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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)

POSSIBLE ACQUISITION

The board of directors (the “**Board**”) of Maanshan Iron & Steel Company Limited (the “**Company**”) is pleased to announce that at the thirty-fifth meeting of the seventh session of the Board of the Company held on 27 December 2013, it was resolved that the Company may acquire 11% equity interest in Maanshan Iron & Steel (HK) Limited (“**Hong Kong Company**”) from the Ma Steel International Trade and Economics Corporation (“**International Trade Corporation**”) (the “**Possible Acquisition**”). Magang (Group) Holding Company Limited (the “**Magang Group**”) holds, as at the date of this announcement, approximately 50.47% of the issued share capital of the Company and is the controlling shareholder of the Company; while the International Trade Corporation is a wholly owned subsidiary of Magang Group and a connected party to the Company. Therefore, the Possible Acquisition, if materialized, may constitute a connected and notifiable transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Details of the Possible Acquisition

Maanshan Iron & Steel Company Limited intends to acquire 11% equity interest in the Hong Kong Company from the International Trade Corporation. In accordance with the listing rules of the Shanghai Stock Exchange and the Listing Rules, International Trade Corporation, as a wholly owned subsidiary of the Magang Group, is a connected party of the Company. The investment therefore would constitute a connected transaction of the Company.

At the thirty-fifth meeting of the seventh session of the Board of the Company held on 27 December 2013, directors of the Company underwent conscientious discussion on the matter. Connected directors Mr. Ding Yi, Mr. Qian Haifan and Mr. Su Shihuai abstained from voting as required. Four non-connected directors, including three independent directors, voted in favour of the resolution.

As at the date of this announcement, the preliminary terms of the Possible Acquisition are set out below:

Parties:

The Company and International Trade Corporation

Proposed signing date of the agreement:

30 December 2013

Subject matter:

The Company will acquire 11% equity interest in the Hong Kong Company from the International Trade Corporation. The relevant Agreement on the Shares Transfer of Maanshan Iron & Steel (HK) Limited was approved and a director was authorised to sign on behalf of the Company.

Consideration:

Based on the net assets of the Hong Kong Company valued, the Company will acquire 11% equity interest in the Hong Kong Company from the International Trade Corporation by cash. The 11% equity interest in the Hong Kong Company as valued on the valuation date, being 31 May 2013, amounts to RMB17,044,732.96.

Conditions precedent:

The legal representatives of both parties or their authorised representatives have signed the agreement; both parties have taken all actions necessary for the approval of this agreement and all relevant documents.

Details of the connected party

- i. Company name: Ma Steel International Trade and Economics Corporation
- ii. Registered address: No. 8, Jiu Hua Xi Road, Maanshan City, Anhui Province
- iii. Statutory representative: Ye Yi
- iv. Registered business license no.: 340500000034279
- v. Registered capital: RMB50 million
- vi. Nature of the business: joint stock co-operative enterprise
- vii. Scope of Operations: wholesale of coal; freight insurance, vehicles insurance and casualty insurance brokerage; wholesale and retail of pre-packaged food. General business activities: operating and forwarding the import and export business of various goods and technologies (excluding goods and technologies restricted or prohibited by the state from import or export); wholesale and retail of coke, iron ore products, ferroalloy products, non-ferrous metallic materials and metallic products, scrap (excluding the recycled ones), pig iron, metallic products, steel, machinery and equipment and parts, electrical equipment, refractory materials, organic fertilizer, building materials, lubricants, wires and cables, rubber products, chemical products (excluding hazardous chemicals and precursor chemicals), grocery and farm products; economic and business information consultation service; storage service (excluding hazardous goods).
- viii. Connected nature: the Magang Group, which holds 50.47% equity interest in the Company, is the controlling shareholder of the Company and the Company is its controlled subsidiary. The Magang Group holds 100% equity interest in the International Trade Corporation, and the International Trade Corporation is its wholly owned subsidiary.
- ix. Key financial highlights of 2012:
Total assets: RMB2,622 million;
Owners' equity: RMB48 million;
Operating revenue: RMB7,371 million;
Net profit: -RMB238 million.

Basic information on target of the Possible Acquisition

The Hong Kong Company has registered capital of HK\$4.8 million, of which the Company and the International Trade Corporation hold an 80% and a 20% equity interest in the Hong Kong Company respectively.

Influence of the Possible Acquisition on the Company

Upon the completion of the Possible Acquisition, the Company and the International Trade Corporation will hold 91% and 9% equity interest in the Hong Kong Company respectively.

The completion of the Possible Acquisition will be favourable to the commencement of international trade and finance business of the Company through the Hong Kong Company, which is in turn beneficial to the production and operation of the Company.

Prior approval from independent directors and opinions of the independent directors

The Possible Acquisition was pre-approved by independent directors. Independent directors of the Company Mr. Qin Tongzhou, Ms. Yang Yada and Mr. Liu Fangduan agreed to submit the matter to the thirty-fifth meeting of the seventh session of the Board of the Company for consideration, and believed the voting procedures for the relevant acquisition and related resolutions to be lawful and valid, and that the transaction would cause no harm to the interests of the Company and its shareholders as a whole.

The Board wishes to emphasize that the aforesaid resolution of the Board does not constitute substantive rights and obligation of any parties thereto. The transaction(s) contemplated may or may not proceed. No documents have been entered into between the parties regarding the Possible Acquisition. The Possible Acquisition, if materialized, may constitute connected and notifiable transactions under the Listing Rules. Further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules as applicable. The Company will comply with all the applicable laws and regulations and all the applicable provisions of the Listing Rules in relation to the Possible Acquisition.

The Board

Maanshan Iron & Steel Company Limited

27 December 2013

Maanshan City, Anhui Province, the PRC

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

Executive Directors: Ding Yi, Qian Haifan, Ren Tianbao

Non-executive Director: Su Shihuai

Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Liu Fangduan