

Bonds with Warrants

Upon receiving approval from the China Securities Regulatory Commission through the notice Zheng Jian Fa Xing Zi [2006] No. 111, the Company successfully issued RMB5,500 million of Bonds with Warrants at the SSE on 13 November 2006. Prior to the listing, the Bonds with Warrants were segregated into two types of securities, namely corporate bonds and warrants. Holders of the Bonds with Warrants were distributed with 1,265 million warrants for zero consideration. The abbreviation of the corporate bonds is “06馬鋼債”; the abbreviation of the warrants is “馬鋼CWB1”, whereas the abbreviation of exercise rights is ES081128 and the code of exercise rights is 582010. On 29 November 2006, both “06馬鋼債” and “馬鋼CWB1” were listed on the SSE under respective trading codes of “126001” and “580010”.

“06馬鋼債” has a term of five years and carries a fixed interest rate. The coupon rate is 1.4% per annum, with interests paid in annual arrears. Interest accrual began on 13 November 2006 and the maturity date is 13 November 2011, with the redemption date being five working days after the maturity date of 13 November 2011.

The proportion of exercise rights for “馬鋼CWB1” is 1:1. Accordingly, each warrant represents the right to subscribe for one A share issued by the Company. The exercise price is RMB3.40 per share. The term of the warrants is 24 months upon the listing of the warrants. Holders of the warrants may exercise the warrants in the 10 trading days before 29 November 2007 (11-15 November 2007, 19-23 November 2007, 26-28 November 2007), or in the 10 trading days before 29 November 2008 (17-21 November 2008 and 24-28 November 2008). During the term of the warrants, in the event that the trading of the A shares of the Company is on ex-rights or ex-dividend basis, the exercise price and the proportion of exercise rights for the warrants will be adjusted accordingly.

1) DETAILS OF THE 10 LARGEST HOLDERS OF “06馬鋼債” AS AT THE END OF THE REPORTING PERIOD:

Name of bond holder	Number of bonds held
Ping An Insurance (Group) Company of China, Ltd.	613,470,000
New China Life Insurance Co., Ltd.	541,629,000
China Securities Co., Ltd.	450,228,000
China Credit Trust Co., Ltd. – 2006 Zhong Cheng Xin Tuo Zi FT No.031	418,025,000
National Social Security Fund No.305	269,036,000
China International Capital Corporation Limited	259,955,000
China Marine Finance Co., Ltd.	259,648,000
Tai Kang Life Insurance Co., Ltd. – 萬能一個險萬能	251,748,000
CITIC Securities Company Limited	202,932,000
銀豐證券投資基金	202,057,000

2) DETAILS OF THE 10 LARGEST HOLDERS OF “馬鋼CWB1” AS AT THE END OF THE REPORTING PERIOD:

Name of warrant holder	Number of warrants held
ICBC-CCB Selection Growth Stock Investment Fund	42,559,881
China Marine Finance Co., Ltd.	35,000,000
銀豐證券投資基金	22,570,740
Li Jin	17,993,847
Liu Xiaobo	16,000,000
Shanghai Electric Group Finance Company Ltd.	15,791,570
ShangHai JinShan XinChengQu Construction Develops Co., Ltd.	13,286,596
ICBC-Boshi Even allocation Securities Investment Fund	12,633,210
Baosteel Group Finance Co., Ltd.	12,633,210
Zhang Chunqiu	11,800,000

3) DURING THE REPORTING PERIOD, THE COMPANY HAS NOT ADJUSTED THE PROPORTION OF EXERCISE RIGHTS AND EXERCISE PRICE OF THE WARRANTS AND THERE WERE NO MATERIAL CHANGES IN THE PROFITABILITY, ASSET CONDITION AND CREDIT CONDITION OF HOLDING, THE GUARANTOR.