Angang New Steel Company Limited
(a joint stock limited company incorporated in the People’s Republic of China with limited liability)
(Stock Code: 0347)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO
THE PROPOSED ACQUISITION OF CERTAIN IRON AND STEEL OPERATIONS AND
ASSETS FROM OUR CONTROLLING SHAREHOLDER, ANSHAN IRON & STEEL GROUP COMPLEX

PROPOSED RIGHTS ISSUE OF APPROXIMATELY 1,659,358,000 DOMESTIC SHARES
(IN THE FORM OF STATE-OWNED SHARES AND A SHARES)
AND 712,000,000 FOREIGN SHARES (H SHARES) ON THE BASIS OF
8 RIGHTS SHARES FOR EVERY 10 EXISTING SHARES

PLACING OF NOT MORE THAN 3,000,000,000 DOMESTIC SHARES
(IN THE FORM OF STATE-OWNED SHARES AND SUBJECT TO ADJUSTMENT)
TO OUR CONTROLLING SHAREHOLDER, ANSHAN IRON & STEEL GROUP COMPLEX

APPLICATION FOR WHITEWASH WAIVER

AND

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS RELATING
TO THE SUPPLY OF MATERIALS AND SERVICES

The EGM, the Domestic Share Class Meeting and the H Share Class Meeting were held
on 28 February 2005. The Company is pleased to announce that the resolutions to
approve, among other things, the Acquisition, the Rights Issue, the Domestic Share
Placing and the Non-exempt Continuing Connected Transaction were duly passed at
the EGM, the Domestic Share Class Meeting and the H Share Class Meeting, as
appropriate.

Reference is made to the circular dated 15 January 2005 (the “Circular”) issued by Angang
New Steel Company Limited (the “Company”). Unless otherwise defined, capitalized terms
used herein shall have the same meanings as those defined in the Circular.

The Company held the EGM, the Domestic Share Class Meeting and the H Share Class
Meeting on 28 February 2005 at Angang Conference and Exhibition Centre, 77 Dongshan
Street, Tie Dong District, Anshan City, Liaoning Province, the PRC. The EGM, the Domestic
Share Class Meeting and the H Share Class Meeting were convened, and the resolutions
proposed thereat were approved, in compliance with the Company Law and other relevant
laws and regulations of the PRC and the articles of association of the Company (the “Articles
of Association”).

I. RESULTS OF EGM

90 Shareholders and authorized proxies holding an aggregate of 1,778,683,838 Shares
(comprising 1,319,000,000 State-owned Shares, 308,218,025 A Shares and 151,465,813
H Shares) carrying voting rights of the Company, representing approximately 60.03% of
the total issued Shares of the Company, were present (in person or by proxy; on site or
through the online voting procedure) at the EGM. Out of the Shareholders present, 89
were holders of A Shares and H Shares (collectively referred to as “Tradable Shares”)
holding an aggregate of 459,683,838 Shares carrying voting rights, representing 27.96% of
the total number of issued Tradable Shares, and one Shareholder, being Angang Holding,
was the holder of non-Tradable Shares (in the form of State-owned Shares) holding an
aggregate of 1,319,000,000 Shares carrying voting rights.

The EGM was chaired by Mr. Liu Jie, chairman of the board of the Company. After
collection by the Shareholders and their authorized proxies and through voting by way
of a poll (according to relevant laws and regulations, the Listing Rules, the Takeovers
Code, the listing rules of the Shenzhen Exchange and the Articles of Association, Angang
Holding, as a connected person, abstained from voting on resolutions 1, 5(a)-(i) and 6.
The 1,319,000,000 Shares carrying voting rights held by Angang Holding were not counted
present for resolution 1, 5(a)-(i) and 6), the following resolutions
were passed at the EGM:

ACQUISITION

Special Resolution

1. The Acquisition Agreement entered into between Angang Holding and the Company
dated 29 December 2004, pursuant to which, the Company will acquire from Angang
Holding the entire equity interest of ANSI at an initial cash consideration of
RMB18,022.4 million which will adjusted by an amount as set out in the Circular
was approved, confirmed and ratified.

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<tbody>
<tr>
<td>Number of Tradable Shares</td>
<td>% of Tradable Shares entitled to vote</td>
<td>Number of Tradable Shares</td>
</tr>
<tr>
<td>459,222,026</td>
<td>99.8999</td>
<td>103,500</td>
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RIGHTS ISSUE AND DOMESTIC SHARE PLACING

Ordinary Resolutions

2. The proposal on the issue of new Shares pursuant to the Rights Issue and the Domestic
Share Placing by the Company in compliance with the relevant PRC regulations on
the issuance of new shares prepared by the Board was considered and approved.

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<tbody>
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<td>% of Shares entitled to vote</td>
<td>Number of Shares</td>
</tr>
<tr>
<td>1,319,000,000</td>
<td>99.9011</td>
<td>125,100</td>
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</table>

Number of Tradable Shares | % of Tradable Shares entitled to vote | Number of Tradable Shares | % of Tradable Shares entitled to vote | Number of Tradable Shares | % of Tradable Shares entitled to vote |
| 459,222,026 | 119,060,515 | 74,156,025 | 125,100 | 32,512 | 358,312 | 0.0776 |
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APPLICATION FOR WHITEWASH WAIVER

AND

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS RELATING TO THE SUPPLY OF MATERIALS AND SERVICES

3. The feasibility study report on the use of funds raised from the Rights Issue and Domestic Share Placing was considered and approved.

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</tr>
<tr>
<td>1,778,242,926</td>
<td>99.9752</td>
<td>109,300</td>
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4. The report on the use of funds raised in previous fund raising exercises prepared by the Board was considered and approved.

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<td>99.9643</td>
<td>110,500</td>
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Structure of the Right Issue and the Domestic Placing

(a) Class of securities to be issued under the Rights Issue: Domestic Shares (in the form of State-owned Shares and A Shares) of RMB 1.00 each in the registered capital of the Company and H Shares of RMB 1.00 each in the registered capital of the Company;

Class of securities to be issued under the Domestic Share Placing:

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<tr>
<td>Number of Tradable Shares</td>
<td>% of Tradable Shares</td>
<td>Number of Tradable Shares</td>
</tr>
<tr>
<td>495,920,038</td>
<td>99.9643</td>
<td>110,500</td>
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</table>

(b) Par value of each Domestic Share and H Share:

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<tr>
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<td>99.9643</td>
<td>110,500</td>
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(c) Target subscribers under the Rights Issue: all the existing Shareholders as at the relevant record date to be determined by the Board;

Target subscribers under the Domestic Share Placing:

Special Resolutions

5. Subject to the fulfillment of the conditions in respect of the Rights Issue and Domestic Share Placing as set out in the Circular, the issue by way of rights of the ordinary Shares and issue by way of placing of the Domestic Shares, structure of which is set out as follows, were approved:

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APPLICATION FOR WHITEWASH WAIVER

AND

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS RELATING TO THE SUPPLY OF MATERIALS AND SERVICES

(d) Mechanism of the Rights Issue and the Domestic Share Placing:

offer of Rights Shares on the basis 8 Rights Shares for every 10 existing Shares to the Shareholders and placing of additional State-owned Shares of not more than 3,000,000,000 Shares to Angang Holding.

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<td>459,520,038</td>
<td>99.9643</td>
<td>110,500</td>
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(e) Number of Shares to be issued under the Rights Issue and the Domestic Share Placing:

(i) not more than 2,370,308,000 Domestic Shares, out of which, not more than 604,200,000 A Shares (assuming all the outstanding convertible debenture of the Company have been converted into A Shares before the Rights Issue), not more than 712,000,000 H Shares and not more than 1,055,200,000 State-owned Shares;

(ii) not more than 3,000,000,000 Domestic Shares to be issued under the Domestic Share Placing;

(iii) In the event that the market price of H Shares is lower than the audited net asset value per Share as audited at 31 December 2004, the non-issuance of CSRC approval or unfavorable market conditions, the Rights Issue will proceed without the H Share Rights Issue and the number of the State-owned Shares to be placed to Angang Holding under the Domestic Share Placing will be reduced in order for the Company to satisfy the 15% H Shares minimum public float requirement under Rule 8.08 of the Listing Rules on HK Exchange.

(f) Pricing:

subscription price for the Rights Shares and the Shares placed under the Domestic Share Placing shall be determined by the Board on the net asset value per Share as at 31 December 2004 as audited under the PRC accounting rules and regulations, which is expected to be between RMB 3.35 (approximately HK$3.15) to RMB 3.50 (approximately HK$3.29).

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<td>459,519,638</td>
<td>99.9642</td>
<td>110,500</td>
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(g) Use of proceeds:

(i) to finance the Acquisition.

(h) The special resolutions approving the proposal for the Rights Issue and the Domestic Share Placing shall be valid for 12 months from the date of the approval.

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<td>99.9648</td>
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APPLICATION FOR WHITELASH WAIVER

AND

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS RELATING
TO THE SUPPLY OF MATERIALS AND SERVICES

(i) The application for the Whitewash Waiver granted or to be granted by the
Executive Director of the Corporate Finance Division of the Securities and Futures
Commission pursuant to Note 1 of the Notes on Dispensations from Rule 26 of
the Codes on Takeovers and Mergers and Share Repurchases (“Codes on Takeovers
and Mergers”) waiving any obligation on the part of Angang Holding, its
associates and their respective concert parties, to make a mandatory offer for all
the H Shares not already owned by it or agreed to be acquired by it as a result
of the allotment and issue of Domestic Shares pursuant to Domestic Share Rights
Issue and/or the Domestic Share Placing, under Rule 26 of Codes on Takeovers
and Mergers was approved.

6. Subject to the completion of the Acquisition, the Supply of Materials and Services
Agreement and the Non-exempt Continuing Connected Transactions, which the
Company expects to occur on a regular and continuous basis in its ordinary course
of business, together with the proposed annual caps as set out therein in relation to
each type of the Non-exempt Continuing Connected Transaction were approved,
confirmed and ratified.

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<thead>
<tr>
<th>Number of Shares entitled to vote</th>
<th>% of Shares of non-Tradable Shares</th>
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<tr>
<td>458,110,126</td>
<td>99.6577</td>
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7. Subject to the completion of the Rights Issue and the Domestic Share Placing, the
proposal that the existing and new shareholders of the Company will be entitled to
share the undistributed retained profits of the Company before the completion of the
Rights Issue and the Domestic Share Placing was considered and approved.

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<td>99.8118</td>
<td>104,700</td>
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8. The Board was authorized to handle for and on behalf of the Company all matters
relating to, or incidental to, the Acquisition, Rights Issue, Domestic Share Placing,
the Whitewash Waiver and the Supply of Materials and Services Agreement, including
but not limited to do all such further acts and things and execute such further documents
and take all such steps which in its opinion may be necessary, desirable and expedient
to implement and/or give effect to (i) the Acquisition Agreement and the Acquisition
(ii) the Rights Issue, (iii) the Domestic Share Placing; (iv) the Whitewash Waiver,
and (v) the Supply of Materials and Services Agreement; and such authorization will
be valid for 12 months upon the approval and granting at the EGM.

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OTHERS

Ordinary Resolutions

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APPLICATION FOR WHITEWASH WAIVER

AND

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS RELATING TO THE SUPPLY OF MATERIALS AND SERVICES

9. The proposal to construct a 2130mm cold rolling line was considered and approved.

II. RESULTS OF DOMESTIC SHARE CLASS MEETING

88 holders of Domestic Shares and authorized proxies holding an aggregate of 1,627,218,025 Domestic Shares (comprising 308,218,025 tradable Domestic Shares and 1,319,000,000 non-tradable Domestic Shares) carrying voting rights of the Company, representing approximately 78.50% of the total issued Domestic Shares of the Company, were present (in person or by proxy; on site or through the online voting procedure) at the Domestic Share Class Meeting. Out of the holders of Domestic Shares present, 87 were holder of tradable Domestic Shares holding an aggregate of 308,218,025 tradable Domestic Shares carrying voting rights and one shareholder, being Angang Holding, was the holder of all non-tradable Domestic Shares holding an aggregate of 1,319,000,000 non-tradable Domestic Shares carrying voting rights.

The Domestic Share Class Meeting was chaired by Mr. Liu Jie, chairman of the board of the Company. After consideration by the holders of Domestic Shares and their authorized proxies and through voting by way of a poll (Angang Holding abstained from voting in respect of all of the following resolutions, and the 1,319,000,000 Domestic Shares carrying voting rights held by it were not counted towards the relevant quorum), the following resolutions were passed at the Domestic Share Class Meeting:

SPECIAL RESOLUTIONS

Rights Issue and Domestic Share Placing

1. Subject to the fulfillment of the conditions in respect of the Rights Issue and Domestic Share Placing as set out in the Circular, the issue by way of rights of the ordinary Shares and issue by way of placing of the Domestic Shares, the structure of which is set out as follows, were approved:

Structure of the Right Issue and the Domestic Share Placing:

(a) Class of securities to be issued under the Rights Issue: Domestic Shares (in the form of State-owned Shares and A Shares) of RMB 1.00 each in the registered capital of the Company and H Shares of RMB 1.00 each in the registered capital of the Company.

Class of securities to be issued under the Domestic Share Placing: Domestic Shares (in the form of the State-Owned Shares).
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<tr>
<td>Domestic entitled Shares to vote</td>
<td>Domestic entitled Shares to vote</td>
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<tr>
<td>308,064,625</td>
<td>99.95</td>
<td>102,500</td>
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(b) Par value of each Domestic Share and H Share: RMB 1.00.

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(c) Target subscribers under the Rights Issue: all the existing Shareholders as at the relevant record date to be determined by the Board.

Target subscribers under the Domestic Share Placing:

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(d) Mechanism of the Rights Issue and the Domestic Share Placing: offer of Rights Shares on the basis 8 Rights Shares for every 10 existing Shares to the Shareholders and placing of additional State-owned Shares of not more than 3,000,000,000 Shares to Angang Holding.

(e) Number of Shares to be issued under the Rights Issue and the Domestic Share Placing:

(i) not more than 2,370,308,000 Domestic Shares, out of which, not more than 604,200,000 A Shares (all the outstanding convertible debentures of the Company have been converted into A Shares before the Rights Issue), not more than 712,000,000 H Shares and not more than 1,055,200,000 State-owned Shares;

(ii) not more than 3,000,000,000 Domestic Shares to be issued under the Domestic Share Placing;

(iii) In the event that the market price of H Shares is lower than the audited net asset value per Share as at 31 December 2004, the non-issuance of CSRC approval or unfavorable market conditions, the Rights Issue will proceed without the H Share Rights Issue and the number of the State-owned Shares to be placed to Angang Holding under the Domestic Share Placing will be reduced in order for the Company to satisfy the 15% H Shares minimum public float requirement under Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF CERTAIN IRON AND STEEL OPERATIONS AND ASSETS FROM OUR CONTROLLING SHAREHOLDER, ANSHAN IRON & STEEL GROUP COMPLEX

PROPOSED RIGHTS ISSUE OF APPROXIMATELY 1,659,358,000 DOMESTIC SHARES (IN THE FORM OF STATE-OWNED SHARES AND A SHARES) AND 712,000,000 FOREIGN SHARES (H SHARES) ON THE BASIS OF 8 RIGHTS SHARES FOR EVERY 10 EXISTING SHARES

PLACING OF NOT MORE THAN 3,000,000,000 DOMESTIC SHARES (IN THE FORM OF STATE-OWNED SHARES AND SUBJECT TO ADJUSTMENT) TO OUR CONTROLLING SHAREHOLDER, ANSHAN IRON & STEEL GROUP COMPLEX

APPLICATION FOR WHITEWASH WAIVER

AND

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS RELATING TO THE SUPPLY OF MATERIALS AND SERVICES

(f) Pricing:

subscription price for the Rights Shares and the Shares placed under the Domestic Share Placing shall be determined by the Board on the net asset value per Share as at 31 December 2004 as audited under the PRC accounting rules and regulations, which is expected to be between RMB 3.35 (approximately HK$3.15) to RMB 3.50 (approximately HK$3.29)

(g) Use of proceeds:

to finance the Acquisition.

(h) The special resolutions approving the proposal for the Rights Issue and the Domestic Share Placing shall be valid for 12 months from the date of the approval.

III. RESULTS OF H SHARE CLASS MEETING

3 holders of H Shares and authorized proxies holding an aggregate of 105,145,553 H Shares carrying voting rights of the Company, representing approximately 11.81% of the total issued H Shares of the Company, were present (in person or by proxy) at the H Share Class Meeting.

The H Share Class Meeting was chaired by Mr. Liu Jie, chairman of the board of the Company. After consideration by the holders of H Shares and their authorized proxies and through voting by way of a poll, the following resolutions were passed at the H Share Class Meeting:

SPECIAL RESOLUTIONS

Rights Issue and Domestic Share Placing

1. Subject to the fulfillment of the conditions in respect of the Rights Issue and Domestic Share Placing as set out in the Circular, the issue by way of rights of the ordinary Shares and issue by way of placing of the Domestic Shares, structure of which is set out as follows, were approved:

Structure of the Right Issue and the Domestic Share Placing

(a) Class of securities to be issued under the Rights Issue: Domestic Shares (in the form of State-owned Shares and A Shares) of RMB 1.00 each in the registered capital of the Company and H Shares of RMB 1.00 each in the registered capital of the Company;
Angang New Steel Company Limited
(a joint stock limited company incorporated in the People’s Republic of China with limited liability)

(Stock Code: 0347)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF CERTAIN IRON AND STEEL OPERATIONS AND ASSETS FROM OUR CONTROLLING SHAREHOLDER, ANSHAN IRON & STEEL GROUP COMPLEX

PROPOSED RIGHTS ISSUE OF APPROXIMATELY 1,659,358,000 DOMESTIC SHARES (IN THE FORM OF STATE-OWNED SHARES AND A SHARES) AND 712,000,000 FOREIGN SHARES (H SHARES) ON THE BASIS OF 8 RIGHTS SHARES FOR EVERY 10 EXISTING SHARES

PLACING OF NOT MORE THAN 3,000,000,000 DOMESTIC SHARES (IN THE FORM OF STATE-OWNED SHARES AND SUBJECT TO ADJUSTMENT) TO OUR CONTROLLING SHAREHOLDER, ANSHAN IRON & STEEL GROUP COMPLEX

APPLICATION FOR WHITEWASH WAIVER

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### Class of securities to be issued under the Domestic Share Placing:

- Domestic Shares (in the form of the State-Owned Shares).

### (b) Par value of each Domestic Share and H Share:

- RMB 1.00.

### (c) Target subscribers under the Rights Issue:

- all the existing Shareholders as at the relevant record date to be determined by the Board;
- Target subscribers under the Domestic Share Placing:

### (d) Mechanism of the Rights Issue and the Domestic Share Placing:

- offer of Rights Shares on the basis 8 Rights Shares for every 10 existing Shares to the Shareholders and placing of additional State-owned Shares of not more than 3,000,000,000 Shares to Angang Holding.

### (e) Number of Shares to be issued under the Rights Issue and the Domestic Share Placing:

- not more than 2,370,308,000 Domestic Shares, out of which, not more than 604,200,000 A Shares (assuming all the outstanding convertible debenture of the Company have been converted into A Shares before the Rights Issue), not more than 712,000,000 H Shares and not more than 1,055,200,000 State-owned Shares;
- not more than 3,000,000,000 Domestic Shares to be issued under the Domestic Share Placing;
- In the event that the market price of H Shares is lower than the audited net asset value per Share as audited at 31 December 2004, the non-issuance of CSRC approval or unfavorable market conditions, the Rights Issue will proceed without the H Share Rights Issue and the number of the State-owned Shares to be placed to Angang Holding under the Domestic Share Placing will be reduced in order for the Company to satisfy the 15% H Shares minimum public float requirement under Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### (f) Pricing:

- subscription price for the Rights Shares and the Shares placed under the Domestic Share Placing shall be determined by the Board on the net asset value per Share as at 31 December 2004 as audited under the PRC accounting rules and regulations, which is expected to be between RMB 3.35 (approximately HK$3.15) to RMB 3.50 (approximately HK$3.29).
The application for the Whitewash Waiver granted or to be granted by the
The special resolutions approving the proposal for the Rights Issue and the
Use of proceeds: to finance the Acquisition.

According to the requirements of the Listing Rules, KPMG acted as the scrutineer of and reviewed
the counting of the votes at the EGM, the Domestic Class Meeting and the H Share Class Meeting.
Ms. Tang Lizi, the PRC lawyer from King & Wood, attended in person the EGM, the Domestic Class
Meeting and the H Share Class Meeting and King & Wood issued a legal opinion that the convening
of the EGM, the Domestic Class Meeting and the H Share Class Meeting, the procedures for the
holding of the EGM, the Domestic Class Meeting and the H Share Class Meeting, the eligibility of
the persons who attended the EGM, the Domestic Class Meeting and the H Share Class Meeting
and the procedures for voting at the EGM, the Domestic Class Meeting and the H Share Class Meeting
were in compliance with the Company Law and other relevant PRC laws and regulations of the PRC
and the Articles of Association, and the resolutions passed at the EGM, the Domestic Class Meeting
and the H Share Class Meeting are lawful and valid.

Save in the case of Morgan Stanley and persons controlling, controlled by or under the same
control as Morgan Stanley for certain dealings in the Shares which the SFC has confirmed are
not disqualifying transactions (as described in Schedule VI of the Takeovers Code), neither the
general manager of Angang Holding, Angang Holding, parties Acting in Concert with Angang
Holdings and the Directors has dealt in the Shares during the period from 30 December 2004,
being the date of the Announcement, to the date of this announcement.

According to the requirements of the listing rules of Shenzhen Stock Exchange, trading of A
shares of the Company on the Shenzhen Stock Exchange was suspended on 28 February 2005
and will resume on 1 March 2005.

Save in the case of Morgan Stanley and persons controlling, controlled by or under the same
control as Morgan Stanley for certain dealings in the Shares which the SFC has confirmed are
not disqualifying transactions (as described in Schedule VI of the Takeovers Code), neither the
general manager of Angang Holding, Angang Holding, parties Acting in Concert with Angang
Holdings and the Directors has dealt in the Shares during the period from 30 December 2004,
being the date of the Announcement, to the date of this announcement.

Anshan City
Liaoning Province, the PRC
28 February 2005

The directors of the Company jointly and severally accept full responsibility for the accuracy
of the information contained in this announcement and confirm, having made all reasonable
enquiries, that to the best of their knowledge, opinions expressed in this announcement have
been arrived at after due and careful consideration and there are no other facts not contained
in this announcement, the omission of which would make any statement in this announcement
misleading.

The Board composition as at the date of this announcement is set out below:

Executive Directors:
Liu Jie
Yang Hua
Cai Dengchou
Yao Lin
Li Zhongwu
Zhang Lifen
Fu Jihui
Fu Wei

Non-Executive Directors:
Yu Wanyuan
Yao Weiting
Wang Linsen
Liu Yongze
Francis Li Chak Yan

Independent Non-Executive Directors:

By Order of the Board
Angang New Steel Company Limited
FU JI HUI
Company Secretary