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If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities of Angang Steel Company Limited* (鞍鋼股份有限公司) (the “Company”), you should at once hand this circular, together with the form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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

(Stock Code: 0347)

**CONTINUING CONNECTED TRANSACTIONS AND
NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2015**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



TC CAPITAL
天財資本
TC Capital Asia Limited

A letter from the Board is set out on pages 1 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from TC Capital Asia Limited is set out on pages 17 to 25 of this circular.

A notice to convene the EGM of the Company to be held at the Conference Room, Dongshan Hotel, 108 Dongfeng Street, Tiedong District, Anshan City, Liaoning Province, the PRC, at 2 p.m. on Wednesday, 23 December 2015 together with the proxy form and reply slip were dispatched to the Shareholders on 6 November 2015. The notice convening the EGM is set out on pages 32 to 33 of this circular for your ease of reference. Whether you are able to attend the EGM or not, please complete and return the proxy form in accordance with the instructions printed thereon as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

| | |
|----------------------------------|---|
| “Angang Group” | Angang Group Company and its subsidiaries from time to time |
| “Angang Group Company” | Angang Group Company* (鞍鋼集團公司), a company incorporated in the PRC with limited liabilities, the ultimate controlling shareholder of the Company |
| “Angang Group Financial Company” | Angang Group Financial Company Limited* (鞍鋼集團財務有限責任公司), a non-bank finance company incorporated in the PRC and a subsidiary of Angang Group Company, and in which the Company holds 20% equity interest |
| “Angang Holding” | Anshan Iron & Steel Group Complex* (鞍山鋼鐵集團公司), a wholly-owned subsidiary of Angang Group Company and the immediate holding company of the Company, which currently holds approximately 67.29% equity interest in the Company and a major enterprise in the iron and steel industry of the PRC |
| “associate” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors of the Company |
| “Company” | Angang Steel Company Limited* (鞍鋼股份有限公司), a joint stock limited company incorporated in Anshan, Liaoning Province, the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shenzhen Stock Exchange |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened and held on 23 December 2015, for the purpose of considering and, if thought fit, approving, the Financial Services Agreement (2016–2018), and the transactions contemplated thereunder, or any adjournment thereof |

DEFINITIONS

| | |
|---|--|
| “Financial Services Agreement (2016–2018)” | the financial services agreement dated 23 October 2015 entered into between the Company and Angang Group Financial Company in respect of the provision of financial services by Angang Group Financial Company to the Group for the three years ending 31 December 2016, 2017 and 2018 |
| “Group” | the Company and its subsidiaries from time to time |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Independent Board Committee” | an independent committee of the Board comprising all of the independent non-executive Directors of the Company |
| “Independent Shareholders” | the Shareholders other than Angang Group Company and any of its associates (including Angang Holding) |
| “Latest Practicable Date” | 25 November 2015 being the latest practicable date before printing of this circular for ascertaining information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “monthly maximum daily payment settlement amount” | the maximum settlement amount paid by the Company in a day for external settlement through Angang Group Financial Company in each month, being the amount of funds needed for external payment and settlement on that day |
| “PBOC” | the People’s Bank of China (中國人民銀行), the central bank of the PRC |
| “PRC” | the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan) |
| “Revised 2014 Financial Services Agreement” | the revised financial services agreement dated 14 February 2014 entered into between the Company and Angang Group Financial Company in respect of the provision of financial services by Angang Group Financial Company to the Group for the year ended 31 December 2014 |
| “RMB” | Renminbi, the lawful currency of the PRC |

DEFINITIONS

| | |
|-------------------------------------|---|
| “SFO” | Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) |
| “Share(s)” | the ordinary share(s) in the registered share capital of the Company with a par value of RMB1.0 per share, including the H shares listed on the Hong Kong Stock Exchange and the A shares listed on the Shenzhen Stock Exchange |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “2015 Financial Services Agreement” | the financial services agreement dated 19 December 2014 entered into between the Company and Angang Group Financial Company in respect of the provision of financial services by Angang Group Financial Company to the Group for the year ending 31 December 2015 |
| “%” | per cent. |

* *For identification purpose only*

LETTER FROM THE BOARD



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

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

(Stock Code: 0347)

Executive Directors:

Yao Lin
Wang Yidong
Zhang Lifan
Zhang Jingfan

Registered Office:

Production Area of Angang Steel
Tiexi District
Anshan City, Liaoning Province
The PRC

Independent Non-executive Directors:

Chen Fangzheng
Qu Xuanhui
Liu Zhengdong
Chau Chi Wai, Wilton

*Head Office and Principal Place of
Business in Hong Kong:*

33/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

2 December 2015

Dear Shareholders,

I. INTRODUCTION

The Board refers to the announcement of the Company dated 23 October 2015 in relation to the Financial Services Agreement (2016–2018).

The purpose of this circular is to provide you with information which will help you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM in relation to the Financial Services Agreement (2016–2018) and the proposed annual monetary caps in respect of deposit services thereunder for the years ending 31 December 2016, 2017 and 2018.

* For identification purpose only

LETTER FROM THE BOARD

II. CONTINUING CONNECTED TRANSACTIONS

(1) BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 19 December 2014 in relation to the continuing connected transactions between the Company and Angang Group Financial Company under the 2015 Financial Services Agreement, which will expire on 31 December 2015.

The Board hereby announces that in order to facilitate the Group's business operation and satisfy its needs for financial services upon the expiry of the 2015 Financial Services Agreement, following negotiations with Angang Group Financial Company, the Company has entered into the Financial Services Agreement (2016–2018), pursuant to which Angang Group Financial Company will continue to provide financial services to the Group for the three years ending 31 December 2016, 2017 and 2018.

(2) FINANCIAL SERVICES AGREEMENT (2016–2018)

The principal terms of the Financial Services Agreement (2016–2018) are summarized below:

| | |
|--|--|
| Date: | 23 October 2015 |
| Parties: | (i) The Company; and (ii) Angang Group Financial Company |
| Subject matter: | Provision of financial services, including receipt of deposits, settlement of funds, loan and entrustment loan services and bill acceptance and discount services by Angang Group Financial Company to the Group for the three years ending 31 December 2016, 2017 and 2018. |
| Term: | Subject to approval by the Independent Shareholders, the agreement shall be effective from 1 January 2016 to 31 December 2018. |
| Payment of interest and service charges: | In lump sum or by installments. The time of payment is to be agreed with reference to customary business practices. The payment terms shall not be less favourable than those available from or offered to independent third parties. |

The payment for the transactions contemplated under the Financial Services Agreement (2016–2018) will be funded by internal resources of the Company.

LETTER FROM THE BOARD

(3) HISTORICAL FIGURES OF TRANSACTIONS UNDER THE REVISED 2014 FINANCIAL SERVICES AGREEMENT AND 2015 FINANCIAL SERVICES AGREEMENT

The following table sets out certain information regarding the transactions between the Group and Angang Group Financial Company under the Revised 2014 Financial Services Agreement and the 2015 Financial Services Agreement:

| | Annual monetary cap for the year of 2014 <i>(RMB' million)</i> | Year ended 31 December 2014 | | Annual monetary cap for the year of 2015 <i>(RMB' million)</i> | Nine months ended 30 September 2015 | |
|---|---|---|---------------------|---|---|---------------------|
| | | Actual amount <i>(RMB' million)</i> | Utilization rate | | Actual amount <i>(RMB' million)</i> | Utilization rate |
| Deposit Services | | | | | | |
| Interest payable on deposits | 20 | 7 | 35 | 30 | 8 | 26.7 |
| Maximum daily balance of the deposits (including the accrued interest) | 1,385 | 3,426 | 247.4 | 1,520 | 1,510 | 99.3 |
| Loan and Entrustment Loan Services | | | | | | |
| Interest payable on loans, entrustment loans and discounted bills | 250 | 58 | 23.2 | 300 | 53 | 17.7 |

LETTER FROM THE BOARD

(4) PRICING STANDARDS AND PROPOSED ANNUAL CAPS OF TRANSACTIONS UNDER THE FINANCIAL SERVICES AGREEMENT (2016–2018)

The following table sets out the services, pricing standards and the proposed annual monetary caps of the continuing connected transactions contemplated under the Financial Services Agreement (2016–2018) for the three years ending 31 December 2016, 2017 and 2018.

| Financial Services | Pricing Standard | Annual Monetary Cap for the Year Ending 31 December | | |
|--|--|--|------------------------|------------------------|
| | | 2016 (RMB' million) | 2017 (RMB' million) | 2018 (RMB' million) |
| (i) Deposit Services | | | | |
| Interest payable on deposits | Interest rate shall not be lower than (i) the benchmark | 50 | 50 | 50 |
| Maximum daily balance of the deposits (including the accrued interest) | interest rate of 1.15% per annum for deposit agreements (subject to adjustment that may arise from policy changes) promulgated by the PBOC for similar deposits of similar term; (ii) the interest rate offered by major commercial banks for similar deposits; and (iii) the interest rate offered by Angang Group Financial Company to members of Angang Group for deposit services, and shall be higher than (i) the benchmark interest rate of 0.35% per annum for current deposits (subject to adjustment that may arise from policy changes); and (ii) the maximum floating interest rate for current deposits promulgated by the PBOC. ^(Note) | 2,000 | 2,000 | 2,000 |
| (ii) Loan and Entrustment | | | | |
| Loan Services | | | | |
| Amount of loans | Based on the prevailing market interest rate, and not | 3,000 | 3,000 | 3,000 |
| Interest payable on loans and discounted bills | higher than the interest rate payable by the Company for similar loans or discounted bills of similar term to other financial institutions or commercial banks. ^(Note) | 150 | 150 | 150 |
| Amount of entrustment loans | | 2,000 | 2,000 | 2,000 |
| Interest payable on entrustment loans | | 100 | 100 | 100 |

Note: Such commercial banks include, but are not limited to, Industrial and Commercial Bank of China Limited, China Construction Bank Corporation, Agricultural Bank of China Limited and Industrial Bank Co., Ltd.

LETTER FROM THE BOARD

Basis for the Annual Monetary Caps of the Transactions Contemplated under the Financial Services Agreement (2016–2018)

The Directors have determined the proposed annual monetary caps of the transactions contemplated under the Financial Services Agreement (2016–2018) for the three years ending 31 December 2016, 2017 and 2018 on the basis of the following factors:

- (i) the amount of historical transactions for the provision of financial services under the Revised 2014 Financial Services Agreement and the 2015 Financial Services Agreement; and
- (ii) the production and operation plan of the Group for the years of 2016, 2017 and 2018, the scale of which is expected to remain at the current level. The Group therefore needs to maintain the current amount of capital sufficiency for its operations. The annual monetary caps in respect of loan and entrustment loan services have been set with reference to the scale of production and operation of the Group, and it is expected that the Group's scale of production will steadily remain at the current level for the next three years, with a reasonable level of buffer to ensure the Group's continued capital sufficiency taking into consideration the recession in the steel market. In determining the annual monetary caps in respect of deposit services, as the Company places deposits with Angang Group Financial Company for daily settlement purposes, the Company has considered the monthly maximum daily payment settlement amount for each of the nine months ended 30 September 2015, details of which are set out in the section "Reasons for and Benefits of the Agreement" of this circular, and the annual monetary caps in respect of deposit services have been set at an amount which is sufficient to cover the historical highest maximum amount of daily payment for most months of 2015, which is based on the current level of production and operation of the Group, and which the Company considers appropriate for the years of 2016, 2017 and 2018 considering the scale of production and operation of the Group is expected to steadily remain at the current level for the next three years.

LETTER FROM THE BOARD

(5) INTERNAL CONTROL MEASURES

Internal Control Measures

The funds deposited by members of the Group with Angang Group Financial Company are placed into a designated account in order to safeguard against any misuse or default of the deposits. Members of the Group can withdraw deposits from the designated account at their discretion. The Company will monitor the funds deposited with Angang Group Financial Company on an on-going basis and will also carry out periodical risk assessment on the deposit account. Further, Angang Group Financial Company is required to produce a comprehensive risk assessment report to the Company on a semi-annual basis to appraise, among other matters, its gearing ratio and capital sufficiency, and the validity of its qualifications and business licenses.

The Board considers that the above internal control procedures adopted by the Company in connection with the continuing connected transactions with Angang Group Financial Company are appropriate and sufficient, and will give sufficient assurance that the continuing connected transactions will be appropriately monitored by the Company.

Risk Assessment Analysis in Respect of Angang Group Financial Company

The Company conducted the below risk assessment analysis in respect of Angang Group Financial Company, a non-bank finance company approved by the PBOC and regulated by the PBOC and the China Banking Regulatory Commission.

The primary risk indicators in respect of Angang Group Financial Company for the eight months ended 31 August 2015 and in respect of the five major state-owned commercial banks in the PRC for the six months ended 30 June 2015, respectively, are as follows:

Primary risk indicators in respect of Angang Group Financial Company for the eight months ended 31 August 2015

| | | January | February | March | April | May | June | July | August | Average value |
|---|------------------------|---------|----------|--------|--------|--------|--------|--------|--------|---------------|
| 1 | Capital adequacy ratio | 30.24% | 29.53% | 26.73% | 26.24% | 25.78% | 25.39% | 25.94% | 26.75% | 27.08% |
| 2 | Liquidity ratio | 57.76% | 59.34% | 42.03% | 39.15% | 44.78% | 40.02% | 48.99% | 44.56% | 47.08% |
| 3 | Bad debt ratio | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 4 | Asset profit ratio | 2.99% | 2.76% | 2.83% | 2.9% | 2.8% | 2.91% | 2.76% | 2.8% | 2.84% |

LETTER FROM THE BOARD

Primary risk indicators in respect of five major state-owned commercial banks in the PRC for the six months ended 30 June 2015

| | | Industrial and Commercial | Agricultural | | China Construction | | Average |
|---|------------------------|---------------------------------|------------------|------------------|-----------------------|---------------------------|---------|
| | | Bank of China | Bank of China | Bank of China | Bank Corporation | Bank of Communications | value |
| 1 | Capital adequacy ratio | 14.35% | 13.2% | 14.34% | 14.8% | 13.52% | 14.04% |
| 2 | Liquidity ratio | 35.6% | 42.51% | 41.4% | 43.93% | 53.87% | 43.46% |
| 3 | Bad debt ratio | 1.4% | 1.83% | 1.41% | 1.42% | 1.35% | 1.48% |
| 4 | Asset profit ratio | 0.69% | 0.63% | 0.6% | 0.76% | 0.56% | 0.65% |

Based on the above, Angang Group Financial Company's average capital adequacy ratio for the eight months ended 31 August 2015 was 27.08%, which greatly exceeded the 10% capital adequacy ratio requirement for finance companies as required by the China Banking Regulatory Commission, far exceeded the average capital adequacy ratio of 22.67% in respect of 202 finance companies in the first half of 2015, and exceeded the average capital adequacy ratio of 14.04% in respect of five major state-owned commercial banks in the first half of 2015. Angang Group Financial Company's average liquidity ratio of 47.08% also greatly exceeded the 25% liquidity ratio requirement for finance companies as required by the China Banking Regulatory Commission, and exceeded the average liquidity ratio of 43.46% in respect of five major state-owned commercial banks in the first half of 2015. Since its establishment, Angang Group Financial Company's bad debt ratio has remained at 0% and its operation has remained stable.

Analysis in relation to the Risks on the Settled Deposit of Funds of the Company

The risks on the deposits placed by the Company with Angang Group Financial Company are determined to be minimal.

The deposits placed by the Company with Angang Group Financial Company are for settlement purposes. For the settlement of payments, the Company will deposit its settlement funds with Angang Group Financial Company which will purely transfer such funds to the designated transaction account of the Company and will not utilize such settlement funds of the Company for investment projects. As such, no investment or operational risks will arise.

LETTER FROM THE BOARD

Analysis in relation to the Ability of Payment of Angang Group Financial Company

From January to September 2015, the scale of deposits taking of Angang Group Financial Company amounted to RMB15.804 billion in average, and the minimum amount in a month was recorded as RMB13.1 billion. The settled deposit of funds of the Company and its subsidiaries in Angang Group Financial Company amounted to RMB929 million in average, representing 5.87% of the total average deposits taking of Angang Group Financial Company. The net assets of Angang Group Financial Company as at the end of September 2015 amounted to RMB6,115 million. Angang Group Financial Company's relatively large scale of deposits taking and net assets resulted in entire coverage of the Company's deposits, providing the Company with the assurance of capital support and risk prevention.

As such, it was considered that Angang Group Financial Company is able to perform the relevant obligations under the Financial Services Agreement (2016–2018).

(6) REASONS FOR AND BENEFITS OF THE AGREEMENT

The terms of the Financial Services Agreement (2016–2018) have been agreed upon arm's length negotiations between the Company and Angang Group Financial Company. Angang Group Financial Company will provide an advanced fund settlement platform for the Company. The Directors are of the view that it is necessary to use the settlement platform of Angang Group Financial Company. Firstly, the settlement service offered by Angang Group Financial Company is permanently free of charge. Secondly, since the Company and Angang Group Company and its subsidiaries mutually provide a considerable amount of products and services necessary for their daily production and operation, and Angang Group Company and its subsidiaries carry out settlement via the settlement platform of Angang Group Financial Company, the Company's use of such settlement platform will help enhance settlement efficiency, achieve accurate time for settlement as well as enhance its capital usage efficiency. Thirdly, by using the settlement service of Angang Group Financial Company, the Company has priority to receive loan facilities from Angang Group Financial Company, and the terms of such loan facilities are not less favourable than those offered by third party commercial banks. Under the current trough stage of the steel industry and the rising operating pressure of steel manufacturers, credit limits from commercial banks may not remain steady in the future. As such, it is vital to the long-term development of the Company to retain a highly-accessible channel for obtaining loans from Angang Group Financial Company in the long run. Fourthly, the Company holds 20% equity interest in Angang Group Financial Company and therefore the smooth development of its normal business is in turn beneficial to the Company. Accordingly, the Company has no reason not to use the settlement platform of Angang Group Financial Company.

LETTER FROM THE BOARD

The interest rate payable by the Company for loans provided by Angang Group Financial Company will be based on the prevailing market interest rate and will not be higher than the interest rate charged by commercial banks for similar loans of equivalent term. As Angang Group Financial Company possesses a better understanding of the Group's business operations than third party commercial banks, the review and approval process of loans will be more expedient. For bill acceptance and discount services, the interest rate payable by the Company will not be higher than the interest rate charged by commercial banks.

The Company places deposits with Angang Group Financial Company for daily settlement purposes, and the daily balance of deposits varies. In order to ensure the smooth running of the funds settlement operations of the Company, the Directors have determined the annual monetary cap of RMB2,000 million in respect of the maximum daily balance of deposits (including the accrued interest) for each of the three years ending 31 December 2016, 2017 and 2018 based on the monthly maximum daily payment settlement amount for each of the nine months ended 30 September 2015, as shown below:

(RMB'00 million)

| January | February | March | April | May | June | July | August | September |
|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|------------------|
| 15.5 | 27.28 | 15.25 | 13.06 | 23.57 | 12.78 | 15.44 | 14.95 | 5.1 |

Based on the foregoing, the Directors are of the view that the annual monetary cap of RMB2,000 million in respect of the maximum daily balance of deposits, which is sufficient to cover the historical highest maximum amount of daily payment for most months of 2015 as shown above, is at an appropriate level and which is within the Company's control. In respect of the amount of daily payment on particular days that may exceed RMB2,000 million, the Company will adopt the approach of first dealing with external payment before placing further deposits. At the same time, on days when more deposits are placed, the Company will make relevant payment to the transaction parties in a timely manner, hence achieving the smooth running of the funds settlement of the Company and at the same time maintaining the annual monetary cap in respect of the maximum daily balance of deposits at a reasonable and appropriate level.

LETTER FROM THE BOARD

The Company's daily balance of deposits placed with Angang Group Financial Company varies. The daily balance of deposits of RMB2,000 million is the maximum daily balance of deposits in a year, which is set for satisfying the needs of maximum daily payment in each month. At other times when less funds are needed for settlement, the Company will reduce the daily balance of funds for settlement in Angang Group Financial Company, for example the Company's maximum daily balance of deposits for the nine months ended 30 September 2015 is RMB1,510 million, the average daily balance of deposits for the same period is RMB929 million, and the lowest daily balance of deposits for the same period is RMB289 million. As the daily balance of deposits is changeable, such funds cannot be used as fixed deposits or for other investment products. Angang Group Financial Company pays interest to the Company based on the interest rate payable for deposit agreements, and therefore based on the foregoing, the deposit services under the Financial Services Agreement (2016–2018) is in the interests of the Company and the Shareholders as a whole.

The fees and interests payable by the Company under the Financial Services Agreement (2016–2018) will contribute to the overall revenue of Angang Group Financial Company. As the Company currently holds 20% equity interest in Angang Group Financial Company, by sourcing the various financial services from Angang Group Financial Company, the Company may increase its investment income through its equity interest in Angang Group Financial Company. The Directors believe that the Financial Services Agreement (2016–2018) will have a positive impact on the operation and development of the Group's businesses.

In view of (i) the long-established relationship between the Group and Angang Group; and (ii) the stability and reliability of the financial services provided by Angang Group Financial Company under the Revised 2014 Financial Services Agreement and the 2015 Financial Services Agreement, the Directors (including the independent non-executive Directors after taking into account the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders) are of the view that (i) the continuing connected transactions contemplated under the Financial Services Agreement (2016–2018) will be carried out in the ordinary and usual course of business of the Company; (ii) the terms of the Financial Services Agreement (2016–2018) are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and (iii) the proposed annual monetary caps of the transactions contemplated under the Financial Services Agreement (2016–2018) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. To the best knowledge of the Directors, the Directors are not aware of any reason not to enter into the Financial Services Agreement (2016–2018).

LETTER FROM THE BOARD

(7) LISTING RULES IMPLICATIONS

Angang Group Company indirectly holds, through Angang Holding, an approximate 67.29% equity interest in the Company and hence, is the ultimate controlling shareholder of the Company and a connected person of the Company as defined under Chapter 14A of the Listing Rules. As a subsidiary of Angang Group Company, Angang Group Financial Company is also a connected person of the Company as defined under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Financial Services Agreement (2016–2018) constitute continuing connected transactions of the Company.

The loan and entrustment loan services to be provided by Angang Group Financial Company to the Group under the Financial Services Agreement (2016–2018) will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services will be provided on normal commercial terms and the interest rate for loans and entrustment loans shall not be higher than the interest rate payable by the Company for similar loans of equivalent term to other financial institutions, and no security over any assets of the Group will be granted in respect of the loan and entrustment loan services, such services are therefore exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

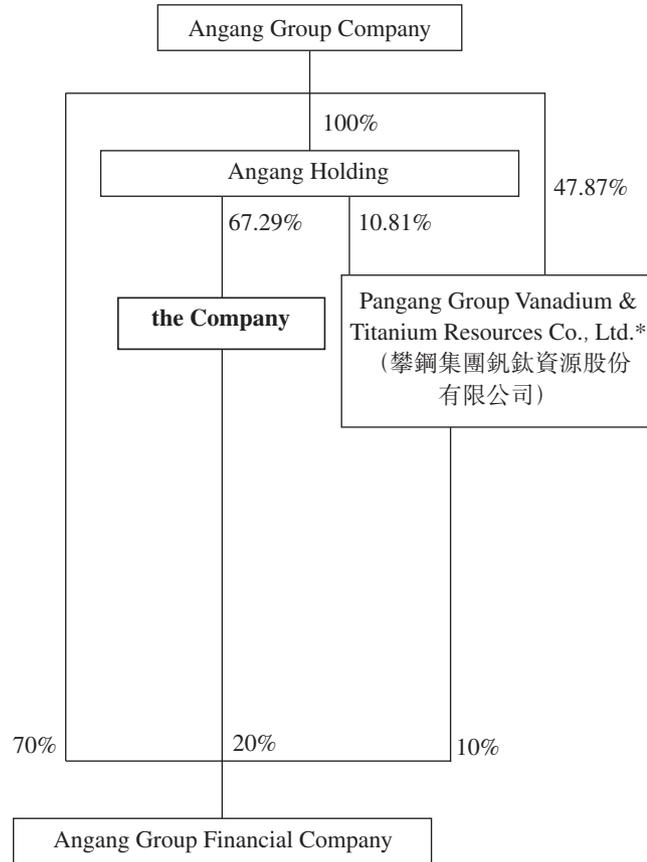
As one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the deposit services under the Financial Services Agreement (2016–2018) exceeds 5%, the deposit services to be provided by Angang Group Financial Company to the Group are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Yao Lin, a Director of the Company who also holds the position of vice-general manager of Angang Group Company, is considered to have a material interest in the transactions under the Financial Services Agreement (2016–2018) due to his senior management position in Angang Group Company. He has abstained from voting on the resolutions in relation to the Financial Services Agreement (2016–2018) proposed to the Board. Save as disclosed above, none of the Directors who attended the Board meeting has a material interest in the aforementioned agreement.

LETTER FROM THE BOARD

(8) GENERAL INFORMATION ABOUT THE PARTIES

The following diagram sets out the current shareholding relationship among Angang Group Company, Angang Holding, the Company and Angang Group Financial Company:



Angang Group Company is a company incorporated in the PRC. It was established by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (as the representative of the State Council) on 28 July 2010 as a holding company to hold the entire equity interest in Angang Holding and Pangang Group Company Limited* (攀鋼集團有限公司) pursuant to the joint restructuring of the two companies.

Angang Holding is a wholly-owned subsidiary of Angang Group Company. It is a major enterprise in the iron and steel industry of the PRC engaged in a wide range of iron and steel-related business activities including mining, iron manufacturing, machinery manufacturing, metallurgical construction project, research and development, trading in iron and steel products and providing relevant transportation, construction, utilities and other support services. It directly holds an approximate 67.29% equity interest in the Company.

LETTER FROM THE BOARD

The Company is a major steel manufacturing enterprise in the PRC. It is principally engaged in the production and sale of hot-rolled sheets, cold-rolled sheets, galvanized steel sheets, colour coating plates, silicon steel, medium and thick plates, wire rods, large steel products and seamless steel pipes.

Angang Group Financial Company is a non-bank finance company approved and regulated by the relevant PRC regulatory authorities including the PBOC and the China Banking Regulatory Commission. It is primarily engaged in providing intra-group financial services for Angang Group. Angang Group Financial Company possesses valid Financial Services Permit (金融許可) and Enterprise Legal Person Business License (企業法人營業執照), and is licensed to provide various financial services including depository and loan facilities, credit facilities, clearance and settlement of money and credit references. The capital structure, internal control and risk management operations of Angang Group Financial Company are subject to, among other rules and regulations, the Administration Procedures of the Finance Companies of Enterprises Groups (《企業集團財務公司管理辦法》) as promulgated by the China Banking Regulatory Commission.

III. RECOMMENDATION

Based on its views set out above, the Board recommends that the Independent Shareholders vote in favour of the resolutions concerning the Financial Services Agreement (2016–2018), including the proposed annual monetary caps of the deposit services contemplated thereunder for the years ending 31 December 2016, 2017 and 2018.

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 15 to 16 of this circular. The Independent Board Committee, having taken into account the advice of TC Capital Asia Limited, considers that (i) the transactions contemplated under the Financial Services Agreement (2016–2018) will be carried out in the ordinary course of business of the Group; (ii) the terms of the Financial Services Agreement (2016–2018) are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and (iii) the proposed annual monetary caps in respect of the deposit services under the Financial Services Agreement (2016–2018) for the years ending 31 December 2016, 2017 and 2018 are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions concerning the Financial Services Agreement (2016–2018), including the proposed annual monetary caps of the deposit services thereunder for the years ending 31 December 2016, 2017 and 2018 to be proposed at the EGM.

LETTER FROM THE BOARD

IV. THE EGM AND SHAREHOLDERS' APPROVAL

The EGM will be held at 2 p.m. on Wednesday, 23 December 2015 at the Conference Room, Dongshan Hotel, 108 Dongfeng Street, Tiedong District, Anshan City, Liaoning Province, the PRC. The notice convening the EGM together with the proxy form and reply slip were dispatched to the Shareholders on 6 November 2015. The notice convening the EGM is set out on pages 32 to 33 of this circular for your ease of reference.

At the EGM, ordinary resolutions will be proposed to approve the Financial Services Agreement (2016–2018), including the proposed annual monetary caps of deposit services for the years ending 31 December 2016, 2017 and 2018.

Angang Holding and its associates will be required to abstain from voting at the EGM with respect to the ordinary resolutions concerning the Financial Services Agreement (2016–2018). As of the Latest Practicable Date, Angang Holding directly holds 4,868,547,330 A Shares in the Company, representing approximately 67.29% of the total issued share capital of the Company.

In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of the H Shareholders of the Company will be closed from Tuesday, 24 November 2015 to Wednesday, 23 December 2015 (both days inclusive), during which period no transfer of Shares will be registered. H Shareholders whose names appear on the register of the H Shareholders of the Company as on Monday, 23 November 2015 are entitled to attend and vote at the EGM.

In order to attend and vote at the EGM, any H shareholder whose transfer has not been registered shall lodge the transfer documents together with the relevant share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 23 November 2015. Voting at the EGM will be taken by poll in accordance with the requirements of the Listing Rules.

V. FURTHER INFORMATION

Your attention is also drawn to the additional information set out on pages 26 to 31 of this circular.

Yours faithfully,
By Order of the Board

Yao Lin

Executive Director and Chairman of the Board



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

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

(Stock Code: 0347)

2 December 2015

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company (the “**Circular**”) dated 2 December 2015 and dispatched to the Shareholders which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the Financial Services Agreement (2016–2018), and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” in the Circular. TC Capital Asia Limited (“**TC Capital**”) has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice and the principal factors and reasons which TC Capital has taken into consideration in rendering its advice are set out in the section headed “Letter from TC Capital Asia Limited” in the Circular. Your attention is also drawn to the additional information set out in the Circular.

Having taken into account the terms of the Financial Services Agreement (2016–2018), the transactions contemplated thereunder and the advice of TC Capital, we are of the opinion that (i) the transactions contemplated under the Financial Services Agreement (2016–2018) will be carried out in the ordinary course of business of the Group; (ii) the terms of the Financial Services Agreement (2016–2018) are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and (iii) the proposed annual monetary caps for deposit services under the Financial Services Agreement (2016–2018) for the years ending 31 December 2016, 2017 and 2018 are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We, therefore, recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the Financial Services Agreement (2016–2018).

Yours faithfully,

For and on behalf of the Independent Board Committee

Chen Fangzheng

Qu Xuanhui

Liu Zhengdong

Chau Chi Wai, Wilton

Independent Non-executive Directors

* *For identification purpose only*

LETTER FROM TC CAPITAL ASIA LIMITED

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from TC Capital Asia Limited dated 2 December 2015 prepared for incorporation in this circular.



2 December 2015

The Independent Board Committee and the Independent Shareholders
Angang Steel Company Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services (the “**Deposit Services**”) under the Financial Services Agreement (2016–2018) and the proposed annual monetary caps for the Deposit Services for the three financial years ending 31 December 2016, 2017 and 2018 (the “**Annual Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the circular of Angang Steel Company Limited (the “**Company**”) to the Shareholders dated 2 December 2015 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

As stated in the Letter from the Board, Angang Group Company indirectly holds, through Angang Holding, an approximate 67.29% equity interest in the Company and hence, is the ultimate controlling shareholder of the Company and a connected person of the Company as defined under Chapter 14A of the Listing Rules. As a subsidiary of Angang Group Company, Angang Group Financial Company is also a connected person of the Company as defined under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Financial Services Agreement (2016–2018) constitute continuing connected transactions of the Company.

As one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the Deposit Services exceeds 5%, the Deposit Services are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM TC CAPITAL ASIA LIMITED

We have been appointed by the Company to advise (i) the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Deposit Services and the Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) whether the Independent Shareholders should vote in favour of the Deposit Services and the Annual Caps.

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of us. In the last two years, we have acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to four occasions as detailed in the circulars of the Company dated 16 November 2013, 14 February 2014, 22 September 2014 and 22 September 2015 respectively. Given (i) our independent role in these four engagements; and (ii) our fees for these four engagements represented an insignificant percentage of our revenue, we consider these four engagements would not affect our independence to form our opinion in respect of the Deposit Services and the Annual Caps.

BASIS OF OPINION

In putting forth our recommendation, we have considered, amongst other things, (i) the Financial Services Agreement (2016–2018); and (ii) other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and representations made to us by the Directors and the representatives of the Company. We have also studied the relevant market information and trends of the related industry.

We have assumed that all such information, opinions, facts and representations, which have been provided to us by the Directors or the representatives of the Company, for which they are fully responsible, are true, accurate and complete in all respects. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld by the Company or is misleading.

We consider that we have sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group, Angang Group Company and Angang Group Financial Company.

LETTER FROM TC CAPITAL ASIA LIMITED

PRINCIPAL FACTORS AND REASONS

In formulating our opinion in respect of the Deposit Services and the Annual Caps, we have taken into account the following principal factors and reasons:

1. Background information of the parties to the Financial Services Agreement (2016–2018)

As stated in the Letter from the Board, Angang Group Company is a company incorporated in the PRC. It was established by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (as the representative of the State Council) on 28 July 2010 as a holding company to hold the entire equity interest in Angang Holding and Pangang Group Company Limited* (攀鋼集團有限公司) pursuant to the joint restructuring of the two companies.

As stated in the Letter from the Board, Angang Holding is a wholly-owned subsidiary of Angang Group Company. It is a major enterprise in the iron and steel industry of the PRC engaged in a wide range of iron and steel-related business activities including mining, iron manufacturing, machinery manufacturing, metallurgical construction project, research and development, trading in iron and steel products and providing relevant transportation, construction, utilities and other support services. It directly holds an approximate 67.29% equity interest in the Company.

As stated in the Letter from the Board, the Company is a major steel manufacturing enterprise in the PRC. It is principally engaged in the production and sale of hot-rolled sheets, cold-rolled sheets, galvanized steel sheets, colour coating plates, silicon steel, medium and thick plates, wire rods, large steel products and seamless steel pipes.

As stated in the Letter from the Board, Angang Group Financial Company is a non-bank finance company approved and regulated by the relevant PRC regulatory authorities including the PBOC and the China Banking Regulatory Commission. It is primarily engaged in providing intra-group financial services for Angang Group. Angang Group Financial Company possesses valid Financial Services Permit (金融許可) and Enterprise Legal Person Business License (企業法人營業執照), and is licensed to provide various financial services including depository and loan facilities, credit facilities, clearance and settlement of money and credit references. The capital structure, internal control and risk management operations of Angang Group Financial Company are subject to, among other rules and regulations, the Administration Procedures of the Finance Companies of Enterprises Groups (《企業集團財務公司管理辦法》) as promulgated by the China Banking Regulatory Commission.

LETTER FROM TC CAPITAL ASIA LIMITED

2. Background of the Financial Services Agreement (2016–2018)

To facilitate the Group's business operation and satisfy its needs for financial services upon the expiry of the 2015 Financial Services Agreement, following negotiations with Angang Group Financial Company, the Company has entered into the Financial Services Agreement (2016–2018), pursuant to which Angang Group Financial Company will continue to provide financial services to the Group for the three years ending 31 December 2016, 2017 and 2018.

3. Principal terms of the Financial Services Agreement (2016–2018)

The principal terms of the Financial Services Agreement (2016–2018) have been set out in the Letter from the Board and are summarized below.

| | |
|--|--|
| Date: | 23 October 2015 |
| Parties: | (i) The Company; and (ii) Angang Group Financial Company |
| Subject matter: | Provision of financial services, including receipt of deposits, settlement of funds, loan and entrustment loan services and bill acceptance and discount services by Angang Group Financial Company to the Group for the three years ending 31 December 2016, 2017 and 2018. |
| Term: | Subject to approval by the Independent Shareholders, the agreement shall be effective from 1 January 2016 to 31 December 2018. |
| Payment of interest and service charges: | In lump sum or by installments. The time of payment is to be agreed with reference to customary business practices. The payment terms shall not be less favourable than those available from or offered to independent third parties. |

LETTER FROM TC CAPITAL ASIA LIMITED

Pricing standards
for the Deposit
Services:

Interest rate shall not be lower than (i) the benchmark interest rate of 1.15% per annum for deposit agreements (subject to adjustment that may arise from policy changes) promulgated by the PBOC for similar deposits of similar term; (ii) the interest rate offered by major commercial banks for similar deposits; and (iii) the interest rate offered by Angang Group Financial Company to members of Angang Group for deposit services, and shall be higher than (i) the benchmark interest rate of 0.35% per annum for current deposits (subject to adjustment that may arise from policy changes); and (ii) the maximum floating interest rate for current deposits promulgated by the PBOC.

Such commercial banks include, but are not limited to, Industrial and Commercial Bank of China Limited, China Construction Bank Corporation, Agricultural Bank of China Limited and Industrial Bank Co., Ltd.

We have obtained and reviewed certain records in 2015, such as interest rates of deposit offered by Angang Group Financial Company against (i) the benchmark interest rate promulgated by the PBOC for similar deposits of similar term; (ii) the interest rate offered by major commercial banks for similar deposits; and (iii) the interest rate offered by Angang Group Financial Company to members of Angang Group for deposit services and ensure the records reviewed are not lower than the above rates which are consistent with pricing standard under the 2015 Financial Service Agreement. We note that the interests received from Angang Group Financial Company for the deposit is no less favourable than that of major commercial banks for similar deposits.

We are of the view that the pricing policies under the Financial Services Agreement (2016–2018) are fair and reasonable so far as the Independent Shareholders are concerned, as the interests received for the deposit will be set at such rates (i) not lower than the benchmark interest rate of 0.35% per annum set by PBOC (subject to adjustment that may arise from policy changes), the interest rate of major commercial banks for similar deposits or the interest rate offered by Angang Group Financial Company to members of Angang Group for deposit services; and (ii) higher than the benchmark interest rate of 0.35% per annum for current deposits (subject to adjustment that may arise from policy changes) and the maximum floating interest rate for current deposits promulgated by the PBOC, thus the more favourable rate will always prevail unless deemed not applicable.

LETTER FROM TC CAPITAL ASIA LIMITED

4. The Annual Caps and its basis

The following table sets out the historical figures of the interest payable on deposit and maximum daily balance of the deposit (including the accrued interest) and the Annual Caps:

| | Actual amount | | Annual Caps | | |
|--|--|---|---|---|---|
| | Year ended 31 December 2014 <i>(RMB' million)</i> | Nine months ended 30 September 2015 <i>(RMB' million)</i> | Year ending 31 December 2016 <i>(RMB' million)</i> | Year ending 31 December 2017 <i>(RMB' million)</i> | Year ending 31 December 2018 <i>(RMB' million)</i> |
| Interest payable on deposits | 7 | 8 | 50 | 50 | 50 |
| Maximum daily balance of the deposits (including the accrued interest) | 3,426 | 1,510 | 2,000 | 2,000 | 2,000 |

The Directors have determined the Annual Caps on the basis of the following factors:

- (i) the amount of historical transactions for the provision of financial services under the Revised 2014 Financial Services Agreement and the 2015 Financial Services Agreement; and
- (ii) the production and operation plan of the Group for the years of 2016, 2017 and 2018.

The Company places deposits with Angang Group Financial Company for daily settlement purposes, and the daily balance of deposits varies. In order to ensure the smooth running of the funds settlement operations of the Company, the Directors have determined the annual monetary cap of RMB2,000 million in respect of the maximum daily balance of deposits (including the accrued interest) for each of the three years ending 31 December 2016, 2017 and 2018 based on the monthly maximum daily payment settlement amount for each of the nine months ended 30 September 2015, as shown below:

(RMB'00 million)

| | January | February | March | April | May | June | July | August | September |
|--|---------|----------|-------|-------|-------|-------|-------|--------|-----------|
| Monthly maximum daily payment settlement amount | 15.5 | 27.28 | 15.25 | 13.06 | 23.57 | 12.78 | 15.44 | 14.95 | 5.1 |

LETTER FROM TC CAPITAL ASIA LIMITED

Based on the foregoing, the Directors are of the view that the annual monetary cap of RMB2,000 million in respect of the maximum daily balance of deposits, which is sufficient to cover the historical highest maximum amount of daily payment for most months of 2015 as shown above, is at an appropriate level and which is within the Company's control. In respect of the amount of daily payment on particular days that may exceed RMB2,000 million, the Company will adopt the approach of first dealing with external payment before placing further deposits. At the same time, on days when more deposits are placed, the Company will make relevant payment to the transaction parties in a timely manner, hence achieving the smooth running of the funds settlement of the Company and at the same time maintaining the annual monetary cap in respect of the maximum daily balance of deposits at a reasonable and appropriate level.

The Company's daily balance of deposits placed with Angang Group Financial Company varies. The daily balance of deposits of RMB2,000 million is the maximum daily balance of deposits in a year, which is set for satisfying the needs of maximum daily payment in each month. At other times when less funds are needed for settlement, the Company will reduce the daily balance of funds for settlement in Angang Group Financial Company, for example the Company's maximum daily balance of deposits for the nine months ended 30 September 2015 is RMB1,510 million, the average daily balance of deposits for the same period is RMB929 million, and the lowest daily balance of deposits for the same period is RMB289 million. As the daily balance of deposits is changeable, such funds cannot be used as fixed deposits or for other investment products. Angang Group Financial Company pays interest to the Company based on the interest rate payable for deposit agreements.

As the management of the Company estimates that the production and operation plan of the Group for the years of 2016, 2017 and 2018 will remain the same as the existing level, we concur with the Directors' view that setting the maximum daily balance of the deposit (including the accrued interest) for the years ending 31 December 2016, 2017 and 2018 with reference to the Company's maximum daily balance of deposits for the nine months ended 30 September 2015 is fair and reasonable. Annual caps for interest payable on deposits for the years ending 31 December 2016, 2017 and 2018 represents approximately 2.5% of the annual caps for maximum daily balance of the deposit for the years ending 31 December 2016, 2017 and 2018, which allows sufficient buffer over the benchmark interest rate for deposit agreements promulgated by the PBOC for similar deposits of similar terms, which is currently at 1.15% per annum.

In light of the above, we are of the view that the Annual Caps are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

5. Reasons for and benefits of the Deposit Services

The terms of the Financial Services Agreement (2016–2018) have been agreed upon arm’s length negotiations between the Company and Angang Group Financial Company. Angang Group Financial Company will provide an advanced fund settlement platform for the Company. The Directors are of the view that it is necessary to use the settlement platform of Angang Group Financial Company. Firstly, the settlement service offered by Angang Group Financial Company is permanently free of charge. Secondly, since the Company and Angang Group Company and its subsidiaries mutually provide a considerable amount of products and services necessary for their daily production and operation, and Angang Group Company and its subsidiaries carry out settlement via the settlement platform of Angang Group Financial Company, the Company’s use of such settlement platform will help enhance settlement efficiency, achieve accurate time for settlement as well as enhance its capital usage efficiency. The Company places deposits with Angang Group Financial Company for daily settlement purposes, and the daily balance of deposits varies. As the daily balance of deposits is changeable, such funds cannot be used as fixed deposits or for other investment products. Angang Group Financial Company pays interest to the Company based on the interest rate payable for deposit agreements.

Having taken into account the reasons set out above and considering the long-established relationship between the Group and Angang Group and the stability and reliability of the financial services provided by Angang Group Financial Company under the Revised 2014 Financial Services Agreement and the 2015 Financial Services Agreement, we are of the view that the Deposit Services is in the ordinary and usual course of business of the Company, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM TC CAPITAL ASIA LIMITED

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that terms of the Deposit Services and the Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,
For and on behalf of
TC Capital Asia Limited
Edward Wu
Managing Director

Note: Mr. Edward Wu of TC Capital Asia Limited is a responsible officer licensed under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities having over 14 years of experience in investment banking and corporate finance.

GENERAL INFORMATION

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

II. DISCLOSURE OF INTERESTS

- (1) As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

| Director | Number of Shares | Percentage of shareholding in the registered A share capital of the Company | Percentage of shareholding in the total registered share capital of the Company |
|-----------------|-------------------------------|--|--|
| Yao Lin | 10,000 A Shares | 0.00016% | 0.00014% |
| Wang Yidong | 7,650 A Shares | 0.00012% | 0.00011% |
| Zhang Lifan | 8,250 A Shares | 0.00013% | 0.00011% |
| Total | <u>25,900 A Shares</u> | <u>0.00042%</u> | <u>0.00036%</u> |

The Shares are held by the persons mentioned above as the beneficial owners.

GENERAL INFORMATION

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code.

- (2) Save as disclosed below, the Directors, supervisors and chief executive of the Company are not aware of any other person who, as at the Latest Practicable Date, had an interest or short position in the Shares, convertible securities, warrants, options or derivatives of the Company, the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

| Name of the Shareholders | Number of H Shares interested <i>(Note)</i> | Percentage of shareholding in the registered H share capital of the Company | Percentage of shareholding in the total registered share capital of the Company |
|----------------------------------|--|--|--|
| Invesco Asset Management Limited | 63,941,527 ^(L) | 5.89 ^(L) | 0.88 ^(L) |
| JPMorgan Chase & Co. | 65,051,497 ^(L) 3,516,000 ^(S) | 5.99 ^(L) 0.32 ^(S) | 0.90 ^(L) 0.05 ^(S) |
| | 35,788,772 ^(P) | 3.29 ^(P) | 0.49 ^(P) |
| BlackRock, Inc. | 85,776,901 ^(L) | 7.90 ^(L) | 1.19 ^(L) |

Note:

(L) – Long Position, (S) – Short Position, (P) – Lending Pool

GENERAL INFORMATION

| Name of the Shareholders | Number of Shares interested | Percentage of shareholding in the registered A share capital of the Company | Percentage of shareholding in the total registered share capital of the Company |
|--------------------------|---|---|---|
| Angang Group Company | 4,868,547,330 A Shares <i>(Note)</i> | 79.18% | 67.29% |
| Angang Holding | 4,868,547,330 A Shares <i>(Note)</i> | 79.18% | 67.29% |

Note:

Angang Holding directly holds 4,868,547,330 A Shares (in the form of state-owned Shares) representing approximately 67.29% of the total issued share capital of the Company. Angang Holding is a direct wholly-owned subsidiary of Angang Group Company. Therefore, Angang Group Company is interested in such 4,868,547,330 A Shares through Angang Holding.

III. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company has entered or proposed to enter into a service contract with any member of the Group other than contracts expiring or determinable by the relevant employer within one year without payment of compensation (except statutory compensation).

IV. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was considered by the Company to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group, other than those businesses where such Directors had been appointed to represent the interests of the Company and/or other members of the Group.

V. DIRECTORS' AND EXPERT'S INTEREST IN THE TRANSACTION OR THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or expert who are named herein had any interests, either directly or indirectly, in the transaction or any assets which had been, since 31 December 2014 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of or leased to any member of the Group, or were proposed to the acquired or disposed of or leased to any member of the Group.

GENERAL INFORMATION

VI. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

VII. MATERIAL ADVERSE CHANGE

The Company issued a profit warning alert announcement on 14 October 2015, and published the unaudited results of the Company and its subsidiaries for the nine months ended 30 September 2015 on 30 October 2015, where it was stated that the Company recorded net loss attributable to Shareholders of the Company of RMB888 million for the nine months ended 30 September 2015, representing a significant decline of 196.21% in comparison with the corresponding period of 2014. The Company recorded basic loss per Share of RMB0.123 per Share, representing a decline of 196.09% in comparison with the corresponding period of 2014.

The significant decline in the net profit attributable to Shareholders of the Company in comparison with the corresponding period of 2014 is primarily due to the fact that the price of steel dropped significantly during the third quarter of 2015 whereas the price of ore and coal were relatively stable. The external market factors squeezed the profit margin of the Company. Although greater efforts were made by the Company to reduce costs and improve efficiency internally, it was not sufficient to cover the loss caused by the slump of steel price. In the meantime, the Company recognised an exchange loss of RMB98 million, leading to loss-making in the third quarter of 2015.

Save as disclosed above, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up.

GENERAL INFORMATION

VIII. EXPERT

- (1) The following are the qualifications of the expert who has given its opinion or advice which is contained in this circular:

| Name | Qualification |
|-------------------------|--|
| TC Capital Asia Limited | Independent financial adviser and a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulatory activities under the SFO |

- (2) As at the Latest Practicable Date, the above expert did not have any shareholding directly or indirectly in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (3) As at the Latest Practicable Date, the above expert had no direct or indirect interest in any assets which had been, since 31 December 2014 (being the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.
- (4) The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

IX. MISCELLANEOUS

- (1) The registered office of the Company is at Production Area of Angang Steel, Tiexi District, Anshan City, Liaoning Province, the PRC and the principal place of business of the Company in Hong Kong is at 33/F Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.
- (2) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) In the event of inconsistency, the English version of this circular shall prevail over the Chinese version to the extent of such inconsistency.

GENERAL INFORMATION

X. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the offices of Morrison & Foerster at 33/F Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong from the date of this circular up to and including 16 December 2015:

- (i) the Financial Services Agreement (2016–2018);
- (ii) the Revised 2014 Financial Services Agreement; and
- (iii) the 2015 Financial Services Agreement.

NOTICE OF EGM



鞍鋼股份有限公司

ANGANG STEEL COMPANY LIMITED*

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

(Stock Code: 0347)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the third extraordinary general meeting of Angang Steel Company Limited (the “**Company**”) for the year of 2015 (the “**EGM**”) will be held at the Conference Room of Dongshan Hotel, 108 Dongfeng Street, Tiedong District, Anshan City, Liaoning Province, the People's Republic of China, at 2 p.m. on Wednesday, 23 December 2015 for the purpose of considering and, if thought fit, approving the following matters. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the announcement of the Company dated 23 October 2015:

AS ORDINARY RESOLUTION

1. To consider and approve the terms of the Financial Services Agreement (2016–2018), including the proposed annual monetary caps in respect of the deposit services for the years ending 31 December 2016, 2017 and 2018.⁽¹⁾

By Order of the Board

ANGANG STEEL COMPANY LIMITED*

Yao Lin

Executive Director and Chairman of the Board

Anshan City, Liaoning Province, the PRC

6 November 2015

As at the date of this notice, the Board comprises the following Directors:

Executive Directors:

Yao Lin

Wang Yidong

Zhang Lifan

Zhang Jingfan

Independent Non-executive Directors:

Chen Fangzheng

Qu Xuanhui

Liu Zhengdong

Chau Chi Wai, Wilton

* *For identification purpose only*

NOTICE OF EGM

Notes:

- (1) For details of the Financial Services Agreement (2016–2018), and the continuing connected transactions contemplated thereunder, including the proposed annual monetary caps of deposit services for the years ending 31 December 2016, 2017 and 2018, please refer to the announcement of the Company dated 23 October 2015.
- (2) In order to determine the list of shareholders who are entitled to attend and vote at the EGM, the register of H shareholders of the Company will be closed from Tuesday, 24 November 2015 to Wednesday, 23 December 2015 (both days inclusive), during which period no transfer of shares will be registered. H shareholders whose names appear on the register of H shareholders of the Company as on Monday, 23 November 2015 are entitled to attend and vote at the EGM. In order to attend and vote at the EGM, any H shareholder whose transfer has not been registered shall lodge the transfer documents together with the relevant share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 23 November 2015.
- (3) Voting at the EGM will be taken by poll.
- (4) Any shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his/her/its behalf. A proxy need not be a shareholder of the Company. Where a shareholder has appointed more than one proxy, each of his proxies may only vote on a poll in respect of the shares actually held by him.
- (5) The instrument appointing a proxy must be in writing under the hand of the appointor or his/her/its attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified. To be valid, the notarially certified power of attorney, or other documents of authorisation, and the form of proxy must be delivered to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof.
- (6) Any shareholder who intends to attend the EGM in person or by proxy shall, for information purposes only, return the reply slip (which will be dispatched to the shareholders together with this notice) to the Secretary Office to the Board on or before Wednesday, 2 December 2015 in person or by hand, post or fax. Failure to return the reply slip will not affect a shareholder's rights to attend the EGM or any adjournment in person.
- (7) The address and contact details of the Secretary Office to the Board are as follows:

Production Area of Angang Steel
Tiexi District, Anshan City
Liaoning Province
The People's Republic of China
Post Code: 114021
Tel: 86-412-8417273/8419192
Fax: 86-412-6727772
- (8) In accordance with the Articles of Association of the Company, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such share at the EGM, and this notice shall be deemed to be given to all joint holders of such share.
- (9) The EGM is expected to be concluded within half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the EGM shall produce valid identity documents.