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)

2011 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover amounted to RMB90,207 million
- Loss before tax amounted to RMB3,304 million
- Loss for the year attributable to owners of the Company amounted to RMB2,163 million
- Basic loss per share amounted to RMB0.299 (2010: Basic earnings per share RMB0.284)

In this announcement, the following expressions shall have the following meanings unless the context indicates otherwise:

"Board"	the board of directors of the Company
"Company"	Angang Steel Company Limited*(鞍鋼股份有限公司)
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Region)

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

Unit: RMB' million

	2011	2010	2009	
			Before adjustment	After adjustment
Turnover	**90,207**	92,212	70,057	70,057
(Loss)／profit before tax	**-3,304**	2,378	877	872
Income tax (credit)／expense	**-955**	413	166	165
(Loss)／profit for the year attributable to owners of the Company	**-2,163**	2,054	752	748
Total assets	**104,915**	107,119	103,126	103,254
Total liabilities	**52,622**	51,790	49,469	49,469
Equity attributable to owners of the Company	**50,739**	54,052	52,291	52,419
Net assets per share *(RMB)*	**7.01**	7.47	7.23	7.24
(Loss)／earnings per share (basic) *(RMB)*	**-0.299**	0.284	0.104	0.103
Return on net assets *(%)*	**-4.26**	3.80	1.44	1.43

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

For the year ended 31 December 2011

Unit: RMB' million

Items	**Amount**
Operating profit:	-3,446
Total profit:	-3,281
Net profit:	-2,332
Net profit attributable to shareholders of the Company:	-2,146
Net profit less extraordinary items attributable to shareholders of the Company:	-2,270
Net cash flow generated from operating activities:	4,663
Investment income:	402
Net non-operating income and expenses:	165
Net increase in cash and cash equivalents:	-1,310

Note: Extraordinary items and amounts of the Group during the reporting period:

Unit: RMB' million

	Extraordinary items	**2011**	2010	2009
1	Gains or losses from disposal of non-current assets	**7**	4	—
2	Government subsidies (except for government subsidies which are closely related to the Company's normal operations, in compliance with requirements of the national policies and entitled continuously in a fixed amount or quantity in conformity with the standards of the State) attributable to gains or losses for the period	**190**	117	15
3	Other non-operating income and expenses apart from those stated above	**-32**	-16	39
4	Effect of minority interest	**—**	—	-1
5	Effect of income tax	**-41**	-26	-14
	Total	**124**	79	39

Note: for extraordinary items, "+" refer to gains or incomes, "-" refer to losses or expenditures.

DIFFERENCES BETWEEN THE FINANCIAL INFORMATION PREPARED UNDER THE PRC ACCOUNTING STANDARDS AND IFRSs:

Unit: RMB' million

	The Group				Attributable to shareholders of the Company			
	Net (loss)/profit Year ended 31 December		Net assets At 31 December		Net (loss)/profit Year ended 31 December		Net assets At 31 December	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Under IFRSs	**-2,349**	1,965	**52,293**	55,329	**-2,163**	2,054	**50,739**	54,052
Under PRC Accounting Standards	**-2,332**	1,950	**52,305**	55,345	**-2,146**	2,039	**50,751**	54,068

Items and total amounts as adjusted under the IFRSs:

Production safety expenses	**-23**	20	**—**	—	**-23**	20	**—**	—
Deferred income tax assets	**6**	-5	**-12**	-18	**6**	-5	**-12**	-18
Interests in jointly controlled entities	**—**	—	**—**	2	**—**	—	**—**	2
Total adjustments	**-17**	15	**-12**	-16	**-17**	15	**-12**	-16

OPERATING RESULTS FOR 2011

Based on the IFRSs, the Group recorded an annual loss attributable to owners of the Company of RMB2,163 million for the year ended 31 December 2011, as compared to an annual profit attributable to owners of the Company of RMB2,054 million for the year ended 31 December 2010, and its basic loss per share was RMB0.299.

Based on the PRC Accounting Standards, the Group recorded a net loss attributable to the owners of the Company of RMB2,146 million for the year ended 31 December 2011, as compared to a net profit attributable to the owners of the Company of RMB2,039 million for the year ended 31 December 2010, and its basic loss per share was RMB0.297.

PROFIT DISTRIBUTION

As audited and confirmed by RSM China Certified Public Accountants (Special General Partnership), the Company recorded a net loss of RMB2,146 million attributable to the shareholders of the Company for the year 2011 in accordance with the PRC Accounting Standards. As the Company recorded a loss, pursuant to the PRC laws and regulations and the articles of association of the Company, the Company would not make allocation to surplus reserve nor recommend any profit distribution or transfer of reserve to share capital for year 2011. This proposal shall be subject to the consideration at the 2011 AGM.

Distribution for the last three years

Year	**Net profit attributable to shareholders of the Company** *(RMB' million)*	**Distribution proposal**	**Amount of cash dividend** *(RMB' million)*	**Proportion of the amount of cash dividend in realized net profits**
2010	2,039	RMB0.15 per share	1,085	53.22%
2009	727	RMB0.06 per share	434	59.70%
2008	2,981	RMB0.21 per share	1,519	50.96%
Total	5,747	—	3,038	—

Note: The realized net profits of the Group have been adjusted by the Company in accordance with the most recent requirements under the PRC Accounting Standards.

BUSINESS REVIEW

1. Breakthrough in production, operation and contingency control capabilities

During the reporting period, the Group produced 20,442,600 tonnes of iron, 19,782,800 tonnes of steel and 19,169,600 tonnes of steel products, representing a decrease of 7.60%, 8.66% and 8.16%, respectively, as compared with the previous year. Sale of steel products amounted to 18,838,300 tonnes, representing a decrease of 8.96% as compared with the previous year. The Group also realized a 98.27% production to sale ratio for steel products.

Taking into consideration of the condition of its equipment, plans for inspection and maintenance as well as the market dynamics of steel products, the Company strengthened its efforts in repairing its equipment, thus improved the equipment condition significantly in 2011. However, such repair had also led to a year-on-year decrease in the production volume of steel, iron and steel products.

2. New achievements in technological innovation and research and development of new products

The "instant cooling + laminar cooling" equipment and automatic control system for 4,300mm thick plate line (4,300mm厚板綫「超快速冷卻+層流冷卻」裝備與自動控制系統) developed by the Group independently was put into use, becoming the first instant cooling system of medium and thick plates with its own intellectual property rights and the highest cooling capacity in operation in China. The achievement marked a breakthrough of the new generation TMCP know-how technology. The successful invention of the flexible hot-rolled steel strip production technology (熱軋帶鋼柔性生產技術) also marked a breakthrough in Angang's history of hot-rolled production. The successful development of ø5.0mm high-carbon wire (ø5.0mm 高碳拉絲鋼線材) was the first product of the same kind. The successful invention of 0.50mm series of high-grade electrical steel products (高牌號電工鋼0.50mm規格系列產品) made the Company a role model of independent research and development of high-end electrical steel products. As the first of its peers to formulate national standards of hot-rolled steel plates for nuclear power purpose, it also became the only iron and steel enterprise to be equipped with 18MND5 steel for production of key equipment of nuclear island. Angang 5Ni steel has successively been certified by three classification societies, namely DNV, LR and CCS, which indicates that Angang is capable of supplying products with comprehensive specifications and marks the end of the history of 100% imported 5Ni steel. The successful development of Q550J high-strength steel for container use (集裝箱用高強度鋼Q550J) signals Angang's continuous leadership in terms of all-inclusive specifications and high-performance products with respect to such technology.

Four scientific results were awarded the provincial and industrial technology advancement awards (省、行業科技進步獎), while the "self-research and development as well as industrial application of core technology for controlling the shape of cold-rolled plates" (冷軋板形控制核心技術自主研發與工業應用) was awarded the National Science & Technology Second Class Advancement Award (國家科技進步二等獎). Its "steel plates for hull structure" (船體用結構鋼板) was awarded the Award of Highest Quality in Kind (首屆實物質量最高獎) in the first session by the Steel Association (鋼鐵協會). Its cold-rolled and low-carbon steel plates and steel strips produced by ultra deep drawing (超深沖冷軋低碳鋼板及鋼帶) was awarded the most honorable award in terms of quality in kind (實物質量最高獎) — "Superb Quality Award". Its "ultra-low carbon bainite steel and the production methods thereof" (超低碳貝氏體鋼及其生產方法), an invention patent approved by the State, was awarded the twelve-session "China Patent Excellence Award" (第十二屆中國專利優秀獎).

3. New Progress in Energy Saving and Emission Reduction

The 4 × 900kw transducer and transformation units used for combustion fans of blast furnace in Bayuquan (高爐助燃風機變頻改造機組), being the first project put into production under the energy management contract, was preliminary estimated to have saved 47% electricity, while the project of 2×1,120kw transducer and transformation for combustion fans of blast furnace for newly established No. 4 blast furnace (新4號高爐 2×1,120kw 高爐助燃風機變頻改造項目) was preliminary estimated to have saved 30% electricity. The Company also completed more than 10 independent pollution treatment projects such as flue gas desulphurization and recycling of salt extracted from waste water during desulphurization (脱硫廢液提鹽回用) for No. 3 furnace. Some of the above renovation projects have thus far been put into operation.

The pollutant emission reduction initiatives have made significant progress with steady improvement in environmental protection indicators. The Company's environment and air quality indicators had all reached national standards while its rate of meeting atmospheric pollutant emission standard had reached 100%.

4. New Achievements in Market Development and Marketing Services

Giving play to the function of production-marketing-research integration (PMR integration) and carrying out "new key product promotion activities", the Company has steadily increased the sales proportion of strategic varieties and leading products. Actively participating in bidding key projects in 2011, it won the bids in pipeline projects, such as Hong Kong-Zhuhai-Macau Bridge roundabout project, CNOOC subsea pipelines, Sinopec Rizhao-Yizheng, Datang International Fuxin and national key projects, including Sanmen, Haiyan and other nuclear projects as well as Sinopec Huangdao Oil Reserve Base.

The Company has vigorously expanded overseas market, promoted international operation and realized a settlement amount of export steel products of 1.63 million tonnes.

5. New Progress in Technical Transformation and Innovation Projects as well as in Overseas Investment Cooperation

The Company has accomplished fixed-assets investment of RMB5.943 billion throughout the year. A total of ninety-five production facilities renovation projects have been put into operation, including the west zone sintering heat power generation technology renovation project and the project to renovate and add edge heater shield to 1,780mm production line.

The high-performance silicon steel production line has attended to full designed capacity. The hot-rolled pickled sheet production line has been put into production, and the output of new wire production line has increased steadily month by month. Phase IV coke oven renovation project and its supporting CDQ (coke dry quenching) are about to be put into production. The combined unit of Angang Cold Rolling (Putian) Project has accomplished fine adjustment and acceptance testing, and is ready for production.

FINANCIAL INFORMATION REVIEW

Prepared under the IFRSs (the Group):

Unit: RMB' million

Item	**2011**	2010	Change *(%)*	Reason for change
Total assets	**104,915**	107,119	-2.06	A
Non-current liabilities	**13,821**	13,308	3.85	B
Equity attributable to owners of the Company	**50,739**	54,052	-6.13	C
Turnover	**90,207**	92,212	-2.17	D
Gross profit	**880**	6,518	-86.50	D
Profit for the year attributable to owners of the Company	**-2,163**	2,054	-205.31	D
Net increase in deposits with banks, cash and cash equivalents	**-1,310**	1,409	-192.97	E

Notes:

A. The decrease of RMB2,204 million in total assets as compared with the end of the previous year was mainly attributable to (1) the Company's loss for the year; and (2) the payment of dividends for 2010.

B. The increase of RMB513 million in non-current liabilities as compared with the end of the previous year was mainly attributable to (1) the increase of the Company's long-term borrowings; and (2) the increase in assets-related government subsidies for the year received by the Company.

C. The decrease of RMB3,313 million in equity attributable to owners of the Company as compared with the end of the previous year was attributable to (1) the decrease of RMB3,225 million in retained profits (in which, the loss attributable to owners of the Company was RMB2,163 million for the year; the payment of the dividends for 2010 was RMB1,085 million, and the transfer of reserve was RMB23 million); and (2) the decrease of RMB88 million in reserves (in which, the changes in fair value of available-for-sale financial assets has decreased by RMB65 million and the utilized safety production expense has decreased by RMB23 million).

D. The decrease of turnover, gross profit and the profit for the year attributable to owners of the Company was mainly attributable to a number of factors, including the increase in raw materials sand fuel prices has substantially outpaced the increase in the price of steel products and a drop in capacity and sales, especially when the price of steel products continued to fall in the fourth quarter. Besides, major raw materials and fuel prices remain high, resulting in an annual loss of the Company.

E. The net increase in deposits with banks, cash and cash equivalents has dropped by RMB2,719 million as compared with the previous year, which was mainly attributable to (1) a decrease of RMB4,432 million in net cash inflow from operating activities as compared with the previous year arising from the decrease in cash received from sale of goods or rendering of services for the year; (2) an increase of RMB794 million in net cash outflow from investing activities as compared with the previous year due to an increase in the acquisition of fixed assets and expenditures of construction in progress; and (3) the increase of RMB2,507 million in net cash inflow from financing activities as compared with the previous year due to the smaller amount of cash payments for repayment of borrowings in the year.

EXPLANATION ON THE REASONS FOR THE MATERIAL CHANGE IN THE PROFITABILITY OF PRINCIPAL BUSINESS DURING THE REPORTING PERIOD AS COMPARED TO THE PREVIOUS REPORTING PERIOD

The significant decline in profitability of principal business was primarily due to the fact that the increase in raw materials and fuel prices has substantially outpaced the increase in the price of steel products and a drop in capacity and sales.

CHANGES OF ACCOUNTING POLICIES AND ESTIMATES OF THE GROUP DURING THE REPORTING PERIOD

Relevant department of the Group has re-audited the actual useful lives of each class of fixed assets based on the actual condition thereof, and decided to adjust the depreciation period of its fixed assets since 1 October 2011 upon the approval obtained at the 2011 first EGM of the Company, details of which are as follows:

	Before Change		**After Change**	
Class of Fixed Assets	**Estimated useful life**	**Depreciation rate per year**	**Estimated useful life**	**Depreciation rate per year**
	(years)	*(%)*	*(years)*	*(%)*
Property	20	4.75	30	3.17
Buildings	20	4.75	30	3.17
Conductor facilities	15	6.33	15	6.33
Machinery facilities	10	9.50	15	6.33
Power equipment	11	8.64	10	9.50
Transportation facilities	10	9.50	10	9.50
Tools and apparatus	7	13.57	5	19.00
Management tools	5	19.00	5	19.00

This change of accounting estimates posed no effect on the business scope of the Group, but led to a decrease of RMB491 million in the depreciation of fixed assets and an increase of RMB368 million in the owner's interest and net profit of the Company in the fourth quarter of 2011.

INVESTMENT OF THE COMPANY

1. External investment:

The Company's external investment for 2011 aggregated to RMB1,122.55 million, representing an increase of 36.07% over the total external investment of RMB825 million last year.

Actual breakdown of investment is as follows: RMB400 million for Angang Cold Rolled Steel Sheets (Putian) Co., Ltd., RMB443 million for Tianjin Angang Tian Tie Cold Rolled Sheets Company Limited (天津鞍鋼天鐵冷軋薄板有限公司), RMB97.5 million for Angang Steel Logistics (Hefei) Company Limited (鞍鋼鋼材配送(合肥)有限公司), RMB48 million for Angang Steel Logistics (Wuhan) Company Limited, RMB20 million for Guangzhou Angang Steel Product Processing Company Limited (廣州鞍鋼鋼材加工有限公司), RMB11.55 million for Angang Shenyang Steel Product Processing and Distribution Company Limited, RMB21 million for Anshan Falan Package Material Co., Ltd., RMB62.5 million for Dalian Shipbuilding Industry Group Shipping Process Co., Ltd., RMB10 million for China Shipbuilding Industry Material Trade Group Bayuquan Co., Ltd. and RMB9 million for Dalian Shipbuilding Industry Group and Steel Industry Company Limited (大連船舶重工集團鋼業有限公司).

2. Major investment not funded by proceeds and the progress thereof:

Unit: RMB' million

Project name	**Project budget amount**	Project progress	Project proceeds
High performance cold rolling silicon steel production line	**3,400**	99%	-237
Wire production line renovation	**634**	94%	-116
Total	**4,034**	—	-353

NUMBER OF EMPLOYEES, EMPLOYEES' QUALIFICATIONS, SALARY POLICY AND TRAINING PROGRAMMES OF THE COMPANY

As of 31 December 2011, the Company had 28,816 employees, of which 20,671 were production staff, 279 were sales staff, 3,194 were technicians, 271 were accounting staff and 1,855 were administration personnel. Of the Company's employees, 6,540 held bachelor or higher degrees, representing 22.7% of the total number of the employees; 6,905 held diplomas, representing 24% of the total number of the employees and 12,014 held the certificate of secondary education, representing 41.7% of the total number of the employees.

In 2011, 30,068 employees attended and completed centralized training course. 148 member counts of senior management attended training for, among others, political theory knowledge, strategy management, and 8,098 member counts of management and professional technology staff attended trainings for management knowledge, computer, English, expertise and courses in institutes and colleges. 464 high-skilled talent counts attended training for innovation ability. 4,367 production staff counts attended training for areas such as technical grades, computer and equipment inspection. 8,823 employee counts attended training for specialized operation security qualifications, 3,948 employee counts attended training for team and group security management knowledge and 4,220 employee counts attended other trainings. 23,647 employees completed training for on-the-job knowledge and operation techniques. 62 employees attended entrusted training for on-the-job studying for master's degree. 58 management and expertise counts attended training courses in colleges. As a result of the trainings, the overall quality of employees had been improved, which equipped the Company with competent human resources for the achievement of production and operation targets.

The Company has adopted a position- and performance-based annual remuneration packages for senior management; position-based linked remuneration and new product development incentive packages for research personnel; sales/profit-linked remuneration package for sales personnel; and position-based remuneration packages for other personnel.

DEVELOPMENT PLANS FOR 2012

1. Iron and Steel Market Analysis and Opportunities and Challenges for the Company's Development

Year 2012 is an important year for implementing the "12th five-year" strategic development plan of Angang, and also a crucial year for the Company to cope with crisis and realize development in predicament.

Favorable factors: ore prices are expected to fall from a high level and the high-cost operation pattern of the steel industry will improve to some extent. As seen from the Company internally, upon maintenance and adjustment last year, the device status of blast furnace has improved significantly, and a series of measures for removing bottlenecks restricting production and operation will be implemented successively and bring about the desired effects in succession. On the whole, the Company's internal operating conditions is expected to improve significantly in 2012. Multiple bases such as Anshan headquarters and Bayuquan interact with each other in production, and the function of multi-point layout and complementary advantages will be exerted in a more remarkable way.

Unfavorable factors: From an international perspective, the deep-rooted conflicts in the European and American debt crisis will continue to spread and aggravate, making it difficult for the global economy to recover in the short term. From a domestic perspective, the slackened economy and inflation exist side by side, and excess capacity and imbalance between supply and demand in the steel industry remain significant . Influenced by the macroeconomic situation, the growth in the downstream industry slows down, and the demand for steel products will also tend to go down. Competition among steel enterprises will be more intensive.

2. Business Plan of the Company for 2012

With realizing profits as the target of 2012, and cost reduction and efficiency improvement as the main line, the Company will give prominence to improving quality, vigorously develop markets and optimize competitive factors in a comprehensive way, thereby making new contributions in creating a steel enterprise with strongest international competitiveness and making Angang grow stronger and better.

(1) Strengthen overall control ability to realize new promotion at the production and operation levels.

(2) Step up efforts in technology R&D to realize new promotion in variety, quality and efficiency.

(3) Strengthen marketing management in a comprehensive way to realize new promotion in marketing performance and service effectiveness.

(4) Step up efforts in energy conservation and emission reduction to realize new promotion in energy-efficiency management and green production.

(5) Promote the construction of capital projects to realize new promotion in investment proceeds.

(6) Conduct system-wide multi-level benchmarking to realize new promotion in the core competitiveness of enterprise.

(7) Deepen the performance excellence model to realize new promotion in the integrated management of enterprise.

3. Capital Needs, Utilisation Plan and Funding Sources of the Group for 2012

In 2012, the Group intends to invest RMB3,636 million in major construction projects such as Putian project, the phase IV renovation plant, tar capacity expansion, construction of additional heat treatment lines as well as auxiliary facilities for 4,300 units for thick plates and Tian Tie Project, and overseas investment.

In 2012, the Group's capital needs will be mainly financed by proceeds raised from the short-term financial bonds, medium-term notes, cash generated from operating activities and bank loans.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE OF THE GROUP (UNDER THE IFRSs)

As of 31 December 2011, the Group had long-term loans of RMB13,135 million (exclusive of loans due within one year) with interest rates ranging from 5.13% to 7.87% per annum. Under the terms of 3 to 25 years, the loans will expire during the period from 2013 to 2030. The loans are mainly used for replenishing working capital and project capital. The Group's long-term loans due within one year amounted to RMB4,201 million. With good credibility, the Group was reviewed and rated by the rating committee of China Chengxin International Credit Rating Co., Ltd. with a long-term credit rating of "AAA" and with its rating outlook credited as "stable". In 2011, nine financial institutes which had strategic cooperation with the Company had given credits to the Company, so had the several financial institutes which had entered into Anshan region recently. Therefore, the Group is capable of repaying the debts when they become due.

As of 31 December 2011, the Group's cash and cash equivalents decreased by RMB1,310 million to RMB2,341 million from RMB3,651 million in the previous year, which was mainly attributable to (1) net cash inflow from operating activities of RMB3,030 million; (2) net cash outflow from investing activities of RMB5,589 million; (3) net cash inflow from financing activities of RMB1,249 million.

At the end of 2011, the Group's total assets less current liabilities amounted to RMB66,114 million, compared with RMB68,637 million at the end of 2010.

The shareholders' equity of the Group amounted to RMB52,293 million at the end of 2011, compared with RMB55,329 million at the end of 2010.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2011, the Group had capital commitments of RMB3,654 million, which was primarily attributable to the construction and renovation contracts entered into but not performed or performed partially and the external investment contracts entered into but not performed or performed partially.

As at 31 December 2011, the Group did not have any contingent liabilities.

FOREIGN EXCHANGE RISK

The Group did not have significant foreign currency risk arising from major foreign currency transactions, including its export and sale of products, import and procurement of raw materials for production and equipments for projects as the Group adopts locked exchange rates to settle the amounts with export and import agents.

GEARING RATIO

Under the IFRSs, the ratio of the Group's shareholders' equity to liabilities in 2011 was 0.99 times (2010: 1.07 times).

MATERIAL LITIGATION AND ARBITRATION

The Group was not involved in any material litigation or arbitration in 2011.

PURCHASE, SALE AND REDEMPTION OF LISTED SHARES

During the reporting period, there was no purchase, sale or redemption by the Company or any of its subsidiaries of its listed securities.

CORPORATE GOVERNANCE PRACTICE

With shares listed on both the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, the Company is committed to improving its corporate governance in accordance with international corporate governance standards. The Board and the management understand that they are responsible for establishing good corporate governance practices and procedures and the strict implementation of such practices and procedures, in order to protect the interests of the shareholders and maximise the investment return for the shareholders in the long term.

During the reporting period, the Company has been in compliance with all code provisions and most of the recommended best practices set out in the Code on Corporate Governance Practices as contained in Appendix 14 the Hong Kong Listing Rules.

AUDIT COMMITTEE

The audit committee of the Board and the management of the Company have jointly reviewed the Group's accounting policies and have discussed on the issues in relation to the auditing, internal control and financial statements of the Group and the Company's audited consolidated financial statements for the year ended 31 December 2011.

MATERIAL GUARANTEE

There were no material guarantee provided by the Group as at 31 December 2011.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for 2011 will be held on Tuesday, 29 May 2012. A notice convening the annual general meeting and the annual report for 2011 of the Company will be published and delivered to the H shareholders of Company in the manner as required by the Hong Kong Listing Rules in due course.

FINANCIAL STATEMENTS

I. FINANCIAL STATEMENTS PREPARED UNDER IFRSs (EXTRACTED)

The following is a summary of the operating results for the year ended 31 December 2011 extracted from the audited consolidated financial statements of the Group prepared in accordance with the IFRSs, together with comparative figures for corresponding period in 2010.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	**2011**	2010
		RMB million	*RMB million*
Turnover	4	**90,207**	92,212
Cost of sales		**(89,158)**	(85,409)
Sales related taxes		**(169)**	(285)
Gross profit		**880**	6,518
Other operating profit, net	5	**271**	266
Distribution and other operating expenses		**(1,549)**	(1,622)
Administrative expenses		**(1,757)**	(1,844)
(Loss)/profit from operations		**(2,155)**	3,318
Finance costs	7(a)	**(1,540)**	(1,333)
Share of profits of jointly controlled entities		**295**	297
Share of profits of associates		**96**	96
(Loss)/profit before tax		**(3,304)**	2,378
Income tax credit/(expense)	6	**955**	(413)
(Loss)/profit for the year	7(b)	**(2,349)**	1,965

	Note		
Attributable to:			
Owners of the Company		**(2,163)**	2,054
Non-controlling interests		**(186)**	(89)
		(2,349)	1,965
Dividends to owners of the Company for the year			
Final dividend proposed after the end of the reporting period	8(a)	**—**	1,085
(Loss)/earnings per share	9		
— Basic		**RMB(0.299)**	RMB0.284

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 *RMB million*	2010 *RMB million*
(Loss)/profit for the year	**(2,349)**	1,965
Other comprehensive income:		
Fair value changes on other investments	**(87)**	18
Income tax relating to component of other comprehensive income	**22**	(5)
Other comprehensive income for the year, net of tax	**(65)**	13
Total comprehensive income for the year	**(2,414)**	1,978
Attributable to:		
Owners of the Company	**(2,228)**	2,067
Non-controlling interests	**(186)**	(89)
	(2,414)	1,978

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	Note	At 31 December **2011** *RMB million*	At 31 December 2010 *RMB million* (restated)	At 1 January 2010 *RMB million* (restated)
Non-current assets				
Property, plant and equipment		**60,387**	64,226	60,853
Intangible assets		**3**	8	13
Construction in progress		**9,268**	6,324	12,922
Interests in jointly controlled entities		**1,544**	1,245	934
Interests in associates		**581**	488	465
Other investments		**450**	434	391
Deferred tax assets		**2,340**	1,368	1,038
		74,573	74,093	76,616
Current assets				
Inventories		**14,242**	13,134	10,658
Trade receivables	10	**6,586**	4,856	4,145
Prepayments, deposits and other receivables		**2,432**	4,004	3,742
Amount due from immediate parent		**1**	—	2
Amounts due from fellow subsidiaries		**4,524**	7,272	5,547
Amount due from a jointly controlled entity		**115**	69	98
Amount due from an associate		—	—	1
Amounts due from other related parties		**7**	16	—
Current tax assets		**94**	24	203
Cash and cash equivalents		**2,341**	3,651	2,242
		30,342	33,026	26,638

Current liabilities

Trade payables	11	**9,900**	9,357	6,742
Other payables		**6,078**	7,354	6,987
Amount due to immediate parent		**333**	294	202
Amounts due to fellow subsidiaries		**1,485**	1,651	2,104
Amounts due to jointly controlled entities		**39**	402	373
Amounts due to associates		**21**	30	11
Amounts due to other related parties		**101**	15	4
Current tax liabilities		**8**	—	—
Deferred income		**5**	23	42
Current portion of bank loans		**14,831**	16,356	21,363
Short-term debentures		**6,000**	3,000	—
		38,801	38,482	37,828
Net current liabilities		**(8,459)**	(5,456)	(11,190)
Total assets less current liabilities carried forward		**66,114**	68,637	65,426

Total assets less current liabilities brought forward		**66,114**	68,637	65,426
Non-current liabilities				
Bank loans		**13,135**	12,717	11,502
Provisions		**18**	37	65
Deferred income		**668**	554	74
		13,821	13,308	11,641
NET ASSETS		**52,293**	55,329	53,785
CAPITAL AND RESERVES				
Share capital	12	**7,235**	7,235	7,235
Share premium		**31,414**	31,414	31,414
Reserves		**3,625**	3,713	3,467
Retained profits		**8,465**	11,690	10,303
Equity attributable to owners of the Company		**50,739**	54,052	52,419
Non-controlling interests		**1,554**	1,277	1,366
TOTAL EQUITY		**52,293**	55,329	53,785

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

		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 2010		7,235	31,414	3,467	10,303	52,419	1,366	53,785
Total comprehensive income for the year		—	—	13	2,054	2,067	(89)	1,978
Proposed transfer between reserves		—	—	233	(233)	—	—	—
Final dividend — 2009	8(b)	—	—	—	(434)	(434)	—	(434)
Changes in equity for the year		—	—	246	1,387	1,633	(89)	1,544
At 31 December 2010		7,235	31,414	3,713	11,690	54,052	1,277	55,329
At 1 January 2011		7,235	31,414	3,713	11,690	54,052	1,277	55,329
Total comprehensive income for the year		—	—	(65)	(2,163)	(2,228)	(186)	(2,414)
Capital injection by non-controlling interests		—	—	—	—	—	463	463
Proposed transfer between reserves		—	—	(23)	23	—	—	—
Final dividend — 2010	8(b)	—	—	—	(1,085)	(1,085)	—	(1,085)
Changes in equity for the year		—	—	(88)	(3,225)	(3,313)	277	(3,036)
At 31 December 2011		7,235	31,414	3,625	8,465	50,739	1,554	52,293

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of other investments which are carried at their fair values.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

Related Party Disclosures

IAS 24 (Revised) "Related Party Disclosures" revises the definition of a related party and provides a partial exemption of disclosing related party transactions for government-related entities.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

IAS 24 (Revised) exempts an entity from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with

— a government that has control, joint control or significant influence over the entity; and

— another entity that is a related party because the same government has control, joint control or significant influence over both entities.

The entity that applies the exemption is required to disclose the followings:

— the name of the government and the nature of its relationship with the entity (i.e. control, joint control or significant influence); and

— the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:

  i. the nature and amount of each individually significant transaction; and

  ii. for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

IAS 24 (Revised) has been applied retrospectively and resulted in changes in the consolidated amounts disclosed in the financial statements as follows:

	At 31 December		At 1 January
	2011	2010	2010
	RMB million	*RMB million*	*RMB million*
Increase in amounts due from other related parties	**7**	16	—
Decrease in trade receivables	**(7)**	(16)	—
Increase in amounts due to other related parties	**(101)**	(15)	(4)
Decrease in trade payables	**81**	14	2
Decrease in other payables	**20**	1	2

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 position.

3. SEGMENT INFORMATION

The Group's revenue and trading result are generated from production and sales of steel products and therefore no other reportable segments analysis of the Group is presented.

Segment profits or losses do not include dividend income, and gains or losses from investments and derivative instruments. Segment assets do not include amounts due from related parties and investments. Segment liabilities do not include amounts due to related parties, corporate borrowings, convertible loans and derivative instruments. Segment non-current assets do not include deferred tax assets.

Information about reportable segment profit or loss, assets and liabilities:

	2011	2010
	RMB million	*RMB million*
		(restated)
Year ended 31 December		
Revenue from external customers	**90,207**	92,212
Segment (loss)/profit	**(2,360)**	1,947
Interest revenue	**28**	26
Interest expense	**1,492**	1,303
Depreciation and amortisation	**7,055**	7,176
Other material items of income and expense:		
Insurance compensation received	**24**	52
Share of profits of jointly controlled entities	**295**	297
Share of profits of associates	**96**	96
Income tax (credit)/expense	**(955)**	413

Other material non-cash items:		
Impairment of assets	**—**	4
Allowance for inventories	**1,338**	1,294
Additions to segment non-current assets	**6,322**	4,000
As at 31 December		
Segment assets	**97,478**	97,960
Segment liabilities	**16,677**	17,325
Interests in jointly controlled entities	**1,544**	1,245
Interests in associates	**581**	488

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2011	2010
	RMB million	*RMB million*
		(restated)
Revenue		
Total revenue of reportable segments and consolidated revenue	**90,207**	92,212
Profit or loss		
Total profit or loss of reportable segments	**(2,360)**	1,947
Dividend income from other investments	**11**	18
Consolidated (loss)/profit for the year	**(2,349)**	1,965

Assets		
Total assets of reportable segments	**97,478**	97,960
Amount due from immediate parent	**1**	—
Amounts due from fellow subsidiaries	**4,524**	7,272
Amount due from a jointly controlled entity	**115**	69
Amounts due from other related parties	**7**	16
Deferred tax assets	**2,340**	1,368
Investments	**450**	434
Consolidated total assets	**104,915**	107,119
Liabilities		
Total liabilities of reportable segments	**16,677**	17,325
Amount due to immediate parent	**333**	294
Amounts due to fellow subsidiaries	**1,485**	1,651
Amounts due to jointly controlled entities	**39**	402
Amounts due to associates	**21**	30
Amounts due to other related parties	**101**	15
Bank loans	**27,966**	29,073
Short-term debentures	**6,000**	3,000
Consolidated total liabilities	**52,622**	51,790
Other material items		
Impairment of assets	**—**	4
Allowance for inventories	**1,338**	1,294
Depreciation and amortisation	**7,055**	7,176
Interest expenses	**1,492**	1,303
Insurance compensation received	**24**	52
Additions of construction in progress	**6,166**	3,852

Geographical information:

	2011	2010
	RMB million	*RMB million*
Revenue		
— The PRC	**81,698**	84,382
— Other countries	**8,509**	7,830
	90,207	92,212

In presenting the geographical information, revenue is based on the locations of the customers. All of the Group's non-current assets are located in the PRC.

Revenue from major customers:

	2011	2010
	RMB million	*RMB million*
Customer A	**7,831**	8,604
Customer B	**7,244**	6,502
Customer C	**3,315**	3,187

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. OTHER OPERATING PROFIT, NET

	2011	2010
	RMB million	*RMB million*
Loss on disposals of property, plant and equipment	**(25)**	(14)
Impairment losses on property, plant and equipment	**—**	(4)
(Loss)/gain from sales of raw and scrap materials	**(1)**	14
Net exchange gain	**42**	58
Interest income	**28**	26
Government grant (note)	**190**	117
Insurance compensation	**24**	52
Dividend income from other investments	**11**	18
Others	**2**	(1)
	271	266

Note: Government grant mainly are subsidy for the scientific research and grant for the military industrial project.

6. INCOME TAX

Income tax (credit)/expense in the income statement

	2011	2010
	RMB million	*RMB million*
Current tax expense		
— Provision for PRC enterprise income tax for the year	**8**	748
— Over provision for prior years	**(13)**	—
Deferred tax	**(950)**	(335)
	(955)	413

The provision for PRC enterprise income tax is based on a statutory rate of 25% (2010: 25%) of the estimated assessable profits of the Group entities as determined in accordance with the relevant income tax rules and regulations of the PRC.

The reconciliation between the income tax (credit)/expense and the product of (loss)/profit before tax multiplied by the PRC enterprise income tax rate is as follows:

	2011	2010
	RMB million	*RMB million*
(Loss)/profit before tax	**(3,304)**	2,378
Tax at a statutory tax rate of 25% (2010: 25%)	**(826)**	594
Tax effect of non-taxable income	**(98)**	(95)
Tax effect of non-deductible expenses	**59**	20
Additional deduction*	**(77)**	(106)
Over provision for prior years	**(13)**	—
	(955)	413

* Pursuant to relevant PRC tax regulations, the Group is entitled to claim an additional deduction based on 50% of approved costs related to research and development.

7. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

(a) Finance costs

	2011	2010
	RMB million	*RMB million*
Interest and other borrowing costs	**1,919**	1,758
Less: Amount capitalised as construction in progress*	**(427)**	(455)
Net interest expenses	**1,492**	1,303
Bank charges	**35**	21
Others	**13**	9
	1,540	1,333

* The borrowing costs on funds borrowed generally have been capitalised at an average rate of 5.19% (2010: 5.02%) per annum for construction in progress.

(b) Other items

	2011	2010
	RMB million	*RMB million*
Auditors' remuneration	**7**	6
Cost of inventories sold	**89,158**	85,409
Depreciation	**7,050**	7,171
Amortisation of intangible assets (included in administrative expenses)	**5**	5
Impairment losses on property, plant and equipment (included in other operating profit, net)	**—**	4
Allowance for inventories	**1,338**	1,294
Staff costs		
— Salaries and wages, welfare and other costs	**2,041**	2,043
— Contributions to defined contribution scheme	**780**	768
	2,821	2,811
Repairs and maintenance	**3,494**	3,362
Research and development costs	**26**	29

8. DIVIDENDS

(a) Dividend for the year

	2011	2010
	RMB million	*RMB million*
Final dividend proposed after the end of the reporting period of RMB Nil per share (2010: RMB0.15 per share)	**—**	1,085

Pursuant to a resolution passed at the directors' meeting on 27 March 2012, a final dividend of RMB Nil (2010: RMB0.15) per share totalling RMB Nil (2010: RMB1,085 million) was approved for shareholders' approval at the forthcoming annual general meeting.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividend for the previous financial year, approved and paid during the year

	2011	2010
	RMB million	*RMB million*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.15 per share (2010: RMB0.06 per share)	**1,085**	434

Pursuant to the PRC enterprise income tax law, the Company is required to withhold 10% PRC enterprise income tax when it distributes dividends to its non-PRC resident enterprise shareholders.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of RMB2,163 million (2010: profit for the year attributable to owners of the Company of RMB2,054 million) and the weighted average number of shares of 7,235 million in issue during the year (2010: 7,235 million).

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share are presented as the Company did not have any dilutive potential equity shares in existence during the two years ended 31 December 2011.

10. TRADE RECEIVABLES

	2011	2010
	RMB million	*RMB million*
		(restated)
Accounts receivables	**672**	1,153
Bills receivables	**5,914**	3,703
	6,586	4,856

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2011	2010
	RMB million	*RMB million*
		(restated)
Less than 3 months	**3,963**	4,386
More than 3 months but less than 12 months	**2,620**	463
More than 1 year	**3**	7
	6,586	4,856

As of 31 December 2011, trade receivables of RMB98 million (2010: RMB22 million (restated)) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011	2010
	RMB million	*RMB million*
		(restated)
Less than 3 months	**15**	9
More than 3 months but less than 12 months	**81**	6
More than 1 year	**2**	7
	98	22

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.

As at 31 December 2011, bills receivables of RMB530 million (2010: RMB Nil) have been pledged to two banks to secure the Group to issue the bills payables amounted to RMB507 million and letter of credit amounted to RMB10 million (2010: RMB Nil and RMB Nil).

11. TRADE PAYABLES

	2011	2010
	RMB million	*RMB million*
		(restated)
Accounts payables	**4,335**	4,478
Bills payables	**5,565**	4,879
	9,900	9,357

The ageing analysis of trade payables is as follows:

	2011	2010
	RMB million	*RMB million*
		(restated)
Due on demand	**746**	88
Due within 3 months	**5,693**	6,710
Due after 3 months but within 6 months	**3,416**	2,559
Due after 6 months but within 1 year	**45**	—
	9,900	9,357

12. SHARE CAPITAL

	2011		2010	
	Number of shares million	***RMB million***	*Number of shares million*	*RMB million*
Issued and fully paid:				
State-owned legal person shares of RMB1 each				
At 1 January and 31 December	**4,869**	**4,869**	4,869	4,869
A shares of RMB1 each				
At 1 January and 31 December	**1,280**	**1,280**	1,280	1,280
H shares of RMB1 each				
At 1 January and 31 December	**1,086**	**1,086**	1,086	1,086
	7,235	**7,235**	7,235	7,235

Note:

All the state-owned legal person shares, A and H shares rank pari passu in all material respects.

II. FINANCIAL STATEMENTS PREPARED UNDER THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

1. Audit Opinion

The consolidated financial statements prepared under the PRC Accounting Standards for Business Enterprises of the Group had been audited by RSM China Certified Public Accountants (special general partnership) who issued an auditor's report with an unqualified audit opinion on 27 March 2012.

Consolidated Balance Sheet
As at 31 December 2011

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

Assets	31 Dec. 2011	31 Dec. 2010
Current assets:		
Cash at banks and on hand	**2,341**	3,651
Trading financial assets		
Bills receivable	**5,914**	3,703
Accounts receivable	**1,879**	2,061
Prepayments	**3,860**	8,380
Interest receivable		
Dividend receivable		
Other receivables	**34**	15
Inventories	**14,242**	13,134
Non-current assets due within 1 year		
Other current assets	**94**	
Total current assets	**28,364**	30,944

Non-current assets:		
Available-for-sale financial assets	**92**	179
Long-term equity investments	**2,483**	1,986
Investment real estate		
Fixed assets	**53,566**	57,267
Construction in progress	**9,136**	5,277
Construction material	**132**	1,047
Intangible assets	**6,824**	6,967
Deferred income tax assets	**2,391**	1,447
Other non-current assets		
Total non-current assets	**74,624**	74,170
Total assets	**102,988**	105,114

Liabilities and shareholders' equity	**31 Dec. 2011**	31 Dec. 2010
Current liabilities:		
Short-term loans	**10,630**	10,395
Bills payable	**5,565**	4,879
Accounts payable	**4,687**	4,683
Advances from customers	**4,396**	6,157
Employee benefits payable	**318**	322
Tax and surcharges payable	**(1,914)**	(1,836)
Interest payables	**232**	79
Other payables	**2,703**	2,737
Non-current liabilities due within 1 year	**4,201**	5,961
Other current liabilities	**6,005**	3,023
Total current liabilities	**36,823**	36,400
Non-current liabilities:		
Long-term loans	**13,135**	12,717
Deferred income tax liabilities	**39**	61
Other non-current liabilities	**686**	591
Total non-current liabilities	**13,860**	13,369
Total liabilities	**50,683**	49,769

Shareholders' equity:		
Share capital	**7,235**	7,235
Capital reserve	**31,458**	31,521
Special reserve	**47**	70
Surplus reserves	**3,570**	3,570
Undistributed profit	**8,441**	11,672
Differences from translation of foreign currency		
Subtotal of Shareholders' equity attributable to parent company	**50,751**	54,068
Minority interest	**1,554**	1,277
Total shareholders' equity	**52,305**	55,345
Total liabilities and shareholders' equity	**102,988**	105,114

Consolidated Income Statement

For the year ended 31 December 2011

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

Items			2011	2010
1.	**Operating income**		**90,423**	92,431
	Including:	Operating income from main business	**90,423**	92,431
2.	**Operating costs**		**94,271**	90,589
	Including:	Operating costs for main business	**86,406**	82,694
		Business tax and surcharges	**169**	285
		Selling expenses	**1,549**	1,622
		Administrative expenses	**3,339**	3,441
		Financial expenses	**1,470**	1,249
		Impairment losses on assets	**1,338**	1,298
	Add:	gains/losses from fair value variation		
		Investment income	**402**	411
	Including:	Income from investment in jointly controlled enterprises and associates	**391**	393
3.	**Operating profit**		**(3,446)**	2,253
	Add:	Non-operating income	**217**	142
	Less:	Non-operating expenses	**52**	37
	Including:	Loss on non-current assets disposal	**49**	35
4.	**Profit before income tax**		**(3,281)**	2,358
	Less:	Income tax expenses	**(949)**	408
5.	**Net profit for the year**		**(2,332)**	1,950
	Net profit attributable to shareholder of parent company		**(2,146)**	2,039
	Gains/losses attributable to minority shareholder		**(186)**	(89)

6.	**Earning per share**		
(1)	Basic earnings per share	**(0.297)**	0.282
(2)	Diluted earnings per share	**(0.297)**	0.282
7.	**Other comprehensive income**	**(63)**	11
8.	**Total comprehensive income**	**(2,395)**	1,961
	Share of total comprehensive income attributable to shareholder of parent company	**(2,209)**	2,050
	Share of total comprehensive income attributable to minority interest	**(186)**	(89)

III. DIFFERENCES BETWEEN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES IN THE PRC ("PRC ACCOUNTING STANDARDS")

Unit: RMB' million

		The Group				**Attributable to ordinary shareholders**			
		Net (loss)／profit		**Net assets**		**Net (loss)／profit**		**Net assets**	
	Note	**This year**	Last year	**Ending balance**	Beginning balance	**This year**	Last year	**Ending balance**	Beginning balance
Under PRC Accounting Standards		**(2,332)**	1,950	**52,305**	55,345	**(2,146)**	2,039	**50,751**	54,068
Adjustment:									
— Safety production expenses	i	**(23)**	20			**(23)**	20		
— Deferred income tax assets	ii	**6**	(5)	**(12)**	(18)	**6**	(5)	**(12)**	(18)
— Interests in jointly controlled entities					2				2
Under IFRSs		**(2,349)**	1,965	**52,293**	55,329	**(2,163)**	2,054	**50,739**	54,052

Note:

(i) According to the document (Cai Qi* [2006] No. 478), entities involved in mining, construction, production of dangerous goods and land transport are required to accrue production safety expenses to the relevant period's income statement at fixed rates on production volume or operating revenue. Under IFRSs, expenses are recognised when they are actually incurred.

(ii) According to the above adjustment made in (i), no income tax is recognised by liability method under IFRSs, whereas deferred tax assets are provided by PRC Accounting Standards.

By Order of the Board
Angang Steel Company Limited*
Fu Jihui
Executive Director and Secretary to the Board

Anshan City, Liaoning Province, the PRC,
27 March 2012

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

Executive Directors:	*Independent Non-Executive Directors:*
Zhang Xiaogang	Li Shijun
Yang Hua	Ma Guoqiang
Chen Ming	Kwong Chi Kit, Victor
Yu Wanyuan	
Fu Jihui	

* *For identification purposes only*