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

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

(Stock Code: 347)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that it is expected the Group will record a substantial decrease in its unaudited net profit and earnings per share (basic) for the year ended 31 December 2008 as compared with those for the year ended 31 December 2007.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Angang Steel Company Limited* (the “**Company**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that it is expected the Company will record a substantial decrease in its unaudited net profit and earnings per share (basic) for the year ended 31 December 2008 as compared with those for the year ended 31 December 2007. According to the unaudited management accounts (prepared in accordance with the PRC accounting rules and regulations), (i) the net profit of the Company decreased from approximately RMB7.525 billion for the year ended 31 December 2007 to approximately RMB3.420 billion for the year ended 31 December 2008, representing a decrease of approximately 55%; and (ii) the earnings per share (basic) decreased from approximately RMB1.12 per share for the year ended 31 December 2007 to approximately RMB0.47 per share for the year ended 31 December 2008, representing a decrease of approximately 58%. Such decreases were primarily due to (i) the rising costs of raw materials, (ii) the low production volume and high fixed expenses of the production facilities at Bayuquan port which are still at the initial stage of operation, and (iii) the provision of RMB1.807 billion for diminution in value of inventories.

This profit warning announcement is only based on the preliminary assessment by the Board in accordance with the unaudited management accounts (prepared in accordance with the PRC accounting rules and regulations) of the Company and is not based on any figures or information audited or reviewed by the Company’s auditors. Details of the Company’s performance will be disclosed in the results announcement of the Company for the year ended 31 December 2008 in due course.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
ANGANG STEEL COMPANY LIMITED
Zhang Xiaogang
Chairman

Anshan City, Liaoning Province, the PRC
20 January 2009

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

Executive Directors

Zhang Xiaogang
Tang Fuping
Yang Hua
Wang Chunming
Lin Daqing
Fu Wei
Fu Jihui

Non-executive Director

Yu Wanyuan

Independent Non-executive Directors

Wu Xichun
Wang Linsen
Liu Yongze
Francis Li Chak Yan
Wang Xiaobin

* *For identification purposes only*