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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)

PROPOSED SPECIFIC MANDATE TO ISSUE NEW H SHARES
PROPOSED ISSUE OF SHORT-TERM DEBENTURES IN THE PRC
PROPOSED APPOINTMENT OF DIRECTOR

Proposed Specific Mandate to Issue New H Shares

The Board proposes to seek the Specific Mandate at the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting, respectively, to issue not more than 217,160,000 new H Shares, representing not more than 20% of the total issued H Shares as at the date of this announcement, to the Qualified Investor(s) by way of private placement. Pursuant to the existing PRC laws and regulations, an aggregate of not more than 21,716,000 new H Shares, representing 10% of the total number of the new H Shares to be placed as mentioned above, shall be converted from an equal number of the Domestic Shares held by Angang Holding (as the holder of the state-owned Domestic Shares) and shall, subject to the approval(s) by the relevant authorities and at the option of the NSSF Council, (i) be allocated to the NSSF Council for nil consideration; or (ii) be placed to the Qualified Investor(s) with the proceeds to be paid to the NSSF Council.

As at the date of this announcement, the Company has not entered into any placing or underwriting agreement or fixed any terms with any parties in relation to the placement(s) of new H Shares pursuant to the Specific Mandate. The Company will identify, and negotiate the placement terms with, relevant persons (including placee(s)) upon obtaining the approvals from the Shareholders and the CSRC in relation to the Specific Mandate.

The proceeds from the issue of the H Shares under the Specific Mandate are expected to be used by the Company for working capital and general corporate purposes.

Proposed Issue of Short-Term Debentures in the PRC

The Board proposes to seek the Shareholders' approval at the EGM to offer and issue short-term debentures with an aggregate principal amount of not more than RMB6 billion to the institutional investors in the PRC inter-bank debentures market in order to improve the Company's debt structure and lower its financing cost.

Proposed Appointment of Director

The Board has approved to nominate Mr. Kwong Chi Kit Victor as a candidate for the independent non-executive directorship. Upon the Shenzhen Stock Exchange's endorsement of Mr. Kwong's qualification to be appointed as an independent non-executive director of the Company, the Board will propose to the Shareholders to elect Mr. Kwong as an independent non-executive director of the Company at the EGM.

A circular containing the details of the proposed Specific Mandate and the proposed issue of short-term debentures, the biographical details of Mr. Kwong Chi Kit Victor and the notice of each of the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting will be despatched to the Shareholders in due course.

PROPOSED SPECIAL MANDATE TO ISSUE H SHARES

The Board proposes to seek the Specific Mandate at the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting, respectively, to issue not more than 217,160,000 H Shares, representing not more than 20% of the total issued H Shares as at the date of this announcement, to the Qualified Investor(s) by way of private placement.

The exercise of the Specific Mandate by the Company is further subject to the approval of CSRC and other relevant PRC authorities.

Terms of the Proposed Specific Mandate to Issue New H Shares

1. *Class of Shares*

New H Shares with nominal value of RMB1.00 which will be placed to the Qualified Investors and application of which will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, such H Shares on the Hong Kong Stock Exchange.

The H Shares to be issued under the Specific Mandate shall rank pari passu with the existing Domestic Shares and H Shares in all respects except as otherwise provided for under the applicable PRC laws and regulations and the articles of association of the Company.

2. *Size of Placement*

Not more than 217,160,000 H Shares, representing not more than 20% of the total issued H Shares as at the date of this announcement. The actual amount of the new H Shares to be issued under the Specific Mandate shall be determined by the Board and the underwriter pursuant to the market conditions and in accordance with the relevant requirements under the Hong Kong Listing Rules following receipt of all the approvals from the CSRC and other relevant PRC authorities.

Pursuant to the existing PRC laws and regulations, an aggregate of not more than 21,716,000 new H Shares, representing 10% of the total number of the new H Shares to be placed as mentioned above, shall be converted from an equal number of the Domestic Shares held by Angang Holding (as the holder of the state-owned Domestic Shares) and shall, subject to the approval(s) by the relevant authorities and at the option of the NSSF Council, (i) be allocated to the NSSF Council for nil consideration; or (ii) be placed to the Qualified Investor(s) with the proceeds to be paid to the NSSF Council (the “**NSSF Council Shares**”). In the event of any change in the PRC laws and regulations in relation to such conversion of the state-owned Domestic Shares into H Shares, the Board will exercise the Specific Mandate pursuant to such revised PRC laws and regulations.

3. *Qualified Investors as Placees*

Qualified Investors, being the overseas individuals, institutional investor(s) and other qualified investors which are independent of, and which are not connected person of, the Company.

As at the date of this announcement, the Company has not entered into any placing or underwriting agreement or fixed any terms with any parties in connection with the Proposed H Share Issue. The Company will start to identify, and negotiate the placement terms with, relevant persons (including placees) following receipt of the relevant approvals from the Shareholders, the Domestic Shareholders, the H Shareholders, the CSRC and other relevant PRC authorities, respectively. Further announcement(s) in relation to any placing arrangement will be made by the Company as and when appropriate.

4. *Pricing*

Subject to the Shareholders' approval at the EGM, the Domestic Shareholders Class Meetings and the H Shareholders Class Meeting, respectively, the issue price shall be determined by the Board according to the international capital market conditions and the market price of the H Shares at the time of the issue of the new H Shares and by reference to the valuation of the companies of the same type as the Company in the international capital market.

5. *Accumulated Profit*

The accumulated profit of the Company prior to the placement(s) of the new H Shares under the Specific Mandate shall be shared by all the Shareholders immediately before and after such placement(s).

6. *Term of Validity of the Shareholders' Approvals*

The resolutions to be passed at each of the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting to approve the grant of the Specific Mandate to the Board and the matters relating thereto shall be valid for 12 months thereafter.

Following the grant of the Specific Mandate by (i) the Shareholders at the EGM, (ii) the Domestic Shareholders at the Domestic Shareholders Class Meeting and (iii) the H Shareholders at the H Shareholders Class Meeting, the exercise of the Specific Mandate is further subject to the approval by the CSRC and other relevant PRC authorities.

Reasons for the Proposed Specific Mandate and Proposed Use of Proceeds

The Directors consider that the proposed placement of new H Shares by exercising the Specific Mandate represents an opportunity to strengthen the Company's capital base and position it to capture further opportunities as they arise. The proceeds from such placement(s) (excluding the proceeds from the placement of the NSSF Council Shares) are expected to be used by the Company for general working capital purpose.

Assuming that an aggregate of 217,160,000 new H Shares (excluding the NSSF Council Shares) are issued at the closing price of HK\$14.8 per H Share as at 21 July 2009 (being the last trading day of the H Shares on the Hong Kong Stock Exchange prior to the release of this announcement), the Directors expect that the gross proceeds from the proposed H Shares issue under the Specific Mandate would amount to approximately HK\$3,214.0 million (equivalent to approximately RMB2,828.3 million). For the method of determination of pricing, please refer to the section "Terms of the Proposed Specific Mandate to Issue New H Shares — 4. Pricing" above in this announcement.

Authorisation to the Board

The Board seeks the Shareholders' authorisation at each of the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting for it to deal with all the matters in relation to the Specific Mandate with full authority for a term of 12 months. Such matters include but are not limited to:

1. Submit all the relevant applications, reports and other documents to the relevant PRC and overseas authorities and deal with all the procedures to obtain and/or procure all the relevant approvals, registration, filing, sanction and permission;

2. Be responsible for the exercise of the Specific Mandate to issue new H Shares pursuant to the terms thereof approved by the Shareholders at the EGM, the Domestic Shareholders at the Domestic Shareholders Class Meeting and the H Shareholders at the H Shareholders Class Meeting, respectively, including but not limited to the determination of the actual size, placing price (including the price range and final price), timing, method and target placee(s) of the placement(s) of the H Shares, the execution, implementation, modification and termination of any agreement, contract or other documents relating to the exercise of the Specific Mandate to issue new H Shares and other relevant matters;
3. Be responsible for obtaining all the approvals and permissions from the CSRC, the Hong Kong Stock Exchange and other relevant PRC and overseas authorities in relation to the exercise of the Specific Mandate to issue new H Shares;
4. Engage CITIC Securities International Co., Ltd. as the sole lead manager, King & Wood as the legal advisers on the laws of the PRC, Morrison & Foerster as the legal advisers on the laws of Hong Kong if and as required in relation to the exercise of the Specific Mandate to issue new H shares and enter into the relevant engagement agreements;
5. Engage other relevant intermediary parties if and as required in relation to the exercise of the Specific Mandate to issue new H shares and enter into the relevant engagement agreements;
6. Amend the articles of association of the Company according to the result of the exercise of the Specific Mandate to issue new H Shares, deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other matters in relation to the implementation of the Shareholders' approvals;
7. Make appropriate amendments to the terms of the Specific Mandate in light of the specific circumstances and pursuant to the approval(s) by the relevant authorities; and
8. Execute, implement, amend and complete any document and do any act as necessary and appropriate in relation to the exercise of the Specific Mandate to issue new H Shares.

Upon the authorisation to the Board by the Shareholders at the EGM, the Domestic Shareholders at the Domestic Shareholders Class Meeting and the H Shareholders at the H Shareholders Class Meeting as mentioned above, the Board seeks further approval to delegate such authorisation to the chairman of and the secretary to the Board to deal with, jointly or severally, all the matters as mentioned above.

Changes to the Share Capital and Shareholding Structure of the Company Following the Full Exercise of the Specific Mandate

The following table sets out the possible change in the Company's share capital and shareholding structure as a result of full exercise of the Specific Mandate:

(a) *on the assumption that an aggregate of 238,876,000 H Shares are issued to the Qualified Investor(s) only*

	As at the date of this announcement		Immediately after the completion of the full exercise of the Specific Mandate ^{Note}	
	Number of Shares	As a percentage of total issued Shares	Number of Shares	As a percentage of total issued Shares
Domestic Shareholders:				
State-owned Shareholder (Angang Holding)	4,868,680,330	67.3%	4,846,964,330	65%
Public Shareholders	1,280,327,517	17.7%	1,280,327,517	17.2%
H Shareholders:				
Public Shareholders	1,085,800,000	15.0%	1,324,676,000	17.8%
Total	7,234,807,847	100%	7,451,967,847	100%

(b) on the assumption that 238,876,000 H Shares are issued to the Qualified Investor(s) and NSSF Council

	As at the date of this announcement		Immediately after the completion of the full exercise of the Specific Mandate ^{Note}	
	Number of Shares	As a percentage of total issued Shares	Number of Shares	As a percentage of total issued Shares
Domestic Shareholders:				
State-owned Shareholder (Angang Holding)	4,868,680,330	67.3%	4,846,964,330	65%
Public Shareholders	1,280,327,517	17.7%	1,280,327,517	17.2%
H Shareholders:				
NSSF Council	—	—	21,716,000	0.3%
Other Public Shareholders	1,085,800,000	15.0%	1,302,960,000	17.5%
Total	7,234,807,847	100%	7,451,967,847	100%

Note:

Assuming that no Share will be issued after the date of the announcement and up to the full exercise of the Specific Mandate.

PROPOSED ISSUE OF SHORT-TERM DEBENTURES IN THE PRC

The Board proposes to seek the Shareholders' approval at the EGM to offer and issue short-term debentures with an aggregate principal amount of not more than RMB6 billion to the institutional investors in the PRC inter-bank debenture market (the "Proposed Issue of Short-Term Debentures") in order to improve the Company's debt structure and lower its financing cost. The Proposed Issue of Short-Term Debenture is subject to the approval by the Shareholders at the EGM.

Terms of the Proposed Issue of Short-Term Debentures

1. *Amount*

Subject to the Shareholders' approval and the financial and operational conditions of the Company, short-term debentures with an aggregate principal amount of not more than RMB6 billion (the “**Debentures**”) will be offered and issued to the institutional investors in the PRC inter-bank debenture market.

2. *Offering Tranche, Limit and Term of Maturity*

The Debentures will be offered in two tranches, each with an aggregate principal amount of RMB3 billion and a term of maturity of not more than 365 days.

3. *Method for Determination of Interest Rate*

The interest rates shall be determined in accordance with the market conditions. The interest rates shall be floating based on the Shanghai Interbank Offered Rate (“**SHIBOR**”) within a range to be determined by reference to the Company's credit rating to be assigned by a qualified independent PRC credit rating agency. The interest rate is estimated to be between the range of 2% to 2.5%. The actual interest rates shall depend on the SHIBOR at the time of issue of the Debentures.

4. *Target Subscribers*

The Debentures will be offered to the institutional investors in the PRC inter-bank debenture market (save for those prohibited from subscribing for the Debentures under the PRC laws and regulations).

5. *Use of Proceeds*

The proceeds from the issue of the Debentures shall be used to repay certain bank loans of the Company in order to improve its debt structure and lower its financing cost.

6. *Term of Validity of the Shareholders' Approval*

The Shareholders' approval in relation to the Proposed Issue of Short-Term Debentures shall be valid for 24 months.

Authorisation to the Board

The Board seeks the Shareholders' authorisation for the Board to deal with all the matters relating to Proposed Issue of Short-Term Debentures in accordance with the specific needs of the Company and the prevailing market conditions. Such matters include but are not limited to:

1. determine the specific terms, conditions and other matters of the Proposed Issue of Short-Term Debentures (including but not limited to the determination of the offering timing, actual aggregate amount, tranches and interest rates) and make any adjustments to such terms and conditions pursuant to the relevant PRC laws and regulations and the requirement of the relevant regulatory authorities;
2. take all such actions as necessary and incidental to the Proposed Issue of Short-Term Debentures (including but not limited to the obtaining of all the relevant approvals, the determination of underwriting arrangements and the preparation of all the relevant application documents); and
3. take all such actions as necessary for the purposes of implementing the Proposed Issue of Short-Term Debentures (including but not limited to the execution of all the requisite documents and the disclosure of the relevant information in accordance with the applicable laws).

Upon the authorisation to the Board by the Shareholders as mentioned above, the Board seeks further approval to delegate such authorisation to the chairman of the Board to deal with all the matters as mentioned above.

PROPOSED APPOINTMENT OF DIRECTOR

The Board has approved to nominate Mr. Kwong Chi Kit Victor as a candidate for the independent non-executive directorship. Upon the Shenzhen Stock Exchange's endorsement of Mr. Kwong's qualification to be appointed as an independent non-executive director of the Company, the Board will propose to the Shareholders to elect Mr. Kwong as an independent non-executive director of the Company at the EGM.

Mr. Kwong, born in November 1967, is a fellow member of the Association of Chartered Certified Accountants (United Kingdom) and an associate member of the Hong Kong Institute of Certified Public Accountants. He is currently the financial controller of Anwell Technologies Limited, a company listed on the main board of the Singapore Exchange Limited. Mr. Kwong is also an independent non-executive director of Shandong Xinhua Pharmaceutical Company Limited, a company listed on the Shenzhen Stock Exchange and the main board of the Hong Kong Stock Exchange, and Get Nice Holdings Limited, a company also listed on the main board of the Hong Kong Stock Exchange. Mr. Kwong has obtained a bachelor's degree in Commerce from Curtin University of Technology in Australia. He has over 16 years of experience in the auditing, accounting and financial management in the commerce, manufacturing and public administration areas.

The proposed term of appointment of Mr. Kwong will commence on the date of the passing of the Shareholders' resolution to approve Mr. Kwong's appointment till the conclusion of the annual general meeting of the Company in 2012. His remuneration will be determined and reviewed by the Board pursuant to the power given to it under the articles of association of the Company which is further subject to the Shareholders' approval.

Mr. Kwong does not has any interest or short position in the relevant shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the Laws of Hong Kong, Chapter 571)), which is required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the Laws of Hong Kong, Chapter 571), including the interests and short positions which he would have deemed or taken to have under Sections 344 and 345 of the Securities and Futures Ordinance (the Laws of Hong Kong, Chapter 571). Mr. Kwong has not held and does not hold any position with any members of the Group. So far as the Board is aware, Mr. Kwong does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed herein, Mr. Kwong has not held any directorship in any other listed company in the past three years. Mr. Kwong has never been subjected to any reprimand or disciplinary actions by the CSRC, any stock exchange or any other authority.

Save as disclosed herein, there is no matter relating to the appointment of Mr. Kwong that needs to be brought to the attention of the shareholders of the Company, nor is there any information as required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

MISCELLANEOUS

A circular containing details of the Proposed H Share Issue as set out in this announcement and the notice of each of the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting will be despatched to the Shareholders in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Angang Holding”	Anshan Iron and Steel Group Complex* (鞍山鋼鐵集團公司), the controlling shareholder of the Company currently holding approximately 67.3% of the equity interest of the Company;
“Board”	the board of Directors;
“Company”	Angang Steel Company Limited* (鞍鋼股份有限公司), a joint stock limited company incorporated in the PRC with shares listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively;
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules;
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會);
“Directors”	the directors of the Company;
“Domestic Shares”	domestic shares of an nominal value of RMB1.00 each in the registered capital of the Company which are listed on the Shenzhen Stock Exchange;
“Domestic Shareholders”	holders of Domestic Shares;

“Domestic Shareholders Class Meeting”	the class meeting to be held by the Domestic Shareholders to consider and, if thought fit, approve, among other things, the proposed Specific Mandate to issue new H Shares;
“EGM”	the extraordinary general meeting to be held by the Company to consider and, if thought fit, to approve, among other things, (i) the proposed Specific Mandate to issue new H Shares; (ii) the Proposed Issue of Short-Term Debentures; and (iii) the proposed appointment of Mr. Kwong Chi Kit Victor as an independent non-executive director;
“Group”	the Company and its subsidiaries;
“H Share(s)”	foreign share(s) of an nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange;
“H Shareholders”	holders of the H Shares;
“H Shareholders Class Meeting”	the class meeting to be held by the H Shareholders to consider and, if thought fit, to approve, among other things, the proposed Specific Mandate to issue new H Shares;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“NSSF Council”	National Council for Social Security Fund of the PRC (全國社會保障基金理事會);
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region, and Taiwan;

“Qualified Investor(s)”	overseas individuals, institutional investor(s) and other qualified investors which are independent of, and which are not the connected persons of, the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	Domestic Shareholders and H Shareholders;
“Shares”	Domestic Shares and H Shares;
“Specific Mandate”	the specific mandate proposed to be granted to the Board by the Shareholders at the EGM, the Domestic Shareholders at the Domestic Shareholders Class Meeting and the H Shareholders at the H Shareholders Class Meeting to issue new H Shares on the terms and conditions as set out in this announcement; and
“%”	per cent.

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

For the purpose of this announcement, translations of RMB into Hong Kong dollars are made for illustration purposes only at the exchange rate of HK\$1.00 to RMB0.88.

Anshan City, Liaoning Province, the PRC
22 July 2009

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

Executive Directors

Zhang Xiaogang
Yang Hua
Chen Ming
Yu Wanyuan
Fu Jihui

Independent Non-executive Directors

Li Shijun
Ma Guoqiang
Liu Wei

* *For identification purposes only*