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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 ADJUSTMENT IN DEPRECIATION PERIOD OF FIXED ASSETS

Maanshan Iron & Steel Company Limited (the “**Company**”) and members of the board of directors (the “**Board**”) warrant that there are no false representations, misleading statements contained in, or material omissions from, this announcement, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the content of this announcement.

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 8 May 2014, the resolution on the adjustment in depreciation period of fixed assets was considered and approved at the fortieth meeting of the seventh session of the Board (the “**Meeting**”) of Maanshan Iron & Steel Company Limited (the “**Company**”). The voting result on the above resolution was as follows: 7 voted in favour, 0 voted against and 0 abstained from voting.

1. OVERVIEW OF ACCOUNTING ESTIMATE CHANGES

According to the provisions of Accounting Standards for Business Enterprises and the actual use of the Company’s fixed assets, the Company re-verified the actual service life of various fixed assets and decided to adjust the depreciation period of several fixed assets from July 1st 2014 as per the specific plan below:

Class of Fixed Assets	Depreciation Period (Year) before Adjustment	Depreciation Period (Year) after Adjustment
Buildings & Structures	20	30
Equipment	13	15

2. EXPLANATION ON ACCOUNTING ESTIMATE CHANGES

The original value of the Company’s existing fixed assets is RMB 61 billion, including RMB 41.2 billion for equipment-class fixed assets, RMB 15.5 billion for buildings & structures-class fixed assets and RMB 4.3 billion for other-class fixed assets. The original value of fixed assets still in use after the due date of their depreciation period is RMB 7.3 billion. These are basically online equipment-class assets and buildings & structures still in

use, with their asset status and production capacity remaining at a normal level. The RMB 22.6 billion fixed-asset investment already made and to be made by the Company during the “Twelfth Five-Year Plan” period has boosted the overall technology advance of the Company’s fixed assets. Meanwhile, in recent years, by intensifying efforts to maintenance and relevant technological transformation programs, the Company has relatively restored the equipment accuracy, improved the equipment performance and extended the usable period of equipment, buildings & structures. From the perspective of the re-verified actual service life of the Company’s fixed assets, their actual service life is generally longer than the previously identified accounting estimate period. According to the provisions of Accounting Standards for Business Enterprises, the Company shall at least re-check the service life, expected residual value and depreciation method of fixed assets by the end of each year, and if there is a difference between the expected service life and the previously estimated service life of fixed assets, the service life of fixed assets shall be adjusted. In consideration of the overall status of the Company’s fixed assets and the depreciation level within the industry, the Company believes that, by adjusting the service life of equipment-class assets from 13 years to 15 years and adjusting the service life of buildings & structures-class assets from 20 years to 30 years, the Company’s financial information will be made more objective.

3. EFFECT OF ACCOUNTING ESTIMATE CHANGES ON THE COMPANY

The adjustment of depreciation period on fixed assets is expected to reduce the Company’s annual depreciation expenses of fixed assets by RMB900.58 million and to increase owners’ equities and net profits by RMB675.44 million. With the new depreciation period being effective since July 2014, the depreciation expenses of fixed assets for 2014 will reduce by RMB450.29 million, while owners’ equities and net profits will increase by RMB337.72 million.

4. OPINIONS OF THE SUPERVISORS COMMITTEE

The Supervisory Committee was of the view that the above-mentioned resolution was in compliance with the relevant requirements of the laws, regulations and the provisions of Accounting Standards for Business Enterprises, and conform to the Company’s actual production conditions. The consideration procedure was also in compliance with the relevant requirements of the laws and regulations. No action that harmed the interest of the Company and its shareholders was found.

5. OPINIONS OF INDEPENDENT DIRECTORS

Independent directors were of the view that these accounting estimate changes comply with the relevant state laws & regulations and the provisions of Accounting Standards for Business Enterprises, and conform to actual using conditions of the Company’s fixed assets. The reasons for adjustment are authentic and reliable. The adjustment does no harm to the interests of shareholders. The changed accounting information, more scientific and reasonable, can fairly reflect the Company’s financial status and operating results. The considering and voting procedures of the board of directors comply with the relevant laws & regulations and the provisions of Articles of Association. Independent directors approve the resolution of the board of directors on adjusting the depreciation period of fixed assets.

6. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolutions of the Board of Directors signed by directors present at the meeting;
2. Opinions of independent directors signed by independent directors;
3. Resolutions of the Supervisory Committee signed by supervisors present at the meeting.

The Board
Maanshan Iron & Steel Company Limited

8 May 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 Directors: Su Shihuai

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