



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)

PROPOSED ISSUE OF DOMESTIC CORPORATE BONDS

The Company is pleased to announce that on 16 December 2008, its Board has approved and resolved to submit to its shareholders for consideration, the offer and issue of the Domestic Corporate Bonds with an aggregate principal amount of not more than RMB10 billion. The EGM will be held on 6 February 2009 for shareholders to consider and, if thought fit, approve the proposed Domestic Corporate Bonds Issue.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited.

1. Background

Angang Steel Company Limited* (the “**Company**”) is pleased to announce that on 16 December 2008, its board of directors (the “**Board**”) has approved and resolved to submit to its shareholders for consideration, the offer and issue of domestic corporate bonds (the “**Domestic Corporate Bonds**”) with an aggregate principal amount of not more than RMB10 billion (the “**Domestic Corporate Bonds Issue**”) to the public in the People’s Republic of China (the “**PRC**”, excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan). According to the Company Law of the PRC and the articles of association of the Company, the Domestic Corporate Bonds Issue is subject to the approval of the shareholders of the Company (comprising the holders of foreign shares listed on The Stock Exchange of Hong Kong Limited (the “**H Shareholders**”) and the holders of domestic shares listed on the Shenzhen Stock Exchange (the “**A Shareholders**”). An extraordinary general meeting (the “**EGM**”) will be held on 6 February 2009 for the shareholders of the Company to consider and, if thought fit, approve the proposed Domestic Corporate Bonds Issue.

Following the shareholders' approval at the EGM, the proposed Domestic Corporate Bonds Issue will be submitted to the China Securities Regulatory Commission (the "CSRC") for its review and approval.

2. Proposed Domestic Corporate Bonds Issue

The proposed arrangements for the Domestic Corporate Bonds Issue are set forth below.

(1) Size

The aggregate principal amount of the Domestic Corporate Bonds shall not be more than RMB10 billion (inclusive of RMB10 billion).

(2) Arrangements of placing to the existing A Shareholders

The Domestic Corporate Bonds may be offered, by way of placing, to the existing A shareholders. Subject to the shareholders' approval and authorisation, the decision on whether to proceed with such placing and the specific arrangements of such placing, including its proportion to the entire Domestic Corporate Bonds Issue, will be made and determined by the Board according to the market conditions and other relevant circumstances. The Domestic Corporate Bonds will not be offered to the H Shareholders.

(3) Term

The proposed Domestic Corporate Bonds Issue will include two tranches of Domestic Corporate Bonds with the term of 5 and 10 years, respectively. Subject to the shareholders' approval and authorisation, the offer size of each tranche of the Domestic Corporate Bonds will be determined by the Board according to the relevant requirements and the market conditions.

(4) Interest

Interest is payable on the Domestic Corporate Bonds on an annual basis, whereas the principal amount of the Domestic Corporate Bonds shall be repaid in a lump sum upon their maturity. The last installment of interest shall be paid along with the repayment of the principal.

(5) Use of proceeds

The proceeds from the Domestic Corporate Bonds Issue will be used by the Company to repay bank loans, adjust debt structure and supplement the working capital. Subject to the shareholders' approval and authorisation, the specific use of the proceeds will be determined by the Board within the scope set forth above according to the Company's specific funds demand.

(6) Term of the validity of the shareholders' resolutions in respect of the Domestic Corporate Bonds Issue

The shareholders' resolutions in respect of the Domestic Corporate Bonds Issue shall be valid for 24 months.

The arrangements set forth above are subject to the approvals of the shareholders of the Company and the CSRC, respectively.

3. Authorisation to the Board

It will be submitted to the shareholders to consider and, if thought fit, approve to authorise the Board to deal with the following matters in relation to the Domestic Corporate Bonds Issue:

- (1) to determine, to the extent permitted by laws and regulations and according to the Company's specific circumstances and the prevailing market conditions, the specific terms and arrangements of the Domestic Corporate Bonds Issue and make any changes and adjustments to such terms and arrangements, including but not limited to, the size, total amount, offer price, coupon rate or the calculation formula, timing, offer tranche (if any), redemption and repurchase mechanism (if any), rating arrangements, provision of security, use of proceeds (within the scope as approved by the shareholders), placing arrangements and any other matters in relation to the Domestic Corporate Bonds Issue;

- (2) to take any and all actions necessary for and incidental to the implementation of the Domestic Corporate Bonds Issue, including but not limited to, appointing the relevant intermediaries, determining the underwriting arrangements, preparing and submitting the relevant application documents to the relevant regulatory authorities, endeavoring to obtain approvals from the relevant regulatory authorities, selecting the bonds trustee manager, executing the entrusted management agreement, formulating the rules on the meetings of the holders of the Domestic Corporate Bonds and dealing with other matters in relation to the offer and listing of the Domestic Corporate Bonds;
- (3) to take any and all necessary actions to procure the listing of the Domestic Corporate Bonds on the Shenzhen Stock Exchange, including but not limited to, conducting the negotiations relating to the Domestic Corporate Bonds Issue, approving and authorising, executing (with any necessary amendments) and implementing any and all necessary agreements, contracts and documents relating to the Domestic Corporate Bonds Issue and the listing of the Domestic Corporate Bonds and making appropriate information disclosure pursuant to the relevant regulatory rules;
- (4) to make any changes and adjustments to the specific terms and arrangements of the Domestic Corporate Bonds Issue according to the opinions of the relevant regulatory authorities (if any) and to decide whether to proceed with the Domestic Corporate Bonds Issue in the event of any changes in the relevant regulatory authorities' policies regarding the offer and issue of corporate bonds or in the market conditions, save for the matters that are subject to the shareholders' re-endorsement at the general meeting as required under the relevant laws, regulations of the PRC and articles of association of the Company;
- (5) to deal with the matters relating to the listing of the Domestic Corporate Bonds upon completion of the Domestic Corporate Bonds Issue;
- (6) to determine, pursuant to the relevant laws and regulations and for the purpose of protecting the bonds holders' interests, not to distribute dividends to the shareholders in the event that the Board expects that the Company may not be able to repay the principal of and interest on the Domestic Corporate Bonds upon their maturity;

(7) to deal with any other matters relating to the proposed Domestic Corporate Bonds Issue and the listing of the Domestic Corporate Bonds.

Subject to the shareholder's approval and authorisation to the Board set forth above, the Board will authorise the chairman of the Board to deal with all the matters in relation to the Domestic Corporate Bonds Issue within the scope set forth above.

4. EGM and Circular

The EGM will be held on 6 February 2009 for the purposes of, among other things, considering and, if thought fit, approving the proposed Domestic Corporate Bonds Issue. A Circular containing, among other things, the details of the proposed Domestic Corporate Bonds Issue will be dispatched to the shareholders of the Company in due course.

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

Anshan City, Liaoning Province, the PRC
16 December 2008

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*