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馬 鞍 山 鋼 鐵 股 份 有 限 公 司
Maanshan Iron & Steel Company Limited

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00323)

**ANNOUNCEMENT ON LITIGATION OF MAANSHAN
MASTEEL YUYUAN LOGISTICS CO., LTD.,
A SUBSIDIARY OF THE COMPANY**

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 21 September 2012, the board of directors (the "Board") of Maanshan Iron & Steel Company Limited (the "Company") was reported by Maanshan Masteel Yuyuan Logistics Co., Ltd. (馬鞍山馬鋼裕遠物流有限公司) ("Logistics Company"), a wholly-owned subsidiary of the Company, that Logistics Company had filed civil lawsuits to Maanshan City Intermediate People's Court on 21 September 2012 for the recovery of the goods and amounts owed by suppliers in respect of the recent trade disputes arose between Logistics Company and the suppliers.

A. Acceptance of the cases and summary of the litigation

1. Acceptance of the cases

Maanshan City Intermediate People's Court, Anhui Province has issued the Notices of Case Acceptance (2012) Ma Min Er Chu Zi Nos.72-94) on 21 September 2012 to accept 23 civil cases filed by Logistics Company as the plaintiff in respect of the contract disputes between Logistics Company and Shanghai Beiyue Investment Co., Ltd. (上海北粵投資有限公司) and others, respectively.

2. Summary of the litigation

The aforesaid 23 civil cases involved a total of 40 different contracts, with the subject of the litigation totaling RMB803.6336 million. All of the 23 civil cases filed by Logistics Company have been legally accepted by Maanshan City Intermediate People's Court, and the defendants of the civil cases included 9 companies, namely Shanghai Beiyue Investment Co., Ltd., Shanghai Nalipu Industry & Trade Co., Ltd. (上海納立浦工貿有限公司), Shanghai Huashi Brothers Investment Holding Co., Ltd. (上海華世兄弟投資

控股有限公司), Shanghai Huacheng Materials Co., Ltd. (上海華程物資有限公司), Shanghai Dandong Iron & Steel Co., Ltd. (上海丹東鋼鐵有限公司), Zhangjiagang Nangang Steel Import & Export Co., Ltd. (張家港南港鋼鐵進出口有限公司), Shanghai Haoying Materials Co., Ltd. (上海灝影物資有限公司), Shanghai Guangxin Guarantee Co., Ltd. (上海廣信擔保有限公司) and Zhangjiagang Free Trade Zone Haozhou Logistics Co., Ltd., (張家港保稅區昊洲物流有限公司), and an individual, You Shuchun.

The series of civil cases was caused by the disputes in relation to the sale of goods contracts, in which Logistics Company has not received the relevant goods from the defendants after it made the payment in accordance with the contracts. As the defendants have not provided the goods nor made refund, the cases arose.

The main reason for the above disputes regarding the steel trading contracts is that the capital chain of the suppliers is adversely affected by the fall of steel price and the tightening of credit by banks against steel trading companies, causing the suppliers fail to fulfill the contracts in a timely manner.

The series of civil cases was brought to the Court for orders to have the defendants to refund the payment of goods and to bear the corresponding litigation costs.

The cases were based on the sale of goods contracts entered into between the parties and the proof of payment made by Logistics Company.

B. Description of Logistics Company

Logistics Company was established on 12 December 2011 with a registered capital of RMB270 million. As at 20 September 2012, the total assets amounted to RMB1,098.80 million and the total liabilities amounted to RMB 827.30 million. The business activities included water transport, road transport, freight transport agency, shipping agency, logistics warehousing, distribution processing, information consulting, logistics financial services and related logistics services; operating purchase and sales of materials related to iron and steel; agent for engineering and equipment tenders; and operating wholesale of coal.

C. Impacts of the litigation on the profit of the Company

As the hearings of the cases are yet to begin, the impacts on the profit of the Company are yet to be ascertained. The Company will make timely disclosure on the impacts of the litigation on the Company according to the progress of the cases.

D. Save as the aforesaid cases, the Company and its controlling subsidiaries do not have any other discloseable litigation or arbitration which have not been disclosed.

Logistics Company has issued several expediting letters before the contract expired, and has negotiated with the relevant companies to demand for delivery of goods or refund of payment, but none of these methods are successful. As a result, Logistics Company is trying to recover the payment through legal process by filing the lawsuits.

The Company has requested Logistics Company to make effective claim and reduce losses through litigation, and to make timely report on the latest progress of the litigation. The Company will make timely disclosure on the major progress of the litigation in accordance with the relevant requirements of The Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

By order of The Board

Ren Tianbao

Company Secretary

24 September 2012

Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include:

Executive Director: Su Jiangang, Qian Haifan, Ren Tianbao

Non-executive Director: Zhao Jianming

Independent Non-executive Directors: Qin Tongzhou, Yang Yada