

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

The integrated support services agreement entered on 27 December 2013 between the Company and Magang Group will expire on 31 December 2014. On 16 December 2014, the Company and Magang Group entered into the Integrated Support Services Agreement in connection with transactions of sales/provision of services and goods, etc. from the Company to Magang Group and purchase of and receiving goods, services, engineering projects, etc. by the Company from Magang Group for the Year of 2015.

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 integrated support services agreement entered on 27 December 2013 between the Company and Magang Group will expire on 31 December 2014. On 16 December 2014, the Company and Magang Group entered into the Integrated Support Services Agreement in connection with transactions of sales/provision of services and goods, etc. from the Company to Magang Group and purchase of and receiving goods, services, engineering projects, etc. by the Company from Magang Group for the Year of 2015.

Date:

16 December 2014

Parties:

The Company; and
Magang Group

Term:

The Integrated Support Services Agreement shall be for a term commencing from 1 January 2015 to 31 December 2015.

Sales of Utilites

The Company will provide utilities which include electricity, household water, industrial use water, blast furnace gas, coke oven gas, converter gas, steam, compressed air and other gases, to Magang Group, with an annual cap (tax exclusive) of RMB6,400,000.

Sales of Finished Goods and Related Commodities

The Company will sell finished goods and related products which include steel, petroleum and the related finished products / commodities to Magang Group with an annual cap (tax exclusive) of RMB 170,700,000.

Provision of Services

The Company will provide services which include metering services, technical services, car loading services and related services to Magang Group with an annual cap (tax exclusive) of RMB 5,600,000.

Purchase of spare parts and components and related goods

The Company will purchase spare parts and components and related goods which include the purchasing of spare parts and components, raw materials, recycled scrap steel and related goods from Magang Group with an annual cap (tax exclusive) of RMB 151,550,000.

Receiving of infrastructure and technology upgrade projects construction services

The Company will receive infrastructure and technology upgrade projects construction services provided by Magang Group with an annual annual cap (tax exclusive) of RMB 180,560,000.

Receiving of water and land transportation and related services

The Company will receive water and land transportation and related services provided by Magang Group, which include the receiving of transportation service, filing service, newspaper service, special TV trailer production service, office leasing service, staff housing service and related services with an annual cap (tax exclusive) of RMB 105,400,000.

The proposed annual cap for the above transactions under the Integrated Support Services Agreement for the year ending 31 December 2015 is 620,210,000 (tax exclusive) and is determined based on the production and operation of the Company in 2015, the expected possible connected transactions between the parties and prices determined by applicable rates between the parties.

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.

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 impartiality and that the agreement is entered into with appropriate, reasonable and fair pricing method; (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/or engineering projects with standards and conditions not lower than those provided to independent third parties of similar services, goods and/or engineering 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 impartial 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:

“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 16 December 2014

“Year”

1 January to 31 December

“%”

per cent

By order of the Board
Maanshan Iron & Steel Company Limited

Ren Tianbao
Company Secretary

Maanshan City, Anhui Province, the PRC

16 December 2014

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