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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)

ANNOUNCEMENT
PROPOSED ISSUE OF THE ASSET-BACKED SECURITIES

The Board hereby announces that, on 16 October 2018, the Company resolved to propose the issue of the Asset-backed Securities on the Shanghai Stock Exchange.

The proposed issue of the Asset-backed Securities is subject to the approval by the Shareholders at the EGM. The EGM will be convened by the Company for the approval of the proposed issue of the Asset-backed Securities. A circular containing details of the proposal in relation to the proposed issue of the Asset-backed Securities will be despatched to the Shareholders by the Company in due course.

The proposed issue of the Asset-backed Securities may or may not proceed, and the Shareholders and investors should therefore exercise caution in dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In order to reduce the capital cost of the Company and tap the idle bills assets, the board of directors (the “**Board**”) of Angang Steel Company Limited* (the “**Company**”) resolved on 16 October 2018 to propose the issue of asset-backed securities which are backed by the bills of exchange held by the Company on the Shanghai Stock Exchange (the “**Asset-backed Securities**”) with a principal amount up to RMB10 billion to qualified investors in the PRC.

Particulars of the issue of the Asset-backed Securities, if it proceeds, are as follows:

1. Issue scale: The total amount of the Asset-backed Securities shall be no more than RMB10 billion in total in 20 tranches. The first tranche shall be no more than RMB1,050 million.
2. Maturity: The maturity for each tranche of the Asset-backed Special Program (“**Special Program**”) shall not exceed 2 years (inclusive).
3. Interest rate: The specific interest rate will be determined through negotiation with the distribution agencies based on the market conditions prevailing at the time of establishment of the Special Program.
4. Target subscribers: Qualified investors (excluding those prohibited by the the laws and regulations of the PRC).
5. Validity of the resolution: The resolution in relation to the issue of the Asset-backed Securities shall be valid for 24 months from the date of approval at the third extraordinary general meeting of 2018 of the Company to be held on 18 December 2018 (the “**EGM**”).
6. Use of the proceeds: The Company can make its own arrangements in respect of the use of the proceeds in compliance with the requirements of the laws, regulations and industry policies of the state.

It is submitted to the shareholders of the Company (the “**Shareholders**”) to authorise the Board or the person(s) authorised by the Board to decide and deal with all the matters in relation to the proposed issue of the Asset-backed Securities in its/his sole discretion within the scope of the aforesaid proposal according to the needs of the Company and market conditions, including but not limited to:

1. Determine the specific terms, conditions and other matters of the issuance of the Asset-backed Securities (including but not limited to the determination of the timing, size, tranches and interest rates of the issuance and the credit promotion measures) and make any adjustments to such terms and conditions pursuant to the relevant PRC laws and regulations and the requirements of the relevant regulatory authorities.

2. Take all such actions as necessary and incidental to the Asset-backed Securities (including but not limited to the obtaining of the no-objection letter, the determination of underwriting arrangements and the preparation of all the relevant application documents).
3. Take all such actions as necessary for the purposes of implementing the issue of the Asset-backed Securities under the Special Program (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).
4. Agree to engage Shanghai Haitong Asset Management Co., Ltd. (上海海通證券資產管理有限公司) (“**Haitong Asset Management**”) as the project manager of the asset securitization financing, and engage Haitong Securities Company Limited and Everbright Securities Company Limited as the distribution agencies for the asset securitization financing of the Company.
5. Allow the Company to transfer the underlying assets to the Special Program (the project is tentatively named as: Haitong Jingcheng No.1–20 Asset-backed Special Program, and the first tranche of Special Program is tentatively named as: Haitong Jingcheng No.1 Asset-backed Special Program. The name of the Special Program is subject to the review of the regulatory authorities) established by Haitong Asset Management.
6. Agree to fully subscribe for the subordinated assets-backed securities under the Special Program.
7. Agree to issue the Differential Payment Undertaking (差額支付承諾函) for the Special Program, pursuant to which, the Company shall make up the shortfall if the Special Program has insufficient capital to cover the expenses incurred by the Special Program, the expected return of each tranche of the senior Asset-backed Securities and all outstanding balance of the principal.
8. Authorise the management to decide and deal with the above matters after the Board being authorised by the general meeting.

The above authorisation, if granted, will be valid from the date of the approval by the Shareholders at the EGM until the completion of the matters under such authorisation. If the above delegation is not consistent with, collides with or conflicts with the requirements under the Listing Rules or other requirements of the Stock Exchange, the requirements under the Listing Rules or other requirements of the Stock Exchange should be followed.

The proposed issue of the Asset-backed Securities is subject to the approval by the Shareholders at the EGM. A circular containing details of the proposal in relation to the proposed issue of the Asset-backed Securities will be despatched to the Shareholders by the Company in due course.

The proposed issue of the Asset-backed Securities may or may not proceed, and the Shareholders and investors should therefore exercise caution in dealing in the shares of the Company.

By Order of the Board
ANGANG STEEL COMPANY LIMITED*
Wang Yidong
Executive Director and Chairman of the Board

Anshan City, Liaoning Province, the PRC
16 October 2018

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

Executive Directors:

Wang Yidong
Li Zhen
Ma Lianyong
Xie Junyong

Independent Non-executive Directors:

Wu Dajun
Ma Weiguo
Feng Changli

* *For identification purposes only*