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鞍鋼股份有限公司
ANGANG STEEL COMPANY LIMITED*

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

(Stock Code: 0347)

ANGANG STEEL COMPANY LIMITED*
2020 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Operating income amounted to RMB100,903 million
- Total profit amounted to RMB2,403 million
- Profit attributable to shareholders of the Company amounted to RMB1,978 million
- Basic earnings per share amounted to RMB0.210 (2019: basic earnings per share amounted to RMB0.190)
- The financial information contained in this announcement is prepared in accordance with the Accounting Standards for Business Enterprises in the PRC

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

"Angang"	Angang Group Company Limited* (鞍鋼集團有限公司), the ultimate controlling shareholder of the Company
"Angang Beijing Research Institute"	Angang Group Beijing Research Institute Co., Ltd. * (鞍鋼集團北京研究院有限公司)
"Angang Financial Company"	Angang Group Financial Company Limited* (鞍鋼集團財務有限責任公司)
"Angang Group"	Angang and its subsidiaries held by it as to 30% or more (excluding the Group)
"Angang Holding"	Anshan Iron & Steel Group Co. Ltd., the controlling shareholder of the Company
"Anshan Iron & Steel Group Complex"	Angang Holding and its subsidiaries held by it as to 30% or more (excluding the Group)
"Angang International Trade"	Angang Group International Economic and Trade Co., Ltd. *(鞍鋼集團國際經濟貿易有限公司)
"Angang Parts"	Angang (Beijing) Automotive Parts Technology Co., Ltd. (鞍鋼(北京)汽車部件科技有限公司)
"ASPD–CC"	Angang Steel Processing and Distribution (Changchun) Limited* (鞍鋼鋼材加工配送(長春)有限公司)
"ASPD–HZ"	Angang Steel Processing and Distribution (Hangzhou) Limited* (鞍鋼鋼材加工配送(杭州)有限公司)
"Bayuquan Iron & Steel Branch Company"	Bayuquan Iron & Steel Branch Company* (鮁魚圈鋼鐵分公司) of Angang Steel
"Chaoyang Iron and Steel"	Angang Group Chaoyang Iron and Steel Co., Ltd. (鞍鋼集團朝陽鋼鐵有限公司)

"Company" or "Angang Steel"	Angang Steel Company Limited*(鞍鋼股份有限公司)
"Continuing Connected Transaction Agreements"	collectively, the Supply of Materials and Services Agreement (2019-2021), the Supply of Materials Agreement (2019-2021) and the Financial Service Agreement (2019-2021)
"Delin Zhilian"	Delin Zhilian (Anshan) Co., Ltd.*(德鄰智聯(鞍山)有限公司)
"Financial Service Agreement (2019-2021)"	the Financial Service Agreement (2019-2021) entered into between the Company and Angang Financial Company, which was approved at the third extraordinary general meeting of the Company in 2018
"Group"	Angang Steel Company Limited*(鞍鋼股份有限公司) and its subsidiaries
"Hong Kong Stock Exchange Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Karara"	Karara Mining Limited(卡拉拉礦業有限公司*)
"Pangang Vanadium & Titanium"	Pangang Group Steel Vanadium & Titanium Co., Ltd.*(攀鋼集團釩鈦資源股份有限公司)
"Reporting Period"	the year ended 31 December 2020
"Supplemental Agreement of the Continuing Connected Transaction Agreements"	the Supplemental Supply of Materials and Services Agreement (2020) entered into between the Company and Angang, which was approved at the second extraordinary general meeting of the Company in 2020
"Supply of Materials Agreement (2019-2021)"	the Supply of Materials Agreement (2019-2021) entered into between the Company and Pangang Vanadium & Titanium, which was approved at the third extraordinary general meeting of the Company in 2018
"Supply of Materials and Services Agreement (2019-2021)"	the Supply of Materials and Services Agreement (2019-2021) entered into between the Company and Angang, which was approved at the third extraordinary general meeting of the Company in 2018

PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS

Unit: RMB million

Items	2020	2019	Changes over the preceding year *(%)*	2018
Operating income	**100,903**	105,587	-4.44	105,157
Operating profit	**2,482**	2,025	22.57	10,088
Total profit	**2,403**	1,972	21.86	10,008
Net profit attributable to shareholders of the Company	**1,978**	1,787	10.69	7,952
Net profit attributable to shareholders of the Company after extraordinary items	**1,975**	1,716	15.09	6,633
Net cash flow from operating activities	**9,916**	10,020	-1.04	8,294
Basic earnings per share *(RMB/share)*	**0.210**	0.190	10.53	0.846
Diluted earnings per share *(RMB/share)*	**0.198**	0.187	5.88	0.840
Weighted average return on net assets (%)	**3.74**	3.43	Increased by 0.31 percentage point	14.82
Total assets	**88,046**	87,808	0.27	90,024
Total liabilities	**34,188**	35,260	-3.04	37,559
Owner's equity attributable to shareholders of the Company	**53,365**	52,079	2.47	51,962
Assets-liability ratio *(%)*	**38.83**	40.16	Decreased by 1.33 percentage points	41.72
Total share capital	**9,405**	9,405	–	7,235

Total share capital of the Company as at the trading day before the date of disclosure:

Total share capital of the Company as at the trading day before the date of disclosure *(shares)*	9,405,250,201
Fully diluted earnings per share calculated based on the latest share capital *(RMB/share)*	0.210

MAJOR FINANCIAL INDICATORS BY QUARTER

Unit: RMB million

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating income	20,337	24,313	26,521	29,732
Net profit attributable to shareholders of the Company	292	208	825	653
Net profit attributable to shareholders of the Company after extraordinary items	272	200	819	684
Net cash flow from operating activities	-3,064	7,843	1,308	3,829

Whether there is substantial difference between the aforesaid financial indicators or their sum and those disclosed in the quarterly report and interim report.

☐ Yes ☑ No

ITEMS OF NON-RECURRING GAINS AND LOSSES AND EFFECT ON PROFIT

Unit: RMB million

Items of Non-Recurring Gains and Losses	2020	2019	2018	Description
1. Gains/losses from disposal of non-current assets	**-78**	-54	-103	–
2. Government grant recorded into profit/loss for current period except that relevant to enterprise operation and in compliance with government policies and continuously entitled for standard amount or quantities	**66**	83	86	–
3. Net gains or losses of subsidiaries arising from business combination under common control from the beginning of the year to the date of combination	**–**	–	1,268	–
4. Net gains or losses of subsidiaries arising from business combination under common control for the previous year	**–**	–	–	–
5. Changes in fair value of financial assets held for trading	**-4**	3	-5	–

Items of Non-Recurring Gains and Losses	2020	2019	2018	Description
6. Changes in fair value of other non-current liabilities (part of derivative financial instruments)	**14**	60	68	–
7. Achievement by steps of business combination under non-common control, the earnings from re-measurement of original equity at fair value	**–**	–	-22	–
8. Achievement by steps of business combination under non-common control, the earnings from the lower merger cost than the fair value of the investee's identifiable net assets attributable to the investor when the investment is acquired	**–**	–	26	–
9. Investment income from disposal of subsidiaries	**–**	–	2	–
10. Other non-operating revenue and expenses except those mentioned above	**6**	3	17	–
Subtotal	**4**	95	1,337	–
Less: Effect on income tax	**1**	24	17	–
Effect on minority investors (after tax)	**–**	–	1	–
Total	**3**	71	1,319	–

Note: For the figures of non-recurring gains and losses items, 「+」 indicates gains or income, "-" indicates losses or expenses.

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

☐ Applicable ☑ Not applicable

OPERATING RESULTS FOR 2020

The Group recorded a net profit attributable to shareholders of the Company of RMB1,978 million and basic earnings per share of RMB0.210 for the year ended 31 December 2020. Net profit attributable to shareholders of the Company was RMB1,787 million and basic earnings per share was RMB0.190 for the year ended 31 December 2019.

PROFIT DISTRIBUTION

Net profit attributable to shareholders of the Company amounted to RMB1,978 million for the year of 2020, provision of statutory surplus reserve amounted to RMB126 million, the Group's undistributed profit amounted to RMB6,798 million as at 31 December 2020, in accordance with the PRC Accounting Standard for Business Enterprise, as audited and confirmed by ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)). As at the date of this announcement, the Company has a total share capital of 9,405,250,201 shares. After having deducted the 5,650,023 treasury shares held by the Company in the repurchase account, the total number of share of the Company entitled to the distribution is 9,399,600,178.

The Board recommended distributing cash dividend based on the proposed total amount of distributable profits of RMB790 million (which accounted for 40% of the net profit attributable to shareholders of the Company) to the Relevant Shareholders (as defined below) according to the total number of shares issued and entitled to the distribution by the Company on the Equity Record Date (as defined below). If the total number of shares issued and entitled to the distribution of the Company on the Equity Record Date is the same as the number as at the date of this announcement, a cash dividend of RMB0.840 (tax inclusive) per 10 shares will be distributed. The funds used for profit distribution were from the Company's own funds. Where there is any change in the total number of shares issued and entitled to the distribution of the Company before the Equity Record Date, the total amount of distributable profits of RMB790 million will remain unchanged, whereas the cash dividend per share will be adjusted based on the total number of shares issued and entitled to the distribution of the Company as at the Equity Record Date. This proposal shall be subject to the approval by the 2020 annual general meeting.

The annual general meeting of the Company is proposed to be held on 26 May 2021. Upon the approval of profit distribution plan at the annual general meeting, in order to determine the list of H Shareholders that are entitled to the profit distribution, the H Share register of members of the Company will be closed from Wednesday, 2 June 2021 to Monday, 7 June 2021 (both days inclusive), during which period no share transfer will be registered. Any H Shareholder whose name appears on the list of H Shareholder (the "**Relevant Shareholder**") of the Company as at Monday, 7 June 2021 (the "**Dividend Record Date**") is entitled to the profit distribution. In order to be entitled to the profit distribution, any H Shareholder who has not had their share transfer documents registered shall lodge their transfer documents, together with relevant share certificates, with the Company's H share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 1 June 2021 (the "**Equity Record Date**"). The final dividend is expected to be distributed on or around Wednesday, 30 June 2021.

On 25 May 2018, the Company issued HK$1,850,000,000 zero coupon convertible bonds on the Hong Kong Stock Exchange. The convertible bonds were listed and dealt on the Hong Kong Stock Exchange on 28 May 2018 (Stock Code: 5105) (the "**Bonds**"), and will fall due on 25 May 2023. After the Company implemented profit distribution proposal for 2017, 2018 and 2019, the conversion price of the Convertible Bonds was adjusted from HK$9.20 per H Share to HK$6.61 per H Share. As of 31 December 2020, there had been no conversion of the Bonds. If the total number of shares of the Company issued changes due to the exercise of conversion rights attached to the Bonds before the Equity Record Date, the amount of cash dividend per share will be adjusted according to the foregoing plan. For instance, if all of the Bonds are converted into 279,878,971 issued shares of the Company at the current conversion price of HK$6.61 per H share before the Equity Record Date, the cash dividend will be adjusted to RMB0.816 per 10 share (tax inclusive), with the total distributable profits of RMB790 million remaining unchanged. Subject to the terms and conditions of the Bonds, the holders of such Bonds shall not exercise their conversion rights 30 days prior to the annual general meeting, five days prior to the Dividend Record Date or during the period when the share transfer registration is closed. The conversion date shall be the first Hong Kong Stock Exchange working day after the holder has exercised the conversion right. Since the Company requires five working days to complete the registration of the new shares, if the holders of the Bonds exercise the conversion right after the annual general meeting but before the Equity Record Date, the Company cannot guarantee the converted shares will be registered in time by the Equity Record Date. Therefore, it is suggested that the holders of the Bonds exercise their conversion right no later than the 30 days prior to the annual general meeting, *i.e.* Monday, 26 April 2021 according to the terms and conditions of the Bonds so as to enjoy the benefits of the profit distribution.

Pursuant to the Corporate Income Tax Law of the PRC and its implementing regulations, which came into force on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the dividend to non-resident enterprise (as defined in the Corporate Income Tax Law of the PRC) shareholders whose names appear on the H Share register of members of the Company. Any H Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups, will be treated as being held by non-resident enterprise shareholders. Thus, the Company will distribute the dividend to such non-individual shareholders after withholding the 10% corporate income tax. The 10% corporate income tax will not be withheld from the dividend payable to any natural person shareholders whose names appear on the H Share register of members of the Company.

Any natural person investor whose H Shares are registered under the name of any such non-individual shareholders and who does not wish to have any corporate income tax to be withheld by the Company may consider transferring the legal title of the relevant H Shares into his or her name and duly lodge all transfer documents with the relevant H Share certificates with the Company's H Share registrar for registration.

Pursuant to the Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), for mainland corporate investors that invest in a company via the Shenzhen-Hong Kong Stock Connect, corporate income tax will be levied according to the law. In particular, for any dividend to be distributed to resident enterprises in the mainland China which hold H shares for more than 12 consecutive months, corporate income tax may be exempted according to the law. Such mainland enterprises shall declare and pay taxes by themselves in respect of such dividends, which will not be withheld by such H share company. In respect of dividends for the H shares of a company invested in by mainland individual investors on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect, the H share company shall apply to China Securities Depository and Clearing Co., Ltd., which will then provide the H share company with the register of mainland individual investors. The H share company shall withhold an individual income tax at the rate of 20% on such dividends.

For dividends received by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on the Shenzhen Stock Exchange, and before Hong Kong Securities Clearing Company Limited is able to furnish China Securities Depository and Clearing Co., Ltd. with the identity, holding period and other detailed data of the investors in the Hong Kong market, the differentiated tax treatment based on the holding period of shares will not be implemented temporarily. Listed companies shall withhold income tax at the rate of 10% and make withholding filings with the competent tax authorities. For those investors who are tax residents of other countries and the tax rate applicable to dividends is lower than 10% under the tax treaty between China and the relevant countries, such investors may, by themselves or request the withholding agent to act on their behalf to, apply to the competent tax authorities in respect of the listed company for the preferential relevant treatment under the relevant treaties. Once verified by the competent tax authorities, the amount being the difference between the tax withheld and the tax calculated at the rate as prescribed under the corresponding tax treaty shall be refunded.

All investors should consider the above contents carefully. The Company will strictly comply with the relevant PRC tax laws and regulations; and the Final Dividend will only be payable to the shareholders whose names appear on the register of members of the Company. The Company assumes no responsibility or liability whatsoever for confirming the identity of the shareholders of the Company and for any claims arising from any delay in or inaccurate determination of the identity of shareholders of the Company or any disputes over the withholding mechanism.

1. Achieved New Improvement in Operating Results

In 2020, the Company made efforts to overcome the impact of the pandemic and achieved stable improvement in profitability.

In 2020, the Group achieved an operating income of RMB100,903 million, representing a decrease of 4.44% over the previous year. The total profit reached RMB2,403 million, representing an increase of 21.86% over the previous year. The net profit attributable to shareholders of the Company was RMB1,978 million, representing an increase of 10.69% over the previous year. The basic earnings per share was RMB0.210, representing an increase of 10.53% over the previous year.

In 2020, the Group produced 25,870,000 tons of iron, representing an increase of 0.06% over the previous year; 26,480,000 tons of steel, representing a decrease of 2.46% over the previous year; and 24,570,000 tons of rolled steel, representing a decrease of 3.33% over the previous year. Sale of rolled steel amounted to 24,610,000 tons, representing a decrease of 5.02% as compared with the previous year. The Group achieved a sales-output ratio of 100.16%.

2. Deepened the Reform to Release New Vitality for its Development

The Company started the comprehensive reform with the breakthrough point of power delegation and authorization. The Company established a differentiated management and control system, and adopted a differentiated authorization principle to implement the policies by classification. The Company improved the differentiated distribution mechanism, and established a common benefit mechanism between the enterprises and the employees, so that the income would be skewed toward the productive units and the front-line positions under difficult conditions. The Company streamlined administration and delegated power to the lower levels, and strengthened the whole-process supervision to ensure the power to be exercised in an accurate, standardized and efficient manner. The Company adhered to its focus on "Authorization+Common Benefit", and established a market-oriented and efficient operation mechanism to further stimulate the inner vitality and motivation of the enterprise. The Company implemented the 2020 Restricted Share Incentive Scheme to fully motivate the core and key employees.

3. Recorded New Achievements in Cost Reduction and Efficiency Increasing

The Company played the leading role of benchmarking, took finance as the core, and focused on the key links to conduct comprehensive benchmarking, thus continuously reducing the cost of the production lines by finding the gaps, identifying the targets and making up for shortcomings. The Company optimized the procurement strategies, extended the procurement channels, and innovated the procurement methods to reasonably adjust inventory procurement, achieving remarkable results in ensuring supply and reducing procurement. The Company strengthened the innovative management on logistics intensification and reduction, promoted green and ecologic logistics, and effectively decreased the logistics costs; it enhanced the management and control on energy system, and recorded a significant year-on-year decrease in the cost of outsourcing energy. The Company reduced the financing scale, lowered the loan interest rates, and reduced the financing scale of RMB4.3 billion for the whole year, representing a year-on-year decrease of RMB317 million in the financial expenses.

4. Made New Breakthroughs in Technological Innovation

The Company strengthened the breakthroughs for key and core technologies, effectively promoted the technology research and development for development bottleneck breakthrough, and achieved milestone results in key research and development projects such as "critical manufacturing and application technology of steel for high strength corrosion resistant auto body and bogie structure of high speed trains (高強耐蝕車體和高鐵轉向架構架用鋼關鍵製造與應用技術)". The "development and application of oxidation behavior control technology in steel hot-rolled process(鋼材熱軋過程氧化行為控制技術開發及應用)" participated by the Company was awarded the Second Prize of National Science and Technology Progress, and 15 projects, including the key technology of high efficiency and green smelting of large converter clean steel (大型轉爐潔淨鋼高效綠色冶煉關鍵技術), won the Provincial Science and Technology Progress Award. The national key laboratory has been comprehensively strengthened. In 2020, 535 patents were authorized by the state, including 52% of invention patents. The Company was identified as one of the First Batch of High-value Patent Cultivation Centers in Liaoning Province. The Company deepened the construction of "One Plant, One Office and One Room", closely combined the scientific research with the field, to promote 66 key projects, thus solving the production difficulties in an all-round way and breaking the technical bottlenecks. The Company successfully developed 316H stainless steel for the fourth-generation nuclear fast reactor project, completed the world premiere of cryogenic steel for ships and high strain steel plates for deep-sea pipelines with thickness of 31.8mm, and successfully applied the steel for the high-speed train bogies in the 350 km/h high-speed trains.

5. Achieved New Results in Market Development

The Company established a strategic marketing layout, and promoted the integration of production, marketing and research, so as to create an outstanding service brand. The Company strengthened communication with the key downstream customers and continued to deepen strategic cooperation, with the proportion of direct supply reaching over 70%. The Company enhanced customer service and established a good communication channel and demand feedback platform. The sales volume of the hit products reached 38.6%, the number of bids won for key projects increased year-on-year, and the market share of key products continued to increase. The Company strengthened its brand building, which continuously improved its brand influence. In 2020, the Company won several awards, including the Hisense Group Strategic Mutual Trust Award, the Best Procurement Partner Award for Dongfeng Nissan Passenger Vehicles and the FAW Jiefang Supply Guarantee Award. The Group actively responded to the "Belt and Road" Initiative and successfully supplied materials for overseas projects such as the Dapilon-Santou Railway in Guinea and the Bangladesh's Padma Bridge.

6. Made New Progress in Smart Manufacturing

The Company accelerated the pace of smart manufacturing. The Company launched the overall management and informationization improvement project, implemented the upgrade of ERP system, the transformation of the intelligent production line of showed initial results, and 46 projects, including the intelligent centralized control project on the hot rolling process of the 2150 Production Line, were put into operation. The Company's self-developed "5G Industrial Network + Smart Steelmaking" has achieved industrial application in the steelmaking plant and won the National APP Outstanding Solution Award. The Steel whole Process Quality Big Data Solution was successfully selected as a pilot demonstration project on the Industrial Internet Platform by the Ministry of Industry and Information Technology, and Bayuquan Iron & Steel Branch Company achieved online and remote digital control of the whole process energy medium.

7. Took New Steps for Green and Low-carbon Development

The Company has achieved remarkable results in its environmental governance work. In 2020, the Company released and implemented 40 environmental protection transformation projects with projects investment of RMB1.42 billion. The Company implemented the ecological environmental protection plan, and specially completed the project of the dust control and the roofing and closing of the injection coal in Lingshan Yard and other ultra-low emission transformation projects. The Company promoted the comprehensive utilization of solid waste and turned sludge generated in the hot rolling process into wealth. The Company strengthened the treatment of pollutant emissions, with drainage per ton of steel, COD and sulfur dioxide falling 61.2%, 40% and 3.6% respectively. According to the "Master Planning and Design Program for the Forest-style Green Ecological Factory ", the Company organized and completed some of the garden landscape and shelterbelt projects in the factory area, making its main factory area a new bright spot in the green city development of Anshan City and marking a solid step towards the goal of "integrating into the city, surpassing the urban area, and making symbiosis development".

DEVELOPMENT PLAN OF THE COMPANY FOR 2021

1. Macro-economy and Industry Development Trends

The year of 2021 is the first year of China's "14th Five-Year" Plan, and also the first year of establishing a new Angang with high quality development. Both opportunities and challenges coexist in the year.

Internationally, the control of global COVID-19 pandemic still faces great challenges. Geopolitical risks still exist and there are many uncertainties in the international environment. Domestically, China's economy has entered a new stage of development, and is speeding up the establishment of a new development pattern, which takes domestic macro circulation as the mainstay, with domestic and international dual circulation reinforcing each other. In view of the supply side, the ultra-low emission transformation will further promote the green development of the industry, and the tightening capacity replacement standards will be conducive to regulating the domestic steel production capacity. In view of the demand side, the real estate investment remains resilient, the infrastructure investment continues to pick up, and the manufacturing industry accelerates the upgrading, driving demand to maintain a good situation. Nevertheless, the prices of iron ore, coke and other raw fuel continue to rise and the environmental protection costs keep growing, reducing the profit margin of steel enterprises. In general, China will continue to implement positive fiscal policy and prudent monetary policy in 2021, which will play a strong supporting role in the national economic recovery and development. Meanwhile, the in-depth promotion of Northeast Revitalization Strategy will create favorable conditions for the Company's reform and development.

2. Development Strategy and operation plan for 2021

In 2021, guided by the new development ideas, the Company will deepen reform and innovation, focus on efficiency, cost, technology, service, intelligence and ecology, strive to improve its competitiveness, innovation, control power, influence and risk-resistance capacity, and work hard to achieve high-efficiency, high-benefit and high-quality sustainable development.

(1) To promote strategic planning and implementation. The Company will accelerate the layout for its development strategy and planning for the "14th Five-Year Plan" , expand its main iron and steel business, and promote the construction of steel bases, so as to form a multi-base development pattern featuring complementary advantages, efficient synergy and industry leadership. It will develop new driving forces and new advantages, and build a steel ecosystem for coordinated industrial development. The Company will make efforts to complete the task of informatization, digitalization and intelligentization construction, comprehensively advance the development of industrial digitalization, and build model production lines and bases for smart manufacturing.

(2) To advance the three-year action plan for corporate reform. While adhering to the direction of the market-oriented reform, and with close focus on vitality stimulation and efficiency improvement, the Company will create and implement a new model of market-oriented operation. It will improve the differentiated management and control model, establish a comprehensive and efficient management system, optimize the performance evaluation system, and fully deepen the "Authorization + Common Benefit" mechanism. The Company will resolutely complete the tough task of the three system reforms, and fully stimulate endogenous divers for reform and development through breaking through the difficuties of the constraint mechanism .

(3) To build itself into a strong enterprise through the application of technologies. The Company will further promote its 2025 Leading Technology Program and Outstanding Technology Program, to achieve innovation-driven organic growth. It will accelerate its steps for major scientific and technology research projects, increase its investment into research and development, strive to solve key technological problems, advance the development of fundamental technologies, forward-looking technologies and leading technologies, and increase the market competitiveness of its competitive products. It will deepen the construction of innovative platforms, focus on major research and development need during the "14th Five-Year Plan" period of our country, and formulate and implement laboratory five year plan, to create favorable conditions for breaking through key technologies in the fields such as metallic material of marine equipment. The Company will deepen its external cooperation in scientific research, and improve its collaborative innovation capabilities. It will cultivate innovative talents in science and technology, explore the mechanism to share the benefit from the industrialization of scientific research achievements.

(4) To promote the implementation of cost reform. The Company will take the conduct of benchmarking against world-class management to improve its activities as an opportunity, establish system concept, give play to overall planning and cooperation, allocate resources in high efficiency, and create new advantages in cost competition. It will improve its total factor productivity, continue to deepen cost reduction and efficiency improvement, enhance procurement efficiency and reduce procurement cost.

(5) To promote the construction of its customer service capability. The Company will adhere to the customer-centered and market-oriented approach, to create the most competitive branded service system, so as to meet the demand of domestic industrial and consumption upgrading, and strive to be the most influential enterprise in the market. It will improve its strategic marketing planning featuring "focusing on both domestic and international markets"; optimize its marketing mechanism; increase sales volume in direct retailing, sales to key areas and projects; integrate into international circulation, and increase export proportion as and when appropriate; give full play to the important role of e-commerce platforms to serve customers under new economy, and make innovation in marketing service models; establish a marketing system under which quick response and efficient collaboration can be realized externally and internally, respectively.

(6) To promote green and low carbon development. The Company will spare no effort to promote the implementation of the ultra-low emission transformation projects and the environmental protection transformation projects, promote pollution control, and focus on management and control at the source, so as to continue to build a forest-style green and low-carbon ecological factory. Moreover, it will actively follow the implementation summary of "carbon peak" for 2030 and "carbon neutralization" for 2060, and strive to take the lead in achieving "carbon peak" and "carbon neutralization" in the iron and steel industry of Liaoning Province. It will boost the development of green energy industry, focus on the development of hydrogen energy, industrial gas, water resources and other businesses, and step on the road towards its economic development of new energy; and it will develop the clean power generation industry, and improve the utilization efficiency of surplus energy based on the target of "zero coal" power generation.

(7) To promote humanistic and harmonious sharing. The Company will continue to perform its social responsibility, and explore and expand the urban heating market, so as to become a provider of high-quality urban heating service. In addition, it will consolidate and expand the poverty alleviation results and conduct the following alleviation in a satisfactory way, and plans to invest RMB15.7 million in poverty alleviation in 2021. While adhering to the people-oriented principle, the Company will continue to promote the special service action of "practicing the concept of sharing, and showing care for front-line employees" to achieve sharing of development achievements with employees. It will strive to create value for shareholders, employees, customers and society while achieving high-quality development.

4. Plans for funding requirements

In 2021, the proposed investments for fixed assets and external investments of the Group will amount to RMB4,376 million.

In 2021, the sources of funding for the Group mainly include internal fund, supplemented by bank loans and issuing bonds.

ANALYSIS OF FINANCIAL INFORMATION

1. Overview

Unit: RMB million

Items	Reporting Period	Corresponding period of the previous year	Increase/decrease during the Reporting Period as compared with the corresponding period of the previous year *(%)*	Explanation and reasons for significant change
Operating income	**100,903**	105,587	-4.44	–
Operating costs	**91,605**	96,782	-5.35	–
Marketing expenses	**3,204**	3,064	4.57	–
Administrative expenses	**1,329**	1,331	-0.15	–
Financial expenses	**777**	1,093	-28.91	–
R&D expenditure	**417**	443	-5.87	–
Total profit	**2,403**	1,972	21.86	
Net profit attributable to shareholders of the Company	**1,978**	1,787	10.69	–
Net increase in cash and cash equivalents	**658**	2,517	-73.86	The net increase in cash and cash equivalents decreased by RMB1,859 million as compared to the same period of the previous year, which was mainly due to (i) decrease of RMB104 million in net cash inflow from operating activities as compared to the same period of the previous year; (ii) the increase of RMB286 million in net cash outflow from investing activities as compared to the same period of the previous year; (iii) the increase of RMB1,469 million in net cash outflow from financing activities as compared to the same period of the previous year.

2. Income and Cost

(1) Composition of operating income

Unit: RMB million

	2020		2019		
	Amount	**As a percentage of the operating income** *(%)*	Amount	As a percentage of the operating income *(%)*	Year-on-year increase/decrease *(%)*
Total Operating Income	**100,903**	**100**	105,587	100	-4.44
By industries					
Steel rolling and processing industry	**100,403**	**99.50**	105,096	99.53	-4.47
Others	**500**	**0.50**	491	0.47	1.83
By products					
Steel products	**92,639**	**91.81**	98,030	92.84	-5.50
Others	**8,264**	**8.19**	7,557	7.16	9.36
By geographical locations					
Domestic China	**98,003**	**97.13**	98,511	93.30	-0.52
Export sales	**2,900**	**2.87**	7,076	6.70	-59.02

(2) Industries, products and geographical locations accounting for more than 10% of the operating income or operating profit of the Company

Unit: RMB million

	Operating income	Operating cost	Gross profit margin *(%)*	Increase/decrease in operating income as compared with the corresponding period of the previous year *(%)*	Increase/decrease in operating cost as compared with the corresponding period of the previous year *(%)*	Increase/decrease in gross profit margin as compared with the corresponding period of the previous year *(percentage point)*
By industries						
Steel rolling and processing industry	100,403	91,116	9.25	-4.47	-5.45	0.95
By products						
Hot-rolled sheets products	30,471	25,976	14.75	-4.34	-6.98	2.42
Cold-rolled sheets products	32,630	30,097	7.76	-5.21	-6.52	1.29
Medium and thick plates	16,947	15,463	8.76	-1.46	-3.43	1.87
By geographical locations						
Domestic China	97,503	88,298	9.44	-0.53	-1.56	0.95
Export Sales	2,900	2,818	2.83	-59.02	-57.78	-2.84

In case of adjustment in statistical calibers of principal businesses of the Company during the Reporting Period, the principal businesses data of the Company in the latest year according to adjusted calibers at the end of the Reporting Period

☐ Applicable ☑ Not applicable

(3) Whether the Company's income from the sale of goods is greater than its income from the provision of services

☑ Yes ☐ No

Industry Classification	Items	**2020**	2019	Year-on-year increase／decrease *(%)*
Steel rolling and processing industry	Sales volume *(0'000 tons)*	**2,461.41**	2,591.61	-5.02
	Production volume *(0'000 tons)*	**2,457.46**	2,542.03	-3.33
	Stock volume *(0'000 tons)*	**76.58**	82.47	-7.14

(4) Performance of material sales contracts entered into by the Company as of the end of the Reporting Period

☐ Applicable ☑ Not applicable

(5) Composition of operating costs

Unit: RMB million

		2020		2019		
Industry Classification	Items	**Amount**	**As a percentage of operating costs** *(%)*	Amount	As a percentage of operating costs *(%)*	Year-on-year increase／decrease in operating costs *(Percentage point)*
Steel rolling and processing industry	Raw materials and fuel	**73,007**	**80.12**	75,285	78.12	2.00
	Others	**18,109**	**19.88**	21,086	21.88	-2.00
	Total	**91,116**	**100.00**	96,371	100.00	–

(6) Whether the scope of consolidation was changed during the Reporting Period

☑ Applicable ☐ Not applicable

During the year, the Company invested in the establishment of Angang Parts, holding 100% of the shares, and the registered capital was RMB50 million.

During the year, the Company jointly established Delin Zhilian with Angang Holding, holding 91% of the shares, and the registered capital was RMB60 million.

In December 2020, the Company entered into an equity transfer agreement with ASPD–CC, a subsidiary of the Company, in relation to the acquisition of 51% equity interest in ASPD–HZ held by ASPD–CC with a transaction consideration of RMB60 million. Upon the equity transfer, the Company directly holds 51% equity interest and indirectly holds 49% equity interest in ASPD–HZ.

(7) Material changes or adjustment in businesses, products or services during the Reporting Period

☐ Applicable ☑ Not applicable

(8) Major customers and suppliers

Sales to major customers of the Company

Total sales amount of the top five customers *(RMB million)*	31,962
Proportion of total sales amount of the top five customers over total sales amount for the year *(%)*	31.83
Proportion of sales to related parties of total sales amount of the top five customers over total sales amount for the year *(%)*	31.83

Top five customers of the Company

No.	Customer name	Sales amount *(RMB million)*	Proportion of sales amount over total sales amount for the year *(%)*
1	Customer A	8,562	8.53
2	Customer B	8,477	8.44
3	Customer C	8,294	8.26
4	Customer D	3,556	3.54
5	Customer E	3,073	3.06
Total		31,962	31.83

Note: Other explanations on major customers: the top five customers include companies under the control of the same parent company, which include related parties of the Company.

Major suppliers of the Company

Total purchase amount from the top five suppliers *(RMB million)*	40,690
Proportion of total purchase amount of the top five suppliers over total purchase amount for the year *(%)*	53.55
Proportion of purchase from related parties of total purchase amount of the top five suppliers over total purchase amount for the year *(%)*	49.27

Top five suppliers of the Company

No.	**Supplier name**	**Purchase amount** *(RMB million)*	**Proportion of purchase amount over total purchase amount for the year** *(%)*
1	Supplier A	17,395	22.89
2	Supplier B	10,006	13.17
3	Supplier C	6,290	8.28
4	Supplier D	3,746	4.93
5	Supplier E	3,253	4.28
Total		40,690	53.55

Note: *Other explanations on major suppliers:* the top five suppliers include companies under the control of the same parent company, which include related parties of the Company.

In 2020, saved as disclosed in this annual results announcement, none of the directors or supervisors whose associates or any shareholders (who hold 5% or more of the Company's shares as known to the Board) has an interest in the Company's top five suppliers or customers.

3. Expenses

Unit: RMB million

Financial indicators	**2020**	2019	Increase/decrease in the Reporting Period as compared with the corresponding period of the previous year *(%)*	Explanations on material changes
Marketing expenses	**3,204**	3,064	4.57	–
Administrative expenses	**1,329**	1,331	-0.15	–
Financial expenses	**777**	1,093	-28.91	–
R&D expenditure	**417**	443	-5.87	–
Income tax expenses	**407**	212	91.98	The income tax expenses increased by RMB195 million as compared to the same period of the previous year, which was mainly due to (i) the increase in total profit for the year, as a result of the increase in the current income tax expenses by RMB271 million as compared to the same period of the previous year; (ii) the decrease of RMB76 million in deferred income tax adjustment as compared to the same period of the previous year.

4. R&D expenditure

In 2020, the Company completed the layout of major research and development projects in the "14th Five-Year" period by focusing on key core technologies, key common technologies, "hit products", leading edge technologies and disruptive technologies, with a total of research and development investment amounting to RMB1.575 billion. It adhered to the high integration of the research and development of key core technologies with the Company's strategy, implemented the science and technology excellence projects according to the idea of "reserve a generation, research and develop a generation and apply a generation (儲備一代、研發一代、應用一代)", organized the "critical technology and demonstration application of steel for marine engineering equipment in extreme environment (極端環境海洋工程裝備用鋼關鍵技術及示範應用)" which was selected as major special science and technology project of Liaoning Province, and newly established two national projects, including the "weld structure optimizing and toughening mechanism of steel for ships and ocean engineering under the action of welding flux (焊劑作用下船舶及海工用鋼焊縫組織優化與強韌化機 理)". In addition, the Company was responsible for the subject of "critical manufacturing and application technology of steel for high strength corrosion resistant auto body and bogie structure of high speed trains (高強耐蝕車體和高鐵轉向架構架用鋼關鍵製造與應用技術)" of the National Key R&D Programme which passed the mid-term inspection. The steel for bogie structure of high speed trains has been applied in high speed trains of CRRC Changchun at the speed of 350km per hour. Based on the key points, difficulties and key links in the Company's production and operation, the Company played the role of technology center in supporting the production line. The first batch of 66 key projects of "One Plant, One Institute and One Room" were promoted, which achieved good results and improved the Company's ability to break the technical bottlenecks.

Items	**2020**	2019	Year-on-year increase/decrease *(%)*
Number of R&D staff *(person)*	**1,735**	1,630	6.44
Percentage of the number of R&D staff in the Company *(%)*	**5.66**	5.56	Increased by 0.1 percentage point
Amount of R&D expenditure *(RMB million)*	**1,575**	1,558	1.09
Percentage of R&D expenditure in operating income *(%)*	**1.56**	1.48	Increased by 0.08 percentage point
Amount of capitalization of R&D expenditure *(RMB million)*	**–**	–	–
Percentage of capitalization of R&D expenditure in the R&D expenditure *(%)*	**–**	–	–

Reasons for the significant change in the proportion of total R&D expenditure in operating income as compared with the previous year:

☐ Applicable ☑ Not applicable

Reasons for and reasonableness of the significant change of the capitalization rate of R&D expenditure:

☐ Applicable ☑ Not applicable

5. Cash flow

Unit: RMB million

Item	2020	2019	Year-on-year increase/decrease *(%)*
Sub-total of cash inflow from operating activities	**103,860**	96,798	7.30
Sub-total of cash outflow from operating activities	**93,944**	86,778	8.26
Net cash flow from operating activities	**9,916**	10,020	-1.04
Sub-total of cash inflow from investing activities	**300**	280	7.14
Sub-total of cash outflow from investing activities	**3,852**	3,546	8.63
Net cash flow from investing activities	**-3,552**	-3,266	-8.76
Sub-total of cash inflow from financing activities	**12,611**	17,448	-27.72
Sub-total of cash outflow from financing activities	**18,317**	21,685	-15.53
Net cash flow from financing activities	**-5,706**	-4,237	-34.67
Net increase of cash and cash equivalents	**658**	2,517	-73.86

➢ Explanations of the main factors for significant year-on-year changes of the relevant figures:

☑ Applicable ☐ Not applicable

(1) Net cash outflow from financing activities increased by RMB1,469 million as compared to the same period of the previous year, which was mainly due to the fact that (i) the cash received from borrowings decreased by RMB4,810 million as compared to the same period of the previous year ; (ii) the cash payment for the repayment of debts decreased by RMB1,705 million as compared to the same period of the previous year; and (iii) the cash payment for dividend and profit distribution or interest payment decreased by RMB1,126 million as compared to the same period of the previous year.

(2) The net increase in cash and cash equivalents decreased by RMB1,859 million as compared to the same period of the previous year, which was mainly due to (i) the decrease of RMB104 million in net cash inflow from operating activities as compared to the same period of the previous year; (ii) the increase of RMB286 million in net cash outflow from investing activities as compared to the same period of the previous year; (iii) the increase of RMB1,469 million in net cash outflow from financing activities as compared to the same period of the previous year.

➢ Explanations on reasons for significant differences in cash flow from operating activities and net profit of the Company during the Reporting Period:

☑ Applicable ☐ Not applicable

Unit: RMB million

Items	**This Year**
Reconciliation of net profit to cash flows from operating activities:	
Net profit	**1,996**
Add: Provision for impairment on assets	**39**
Credit impairment loss	**324**
Depreciation of fixed assets	**3,555**
Amortization of intangible assets	**133**
Depreciation of right to use assets	**186**
Loss on disposal of fixed assets, Intangible assets and other non-current assets (“–” for gains)	**-8**
Loss on scrap of fixed assets (“-” for gains)	**86**
Loss on the change of fair value (“-” for gains)	**18**
Financial expenses (“-” for gains)	**641**
Investment loss (“-” for gains)	**-212**
Decrease in deferred tax assets (“-” for increase)	**-355**
Increase in deferred tax liabilities (“-” for decrease)	**12**
Decrease in inventories (“-” for increase)	**-996**
Decrease in operating receivables (“-” for increase)	**1,219**
Increase in operating payables (“-” for decrease)	**3,269**
Others	**9**
Net cash flow from operating activities	**9,916**

6. Liquidity and financial resources

As at 31 December 2020, the Group had long-term loans (exclusive of loans due within one year) of RMB3,478 million with interest rates ranging from 2.82-4.9% per annum. The terms of such loans range from 3 to 7 years, and the loans will fall due in 2023. The loans are mainly used for replenishing the working capital. The Group's long-term loans due within one year amounted to RMB409 million.

In 2020, with good credibility, the Group was reviewed and rated by the rating committee of China Chengxin International Credit Rating Co., Ltd.(中誠信國際信用評級有限責任公司) with a credit rating of "AAA". In 2020, 20 financial institutions which had strategically cooperated with the Company provided credit facilities to the Company. The Group is capable of repaying its debts when they become due.

As at 31 December 2020, cash and bank balances of the Group denominated in foreign currencies was RMB1 million (31 December 2019: RMB1 million).

Cash and bank balances denominated in the currencies as set out below:

Unit: RMB million

	31 December 2020	31 December 2019
RMB	**5,328**	4,670
US dollars	**1**	1
HK dollars	**–**	–
Others	**–**	–
Sub-total	**5,329**	4,671

As at 31 December 2020, the Group had a total capital commitment of RMB4,293 million, which was primarily attributable to the construction and renovation contracts of RMB4,279 million entered into but not yet performed or partially performed and foreign investment contracts of RMB14 million entered into but not yet performed or partially performed.

7. Pension scheme

In accordance with the requirements of national insurance policies of the PRC, the Group provides all employees with basic pension (which are contributed as to 16% by the employer and as to 8% by the individual employee), pursuant to which the employee is entitled to receive pension payments on a monthly basis after retirement. For each month, the Group makes contribution to the basic pension scheme at 16% of the gross salary recognized as cost (expenses) of the previous month. In 2020, the total contribution to the basic pension scheme amounted to RMB545.86 million (including the employer's contribution of RMB333.51 million and the employees' contribution of RMB212.35 million).

In addition, the Group maintains corporate annuity scheme for all of its employees, the contribution to which is made by the Group at 4% of the gross salary recognized as cost (expenses) of the previous year. The Group also made compensation to the employees for their years of service prior to the establishment of the corporate annuity scheme. In 2020, the contribution to the corporate annuity scheme amounted to RMB212.78 million (including the employer's contribution of RMB125.87 million and the employees' contribution of RMB86.91 million) and the total compensation to the employees for their years of service prior to the establishment of the corporate annuity scheme amounted to RMB54.05 million.

8. Foreign exchange risk

The Group carries out import and export through agent trade by Angang International Trade for its main foreign currency transactions including the export of sales products, import of raw materials and engineering equipment. Foreign currency risk is mainly reflected in the impact of exchange rate changes when settling through agent on sales and procurement costs.

The Group issued HK$1.85 billion of H-share convertible bonds, the foreign exchange risk of which depends on the exchange rate of the Renminbi against the Hong Kong dollar at the time of redemption of the unconverted bonds.

Analysis of Non-Principal Businesses

Unit: RMB million

Items	**Amount**	**As a percentage of total profit** *(%)*	**Reasons for the changes**	**Sustainable or not**
Investment income	212	8.82	Mainly included investment income from long-term equity investments accounted by equity method and other equity instruments during holding period.	Yes
Gains arising from changes in fair value	-18	-0.75	Mainly included changes in fair value of derivative financial instruments and embedded derivative financial instruments.	Yes
Impairment losses on asset	-39	-1.62	Mainly included provision for impairment of inventory.	No
Credit impairment loss	-324	-13.48	Mainly included credit impairment loss on account receivables.	No
Other gains	65	2.70	Mainly included gains on government grants.	No
Non-operating income	33	1.37	Mainly included gains on destruction or scrap of non-current assets.	Yes
Non-operating expenses	112	4.66	Mainly included losses on destroy or scrap of non-current assets.	Yes

ANALYSIS OF ASSETS AND LIABILITY

1. Significant changes in composition of assets

Unit: RMB million

Items	End of 2020 Amount	End of 2020 As a percentage of total assets (%)	End of 2019 Amount	End of 2019 As a percentage of total assets (%)	Increase/Decrease (percentage point)	Explanation for significant Amount change
Monetary capital	**5,329**	**6.05**	4,671	5.32	0.73	–
Notes receivables	**63**	**0.07**	2,635	3.00	-2.93	–
Account receivables	**2,593**	**2.95**	2,569	2.93	0.02	–
Inventories	**10,618**	**12.06**	9,793	11.15	0.91	–
Long-term equity investments	**2,965**	**3.37**	2,894	3.30	0.07	–
Fixed assets	**50,372**	**57.21**	50,966	58.04	-0.83	–
Construction in progress	**1,814**	**2.06**	1,549	1.76	0.30	–
Short-term loans	**8,505**	**9.66**	12,195	13.89	-4.23	–
Long-term loans	**3,478**	**3.95**	3,392	3.86	0.09	–

2. Assets and liabilities measured at fair value

Unit: RMB million

Items	Opening balance	Gains or losses arising from changes in fair value for the period	Changes in cumulative fair value reported in equity	Impairment made for the period	Purchases during the period	Disposals during the period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	38	-4						34
2. Derivative financial assets								
3. Other credit investment								
4. Other equity instrument investment	465		-109				-69	476
Sub-total of financial assets	503	-4	-109				-69	510
Investment properties								
Productive biological assets								
Others								
Total	503	-4	-109				-69	510
Financial liabilities		-43						43

Material changes in measurement of major assets during the Reporting Period

☐ Yes ☑ No

3. Gearing ratio

As at 31 December 2020 and 31 December 2019, the Group's ratio of equity to liability was 1.56 times and 1.49 times, respectively.

4. Restrictions on assets as at the end of the Reporting Period

During the year, the Group pledged notes receivable with carrying amount of RMB104 million to bank to obtain notes payable of RMB101 million, of which RMB94 million was for a pledge with term from January 2021 to May 2021 and RMB10 million was for a pledge with term from January 2021 to June 2021.

5. Contingent liabilities

As at 31 December 2020, the Group had no contingent liabilities.

ANALYSIS ON THE CORE COMPETITIVENESS

1. Product brand advantages

The Company's steel products are comprehensive in types and specifications and have certain differentiation advantages and its brand has high popularity and credibility. The products are sold to various regions in China and dozens of countries in the world, which are widely used in various downstream industries. It has a leading position in producing steel for shipbuilding and marine engineering, automotive steel plates, home appliance plates, container plates and heavy rails. Its railway steels, container steels and shipbuilding plates won the title of "China Famous Brand Products". Its 16 products including hot rolling pickling steel strip, cold rolling hot dip aluminized and galvanized plates and structural steel for bridges are awarded as "Gold Cup" high quality products, and 7 products such as the wire rods for steel cords are acknowledged as "Famous Brand in Liaoning". In terms of major certifications, the Company has obtained certification for more than 60 products, including certification and extended certification by classification societies from 9 countries for its ship plates products, JIS (Japan) certification for its medium-to-thick plates, hot-rolled and cold-rolled products, HPQ (Germany) certification for its bridge steel products, CRCC certification for its hot rolled corrosion-resistance products for the first time, certification by China Standardization Committee on Boilers and Pressure Vessels for its pressure vessel plates products, as well as certifications for its automobile steel products granted by vehicle enterprises and key users. Its products are applied to the Hong Kong-Zhuhai-Macao Bridge, "Blue Whale I" drilling platform, "Hualong One" nuclear power project and other national key projects.

2. Secured resources supply advantages

The areas of Anshan and its surrounding areas have abundant reserves of iron ore, providing strong secured supply of resources for the production and operation of the Company. Mining companies of Angang Group have iron ore resources of 8,800 million tons and production stripping capacity of 280 million tons per year and mineral processing capacity of 65 million tons per year, which ranked the first in China and are in leading positions in the world. In addition, Angang Group also owns Karara iron ore base with annual output of 8 million tons overseas, and has relative strong international trading capacity of iron ore.

3. Technological innovation advantages

The Company has mastered a number of core, leading, basic and cutting-edge key technologies. The progress regarding intellectual property rights marked by patent applications, number of licenses and number of know-hows are in the "first echelon" in the metallurgical industry; it takes an important role in the modification of national project research and development, national standards and industry standards. Many achievements in intellectual property rights have been made in the fields of pre-ironmaking and iron and steel smelting systems, iron and steel products, environmental resources, etc. Since the launch of, 13th Five-Year Plan, the Company has undertaken 54 national scientific research projects, researched and developed 67 leading technologies, added 2,148 new patents, launched 20 products and won 3 national first and second prizes for progress in science and technology.

The Company's comprehensive research and development strength in products leads in the iron and steel industry. The TWIP1180HR hot coil and other new products produced by the full process technology were launched; the QP1400 cold rolled high-strength automobile steel plates made its world debut; extremely wide and thick steel plates and 90mm crack-resistant steel for ships were launched as the first in China; the longitudinal variable thickness weatherproof LP steels are exclusively used in batch in bridge engineering. The Group successfully developed the 4,000mm ultra-wide nuclear grade duplex stainless steel plates S32101, filling in the gap of our country regarding special steels and reaching the world leading level. Its railway vehicle weather resistant steels can be provided in all kinds of specifications, and the power car bogies lead the development of the industry. The successful development of wide width martensitic stainless steels 4Cr13 for corrosion-resistant dies fills the blank of large martensitic stainless steel plates in China.

4. **Technical and equipment management advantages**

Low-cost blast furnace ironmaking technology, rapid selection technology of coking coal and converter ultra-pure steel production technology are among the best of the PRC. The technical equipment of 1,780mm, 2,150mm and 1,580mm hot rolling production line, cold rolling production line, wire rods 2# lines and universal lines and wide and thick plate production line have reached the domestic advanced level, while the self-integrated cold rolling wide strip production technology, self-developed, applied cold rolling mill shape control system core technology and wide and thick plate production technology have all reached the internationally advanced level.

Bayuquan production base has a compact layout and leads the world in equipment and craft. It boasts large equipment, constant processing, indicator modelling, automatic operation, IT application in management and information digitization. The 1,580mm hot rolling plate production line uses multiple internationally advanced hot rolling technology, and equipped with a fixed width press, a hot coil box and 7 continuous rolling mills; the 5,500mm thick plate production line is currently one of the largest wide and thick plate mills in the world.

Aiming at ultra-thin, low cost and high quality, Chaoyang Iron and Steel constantly improves the market-oriented system and mechanism, continuously promotes the cost reform and preliminarily forms the low-cost competitive advantage.

5. **Corporate culture advantages**

After accumulating, generalizing, extracting, sublimating the spirit of the past generations, the Company has established a profound corporate culture with “Innovation, Factualism, Hard Working and Contribution” as its core value and gave birth to the “Angang Constitution” which is praised as the fundamental law for running socialist enterprises. It abounds in heroic figures like Meng Tai, Lei Feng, Wang Chonglun as well as advanced models in the new period including Guo Mingyi and Li Chao. Its “model culture” plays an irreplaceable role in uniting the teams and making concerted efforts.

SIGNIFICANT EVENTS

1. The profit distribution proposal of the Company for 2020

Net profit attributable to shareholders of the Company amounted to RMB1,978 million for the year of 2020, provision of statutory surplus reserve amounted to RMB126 million, the Group's undistributed profit amounted to RMB6,798 million as at 31 December 2020, in accordance with the PRC Accounting Standard for Business Enterprise, as audited and confirmed by ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)). As at the date of this announcement, the Company has a total share capital of 9,405,250,201 shares. After having deducted the 5,650,023 treasury shares held by the Company in the repurchase account, the total number of share of the Company entitled to the distribution is 9,399,600,178.

The Board recommended distributing cash dividend based on the proposed total amount of distributable profits of RMB790 million (which accounted for 40% of the net profit attributable to shareholders of the Company) to the Relevant Shareholders according to the total number of shares issued and entitled to the distribution by the Company on the Equity Record Date. If the total number of shares issued and entitled to the distribution of the Company on the Equity Record Date is the same as the number as at the date of this announcement, a cash dividend of RMB0.840 (tax inclusive) per 10 shares will be distributed. The funds used for profit distribution were from the Company's own funds. Where there is any change in the total number of shares issued and entitled to the distribution of the Company before the Equity Record Date, the total amount of distributable profits of RMB790 million will remain unchanged, whereas the cash dividend per share will be adjusted based on the total number of shares issued and entitled to the distribution of the Company as at the Equity Record Date. This proposal shall be subject to the approval by the 2020 annual general meeting.

2. Performance of Undertaking

The undertakings performed by the Company, shareholders, de facto controllers, offerors, Directors, Supervisors, senior management or other related parties during the Reporting Period as well as the undertakings that they have not yet performed as at the end of the Reporting Period.

Reason for Undertaking	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
Undertaking made during the restructuring of assets	Angang Holding	Industry competition commitments	The Non-competition Undertaking Letter of Anshan Iron & Steel Group Complex (《鞍山鋼鐵集團公司避免同業競爭承諾函》): (1) Angang Holding and its wholly-owned and holding subsidiaries have complied with relevant requirements of the state on the non-competition. (2) Angang Holding and its wholly-owned and holding subsidiaries have never engaged in any business which directly or indirectly competes with the iron and steel business, the principal business of the Company. (3) Angang Holding undertakes that the Company is entitled to the pre-emptive rights for the assets and business to be disposed by Angang Holding or the wholly-owned and controlling subsidiaries of Angang Holding, which are related to the iron and steel business of the Company.	20 May 2007	Indefinite	There was no breach of such undertaking

Reason for Undertaking	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			(4) If the enterprises in which Angang Holding holds equity interests produce products or engage in business which compete or may compete with the Company, Angang Holding undertakes that it will transfer all the capital contribution, shares or equity interests and grant the Company preemptive rights for such capital contribution, shares or equity interests.			
			(5) If Angang Holding and its wholly-owned and holding subsidiaries have assets and business which compete or may compete with the Company, when the Company proposes the purchase requirement, Angang Holding and its wholly-owned and holding subsidiaries will transfer relevant assets and business to the Company with priority based on reasonable prices and conditions according to the processes required by laws.			
			(6) During the effective period of the undertakings, on the premise of equal investment qualifications, Angang Holding shall inform the Company first for the opportunity of new business.			

Reason for Undertaking	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			If the Company accepts such opportunity of new business, Angang Holding shall transfer such new business to the Company for free. Angang Holding and its wholly-owned and holding subsidiaries have the rights to invest in the new business only if the Company expressly refuses such opportunity. If the Company proposes the purchase requirement in the future, Angang Holding and its wholly-owned and holding subsidiaries still need to transfer the assets and business formed by such opportunities to the Company with priority based on reasonable prices and conditions. (7) Other effective measures to avoid and eliminate horizontal competition. The above undertakings do not limit the business of Angang Holding and its wholly-owned and holding subsidiaries which do not compete with the Company, especially the business of provision of required materials or services necessary for the operation of the Company.			

Reason for Undertaking	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			All the undertakings made by Angang Holding are based on the national requirements and subject to the adjustments according to the national requirements. Angang Holding is eligible for engaging in business not prohibited by the state. Such undertakings became effective from the date of issuance, and shall be terminated once one of following conditions occurs: (1) Angang Holding ceases to be the controlling shareholder of the Company. (2) The shares of the Company cease to be listed on any stock exchanges (except for temporary suspension of the shares of the Company due to any reason). (3) When the state does not require the contents of Certain undertakings, relevant section shall be terminated automatically.			

Reason for Undertaking	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			Considering that Angang Holding does not have any iron and steel production projects in production which compete with the Company, therefore, the undertakings made in the undertaking letter shall prevail if any inconsistencies occur between such undertakings and all the undertakings made by Angang Holding concerning the competitions with the Company before the date of the issuance of the undertaking letter.			
Whether the commitments are fulfilled on time	Yes					

3. Misappropriation of Non-operating Funds of the Company by Controlling Shareholders and Its Connected Persons

☐ Applicable ☑ Not applicable

During the Reporting Period, the Group did not have any misappropriation of non-operating funds of the Company by controlling shareholders and its connected persons.

4. Explanation of Changes in Accounting Policies, Accounting Estimates and Accounting Method of the Group During this Year as Compared with the Financial Report of the Previous Year

☐ Applicable ☑ Not applicable

During the year, the Group did not have any changes in accounting policies and accounting estimates.

5. Reason for Retrospective Restatement to Correct Major Accounting Errors During the Reporting Period

☐ Applicable ☑ Not applicable

6. Explanation of Changes of Scope in Consolidated Statements As Compared With the Financial Report of the Previous Year

☑ Applicable ☐ Not applicable

During the year, the Company invested in the establishment of Angang Parts, holding 100% of the shares, and the registered capital was RMB50 million.

During the year, the Company jointly established Delin Zhilian with Angang Holding, holding 91% of the shares, and the registered capital was RMB60 million.

In December 2020, the Company entered into an equity transfer agreement with ASPD–CC, a subsidiary of the Company, in relation to the acquisition of 51% equity interest in ASPD–HZ held by ASPD–CC with a transaction consideration of RMB60 million. Upon the equity transfer, the Company directly holds 51% equity interest and indirectly holds 49% equity interest in ASPD–HZ.

7. Appointment and Dismissal of Accounting Firm

(1) Accounting Firm Currently Engaged by the Company

Name of the PRC accounting firm	ShineWing Certified Public Accountants (Special General Partnership)
Remuneration of the PRC accounting firm	RMB5 million
Continued term of auditing service of the PRC accounting firm	three years
Name of certified public accountants of the PRC accounting firm	Fan Jianping (范建平) and Fu Yangyi (付羊意)
Continued term of auditing services by certified public accountants of the PRC accounting firm	three years

(2) Whether Appointed Another Accounting Firm During the Period

☐ Yes ☑ No

(3) Particulars on Appointment of Accounting Firms, Financial Consultants or Sponsors for Internal Control and Auditing Purposes

☑ Applicable ☐ Not applicable

The Company engaged ShineWing Certified Public Accountants (Special General Partnership) as the internal control and auditing firm of the Company for 2020 and the remuneration was RMB0.70 million.

(4) Whether to Accounting Firms Has Changed in the Last Three Years

Due to Ruihua Certified Public Accountants (Special General Partnership) has provided the Company with continuous annual audit services for 5 years, and according to the relevant requirements of the SASAC, the Company had changed the accounting firm for 2018. The Company appointed ShineWing Certified Public Accountants (Special General Partnership) as the Company's auditor.

8. Material Litigation and Arbitration

The Company was not involved in any material litigation and arbitration during the Reporting Period.

Background of litigation (arbitration)	Amount involved *(RMB0'000)*	Any estimated liabilities incurred	Status of litigation (arbitration)	Trial outcome and impact of litigation (arbitration)	Enforcement of the judgment on litigation (arbitration)
Non-material proceedings	118,745	–	Some of the successful cases have entered the enforcement process, while other cases are still under trial.	–	–
Non-material response to proceedings	12,079	–	Most of the cases were concluded in favour to the Company, while other cases are still under trial.	–	–

Note: The non-material proceedings were mainly the actions brought by the Company against certain financial companies and related liable entities on overdue bank acceptance bills.

9. Penalty and Rectifications

☐ Applicable ☑ Not applicable

The Company has not been subject to any material penalty or rectification during the Reporting Period.

10. Credibility of the Company, Its Controlling Shareholders and De Facto Controllers

☐ Applicable ☑ Not applicable

11. Implementation of the Share-Based Incentives, Employee Stock Ownership Scheme and Other Employee Incentive Measures of the Company

☑ Applicable ☐ Not applicable

On 26 November 2020, the Resolution on the 2020 Restricted Share Incentive Scheme of Angang Steel Company Limited* (Draft) and Its Summary (《鞍鋼股份有限公司2020年限制性股票激勵計劃(草案)及其摘要的議案》) and other relevant resolutions were considered and approved at the thirty-second meeting of the eighth session of the Board and the eleventh meeting of the eighth session of the Supervisory Committee the Company.

On 31 December 2020, the Resolution on the 2020 Restricted A Share Incentive Scheme of Angang Steel Company Limited* (Draft) and Its Summary (《鞍鋼股份有限公司2020年A Share限制性股票激勵計劃(草案)及其摘要的議案》) and other relevant resolutions were considered and approved at the 2020 third extraordinary general meeting of the Company.

On 8 January 2021, the Resolution on the Adjustment in Relevant Matters of the 2020 Restricted A Share Incentive Scheme of Angang Steel Company Limited* (《關於調整鞍鋼股份有限公司2020年限制性股票激勵計劃相關事項的議案》) and the Resolution on the First Grant of the Restricted Shares to Incentive Participants (《關於向激勵對象首次授予限制性股票的議案》) were considered and approved at the thirty-eighth meeting of the eighth session of the Board and the thirteenth meeting of the eighth session of the Supervisory Committee the Company. The first grant date of the 2020 Restricted Share Incentive Scheme was 8 January 2021.

On 27 January 2021, the Company completed the registration for the first grant of the 2020 Restricted Share Incentive Scheme and the listing date of the grated restricted shares was 27 January 2021.

12. Major Related Party Transactions

The related party transactions set out below fall within the definition relating to "Connected Transaction" or "Continuing Connected Transaction" under Chapter 14A of the Hong Kong Stock Exchange Listing Rules ("**Connected Transaction**", or where applicable, "**Continuing Connected Transaction**"). Relevant related party transactions have complied with the disclosure requirements under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

(1) Related party transactions related to daily operations

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount *(RMB million)*	As a percentage of the amount of similar transactions *(%)*	Transaction Cap *(RMB million)*	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Holding	Controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	7,331	14.54	27,336	No	In cash	–
Angang Group Mining Gongchangling Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	3,126	6.19			In cash	–
Angang Mining Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	2,385	4.72			In cash	–
Angang Group International Economic and Trade Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	2,107	4.18			In cash	–
Shanxi Wuchan International Energy Co., Ltd. (山西物産國際能源有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	1,808	3.59			In cash	–
Angang Group Anqian Mining Company Limited	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	1,385	2.75			In cash	–
Angang Group Guanbaoshan Mining Co. Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	1,318	2.61			In cash	–
Angang Scrap Steel Resources (Anshan) Co., Ltd. (鞍鋼廢鋼資源(鞍山)有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	555	1.10			In cash	–

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount *(RMB million)*	As a percentage of the amount of similar transactions *(%)*	Transaction Cap *(RMB million)*	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Cast Steel Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	–	348	0.69			In cash	–
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle		684	1.36			In cash	–
Sub-total	–	–	Purchase main materials	–	–	21,047	41.74			–	–
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	–	398	100.00	400	No	In cash	–
Sub-total	–	–	Purchase steel products	–	–	398	100.00			–	–
Anshan Iron and Steel Metallurgical Furnace Material Technology Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase Auxiliary materials	Market principle	–	871	10.47	3,569	No	In cash	–
Angang Refractory Co., Ltd	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase Auxiliary materials	Market principle	–	627	7.54			In cash	–

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount *(RMB million)*	As a percentage of the amount of similar transactions *(%)*	Transaction Cap *(RMB million)*	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Engineering Technology Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	–	315	3.79			In cash	–
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	–	1,167	14.02			In cash	–
Sub-total	–	–	Purchase auxiliary materials	–	–	2,980	35.82			–	–
Angang Holding	Controlling shareholder	Purchase goods/ Receive services	Procurement of energy and power	Market principle	–	1,529	37.47	1,848	No	In cash	–
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Procurement of energy and power	Market principle	–	66	1.61			In cash	–
Sub-total	–	–	Procurement of energy and power	–	–	1,595	39.08	–	–		
Delin Lugang (Anshan) Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	–	1,710	15.01	7,650	No	In cash	–

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount *(RMB million)*	As a percentage of the amount of similar transactions *(%)*	Transaction Cap *(RMB million)*	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Holding	Controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	–	855	7.51			In cash	–
Angang Construction Group Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	–	670	5.88			In cash	–
Angang Cold Rolled Steel Plate (Putian) Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	–	542	4.76			In cash	–
Angang Group Engineering Technology Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	–	466	4.09			In cash	–
Angang Metal Structure Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	–	376	3.30			In cash	–
Angang Auto Transport Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	–	369	3.24			In cash	–
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	–	1,946	17.09			In cash	–
Sub-total	–	–	Receive supporting services	–	–	6,934	60.88			–	–

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount *(RMB million)*	As a percentage of the amount of similar transactions *(%)*	Transaction Cap *(RMB million)*	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Delin Lugang (Anshan) Co., Ltd.	Controlled by the same controlling shareholder	Sales of products/ Receive services	Sales of products	Market principle	–	2,503	2.66	5,398	No	In cash	–
Angang Green Resources Technology Co., Ltd.	Controlled by the same controlling shareholder	Sales of products/ Receive services	Sales of products	Market principle	–	707	0.75			In cash	–
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Receive services	Sales of products	Market principle	–	902	0.96			In cash	–
Sub-total	–	–	Sales of products	–	–	4,112	4.37			–	–
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Receive services	Sell scrap steel material, abandoned material, minus sieve powder	Market principle	–	302	83.66	361	No	In cash	–
Sub-total	–	–	Sell scrap steel material, abandoned material, minus sieve powder	–	–	302	83.66			–	–

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount *(RMB million)*	As a percentage of the amount of similar transactions *(%)*	Transaction Cap *(RMB million)*	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Holding	Controlling shareholder	Sales of products/ Provision of services	Provide comprehensive services	Market principle	–	719	12.76	2,028	No	In cash	–
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Provide comprehensive services	Market principle	–	368	6.52			In cash	–
Sub-total	–	–	Provide comprehensive services	–	–	1,087	19.28			In cash	–
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Settle fund and deposit interest	Market principle	–	33	35.11	50	No	In cash	–
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Maximum daily deposit balance	Market principle	–	3,496		3,500	No	–	–
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Credit business interest	Market principle	–	2	0.22	250	No	In cash	–
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Entrusted loan interest	Market principle	–	5	100.00	120	No	In cash	–

Particulars on refund of bulk sale	
Estimated total amount for Continuing Connected Transactions to be conducted during the period and their actual implementing during the reporting period	The estimated data of Continuing Connected Transactions of the Company for the previous year was based on the content and estimated caps of transactions set out in the Continuing Connected Transaction Agreements and the Supplemental Agreement of the Continuing Connected Transaction Agreements of the Company. The total amount of Continuing Connected Transactions of the Company in 2020 did not exceed the relevant applicable caps as specified under the Continuing Connected Transaction Agreements and the Supplemental Agreement of the Continuing Connected Transaction Agreements. The difference between actual amounts of certain connected transactions and estimated amounts was relatively larger, due to the impact of changes in prices of commodities and trading volumes during actual operation. As the originally estimated data represented the estimated caps of transactions, the existence of difference was reasonable which did not prejudice the interests of non-controlling shareholders and the Company.
Reason for the difference between transaction price and market reference price	–
Relevant explanation on connected transactions	As production in the iron and steel industry is on a continuous basis, Angang Group has been engaged in mining, supplying, processing and manufacturing of raw materials, auxiliary materials and energy and power, which is a part of the supply chain of the Company. In the meantime, its subsidiaries have a high technological level and service capabilities, which can provide necessary support services for production and operation of the Company. The Company would sell certain products, abandoned steel, abandoned materials and integrated services to Angang Group which is a client of the Company

(2) Related party transactions in relation to asset or equity acquisition or disposal

☐ Applicable ☑ Not applicable

There was no related party transaction in relation to asset or equity acquisition and disposal during the Reporting Period.

(3) Related party transactions in relation to joint external investments

Unit: RMB million

Joint parties	Connected relationship	Investee	Principal business of the investee	Registered capital of the investee	Total assets of the investee	Net assets of the investee	Net profit of the investee
Angang Holding	Controlling shareholder	Delin Zhilian	E-commerce; online sales of steel and iron and supply chain finance, etc.	60	99	76	16
Progress of significant projects under construction of the investee (if applicable)				–			

(4) Related party credit and debt transaction

There were no claims or obligations for non-operating purpose during the Reporting Period.

(5) Other major connected transactions

On 11 December 2020, the Resolution on Cooperation in Conducting Technology Development Projects between Angang Group Beijing Research Institute Co., Ltd. ("**Angang Beijing Research Institute**") and the Company was approved at the thirty-fifth meeting of the eighth session of the Board. Angang Beijing Research Institute is the holding subsidiary of Angang, which is the actual controller of the Company. In order to improve the basic, cutting-edge and leading technology research and development level, and enhance the leading force of scientific and technological innovation of the Company, the Company cooperated with Angang Beijing Research Institute to conduct six technology development projects. The total technology development fee is RMB77.78 million.

(6) Opinion of Independent Non-executive Directors

For the above Continuing Connected Transactions, the independent non-executive Directors of the Company expressed their opinions as follows:

(1) the Continuing Connected Transactions of the Company in 2020 were carried out in the ordinary and usual course of business of the Company; (2) the Continuing Connected Transactions of the Company in 2020 were conducted (A) in accordance with the normal commercial terms (with reference to transactions of a similar nature made by similar entities in the PRC); (B) on terms no less favorable than the terms available to or offered by the third parties (if no comparable case is available); and (C) on terms which are fair and reasonable to shareholders of the Company (if no reference is available); (3) the Continuing Connected Transactions of the Company in 2020 were conducted in accordance with the terms set out in the Continuing Connected Transaction Agreements and the Supplemental Agreement of the Continuing Connected Transaction Agreements, which are fair and reasonable and in the interest of the Company and shareholders as a whole; (4) the total amount of Continuing Connected Transactions of the Company in 2020 did not exceed the relevant applicable caps as specified under the Continuing Connected Transaction Agreements and the Supplemental Agreement of the Continuing Connected Transaction Agreements. The difference between actual amounts of certain connected transactions and estimated amounts was relatively larger, due to the impact of changes in prices of commodities and trading volumes during actual operation. As the originally estimated data represented the estimated caps of transactions, the existence of difference was reasonable which did not prejudice the interests of non-controlling shareholders and the Company.

(7) Opinions of auditors

The auditors of the Company have reviewed the non-exempt continuing relate party transactions conducted during the year 2020 and issued a letter to the Board. In respect of the Continuing Connected Transactions disclosed by the Company, the auditors are of the opinion that nothing has come to their attention that causes them to believe that:

(1) the disclosed Continuing Connected Transactions have not been approved by the Board of the Company.

(2) for the transactions involving provision of the Group's goods and services, the Continuing Connected Transactions were not carried out in accordance with the pricing policies of the Group in all material aspects.

(3) the transactions were not carried out in accordance with the relevant agreements in all material aspects.

(4) any Connected Transactions had exceeded the relevant annual cap.

13. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(1) *Trust, contractual or lease arrangement*

1) *Trust arrangement*

On 18 December 2018, the Company approved the Supply of Materials and Services Agreement (2019–2021) between the Company and Angang at the third extraordinary general meeting of the Company in 2018. The Company entered into the Entrusted Management Services of Asset and Business Agreement with Angang Holding on January 2019 as the specific agreement for execution under the approved Supply of Materials and Services Agreement (2019–2021). Pursuant to the Entrusted Management Services of Asset and Business Agreement, Angang Holding entrusts the Company to daily operate and manage the assets, businesses, additional future assets and businesses of the unlisted units under its control.

During the Reporting Period, the Company did not address any entrusted projects which resulted in profit or loss of the Company amounting to more than 10% of the Company's total profit during the Reporting Period.

2) *Contractual arrangement*

The Company did not enter into any contractual arrangement during the Reporting Period.

3) *Lease arrangement*

The Company used certain land assets of Angang Holding and its subsidiaries for its production and operation. Pursuant to the Land Lease Agreements entered into between the Company and relevant parties, the Company paid a land leasehold payment with reference to the market rates to Angang Holding and its subsidiaries, with a total amount of RMB89 million in 2020.

During the Reporting Period, there was no lease which generated profit of more than 10% of the gross profit of the Company.

(2) Material guarantee

During the Reporting Period, there was no material guarantee provided by the Company, nor was there any material guarantee subsisting during the Reporting Period.

(3) Entrusted cash assets management.

1) Entrusted wealth management

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

2) Entrusted loans

During the Reporting Period, the Company did not have entrusted loan.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Pursuant to the "Resolution on the Repurchase of Part of A Shares of the Company Held by the Public" approved at the thirty-second meeting of the eighth session of the Board on 26 November 2020, the Company repurchased a total of 52,450,023 A shares held by the public during the period from 10 to 24 December 2020 for the purpose of implementing the share-based incentives or the employee stock ownership scheme. Save for the aforementioned matter, 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 in both Hong Kong and Shenzhen, 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 to create value for the shareholders in the long term.

The Company has adopted the code provisions set out in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange as currently in force. The Company has periodically reviewed its corporate governance practices. Save as set out below, the Company has properly complied with the code provisions of the Corporate Governance Code:

(1) According to provision A.1.8 in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange, "an issuer should arrange appropriate insurance cover in respect of legal action against its directors".

The Company did not arrange any insurance cover for its Directors in 2020.

In strict compliance with the requirements of the Company Law, the Securities Law, the relevant requirements of the CSRC, the Listing Rules of Hong Kong Stock Exchange, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange, and other regulations, the Company has regulated its operations and established a comprehensive corporate governance system and an effective internal control system, which has lowered the legal risks to the Directors. Therefore, no insurance arrangement has been made in respect of the Directors in 2020.

(2) According to provision E.1.2 in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange, "The chairman of the board should attend the annual general meeting... ...".

In 2020, Mr. Wang Yidong, the chairman of the Company, has not attended the annual general meeting of the Company in person due to other corporate affairs, and appointed Mr. Li Zhen, the Director of the Company, to attend and preside over the meeting on his behalf.

AUDIT COMMITTEE

The Audit Committee and the management of the Company have jointly examined the Company's accounting policy and have discussed issues in relation to the auditing, internal control and financial statements of the Company, including a review of the audited financial statements for the year ended 31 December 2020.

ANNUAL GENERAL MEETING

The 2020 annual general meeting will be held on Wednesday, 26 May 2021. A notice to convene the annual general meeting of the Company and the 2020 annual report of the Company will be published and delivered to H shareholders of the Company as required by the Listing Rules of Hong Kong Stock Exchange in due course.

CONSOLIDATED BALANCE SHEET

December 31, 2020

Prepared by: Angang Steel Company Limited *Monetary unit: RMB m*illion

Items	*Notes*	**31 December 2020**	31 December 2019
Current assets:			
Cash and cash equivalents		**5,329**	4,671
Notes receivable		**63**	2,635
Accounts receivable	2	**2,593**	2,569
Accounts Receivables financing		**1,009**	
Prepayments		**3,117**	3,405
Other receivables		**56**	100
Including: interests receivable			
Dividends receivable			
Inventories		**10,618**	9,793
Other current assets		**231**	319
Total current assets		**23,016**	23,492
Non-current assets:			
Long-term equity investments		**2,965**	2,894
Other investments in equity instruments		**476**	465
Other non-current financial assets		**34**	38
Fixed assets		**50,372**	50,966
Construction in progress		**1,814**	1,549
Right-of-use assets		**822**	162
Intangible assets		**5,988**	6,163
Deferred income tax assets		**1,369**	1,028
Other non-current assets		**1,190**	1,051
Total non-current assets		**65,030**	64,316
Total assets		**88,046**	87,808

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Items	*Notes*	**31 December 2020**	31 December 2019
Current liabilities:			
Short-term loans		**8,505**	12,195
Derivative financial liabilities		**43**	
Notes payable		**2,620**	3,143
Accounts payable	3	**7,939**	5,424
Contract liabilities		**5,611**	4,896
Employee benefits payable		**228**	153
Tax payable		**387**	(3)
Other payables		**1,960**	2,530
Including: interests payable		**15**	9
Dividends payable			8
Non-current liabilities due within 1 year		**409**	1,003
Total current liabilities		**27,702**	29,341
Non-current liabilities:			
Long-term loans		**3,478**	3,392
Bonds payable		**1,476**	1,513
Lease liability		**665**	160
Long-term employee benefits payable		**125**	98
Deferred income		**595**	584
Deferred income tax liabilities		**112**	93
Other non-current liabilities		**35**	79
Total non-current liabilities		**6,486**	5,919
Total liabilities		**34,188**	35,260

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Items	*Notes*	**31 December 2020**	31 December 2019
Shareholders' equity:			
Share capital		**9,405**	9,405
Capital reserve		**33,485**	33,485
Less: Treasury shares		**166**	
Other comprehensive income		**(80)**	(139)
Special reserve		**74**	54
Surplus reserve		**3,849**	3,723
Undistributed profit	4	**6,798**	5,551
Subtotal of Shareholders' equity attributable to shareholders of parent company		**53,365**	52,079
Minority interests		**493**	469
Total shareholders' equity		**53,858**	52,548
Total liabilities and shareholders' equity		**88,046**	87,808

Legal representative:	*Chief Accountant:*	*Person-in-charge of accounting department:*
Wang Yidong	**Wang Baojun**	**You Yu**

CONSOLIDATED INCOME STATEMENT

2020

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

Items			Notes	2020	2019
I.	**Operating income**			**100,903**	105,587
	Including: operating income		5	**100,903**	105,587
II.	**Operating costs**			**98,325**	103,675
	Less:	operating costs	5	**91,605**	96,782
		Tax and surcharges	6	**993**	962
		Marketing expenses		**3,204**	3,064
		Administrative expenses		**1,329**	1,331
		Research and development expenses		**417**	443
		Financial expenses	8	**777**	1,093
		Including: interest expenses		**899**	1,083
		Interest revenue		**66**	42
	Add:	Other income		**65**	82
		Investment income ("-" for losses)		**212**	166
		Including: income from investment in jointly ventures and associates		**191**	182
		Gains/losses from fair value variation ("-" for losses)		**(18)**	65
		Impairment losses on assets("-" for losses)		**(39)**	137
		Credit impairment loss("-" for losses)		**(324)**	(340)
		Asset disposal income("-" for losses)		**8**	3
III.	**Operating profit ("-" for losses)**			**2,482**	2,025
	Add: Non-operating income			**33**	15
	Less: Non-operating expenses			**112**	68
IV.	**Profit before income tax ("-" for losses)**			**2,403**	1,972
	Less: Income tax expenses		9	**407**	212

CONSOLIDATED INCOME STATEMENT *(CONTINUED)*

Items	*Notes*	**2020**	2019
V. Net profit for the period ("-" for losses)		**1,996**	1,760
Classification according to the continuity of operation			
1. Continuous operating net profit ("-" for losses)		**1,996**	1,760
2. Termination of net profit ("-" for losses)			
Classification according to ownership			
1. The net profit belongs to the owners of the company		**1,978**	1,787
2. Minority interest income		**18**	(27)
VI. The net amount after tax of other comprehensive income		**(10)**	(83)
Net after-tax net of other comprehensive income attributable to the parent company owner		**(10)**	(83)
(I) The other comprehensive income which can not be reclassified into profit or loss		**(9)**	(86)
1. Changes in fair value of other investments in equity instrument investment		**(9)**	(86)
(II) The other comprehensive income which can be classified into profit or loss		**(1)**	3
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method		**(1)**	3
2. The profit or loss from the change at fair value of available-for-sale financial assets			
Net after-tax net of other comprehensive income attributable to minority shareholders			

CONSOLIDATED INCOME STATEMENT *(CONTINUED)*

Items	*Notes*	**2020**	2019
VII. **Total comprehensive income**		**1,986**	1,677
The other comprehensive income attributed to the owners of the company		**1,968**	1,704
The other comprehensive income attributed to the minority		**18**	(27)
VIII. **Earning per share:**			
Basic earning per share *(RMB/share)*	10	**0.210**	0.190
Diluted earning per share *(RMB/share)*	10	**0.198**	0.187

Legal representative:	*Chief Accountant:*	*Person-in-charge of accounting department:*
Wang Yidong	**Wang Baojun**	**You Yu**

1. BASIC PREPARATION OF FINANCIAL STATEMENT

The Group has evaluated the continuous operations ability for the 12 months from December 31, 2020, and has not found any matters or circumstances that have significant doubts about the continuous operations ability. Therefore, the financial statements are prepared on the assumption of going concern principle. In addition, the Group has prepared this report based on the actual transactions and events and in accordance with the Basic Standard and 42 specific standards of the Accounting Standards for Business Enterprises (abbreviated as ASBE) (Ministry of Finance issued No. 33, the Ministry of Finance to amend No. 76) issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter collectively referred to as the Accounting Standards for Business Enterprises or CAS) and the disclosure requirements regulation in the Preparation Convention of Information Disclosure of information of public listed companies, No. 15 – General Requirements on Financial Reports revised by the China Securities Regulatory Commission 2014.

According to the relevant provisions of Accounting Standards, the Group adopted an accrual accounting basis. Except for certain financial instruments, the financial statements are reported at historical cost. If assets are impaired, relevant provisions are made in accordance with relevant standards.

2. ACCOUNT RECEIVABLE

(1) Classification of Accounts Receivable

Type	31 December 2020				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	**1,031**	**30.89**	**739**	**71.68**	**292**
Account receivable for which bad debt is prepared based on group combination	**2,307**	**69.11**	**6**	**0.26**	**2,301**
including: Risk-free group combination	**455**	**13.63**			**455**
Risk group combination on the basis of aging-matrix	**1,852**	**55.48**	**6**	**0.32**	**1,846**
Total	**3,338**	**100.00**	**745**	**22.32**	**2,593**

Type	31 December 2019				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	1,039	34.74	419	40.33	620
Account receivable for which bad debt is prepared based on group combination	1,952	65.26	3	0.15	1,949
including: Risk-free group combination	700	23.40			700
Risk group combination on the basis of aging-matrix	1,252	41.86	3	0.24	1,249
Total	2,991	100.00	422	14.11	2,569

2. ACCOUNT RECEIVABLE *(Continued)*

(2) Accounts receivable subject to separate assessment for bad debts provision

	31 December 2020			
Debtors	**Book Value**	**Bad Debt Provision**	**Percentage** *(%)*	**Reason**
Tianjin Resources Group Finance Co., Ltd.	**605**	**472**	**78.02**	Notes overdue
HNA Group Finance Co., Ltd.	**264**	**150**	**56.82**	Notes overdue
Chongqing Lifan Finance Co., Ltd.	**78**	**34**	**43.59**	Notes overdue
Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.	**67**	**66**	**98.51**	Business is in trouble. It does not have repayment ability
Dongbei Special Steel Group Dalian material trading Co., Ltd	**15**	**15**	**100.00**	The company has gone into liquidation
Shenyang Brilliance Dongxing Auto Parts Co., Ltd.	**2**	**2**	**100.00**	The company has filed for bankruptcy
Total	**1,031**	**739**	**–**	–

(3) Accounts Receivable classified by aging

Aging	**31 December 2020**	31 December 2019
Within 1 year	**2,234**	2,844
1 to 2 years	**968**	15
2 to 3 years	**14**	14
3 to 4 years	**14**	17
4 to 5 years	**16**	32
Over 5 years	**92**	69
Total	**3,338**	2,991

Note: In the above analysis, the aging of accounts receivable (RMB947 million in total) transferred from overdue notes receivable is calculated on the transfer date. The aging is 1 to 2 years. Meanwhile, the rest of accounts receivable is based on the invoice date.

2. ACCOUNT RECEIVABLE *(Continued)*

(4) Bad debt provision

Type	31 December 2019	Increase/Decrease			**31 December 2020**
		Bad debt provision	Reverse	Resale or verification	
Accounts receivable	422	323			**745**

(5) Accounts receivable written off during the year

There are no accounts receivables that have been written off this period.

(6) The condition of accounts receivable of the top five debtors by the balances as of 31 December 2020

The total amount of top five accounts receivable according to closing balance of debtors of the Group was RMB1,665 million as of 31 December 2020, which accounted for 49.88% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB623 million as of 31 December 2020.

(7) Accounts receivable derecognized resulting from transfer of financial assets

The amount of transferred accounts receivables have reached RMB444 million, and expenses resulting from derecognition have achieved RMB3 million in 2020.

3. ACCOUNTS PAYABLE

(1) Aging of accounts payable

Items	**31 December 2020**		31 December 2019	
	Balance	**Percentage** *(%)*	Balance	Percentage *(%)*
Within 1 year	**7,858**	**98.98**	5,332	98.30
1 to 2 years	**10**	**0.13**	8	0.15
2 to 3 years			2	0.04
Over 3 years	**71**	**0.89**	82	1.51
Total	**7,939**	**100.00**	5,424	100.00

Note: the above aging analysis is based on the invoice date.

3. ACCOUNTS PAYABLE *(Continued)*

(2) Significant account payable aging over 1 year

Creditors	**Balance**	**Aging**
Tangyuan County Tianyu Coal Coke Energy Co., Ltd.	65	2 to 3 years 、 4 to 5 years 、 Over 5 years
Total	65	

4. UNDISTRIBUTED PROFIT

Items	**This period**	Last period
Balance as of 31 Dec. 2019	**5,551**	5,636
Changes in accounting policies		
Business combination under the common control		
Balance as of 1 Jan. 2020	**5,551**	5,636
Increase in 2020	**1,978**	1,787
Including: Net profit transferred this year	**1,978**	1,787
Other adjustment factors		
Decrease in 2020	**731**	1,872
Including: Extraction of surplus reserve this year	**126**	95
Extraction of general risk provisions in this year		
Distribution of cash dividend this year *(Note 1)*	**536**	1,592
Conversed capital		
Other decreases *(Note 2)*	**69**	185
Balance as of 31 Dec. 2020	**6,798**	5,551

Note 1: According to the resolution of the 2019 Annual General Meeting of Shareholders held on May 28, 2020, the Company distributed cash dividends to all shareholders at RMB0.57 every 10 shares. According to the issued shares of 9,405,250,201 shares, it's totaling RMB536 million. All of them have been released as of 31 December 2020.

Note 2: Other decrease RMB69 million of undistributed profit for the period was the Company's write-off of other investments in equity instrument of Dalian Steel. Changes in fair value that have been included in other comprehensive income in previous years are transferred to undistributed profits for the period at the time of write-off.

4. UNDISTRIBUTED PROFIT *(Continued)*

Note 3: The board of directors recommended that, based on the total number of shares currently entitled to the distribution of 9,399,600,178 shares, a cash dividend of RMB0.84 (tax included) should be distributed to all shareholders of the company for every 10 shares. The estimated total profit distribution is approximately RMB790 million. If the total number of shares that the company is eligible to distribute changes before the implementation of the distribution plan, the cash dividend per share will be adjusted by the total number of shares entitled to the distribution right when cash dividend can be distributed, based on the principle that the total cash distribution profit remains unchanged. This plan still needs to be submitted to the 2020 Annual General Meeting of Shareholders for deliberation. The cash dividends proposed after the balance sheet date are not recognized as liabilities on the balance sheet date.

5. OPERATING INCOME AND OPERATING COSTS

(1) Classified by production

	This period		Last period	
Items	**Income**	**Cost**	Income	Cost
Prime operating	**100,403**	**91,116**	105,096	96,371
Other operating	**500**	**489**	491	411
Total	**100,903**	**91,605**	105,587	96,782

Note: The Group is classified into an operating segment based on the type of business: production and sale of steel products.

(2) Classified by region

Items	**This period**	Last period
Foreign transaction income from the within borders	**98,003**	98,511
Foreign exchange income from outside borders	**2,900**	7,076
Total	**100,903**	105,587

5. OPERATING INCOME AND OPERATING COSTS *(Continued)*

(3) Classified by the time when the revenue is confirmed

Items	This period	Last period
Confirmed at a certain point	**100,903**	105,587
Total	**100,903**	105,587

6. TAX AND SURCHARGES

Items	This period	Last period
City maintenance and construction tax	**133**	120
Educational surcharge and local educational surcharge	**95**	86
Land use tax	**427**	429
Property tax	**155**	157
Stamp tax	**84**	87
Resources tax	**3**	3
Environmental protection tax	**95**	79
Others	**1**	1
Total	**993**	962

7. DEPRECIATION AND AMORTIZATION

Items	This period	Last period
Depreciation of fix assets	**3,555**	3,519
Amortization of intangible assets	**186**	179
Depreciation of right-of-use assets	**133**	80
Total	**3,874**	3,778

8. FINANCIAL EXPENSES

Items	This period	Last period
Interest expense	**908**	1,112
Including: interests expense from the long-term loans and long-term bonds	**18**	237
Interests expense from the short-term loans and letters of credit		651
Other interest expenditures	**10**	224
Less: Interest income	**66**	42
Less: Capitalized interest expense	**9**	29
Exchange gain or loss	**(95)**	31
Less: Capitalized exchange gain or loss		
Others	**39**	21
Total	**777**	1,093

9. INCOME TAX EXPENSES

(1) Income tax expenses

Items	This period	Last period
Income tax during this period	**748**	477
Changes on deferred income tax expenses	**(341)**	(265)
Total	**407**	212

9. INCOME TAX EXPENSES *(Continued)*

(2) The reconciliation between accounting profit and income tax expenses

Items	This period
Total profit	**2,403**
Income tax expenses calculated at statutory/applicable tax rates	**601**
Effect of different tax rates applied by subsidiary companies	**(6)**
Effect of adjustments for income tax for prior period	**2**
Effect of income not subject to tax	**(154)**
Effect of costs, expenses and loss not deductible for tax purpose	**13**
Effect of deductible loss of deferred income tax assets not recognized in prior periods	**(39)**
Effect of current unrecognized deductible temporary difference or deductible loss arising from deferred tax income assets	**1**
Changes in the balance of deferred income tax assets/liabilities at the beginning of the year resulting from tax rate adjustments	
Others	**(11)**
Income tax expenses	**407**

10. RETURN ON EQUITY (ROE) AND EARNINGS PER SHARE (EPS)

Profit in this period	Weighted average (ROE) *(%)*	EPS *(Yuan per share)* Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	3.74	0.210	0.198
Net profit (exclusive of non-operating profit) attributable to ordinary shareholders	3.74	0.210	0.198

11. SEGMENT INFORMATION

Note: The Group is classified into an operating segment based on the type of business: production and sale of steel products.

12. COMMITMENTS

Items	**31 December 2020**	31 December 2019
Investment contracts entered but not yet performed or performed partially	**14**	83
Construction and renovation contracts entered but not yet performed or performed partially	**4,279**	2,370
Total	**4,293**	2,453

13. SUBSEQUENT EVENTS

As of December 31, 2020, the Group has no major future events that should be explained.

14. NET CURRENT ASSETS

Items	**31 December 2020**	31 December 2019
Current assets	**23,016**	23,492
Less: Current liabilities	**27,702**	29,341
Net current assets/(liabilities)	**(4,686)**	(5,849)

15. TOTAL ASSETS LESS CURRENT LIABILITIES

Items	31 December 2020	31 December 2019
Total assets	**88,046**	87,808
Less: Current liabilities	**27,702**	29,341
Total assets less current liabilities	**60,344**	58,467

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

Anshan City, Liaoning Province, the PRC
30 March 2021

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

Executive Directors:
Wang Yidong
Li Zhen
Li Zhongwu

Independent Non-executive Directors:
Feng Changli
Wang Jianhua
Wang Wanglin
Zhu Keshi

* *For identification purposes only*