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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 50% EQUITY INTEREST OF MASTEEL JINXI**

On 28 May 2015, under the organization of CBEX, the Company entered into the Equity Transfer Agreement with Jinxi Axle under which Jinxi Axle has agreed to transfer 50% of the equity interests in Masteel Jinxi for a consideration of RMB174,211,000 which shall be payable by cash.

The transaction contemplated under the Agreement does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

### **PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT**

#### **Date of the Agreement**

28 May 2015

#### **Parties**

- (i) Transferor – Jinxi Axle; and
- (ii) Transferee – the Company

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

#### **Assets to be acquired**

50% equity interests in Masteel Jinxi

Prior to the Equity Transfer Agreement, the Company and Jinxi Axle held 50% of the equity interests in Masteel Jinxi respectively. After the completion of the Equity Transfer Agreement, the Company will hold 100% of the equity interest of Masteel Jinxi.

#### **Consideration**

According to the open tender process, Jinxi Axle will transfer 50% of the equity of Masteel Jinxi to the Company at the consideration of RMB174,211,000. The Company will make one-off payment in cash and remit the consideration into a settlement account as specified by CBEX within 5 working days after signing the Agreement. The Company undertakes and accepts that CBEX will make one-off payment of the consideration in full amount to an account specified by Jinxi Axle, within 3

working days after CBEX issues an Equity Transaction Certificate. The consideration of the Acquisition will be self-funded by the Company.

The consideration for the Agreement is considered by the Directors as fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

### **Delivery**

Within 7 working days upon issuance of an Equity Transaction Certificate, the parties shall go through delivery procedures for equity transfer. The Company shall, within 40 working days, cause Masteel Jinxi to go through equity change registration procedures at a competent registration authority, and Jinxi Axle shall provide necessary assistance.

### **Arrangement in transitional period**

In the transitional period,

1. The parties shall manage Masteel Jinxi and its assets in good faith.
2. The parties and Masteel Jinxi undertake that, unless otherwise needed in normal operation of Masteel Jinxi, do not enter into, modify, revise or terminate any contract or transaction in connection with Masteel Jinxi, or cause Masteel Jinxi to assume any liabilities or obligations other than those in the Asset Valuation Report, or transfer or waive any right, or make any disposal regarding the assets of Masteel Jinxi.
3. Profits and losses of Masteel Jinxi shall be determined by the parties through negotiation based on supplementary audit provided by an accounting firm.

## **INFORMATION OF THE COMPANY AND JINXI AXLE**

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.

Jinxi Axle is principally engaged in production, sales and relative technical consultation service relating to railway vehicle parts, axles, sophisticated forgings; equipment maintenance; non-standard equipment design, manufacturing and sales; export of self-made products and self-owned technologies of the Enterprise; import of raw & auxiliary materials, instrument, machinery and equipment, spare and accessory parts and technologies that are required for production of the Enterprise (excluding goods and technologies that are prohibited from operation, import and export by the State); processing with imported materials as well as processing with supplied materials or given samples and assembling with supplied components and compensation trades.

## **INFORMATION AND FINANCIAL INFORMATION OF MASTEEL JINXI**

Masteel Jinxi was established with joint investment by the Company and Jinxi Axle on 14 March 2012. The registered capital was RMB 300 million, with the Company and Jinxi Axle making an equal capital contribution accounting for 50%. Masteel Jinxi is principally engaged in research and development, manufacturing maintenance, sale and logistics of various kinds of axles for railway cargo, passenger trains, general axles for urban rail transport, high-speed EMU axles and locomotive axles as well as research and development, manufacturing and sale of rail transport equipment, such as bogies.

For the period ended 31 December 2013, the audited total asset value and net asset value of Masteel Jinxi were RMB271,385,430.18 and RMB252,950,387.47 respectively. The profit before taxation and profit after taxation and extraordinary items were RMB32,520,404.09 and RMB24,235,304.46 respectively.

For the period ended 31 December 2014, the audited total asset value and net asset value of Masteel Jinxi were RMB356,366,360.26 and RMB342,952,938.83 respectively. The profit before taxation and profit after taxation and extraordinary items were RMB2,792.13 and RMB2,551.36 respectively.

Immediately after the completion of the Acquisition, the Company's percentage of equity interests in Masteel Jinxi will be increased from 50% to 100%.

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

To build wheels and relative railway products into a world-class brand and become a leading enterprise in global high-end wheels is one of the Company's strategic goals. To realize such strategic goal, the Company has intensified the research and development efforts in wheel steel making and manufacturing technologies relating to wheel products. After having successfully purchased the France-based SAS VALDUNES, the Company has further strengthened its technology level in view of wheels and railway-related products. At present, high-speed rail is in a vigorous development process in China and is quickening the pace of the "going global" strategy. In this context, it is significant for the Company to extend its wheel industry chain and construct a rail transportation equipment manufacturing platform by purchasing 50% of the equity of Masteel Jinxi.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transaction are normal commercial terms and are fair and reasonable and the transaction under the Agreement is in the interest of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) have unanimously approved the transaction under the Agreement. Save as disclosed, none of the Directors has material interests in the transaction under the Agreement.

## **LISTING RULES IMPLICATION**

The transaction contemplated under the Agreement does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

## **DEFINITIONS**

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

“Agreement” or “Equity Transfer Agreement”	the Agreement entered into between the Company and the Jinxi Axle on 28 May 2015 pursuant to which Jinxi Axle will transfer 50% of the equity interests of Masteel Jinxi to the Company under the terms and conditions thereof
“Asset Valuation Report”	the asset valuation report prepared by China Enterprise Appraisals Co., Ltd. in Beijing after conducting asset valuation regarding Masteel Jinxi, with 31 August 2014 as reference date
“Acquisition”	the acquisition of 50% equity interest of

	Masteel Jinxi by the Company from Jinxi Axle pursuant to the terms and conditions of the Agreement
“Board”	the board of Directors
“CBEX”	China Beijing Equity Exchange
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinxi Axle”	Jinxi Axle Company Limited, a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Masteel Jinxi”	Maanshan Masteel Jinxi Rail Transportation Equipment Co., Ltd., a company incorporated in PRC with limited liability
“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**

28 May 2015  
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*

*Non-executive Directors: Su Shihuai, Ren Tianbao*

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