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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)**

## **VOLUNTARY ANNOUNCEMENT**

### **ACQUISITION OF VALDUNES' ASSETS**

The Board is pleased to announce that the Company was successful in its bid for the Target Assets at a consideration of EUR13,000,000 under the judgment of the Commercial Court of Valenciennes in France and received the judgment thereof from the Court on 6 June 2014 (after trading hours).

As all the applicable percentage ratios for the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

#### **THE ACQUISITION**

The Board is pleased to announce that the Company was successful in its bid for the assets of Valdunes at a consideration of EUR13,000,000 under the judgment of the Commercial Court of Valenciennes in France and received the judgment thereof from the Court on 6 June 2014 (after trading hours). Details of the Acquisition are set out below:

#### **Date of judgment**

30 May 2014

#### **Parties of the Acquisition**

- (1) the Company, as the successful bidder
- (2) Valdunes, as the transferor of the Target Assets

The Directors, having made all reasonable inquiries, confirm that, to the best of their knowledge, information and belief, Valdunes and its beneficial owners are third parties independent of the Company and its connected persons.

#### **Information of the Target Assets**

The Target Assets consist of the following:

- (1) All land and buildings and other immovable properties of Valdunes in the Valenciennes and Dunkirk bases;

(2) All tangible assets such as manufacturing equipment, manufacturing tools, mobile equipment and transport equipment of Valdunes;

(3) All intangible assets of Valdunes, including but not limited to:

- 3.1 trade names and trademarks;
- 3.2 clients, customers and customer-related information;
- 3.3 logos;
- 3.4 software and all software licenses necessary for business operation;
- 3.5 all technical documents, equipment document and operation manuals for product manufacturing;
- 3.6 all business related licenses, permits and registration documents ;
- 3.7 other licenses, qualifications and technical certification;
- 3.8 sales and technical files;
- 3.9 addresses, websites , telephone and fax numbers;
- 3.10 all industrial properties and intellectual properties, including but not limited to patent, technology, proprietary technology, rights of authorship and all rights related to the advertising activities of Valdunes;

(4) All inventories and product in progress of Valdunes; and

(5) Lease contracts, contracts with customers, all types of supply contracts and maintenance contracts, etc of Valdunes.

According to the result of due diligence conducted by DS AVOCATS of France, legal consultant of the Company on the Acquisition, Valdunes has not pledged any of its operating assets or equipment and has the legal ownership of the Target Assets.

After the Acquisition, all the existing employees of Valdunes will be taken up by the Company.

#### **Consideration and payment terms**

In accordance with the auditor's report of Valdunes prepared by KPMG, the total book value of Valdunes was EUR41,980,000 in the fiscal year of 2013 ended 30 September 2013. The Company engaged Citic Securities Co. Ltd., DS AVOCATS of France and Ernst & Young as the financial advisor, legal consultant and auditor respectively to conduct a thorough due

diligence of the Target Assets and carry out investigation and study of the value of the Target Assets. Moreover, this transaction was an acquisition of French enterprise under bankruptcy restructuring through bidding and the offers made by various bidders would influence each other. Based on the result of previous due diligence and by reference to the offers proposed by other bidders, the Company determined from its years of experience in the industry that the acquisition price for the Target Assets would be EUR13,000,000.

The consideration for the Acquisition was fully settled in cash by internal resources of the Company. According to the judgment of the Court, the Company started possessing all of Valdunes' assets since 1 June 2014 and enjoyed all relevant asset rights, and has already delivered a cashier's order of EUR13,000,000 to the payee designated by the Court. The formal transfer of Target Assets will be completed no later than 30 November 2014 regarding the real estate assets and 31 August 2014 regarding other tangible and intangible assets.

### **INFORMATION OF THE PARTIES**

The Company is one of the largest iron and steel producers and marketers in the PRC and is principally engaged in the manufacture and sale of iron and steel products.

Valdunes was established as a result of the consolidation between Usinor Valenciennes and Creusot Loire (Dunes factory), which were two renowned enterprises in iron and steel industry in 1980s. Valdunes is principally engaged in the designing, production and sales of industrial products and auxiliary machinery for application in railway transportation, city transportation and other sectors. Its major products are wheels, axles and wheels pairs.

Valdunes has two manufacturing bases located in Dunkirk and Valenciennes respectively. In Dunkirk, there is a forge shop equipped with technologies such as axis roughing and mechanical parts manufacturing and forging and there are 176 employees. The base in Valenciennes is mainly engaged in wheel heat treatment, wheel and axis processing, connecting shaft assembly and maintenance and there are 311 employees.

Valdunes fell into a financial distress due to the cyclic downside of the industry. It entered into bankruptcy protection process as from 11 October 2013, which then turned into bankruptcy restructuring process on 31 March 2014.

Since Valdunes entered into bankruptcy restructuring process, Mr. Eric Rouvroy has been appointed by the Court to be responsible with full authority for the sale of Valdunes as a French enterprise under bankruptcy restructuring, without the need of obtaining the consent of the creditors. Moreover, as the competent authority of approval for the present transaction, the Court decided on 29 May 2014 that the parties to the transaction were duly authorised to perform the contract in relation to the present transaction.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Valdunes had abundant experience and excellent reputation in the research and development and manufacturing of wheels for high-speed trains, as well as a broad established sales channel overseas, which will produce a synergistic effect with the Company. The Acquisition

is strategically important for the Company as it will facilitate the development of high-speed train wheel technology for the Company, expand its international sales channels and improve its brand recognition.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition was entered into in the ordinary and usual course of business of the Group. The Board considers that the Acquisition was entered into on normal commercial terms and the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

### **LISTING RULES IMPLICATION**

As all the applicable percentage ratios for the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

### **DEFINITIONS**

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

“Acquisition”	the acquisition of the Target Assets pursuant to the judgment of the Court dated 30 May 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
“Court”	the Commercial Court of Valenciennes in France
“Director(s)”	the directors of the Company
“EUR”	Euro, the lawful currency in the European Union
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	the entire assets of Valdunes
“Valdunes”	SAS Valdunes, a company incorporated in France
“%”	per cent

\*In this announcement, the exchange rate of EUR1.00 to HK\$10.577 as at 9 June 2014, is applied.

By order of the Board  
Maanshan Iron & Steel Company Limited  
**Ren Tianbao**  
*Company Secretary*

9 June 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*