received	(h)	**5**	4
Interest paid	(h)	**203**	123

Note:

(a) The Group sold finished products and scrap materials to Angang Holding Group mainly at selling prices based on the prices charged to independent customers. Steel products sold to Angang Holding Group for their development of new products were set at market prices, or production cost plus reasonable profit margin if no market prices were available.

The Group sold minus sieve powder to Angang Holding Group at prices for sinter ore less the costs of producing the same by Angang Holding Group.

(b) The Group provided utilities and services, such as gas, electricity, steam and transportation services, to Angang Holding Group at applicable State prices, production cost plus 5%, or market prices.

(c) The Group purchased its principal raw material, from Angang Holding Group at prices determined and modified on a semi-annual basis. The purchase price is mainly no higher than the average prices quoted to the Group for importing principal raw materials of similar quality in the previous interim period ("Quoted Prices") plus freight charges, price adjustments for the quality and 5% discount on the Quoted Prices, or the average purchase prices charged by independent suppliers plus price adjustments for the quality, or raw materials price plus 10% mark up of the last semi-annual processing costs or market prices.

(d) The Group purchased ancillary materials and spare parts from Angang Holding Group at selling prices no higher than the average prices of such materials quoted by Angang Holding Group to independent customers.

(e) The Group purchased utility supplies from Angang Holding Group mainly at State prices or production cost plus 5%.

(f) Angang Holding Group provided certain supporting services to the Group. These services include railway and road transportation services; agency services for import of raw materials, equipment, spare parts and ancillary materials; agency services for domestic sales and export of products; examination, repair and maintenance of equipment; design and engineering services; and other employees' supporting related services. Service fees were charged at applicable State prices, market prices, no higher than 1.5% of commission, depreciation and repair and maintenance, labour cost, material cost and management fee, and no higher than 5% mark up of processing costs.

(g) The Group purchased certain assets from Angang Holding Group at prices based on the market price.

(h) Angang Holding Group provided financial services in the form of deposit taking, settlement, borrowing and discounting services at State prices. The applicable borrowing rates are 10% lower of the interest rates quoted by The People's Bank of China.

As at 30 June 2010, the Group placed deposit with Angang Finance amounted to RMB482 million (31 December 2009: RMB1,288 million) and the loans from Angang Finance amounted to RMB8,600 million (31 December 2009: RMB9,600 million).

(ii) Bank loans

As at 30 June 2010, certain bank loans amounted to RMB2,000 million (31 December 2009: RMB1,000 million) were guaranteed by Angang Holding.

(iii) Amount due from/to ultimate parent

Amount due from/to ultimate parent mainly represents fee receivables for utilities and services provided and fees payable for support services.

The amount due from/to ultimate parent is unsecured, interest free and has no fixed terms of repayment.

(iv) Amounts due from/to fellow subsidiaries

Amounts due from/to fellow subsidiaries mainly represent prepayments and amounts payable for the purchase of raw materials and other services. Advances are received by the Group in respect of sales of finished goods.

The amounts due from/to fellow subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(v) Supply of Materials and Services Agreement

The Company entered into a Supply of Materials and Services Agreement 2010/11 with Angang Holding on 27 October 2009, which is effective on 1 January 2010 for 2 years.

(B) Significant transactions and balances with other related parties

(1) Significant transactions with ANSC-TKS Galvanizing Co., Ltd. ("ANSC-TKS")

The Group sold finished products to ANSC-TKS amounting to RMB1,839 million for the six months ended 30 June 2010 (six months ended 30 June 2009: RMB548 million) for further processing.

(2) Significant transactions with Changchun FAM Steel Processing and Distribution Company Limited ("Changchun FAM")

The Group sold finished products to Changchun FAM amounting to RMB48 million for the six months ended 30 June 2010 (six months ended 30 June 2009: RMB34 million) for further processing.

(3) Significant transactions with TKAS (Changchun) Steel Service Center Ltd. ("TKAS-SSC")

The Group sold finished products to TKAS-SSC amounting to RMB221 million for the six months ended 30 June 2010 (six months ended 30 June 2009: RMB125 million) for further processing.

The Group paid agency fee for the agency services provided by TKAS-SSC for domestic sales of products amounting to RMB3 million for the six months ended 30 June 2010 (six months ended 30 June 2009: RMBNil).

(4) Significant transactions with TKAS (Changchun) Tailored Blanks Ltd. ("TKAS")

The Group sold finished products to TKAS amounting to RMB1 million for the six months ended 30 June 2010 (six months ended 30 June 2009: RMB1 million) for further processing.

(5) Significant transactions with Tianjin Tiantie Ban Hai Metallurgy Enterprise Company Limited ("Ban Hai Enterprise")

The Group sold scrap steel to Ban Hai Enterprise amounting to RMB30 million for the six months ended 30 June 2010 (six months ended 30 June 2009: RMBNil).

The Group paid services fee for the service provided by Ban Hai Enterprise amounting to RMB55 million for the six months ended 30 June 2010 (six months ended 30 June 2009: RMBNil).

The transactions with related parties above were under normal business terms or relative agreements.

(6) Amounts due from/to jointly controlled entities and associates

Amounts due from/to jointly controlled entities and associates mainly represent the amounts receivables/receipts in advance by the Group in respect of sales of finished goods and payables for the construction fee and services fee.

The amounts due from/to jointly controlled entities and associates are unsecured, interest free and have no fixed terms of repayment.

(7) Transactions with key management personnel

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors, is as follows:

	Six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	(unaudited)
Directors' and supervisors' fees	**—**	—
Salaries, allowance and other benefits in kind	**1.08**	0.80
Retirement scheme contributions	**0.18**	0.13
	1.26	0.93

(C) Transactions with other state-controlled entities in the PRC

The Group operates in an economic regime currently dominated by entities directly or indirectly controlled by the People's Republic of China government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations.

Other than those transactions as disclosed above, the Group conducts certain business activities with other state-controlled entities which include but are not limited to the following:

- Sales and purchases of goods, property and other assets; and

- Depositing and borrowing money.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

B. Interim Financial Result prepared in accordance with PRC Accounting Rules and Regulations

Consolidated Balance Sheet

As at 30 June 2010

Prepared by: Angang Steel Company Limited — Monetary *unit: RMB million*

Assets	**30 June 2010**	31 December 2009
Current assets:		
Cash at banks and on hand	**1,953**	2,242
Trading financial assets		
Bills receivable	**3,034**	3,396
Accounts receivable	**3,109**	1,770
Prepayments	**7,641**	6,212
Interest receivable		
Dividend receivables	**7**	
Other receivables	**18**	19
Inventories	**13,624**	10,658
Non-current assets due within 1 year		
Other current assets		
Total current assets	**29,386**	24,297
Non-current assets:		
Available-for-sale financial assets	**93**	161
Long-term equity investments	**1,816**	1,629
Investment real estate		
Fixed assets	**54,304**	53,805
Construction in progress	**8,559**	10,588
Construction material	**1,684**	2,334
Intangible assets	**7,043**	7,061
Deferred income tax assets	**1,004**	1,112
Other non-current assets		
Total non-current assets	**74,503**	76,690
Total assets	**103,889**	100,987

Liabilities and shareholders' equity	**30 June 2010**	31 December 2009
Current liabilities:		
Short-term loans	**11,595**	13,710
Bills payable	**3,382**	3,509
Accounts payable	**4,005**	3,318
Advances from customers	**4,432**	5,942
Employee benefits payable	**380**	326
Tax and surcharges payable	**(1,826)**	(2,296)
Interest payables	**36**	
Other payables	**2,787**	3,283
Non-current liabilities due within 1 year	**4,303**	7,653
Other current liabilities	**3,037**	42
Total current liabilities	**32,131**	35,487
Non-current liabilities:		
Long-term loans	**15,347**	11,502
Deferred income tax liabilities	**44**	61
Other non-current liabilities	**278**	139
Total non-current liabilities	**15,669**	11,702
Total liabilities	**47,800**	47,189

Liabilities and shareholders' equity	**30 June 2010**	31 December 2009
Shareholders' equity:		
Share capital	**7,235**	7,235
Capital reserve	**31,459**	31,510
Special reserve	**67**	50
Surplus reserve	**3,357**	3,357
Undistributed profit	**12,596**	10,280
Differences from translation of foreign currency		
Subtotal of shareholders' equity attributable to parent company	**54,714**	52,432
Minority interest	**1,375**	1,366
Total shareholders' equity	**56,089**	53,798
Total liabilities and shareholders' equity	**103,889**	100,987

Consolidated Income Statement

For the six months ended 30 June 2010

Prepared by: Angang Steel Company Limited

Monetary *unit: RMB million*

Items	Six months ended 30 June 2010	2009
1. Operating income	**44,040**	30,042
Including: Operating income from main business	**44,040**	30,042
2. Operating costs	**40,712**	31,839
Including: Operating costs for main business	**37,182**	28,982
Business tax and surcharges	**132**	72
Selling expenses	**767**	434
Administrative expenses	**1,677**	1,418
Financial expenses	**569**	321
Impairment losses on assets	**385**	612
Add: gains/losses from fair value variation ("-" means loss)		
Investment income ("-" means loss)	**254**	(14)
Including: Income from investment in jointly controlled enterprises and associates	**253**	(14)
3. Operating profit ("-" means loss)	**3,582**	(1,811)
Add: Non-operating income	**27**	69
Less: Non-operating expenses	**18**	13
Including: Loss on non-current assets disposal	**18**	13
4. Profit before income tax ("-" means loss)	**3,591**	(1,755)
Less: Income tax expenses	**832**	(192)

Items	Six months ended 30 June **2010**	 2009
5. Net profit for the year ("-" means net loss)	**2,759**	(1,563)
Net profit attributable to shareholder of parent company	**2,750**	(1,563)
Gains/losses attributable to minority shareholder	**9**	
6. Earning per share		
(1) Basic earnings per share	**0.380**	(0.216)
(2) Diluted earnings per share	**0.380**	(0.216)
7. Other comprehensive income	**(51)**	67
8. Total comprehensive income	**2,708**	(1,496)
Share of total comprehensive income attributable to shareholder of parent company	**2,699**	(1,496)
Share of total comprehensive income attributable to minority interest	**9**	

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

Anshan City, Liaoning Province, the PRC
17 August 2010

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

Executive Directors
Zhang Xiaogang
Yang Hua
Chen Ming
Yu Wanyuan
Fu Jihui

Independent Non-executive Directors
Li Shijun
Ma Guoqiang
Kwong Chi Kit, Victor

* *For identification purposes only*