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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)

**APPROVAL OF THE ISSUE OF THE
FIRST TRANCHE DOMESTIC CORPORATE BONDS IN THE PRC AND
OTHER MATTERS IN RELATION TO THE DOMESTIC CORPORATE BONDS**

The Board is pleased to announce that it has further approved to offer and issue the first tranche of the Domestic Corporate Bonds in the PRC.

Reference is made to the announcements of Angang Steel Company Limited* (the “**Company**”) dated 16 December 2008 and 6 February 2009, respectively, the circular (the “**Circular**”) and the notice of extraordinary general meeting (the “**EGM**”) despatched to the shareholders of the Company on 22 December 2008 in relation to a proposed issue of the Domestic Corporate Bonds in the PRC, which has been approved by the shareholders of the Company on the EGM. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as ascribed thereto in the Circular.

The board of directors of the Company (the “**Board**”) is pleased to announce that it has further approved to offer and issue the first tranche of the Domestic Corporate Bonds (the “**First Tranche Domestic Corporate Bonds**”) in the PRC (the “**First Tranche Domestic Corporate Bonds Issue**”).

MAJOR TERMS AND ARRANGEMENTS

The major terms and arrangements for the offer and issue of the First Tranche Domestic Corporate Bonds are set out below:

(1) Size

The aggregate principal amount of the First Tranche Domestic Corporate Bonds shall be within the range between RMB5 billion (inclusive of RMB5 billion) and RMB10 billion (inclusive of RMB10 billion).

(2) Term

The First Tranche Domestic Corporate Bonds Issue will include two types of Domestic Corporate Bonds with the term of 5 and 10 years, respectively.

(3) Par value and issue price

The par value of the First Tranche Domestic Corporate Bonds is RMB100 per bond and they will be issued at the par value.

(4) Interest rate and its method of determination

The interest rate will be jointly determined by the Company and the sponsor (the lead underwriter) within the book building interest rate range according to the results of the book building among the institutional investors. The book building interest rate range and the final interest rate shall be reported to and filed with the relevant regulatory authorities. The final interest rate will remain unchanged during the respective term of the First Tranche Domestic Corporate Bonds.

(5) Repayment and interest payment

Interest is payable on the First Tranche 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. The First Tranche Domestic Corporate Bonds are subject to simple interest only and shall not be subject to compound interest.

(6) Security

Irrevocable joint and several guarantee.

(7) Preferential placing arrangement for the existing A Shareholders

The First Tranche Domestic Corporate Bonds may be offered, by way of preferential placing, to the existing A shareholders. The decision on whether to proceed with such preferential placing and the specific arrangements of such preferential placing, including its proportion to the entire Domestic Corporate Bonds Issue, shall be jointly made and determined by the Company and the sponsor (the lead underwriter) before the offer and issue. The First Tranche Domestic Corporate Bonds will not be offered to the H Shareholders.

(8) Use of proceeds

The proceeds from the issue of the First Tranche Domestic Corporate Bonds shall be used by the Company to repay loans, adjust debt structure and supplement working capital.

(9) Target subscriber

Any investor who complies with the requirements under the applicable laws and regulations.

(10) Launch time

The First Tranche Domestic Corporate Bonds will be issued within six months following the approval of the China Securities Regulatory Commission.

The terms and arrangements set forth above are subject to the approval of the China Securities Regulatory Commission.

LISTING OF THE DOMESTIC CORPORATE BONDS

The Company will seek the listing of the Domestic Corporate Bonds on the Shenzhen Stock Exchange after having obtained approval from the China Securities Regulatory Commission to the offer and issue of the same. Subject to the approvals of the relevant regulatory authorities and to the extent permitted by the relevant laws and regulations, the Company may seek listing of the Domestic Corporate Bonds on other stock exchanges.

MEASURES TO PROTECT THE INTERESTS OF THE HOLDERS OF THE DOMESTIC CORPORATE BONDS

In the event that the Company expects that it may not be able to repay the principal of and interest on the Domestic Corporate Bonds upon their maturity, the Company will take measures to protect the interests of the holders of the Domestic Corporate Bonds, including but not limited to the following:

- (a) not to distribute profits to the shareholders;
- (b) to defer capital expenditure, including material external investment, merger and acquisition;
- (c) to reduce the amount or stop the payment of the salaries and bonuses of the directors and senior management members.

AUTHORISATION TO THE CHAIRMAN OF THE BOARD

The Board has approved the Chairman of 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 offer size, total amount, offer price, interest rate or its method of determination, timing, whether to offer the bonds in tranches, number of offer tranches, 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 offer and the listing of the Domestic Corporate Bonds, including but not limited to, conducting the negotiations relating to the Domestic Corporate Bonds Issue, approving and authorizing, 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, compensation measures including not to distribute profits to the shareholders in the event that the Company expects that it 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 Domestic Corporate Bonds Issue and the offer and listing of the Domestic Corporate Bonds.

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

Anshan City, Liaoning Province, the PRC
17 February 2009

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

Executive Directors

Zhang Xiaogang

Tang Fuping

Yang Hua

Chen Ming

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*