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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 IN RESPECT TO CAPITAL INCREASE AND EXTERNAL INVESTMENT BY MAANSHAN IRON & STEEL COMPANY LIMITED IN ITS WHOLLY OWNED SUBSIDIARY

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.

Important Notice:

- Name of the subject of the capital increase: MG-VALDUNES S.A.S. (hereinafter referred to as “VALDUNES”)
- Amount of the capital increase : EUR40 million
- This capital increase was considered and approved by the twenty-seventh meeting of the eighth session of the Board of the Company

I. Overview of External Investment

VALDUNES is a wholly-owned subsidiary of the Company. In order to improve its financial status and further fulfill the investment commitments made by the Company at the time of its acquisition, the Board agreed to increase capital of EUR40 million to the company.

II. Basic Information on the Subject of the Capital Increase

MG-VALDUNES S.A.S.

Located in northern France and headquartered in Valenciennes City, France, VALDUNES has a vehicle wheel foundry factory in Dunkirk City, France, and has a plant for vehicle wheel heat treatment machine processing and vehicle axle processing in Valenciennes City, France. Its scope of business is vehicle wheels, axles and wheel-set products for railways, and traveling crane wheel products for machinery industry, with 459 employees. In 2016, the output of its major products was: 46,502 forged wheels, 27,321 finished wheels, 5,134 axles and 4,263 wheel-set products.

Financial Information:

Unaudited; Unit: EUR'000

Financial Metrics	Year 2016	First Quarter 2017
Total assets	73,140	81,160
Net assets	14,730	11,220
Revenue	46,050	11,810
Net profit	-17,870	-3,510

III. Major Terms of External Investment Agreement

The capital increase of EUR40 million in VALDUNES was considered and approved in the twenty-seventh meeting of the eighth session of the board of directors of the Company.

IV. Impacts of External Investment on the Listed Company

As the most competitive product of the Company in the world, vehicle wheels shoulder the mission of the Company for expanding its internationalised operation. Boosting the development of the wheel and axle sectors is a long-term key plan of the Company. As an important part of the wheel and axle sectors of the Company, VALDUNES is a bridge for the Company to further enter into the European and other overseas markets, playing an important strategic role to the Company.

V. Risk Analysis of External Investment

The biggest risk of this capital increase lies in the uncertainty of external markets. At present, the international traditional rail transit industry is in recession and some steel factories and vehicle wheel factories in Europe are in difficulties. In the premise of enhancing its own level of operation and management, VALDUNES needs to face challenges from external markets. At present, the favourable condition is that China will invest significantly in the rail transport territory and will have a strong demand in

vehicle wheel products, especially high-speed vehicle wheels and urban rail transit wheel products during the “13th-five-year-plan” period. VALDUNES is currently advancing the domestic CRCC certification. Once it passes the certification, its products can enter into the domestic high-speed wheel market and increase the source of orders.

VI. Documents available for Inspection

Resolutions of the Board

The Board
Maanshan Iron & Steel Company Limited

25 April 2017

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