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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: 323)

OVERSEAS REGULATORY ANNOUNCEMENT

ANNOUNCEMENT ON PROGRESS OF STOCK-PLEGGED REPO TRANSACTION OF THE CONTROLLING SHAREHOLDER

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 13 December 2016, Maanshan Iron & Steel Company Limited (the “Company”) received a Notification Letter issued by Magang (Group) Holding Co., Ltd (“Magang Group”), the controlling shareholder. Magang Group has completed the stock pledge procedures for the stock-pledged repo transaction with its 800 million shares of the Company. Details are as follows:

I. Details of the Stock Pledge

1. On 8 December 2016, Magang Group completed the stock-pledged repo transaction with its 800 million shares of the Company with Guoyuan Securities Company Limited (representing “Guoyuan Securities Guo Xing No. 4 Directional Asset Management Scheme”) , and the pledged shares represented 10.39% of the total share capital of the Company. The transaction was reported by Guoyuan Securities Company Limited via the trading system of the Shanghai Stock Exchange on 8 December 2016 and the relevant

pledge registration procedures have been completed with China Securities Depository and Clearing Corporation Limited.

2. The pledged shares are non-restricted tradable shares, with the term of the pledge not exceeding 3 years.

3. Before the pledge, Magang Group held 3,506,467,456 shares of the Company, representing 45.54% of the total share capital of the Company. After the pledge, Magang Group has accumulatively pledged 800 million shares of the Company, representing 22.81% of the total shares held by Magang Group and 10.39% of the total share capital of the Company.

II. Stock Pledge by the Controlling Shareholder

1. Use of the Funds

Funds financed from this pledge by Magang Group will be used to replenish the liquid funds in the medium to long run, repay the bank borrowings in order to improve its financing structure and increase its capital reserves.

2. Ability of Repayment of Funds and Relevant Arrangements

The major sources of funds of Magang Group for proceeds payable on maturity date include: cash flows from operating business, revenue arising from new business sectors in the coming years, increase in bank borrowings and funds raised through issuance of bonds, etc.

3. Potential Risks and Remedial Measures

Pending the repurchase, if the decrease in the stock price of the Company results in the inadequate security for the performance of its obligations, or reaching the warning line or the close position, Magang Group shall make further stock pledge; if further stock pledge cannot be done in a timely manner, Magang Group may first supplement the monetary capital, pledge large denomination certificates of deposit or pledge part of the commitment bills of banks, and discharge the pledge when the stock price rises again. Magang Group will implement various protective measures in advance to deal with relevant credit risks, conflict of interest risks and operational risks etc. arising from this pledge to ensure the performance of its obligations.

Previously, the Company received a Notification Letter issued by Magang Group on 6 December 2016, pursuant to which the Company made a disclosure in relation to the proposed stock-pledged repo transaction by Magang Group with its 800 million shares of the Company.

Pursuant to relevant laws, regulations and rules, the Company will continue to fulfill the obligation of information disclosure in accordance with the progress of the stock-pledged repo transaction by Magang Group. Investors should be aware of the investment risks.

The Board

Maanshan Iron & Steel Company Limited

13 December 2016

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