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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)

OVERSEAS REGULATORY ANNOUNCEMENT

ANNOUNCEMENT ON EXTERNAL INVESTMENT OF MAANSHAN IRON & STEEL COMPANY LIMITED

The Company and members of the board of directors (the "Board") warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this announcement.

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Important notes:

Name of investment target:	Anhui Changjiang Steel Co., Ltd.
Investment amount and percentage:	the Company will contribute approximately RMB1.234 billion for the purchase of 660 million non-public offered shares of Anhui Changjiang Steel Co., Ltd. ("Changjiang Steel"), representing 55% of the total number of shares after the capital increase and share capital enlargement by Changjiang Steel.

1. Overview of the external investment

The sixth session of the Board meeting of Maanshan Iron & Steel Company Limited (the "Company") was held at Magang office building on 27 April 2011. There were nine directors eligible for attending the meeting and nine of them attended the meeting. After consideration, the directors attending the meeting unanimously agreed that the Company would contribute approximately RMB1.234 billion for the purchase of 660 million non-public offered shares of Changjiang Steel, representing 55% of the total number of shares after the capital increase and share capital enlargement by Changjiang Steel. This investment does not constitute a connected transaction. Pursuant to the relevant provisions, this investment is not required to be submitted to the Company's shareholders' general meeting for approval.

After the meeting, the Company entered into an “Agreement on Capital Increase and Share Capital Enlargement” (the “Agreement”) with former shareholders of Changjiang Steel, in Maanshan City, Anhui Province. The Agreement comes into effect on the date of signing by the respective parties.

2. General information on the parties to the Agreement

Prior to the capital increase, Mr. Du Shaorong, Mr. Du Shaohua, Mr. Han Renbao, Mr. Wang Ansheng and Mr. Zhang Zhiwu (all of them have Chinese nationality), shareholders of Changjiang Steel, held 82.6%, 10%, 3.7%, 1.85% and 1.85% of Changjiang Steel’s shares respectively. After the capital increase, the Company holds 55% of Changjiang Steel’s shares, while Mr. Du Shaorong, Mr. Du Shaohua, Mr. Han Renbao, Mr. Wang Ansheng and Mr. Zhang Zhiwu hold 37.17%, 4.5%, 1.67%, 0.83% and 0.83% of Changjiang Steel’s shares, respectively.

3. General information on the investment target

(1) Profile of Changjiang Steel

Changjiang Steel is a limited company established according to law, with its registered address at Longshanqiao Industrial Park, Dangtu County, Anhui Province. Its scope of business covers the production and sale of screw-threaded steel, round steel, section steel, angle steel, deformed steel, flat steel, tube steel, wire, rod, ferrous metal smelting, steel billets, pig iron, iron ore and iron ore fines, sale of scrap steel as well as import and export. After the capital increase and share capital enlargement, the registered capital of Changjiang Steel would amount to RMB1.2 billion.

(2) The assessed net assets of Changjiang Steel amounted to approximately RMB1.063 billion as at 30 September 2010. Major audited financial data are as follows (Unit: RMB’000)

	At the end of September 2010	At the end of 2009	At the end of 2008
Total assets	3,512,694.3	2,605,365.8	1,917,451.4
Net assets	768,635.4	728,081.1	721,836.6
	From January to September 2010	2009	2008
Turnover	3,409,121.6	3,722,468.2	4,333,850.3
Net profit	33,354.3	6,678.4	13,005.6

4. Major content of the Agreement

The assessed net assets of Changjiang Steel amounted to approximately RMB1.063 billion as at 30 September 2010. After discounting, the net assets amounted to RMB1.01 billion. The Company will contribute approximately RMB1.234 billion in cash for the purchase of 660 million non-public offered shares of Changjiang Steel based on the price per share determined according to the assessed net assets of Changjiang Steel after discounting in the amount of RMB1.01 billion as at 30 September 2010, representing 55% of the total number of shares after the capital increase and share capital enlargement by Changjiang Steel. The amount of this investment accounted for approximately 4.52% of the audited shareholders' equity attributable to the Company's shareholders as at 31 December 2010.

As stipulated under the Agreement, after the capital increase and share capital enlargement, the board of directors of Changjiang Steel will consist of seven members, four of whom will be nominated by the Company and three will be nominated by Mr. Du Shaorong. The chairman of the board of directors will be nominated by the Company. The supervisory committee will consist of three members, one of whom will be nominated by the Company, one will be nominated by Mr. Du Shaorong and the other one will be a staff representative from Changjiang Steel. The chairman of the supervisory committee will be nominated by the Company.

5. Impact of the investment on the Company

The Company's engagement in the capital increase and share capital enlargement by Changjiang Steel using its own funds is in line with the State's policy for the iron and steel industry, and will facilitate the Company to further carry out its product mix adjustments. The development plan of Changjiang Steel's core steel business will be incorporated in the Company's overall plan of its own core steel business. The complementary steel rolling production line of the displacement project with a capacity of 3 million tonnes and the related public supporting facilities that Changjiang Steel is implementing will be coordinated and considered by the Company. This investment will not cause a significant impact on the operating results and financial position of the Company.

6. Analysis of the risk of the investment

As at the date of the publication of the announcement, the Board of the Company is not aware of any material risk of the investment.

7. Documents available for inspection

- (1) Agreement on Capital Increase and Share Capital Enlargement
- (2) Resolutions of the board of directors

By Order of the Board
Gao Haijian
Secretary to the Board

27 April 2011
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include:

Executive Directors: Gu Jianguo, Su Jiengang, Gao Haijian, Hui Zhigang

Non-executive Director: Zhao Jianming

Independent Non-executive Directors: Wong Chun Wa, Su Yong, Hui Leung Wah, Han Yi