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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF LAND

The Board is pleased to announce that on 28 February 2014, Ma Steel (Hefei) entered into the Agreement with Hefei Land Reserve Centre to dispose of the Land for a consideration of approximately RMB1,200,000,000 and the final consideration is to be determined by the filed audit results on the valuation price of the lands, certain buildings and foundation facilities by State Land and Resources Authority, Property Administration Authority and Administration Office for Construction Affairs under Hefei Municipality.

As the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE AGREEMENT

Summary of the terms of the Agreement

Date:

28 February 2014

Parties:

- (i) Ma Steel (Hefei), a company established in the PRC which is a non wholly-owned subsidiary of the Company
- (ii) Hefei Land Reserve Center

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hefei Land Reserve Centre and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subject assets:

Pursuant to the Agreement, Hefei Land Reserve Center agreed to acquire, and Ma Steel (Hefei) agreed to dispose of, the Land.

Consideration:

Based on the preliminary valuation, the consideration for the Disposal is approximately RMB1,200,000,000 and the final consideration is to be determined by the filed audit results on the valuation price of the lands, certain buildings and foundation facilities by State Land and Resources Authority, Property Administration Authority and Administration Office for Construction Affairs under Hefei Municipality. The consideration shall be payable in cash by Hefei Land Reserve Center in the following manner:

- (i) RMB360,000,000 shall be payable on or before 10 March 2014;
- (ii) RMB360,000,000 shall be payable on or before 30 June 2014;
- (iii) RMB240,000,000 shall be payable on or before 30 September 2014; and
- (iv) the balance shall be payable on or before 30 December 2014.

The consideration for the Disposal was arrived at by the parties after arm's length negotiation and the final consideration is to be determined by the filed audit results on the valuation price of the lands, certain buildings and foundation facilities conducted by State Land and Resources Authority, Property Administration Authority and Administration Office for Construction Affairs under Hefei Municipality according to the "Hefei Municipal Implementing Measures for Land Reserve".

Other terms:

Ma Steel (Hefei) shall, after removal of all buildings and other immovable fixed assets attached thereto, deliver the Land to Hefei Land Reserve Center on or before 30 December 2014.

If Ma Steel (Hefei) fails to transfer the land use rights of the Land to Hefei Land Reserve Center on or before 30 December 2014 in accordance with the Agreement, Ma Steel (Hefei) shall pay to Hefei Land Reserve Center a default fee calculated based on 1% of consideration Ma Steel (Hefei) will have then received for every day of delay and such will be deducted from the balance of the consideration. In the event that the aforesaid delay is more than 30 days, Hefei Land Reserve

Center shall be entitled to terminate the Agreement and to demand Ma Steel (Hefei) to return all consideration received, pay the relevant default fee and bear the economic loss caused to Hefei Land Reserve Center.

If Hefei Land Reserve Center fails to pay the consideration in accordance with the terms of the Agreement, it shall pay to Ma Steel (Hefei) a default fee calculated based on 1% of the consideration for every day of delay and shall bear the economic loss caused to Ma Steel (Hefei).

INFORMATION OF THE LAND

The Land is situated at No. 441 Heyu Road, Yaohai District, Hefei City, Anhui Province, the PRC with approximate site area of 2,251,942.7 square meters.

The net book value of the Land as at 31 December 2013 was approximately RMB477,743,900 as set out in the audited financial statements Ma Steel (Hefei) for the year ended 31 December 2013. There were not any profits attributable to the Land for the two financial years prior to entering into the Agreement.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In view of the increasing concern on the issue of pollution and environmental protection by the PRC government, it is inevitable for Ma Steel (Hefei) to phase out inefficient and obsoleted smelting facilities and to initiate the transition to a new business model, and such smelting activities will cease by 1 October 2014.

According to Accounting Standards for Business Enterprises, there shall be provision for the loss in assets impairments and other expenses in relation to Ma Steel (Hefei)'s cessation of the relevant smelting activities, and the preliminary estimate is approximately RMB1,200,000,000. The benefit of the Land resumption by Hefei Land Reserve Centre is that, on the one hand, it will avoid loss to the Company resulting from provisions for impairments made in 2013 as a result of the cessation of smelting activities by Ma Steel (Hefei); and on the other hand, it will pave ways for Ma Steel (Hefei) to initiate transition to a new business model.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement including the consideration are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL

Based on the carrying value of the Land of approximately RMB477,743,900 as at 31 December 2013, it is estimated that the Group will realise a gain from the Disposal of at least approximately RMB722,256,100 (before tax and expenses) (subject to audit), being the difference between the consideration for the Disposal and the carrying value of the Land as at 31 December 2013.

The Group intends to apply the proceeds from the Disposal, after deduction of expenses directly attributable thereto, as the initial fund to transform Ma Steel (Hefei) into a new business model.

GENERAL

The principal activities of the Group are manufacture and sale of iron and steel products.

As the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	the Resumption Contract for the Land Use Right of State-owned Land for Construction in Hefei” entered into between Ma Steel (Hefei) and Hefei Land Reserve Center on 28 February 2014
“Board”	the board of Directors
“Company”	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC and the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Disposal”	the arrangement in respect of the disposal of the Land pursuant to the Agreement
“Group”	the Company and its subsidiaries

“Hefei Land Reserve Center”	合肥市土地儲備中心, a PRC government entity and is principally engaged in administration of reserve land acquisition plan, holding of reserve land on behalf of government, management of pre-development work on land, management of urban land resources and coordination of tenders and auctions of land use rights
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the land, together with certain buildings and foundation facilities attached thereto, situated at No. 441 Heyu Road, Yaohai District, Hefei City, Anhui Province, the PRC with approximate site area of 2,251,942.7 square meters
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ma Steel (Hefei)”	馬鋼（合肥）鋼鐵有限責任公司 Ma Steel (Hefei) Iron & Steel Co., Ltd., a company established in the PRC which is a non wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, does not include Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

The Board

Maanshan Iron & Steel Company Limited

6 March 2014
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