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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)

CONTINUING CONNECTED TRANSACTIONS INTEGRATED SUPPORT SERVICES AGREEMENT

INTEGRATED SUPPORT SERVICES AGREEMENT

On 27 December 2013, Maanshan Iron & Steel Company Limited (the “**Company**”) and Magang (Group) Holding Company Limited (the “**Magang Group**”) entered into the Integrated Support Services Agreement in respect of transactions relating to the purchase of goods, sales of goods, construction of infrastructure and technology upgrade projects, professional services and integrated services between the Company, and Magang Group and its subsidiaries.

LISTING RULES IMPLICATON

Magang Group is the controlling shareholder of the Company. Magang Group holds, as at the date of this announcement, approximately 50.47% of the issued share capital of the Company. Both Magang Group and its subsidiaries are connected persons of the Company under the Listing Rules. Therefore, the transactions under the Integrated Support Services Agreement constitute continuing connected transactions of the Company.

As it is expected that the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the transactions under the Integrated Support Services Agreement are more than 0.1% but less than 5% on an annual basis, such transactions and services are subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules but exempted from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Integrated Support Services Agreement

The principal terms of the Integrated Support Services Agreement are set out below:

Date :

27 December 2013

Parties :

The Company; and
Magang Group

Term :

The Integrated Support Services Agreement shall be for a term commencing from 1 January 2014 to 31 December 2014.

Purchase of goods

The Company will from time to time purchase raw materials and fuels, spare parts and components, auxiliary materials, power expenses, scrap steel, cutting gas including acetylene, plants and flowers and summer cooling products, etc. from Magang Group and its subsidiaries pursuant to the Integrated Support Services Agreement.

The proposed annual cap for the above transactions under the Integrated Support Services Agreement for the year ending 31 December 2014 is RMB159,460,000 (tax exclusive) and is determined based on the production and operation of the Company in 2014, the expected possible connected transactions between the parties and prices determined by relevant applicable State guidance and/or market rates and/or agreement between the parties on an arm's length basis.

Sales of goods

The Company will from time to time sell raw materials and fuels, steel products, auxiliary materials, energy, power expenses, sales agency and services provision, etc. to Magang Group and its subsidiaries pursuant to the Integrated Support Services Agreement.

The proposed annual cap for the above transactions under the Integrated Support Services Agreement for the year ending 31 December 2014 is RMB165,530,000 (tax exclusive) and is determined based on the production and operation of the Company in 2014, the expected possible connected transactions between the parties and prices determined by relevant applicable State guidance and/or market rates and/or agreement between the parties on an arm's length basis.

Construction of infrastructure and technology upgrade projects

The Company will from time to time receive and provide bilateral transactions including infrastructure projects, technology upgrade projects and maintenance projects, etc. between the Company, and Magang Group and its subsidiaries pursuant to the Integrated Support Services Agreement.

The proposed annual cap for the above transactions under the Integrated Support Services Agreement for the year ending 31 December 2014 is RMB185,610,000 (tax exclusive) and is determined based on the production and operation of the Company in 2014, the expected possible connected transactions between the parties and prices determined by relevant applicable State guidance and/or market rates and/or agreement between the parties on an arm's length basis.

Professional services

The Company will from time to time receive filing services, newspapers services, production of TV feature films, office rental and staff housing services, etc. from Magang Group and its subsidiaries pursuant to the Integrated Support Services Agreement.

The proposed annual cap for the above transactions under the Integrated Support Services Agreement for the year ending 31 December 2014 is RMB54,720,000 (tax exclusive) and is determined based on the production and operation of the Company in 2014, the expected possible connected transactions between the parties and prices determined by relevant applicable State guidance and/or market rates and/or agreement between the parties on an arm's length basis.

Integrated services

The Company will from time to time receive and provide maintenance expenses, printing expenses, recycling services, processing services, property management, training services, mapping, blast, research and development and design etc. between the Company, and Magang Group and its subsidiaries pursuant to the Integrated Support Services Agreement.

The proposed annual cap for the above transactions under the Integrated Support Services Agreement for the year ending 31 December 2014 is RMB34,500,000 (tax exclusive) and is determined based on the production and operation of the Company in 2014, the expected possible connected transactions between the parties and prices determined by relevant applicable State guidance and/or market rates and/or agreement between the parties on an arm's length basis.

Price

The basis of determining the prices for the transactions contemplated under the Integrated Support Services Agreement will be in accordance with: (1) the principle of fairness and justice and the agreement entered into is with appropriate, reasonable and fair pricing; (2) State guidance shall be

used whenever available; or if no state guidance can be taken as a reference, market price shall be used by agreement between the parties on an arm's length basis, adopting the price established on general commercial terms and taking reference to comparable market transaction price.

Both parties undertake to provide the other party and its subsidiaries with services, goods and projects with standards and conditions not less favourable than those provided to independent third parties of similar services, goods and projects.

REASONS FOR AND BENEFITS OF THE INTEGRATED SUPPORT SERVICES AGREEMENT

Magang Group has long been engaged in services relating to iron and steel production and has certain advantages in both technology and personnel in the field. Through the relevant ongoing connected transactions, the Company has raised the efficiency in using resources, prevented repetitive investments, reduced costs and strictly controlled product quality, thereby effectively satisfying the Company's operation needs.

Magang Group and its subsidiaries are located relatively close to the Company and it can enable a reduction in purchasing, sales and transportation costs. Furthermore, the Company has relatively good knowledge of the production and operation and credit status of the connected parties.

The pricing policy and pricing of the Company's connected transactions are based on open, fair and just market rates and are agreed by parties upon negotiation. They do not differ markedly from the purchase and selling prices on the market prices, with no damage to the Company's benefits. The relevant transactions are protected by laws and regulations and policies and will not affect the independence of the Company. The Company's principal business will not have reliance on the connected parties because of the connected transactions.

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.

INFORMATION ON MAGANG GROUP

Magang Group is a wholly State-owned enterprise with limited liability and a controlling shareholder of the Company as defined under the Listing Rules. It is mainly engaged in mining and sorting of mineral products; construction; manufacturing of construction materials; trading; storage and property management; agriculture and forestry.

GENERAL

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the transactions save and except Mr. Ding Yi and Mr. Qian Haifan, who are also the directors of Magang Group, and Mr. Su Shihuai, who is the deputy general manager and chief engineer of Magang Group, are required to abstain from voting at the Board meeting approving the Integrated Support Services Agreement. The remaining Directors (including the independent non-executive directors) are of the view that the terms of the transactions contemplated under the Integrated Support Services Agreement and the relevant annual caps are on normal commercial terms and fair and reasonable and in the interest of the Company and its Shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Magang Group”	Magang (Group) Holding Company Limited, a wholly State-owned enterprise with limited liability and a controlling shareholder of the Company as defined under the Listing Rules

“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
“Integrated Support Services Agreement”	The Integrated Support Services Agreement entered into between the Company and the Magang Group on 27 December 2013.
“%”	per cent

By order of the Board
Maanshan Iron & Steel Company Limited
Ren Tianbao
Company Secretary

Maanshan City, Anhui Province, the PRC
27 December 2013

As at the date of this announcement, the directors of the Company include:
Executive Directors: Ding Yi, Qian Haifan, Ren Tianbao
Non-executive Director: Su Shihuai
Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Liu Fangduan