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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)

DISCLOSEABLE TRANSACTION

On 27 April 2011, the Board resolved to enter into the Agreement to invest 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. The consideration will be paid in cash by the Company's own funds.

As the applicable percentage ratios calculated under the Listing Rules is more than 5% and below 25%, the external investment constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INVESTMENT IN CHANGJIANG STEEL

On 27 April 2011, the Board resolved to enter into the Agreement to invest 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. The consideration will be paid in cash by the Company's own funds.

THE AGREEMENT

Date:

27 April 2011

Parties:

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 as the sellers

Company as the purchaser

Subject matter to be acquired:

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

Consideration:

The consideration of approximately RMB1.234 billion will be paid in cash by the Company's own funds. The purchase price was determined on the basis of normal commercial terms and arms' length negotiation between the parties thereto.

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 purchase consideration is determined on the basis of the price per share 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.

Major content of the Agreement:

Prior to the capital increase, Mr. Du Shaorong, Mr. Du Shaohua, Mr. Han Renbao, Mr. Wang Ansheng and Mr. Zhang Zhiwu, 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.

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.

The Agreement comes into effect on the date of signing by the respective parties.

GENERAL INFORMATION ON CHANGJIANG STEEL

Changjiang Steel is a limited company established according to law, with its registered address at Longshanqiao Industrial Park, Dangtu County, Anhui Province, PRC. 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.

The assessed net assets of Changjiang Steel amounted to approximately RMB1.063 billion as at 30 September 2010. Major audited financial data of Changjiang Steel 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 (after taxation)	33,354.3	6,678.4	13,005.6
(before taxation)	86,638	13,389	22,825

To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, Changjiang Steel and its ultimate beneficial owners are third parties independent of the Company and connected person of the Company. The entering into the Agreement does not constitute a connected transaction of the Company.

INFORMATION ON THE COMPANY

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.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Company's engagement in the capital increase and share capital enlargement of Changjiang Steel by 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 implement its products structural adjustment. The development plan of Changjiang Steel's core iron and steel business will be incorporated in the Company's overall plan of its own core iron and steel business. The complementary steel rolling production line of Changjiang Steel's replacement project with a capacity of 3 million tonnes and the related public auxiliary facilities will be coordinated and considered by the Company.

The Directors (including the independent non-executive Directors) are of the view that the Agreement is made under normal commercial terms and the transaction is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. This investment will not cause a significant impact on the operating results and financial position of the Company and the Board is not aware of any material risk of this investment.

THE LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated under the Listing Rules is more than 5% and below 25%, the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	Agreement on Capital Increase and Share Capital Enlargement entered into between Mr. Du Shaorong, Mr. Du Shaohua, Mr. Han Renbao, Mr. Wang Ansheng, Mr. Zhang Zhiwu and the Company on 27 April 2011
“Board”	the board of Directors
“Changjiang Steel”	Anhui Changjiang Steel Co., Ltd.
“Company”	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC and the shares of which are listed on Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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

By order of the Board

Gao Haijian

Secretary to the Board

29 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 Jiangang, Gao Haijian, Hui Zhigang

Non-executive Director: Zhao Jianming

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