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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)

CONNECTED TRANSACTION ACQUISITION OF THE 11% EQUITY INTERESTS OF MAANSHAN IRON & STEEL (HONG KONG) LIMITED

On 30 December 2013, the Company entered into the Equity Transfer Agreement with International Trade Corporation under which International Trade Corporation has agreed to transfer 11% of the equity interests in Maanshan Hong Kong Company for a consideration of RMB17,044,732.96 which shall be payable by cash. Prior to the Equity Transfer Agreement, the Company and International Trade Corporation held 80% and 20% of the equity interests in Maanshan Hong Kong Company respectively. After the completion of the Equity Transfer Agreement, the Company and International Trade Corporation will hold 91% and 9% of Maanshan Hong Kong Company respectively.

Magang Group is interested in approximately 50.47% of the issued share capital of the Company as at the date of this announcement and is the controlling shareholder of the Company; while International Trade Corporation is a wholly owned subsidiary of Magang Group and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Agreement by the Company constitutes a connected transaction of the Company. Since the applicable percentage ratios calculated with reference to the transaction exceeds 0.1% but less than 5%, the connected transaction is subject to the reporting and announcement requirements, but is exempted from the independent Shareholders' approval requirements under the Listing Rules.

PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

Date of the Agreement

30 December 2013

Parties

- (i) Transferor –International Trade Corporation; and
- (ii) Transferee - the Company

Assets to be acquired

11% equity interests in Maanshan Hong Kong Company

Prior to the Equity Transfer Agreement, the Company and International Trade Corporation held 80% and 20% of the equity interests in the Maanshan Hong Kong Company respectively. After the completion of the Equity Transfer Agreement, the Company and International Trade Corporation will hold 91% and 9% of Maanshan Hong Kong Company respectively.

Consideration

The consideration in sum of RMB17,044,732.96 will be paid by the Company to International Trade Corporation by cash within 30 days from the effective date of the Agreement. The transaction will be self-funded by the Company. The consideration for the Agreement was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Agreement with reference to the appraised net asset value of Maanshan Hong Kong Company as at 31 May 2013 as per the valuation report prepared by the independent Valuer, Beijing Pan-China Assets Appraisal Co., Ltd. based on the asset-based approach. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Valuer and its ultimate beneficial owners are independent of the Company and its connected persons.

The consideration for the Agreement is considered by the Directors as fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

Conditions precedent

The Equity Transfer Agreement shall become effective upon fulfilment of the following conditions: (i) the legal representatives of both parties or their authorised representatives having signed the agreement; and (ii) both parties having taken all actions necessary for the approval of all relevant documents.

INFORMATION OF THE COMPANY AND INTERNATIONAL TRADE CORPORATION

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.

International Trade Corporation is principally engaged in the wholesale of coal; freight insurance, vehicles insurance and casualty insurance brokerage; wholesale and retail of pre-packaged food. General business activities: operating and forwarding the import and export business of various goods and technologies (excluding goods and technologies restricted or prohibited by the state from import or export); wholesale and retail of coke, iron ore products, ferroalloy products, non-ferrous metallic materials and metallic products, scrap (excluding the recycled ones), pig iron, metallic products, steel, machinery and equipment and parts, electrical equipment, refractory materials, organic fertilizer, building materials, lubricants, wires and cables, rubber products, chemical products (excluding hazardous chemicals and precursor chemicals), grocery and farm products; economic and business information consultation service; storage service (excluding hazardous goods).

INFORMATION AND FINANCIAL INFORMATION OF THE MAANSHAN HONG KONG COMPANY

Maanshan Hong Kong Company is a limited company established under the laws of Hong Kong in September 1998. Its total registered and paid-up capital is HK\$4,800,000. It is mainly engaged in the trading of steel and iron ore, sale of steel as agent and provision of transportation service.

For the period ended 31 December 2012, the audited net profit of Maanshan Hong Kong Company was HK\$22,653,873. In particular, the profit before taxation and profit after taxation and extraordinary items were approximately HK\$33,484,438 and HK\$22,653,873 respectively.

For the period ended 31 December 2011, the audited net profit of Maanshan Hong Kong Company was HK\$48,779,504. In particular, the profit before taxation and profit after taxation and extraordinary items were approximately HK\$52,232,951 and HK\$48,779,504 respectively.

Immediately after the completion of the acquisition, the Company's percentage equity interests in Maanshan Hong Kong Company will be increased from 80% to 91%.

Following completion of the acquisition, Maanshan Hong Kong Company will be accounted for as a 91%-owned subsidiary of the Company and its accounts will continue to be consolidated into the Group's accounts.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors of the Company believe that the completion of the transaction will benefit the commencement of international trade and finance business by the Company through Maanshan Hong Kong Company, which is in turn beneficial to the production and operation of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transaction are normal commercial terms and are fair and reasonable and the transaction under the Agreement is in the interest of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) have unanimously approved (Directors with connected relationship Mr. Ding Yi, Mr. Qian Haifan and Mr. Su Shihuai have abstained from voting) the transaction under the Agreement. Save as the aforesaid, none of the Directors has material interests in the transaction under the Agreement.

LISTING RULES IMPLICATION

Magang Group is interested in approximately 50.47% of the issued share capital of the Company as at the date of this announcement and is the controlling shareholder of the Company; while International Trade Corporation is a wholly owned subsidiary of Magang Group and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Agreement by the Company constitutes a connected transaction of the Company. Since the applicable percentage ratios calculated with reference to the transaction exceeds 0.1% but less than 5%, the connected transaction is subject to the reporting and announcement requirements, but is exempted from the independent Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“Agreement” or “Equity Transfer Agreement” the Agreement entered into between the Company and the International Trade Corporation on 30 December 2013 pursuant to which the International Trade Corporation

	will transfer 11% of the equity interests to the Company under the terms and conditions thereof
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“International Trade Corporation”	Ma Steel International Trade and Economics Corporation, a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maanshan Hong Kong Company”	Maanshan Iron & Steel (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“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
“Valuer”	Beijing Pan-China Assets Appraisal Co., Ltd (北京天健興業資產評估有限公司) an independent assets valuer with its qualification approved in the PRC
“%”	per cent

The Board
Maanshan Iron & Steel Company Limited

30 December 2013
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, Ren Tianbao

Non-executive Director: Su Shihuai

Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Liu Fangduan