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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

IN RELATION TO NEW SALE AND PURCHASE OF ORE AGREEMENT, NEW ENERGY SAVING AND ENVIRONMENTAL PROTECTION AGREEMENT AND NEW CCT AGREEMENT

New Sale and Purchase of Ore Agreement

On 10 September 2015, the Company and the Parent Company entered into the New Sale and Purchase of Ore Agreement for the continuous sale and purchase of Ore from the Parent Company to the Company following the expiration of the Existing Sale and Purchase of Ore Agreement.

New Energy Saving and Environmental Protection Agreement

On 10 September 2015, the Company and Anhui Xinchuang entered into the New Energy Saving and Environmental Protection Agreement for the continuous provision of Energy Saving and Environmental Protection Construction and Services by Anhui Xinchuang to the Group and the sale of Waste Materials generated from iron and steel production by the Group to Anhui Xinchuang following the expiration of the Existing Energy Saving and Environmental Protection Agreement.

New CCT Agreement

On 10 September 2015, the Company and the Parent Company entered into the New CCT Agreement for the continuous sale or provision of Services and Products by the Group to the Parent Group and sale or provision of Services, Products and Construction Engineering by the Parent Group to the Group following the expiration of the Existing CCT Agreement.

As at the date of this announcement, the Parent Company is interested in approximately 45.54% of the Company's share capital and is a controlling shareholder and connected person of the Company. As at the date of this announcement, Anhui Xinchuang is a company controlled by the Parent Company and the Company is also interested in 20% of Anhui Xinchuang's share capital. As an associate of the Parent Company, Anhui Xinchuang is a connected person of the Company. Accordingly, the transactions contemplated under the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the New CCT Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the respective Proposed Annual Caps for the transactions contemplated under the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the New CCT Agreement, on an annual basis, are more than 5%, such continuing connected transactions are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A of the Listing Rules.

The Independent Board Committee, will among others, consider and advise the Independent Shareholders in relation to the terms of the continuing connected transactions contemplated under the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the New CCT Agreement, including the respective Proposed Annual Caps. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, further details of (i) the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the New CCT Agreement, including the respective Proposed Annual Caps, (ii) the letter from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the respective Proposed Annual Caps, and (iv) the notice of the EGM is expected to be despatched to the Shareholders on or before 5 October 2015.

INTRODUCTION

New Sale and Purchase of Ore Agreement

On 10 September 2015, the Company and the Parent Company entered into the New Sale and

Purchase of Ore Agreement for the continuous sale and purchase of Ore from the Parent Company to the Company following the expiration of the Existing Sale and Purchase of Ore Agreement.

New Energy Saving and Environmental Protection Agreement

On 10 September 2015, the Company and Anhui Xinchuang entered into the New Energy Saving and Environmental Protection Agreement for the continuous provision of Energy Saving and Environmental Protection Construction and Services by Anhui Xinchuang to the Group and the sale of Waste Materials generated from iron and steel production by the Group to Anhui Xinchuang following the expiration of the Existing Energy Saving and Environmental Protection Agreement.

New CCT Agreement

On 10 September 2015, the Company and the Parent Company entered into the New CCT Agreement for the continuous sale or provision of Services and Products by the Group to the Parent Group and sale or provision of Services, Products and Construction Engineering by the Parent Group to the Group following the expiration of the Existing CCT Agreement.

THE NEW SALE AND PURCHASE OF ORE AGREEMENT

Background

The Existing Sale and Purchase of Ore Agreement entered into between the Company and the Parent Company on 12 October 2012 will expire on 31 December 2015. In order to ensure the continuous supply of Ore to the Group, the Company and the Parent Company entered into the New Sale and Purchase of Ore Agreement.

Date

10 September 2015

Parties

- (1) The Company as the purchaser; and
- (2) The Parent Company as the supplier

Subject matter

Ore including iron ore, dolomite and/or limestone, produced by the Parent Company must first satisfy the quantity demanded by the Company and first be offered to the Group for purchase. Such Ore is not allowed to be sold by the Parent Company to any other party unless prior written consent is given by the Company.

Consideration

Price for Iron Ore in tonne will be determined after arm's length negotiations between the Company and the Parent Company under normal commercial terms with reference to the market price and shall not be higher than (i) the average value of the mid-point of the Platts 62% iron for CFR North China (Qingdao port) as published daily by *SBB Steel and Iron Market Daily* during the transaction period, plus the freight and miscellaneous expenses from Beilun port to the Company, in which, the adjustment of iron ore price in tonne for different grades shall be based on the Platts 62% iron price in tonne; and (ii) the market price of the same types of iron ore provided by independent third parties to the vicinity of the Company in Maanshan City, Anhui Province, the PRC.

Price for dolomite and limestone will be determined after arm's length negotiation between the Company and the Parent Company under normal commercial terms with reference to the market price and shall not be higher than the market price of the same categories of dolomite and limestone provided by independent third parties in the same area to the vicinity of the Company in Maanshan City, Anhui Province, the PRC.

Payment

The invoice amount and all prices shall be denominated and paid in RMB. After the Company shall have received the Ore and verified its quality, the purchase price of Iron Ore shall be paid within 30 days and the purchase price of dolomite and limestone shall be paid within 50 days.

Condition precedent

The New Sale and Purchase of Ore Agreement is conditional upon the Independent Shareholders approving the New Sale and Purchase of Ore Agreement and the respective Proposed Annual Caps at the EGM.

Duration

Subject to the fulfillment of the aforementioned condition precedent, the New Sale and

Purchase of Ore Agreement shall be for a term of three years commencing 1 January 2016 and ending 31 December 2018.

Existing Annual Caps and actual transaction amounts

The Existing Annual Caps (tax exclusive) for transactions under the Existing Sale and Purchase of Ore Agreement for the three years ended/ending 31 December 2013, 31 December 2014 and 31 December 2015 and the actual transaction amounts (tax exclusive) for the two years ended 31 December 2013 and 31 December 2014, and the first seven months ended 31 July 2015 are set out below:

	<i>RMB</i>			
	For the year ended 31 December 2013	For the year ended 31 December 2014	For the year ending 31 December 2015	For the first seven months ended 31 July 2015
Existing Annual Caps	5,658,268,620	6,607,763,526	8,469,690,805	N/A
Actual transaction amounts	3,806,655,700	3,489,875,000	N/A	1,520,118,900

Proposed Annual Caps

The Proposed Annual Caps for the transactions (tax exclusive) contemplated under the New Sale and Purchase of Ore Agreement for the three years ending 31 December 2016, 31 December 2017 and 31 December 2018 are set out below:

	<i>RMB</i>		
	For the year ending 31 December 2016	For the year ending 31 December 2017	For the year ending 31 December 2018
Proposed Annual Caps	3,815,450,000	4,873,170,000	5,425,240,000

The Proposed Annual Caps in respect of the New Sale and Purchase of Ore Agreement for the terms commencing on 1 January 2016 and ending 31 December 2018 are determined by reference to (i) the forecasted market price of the Ore; (ii) the Group's anticipated demand for

Ore to meet its production requirements and capacity; and (iii) the Parent Company's anticipated production capacity.

Reasons for, and benefits of, the New Sale and Purchase of Ore Agreement

It is beneficial for the Company to enter into the New Sale and Purchase of Ore Agreement so as to take advantage of the Parent Group's ore reserves which are in close proximity to the off-loading port adjacent to the production facilities of the Company within Anhui Province, the PRC. Furthermore, it is of strategic importance to secure a stable and reliable supply of good grade and quality ore from the Parent Group at a reasonable price to ensure the Company's continuous production. The terms and pricing of the New Sale and Purchase of Ore Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

THE NEW ENERGY SAVING AND ENVIRONMENTAL PROTECTION AGREEMENT

Background

The Existing Energy Saving and Environmental Protection Agreement entered into between the Company and Anhui Xinchuang on 12 October 2012 will expire on 31 December 2015. As the PRC government implemented stricter environmental protection regulations, the Company and Anhui Xinchuang entered into the New Energy Saving and Environmental Protection Agreement on 10 September 2015, under which Anhui Xinchuang will continue to provide Energy Saving and Environmental Protection Construction and Services to the Group and the Group will continue to sell the Waste Materials generated from iron and steel production by it to Anhui Xinchuang.

Date

10 September 2015

Parties

- (1) The Company; and
- (2) Anhui Xinchuang

Subject matter

Anhui Xinchuang shall provide Energy Saving and Environmental Protection Construction and Services to the Group. The terms (including but not limited to pricing and payment) of the Energy Saving and Environmental Protection Construction and Services are agreed under arm's length negotiations and under normal commercial terms between the parties and the terms (including but not limited to pricing and payment) shall be no less favourable than those provided by independent third parties to the Group for similar environmental protection construction and services.

The Group shall sell the Waste Materials generated from iron and steel production to Anhui Xinchuang for utilization. The terms (including but not limited to pricing and payment) of sales of Waste Materials generated from iron and steel production are agreed under arm's length negotiations and under normal commercial terms between the parties and the terms (including but not limited to pricing and payment) shall not be more favourable than the terms offered by the Group to independent third parties for the sales of similar waste materials generated from the iron and steel production.

Consideration

The parties agreed to adopt an appropriate, reasonable and fair pricing method in accordance with the principle of fairness in formulating the transactions under the New Energy Saving and Environmental Protection Agreement. The pricing shall be based on state-prescribed price. In the absence of the state-prescribed price, the pricing shall be based on market price, agreed through open tender, price comparison and arm's length negotiation under normal commercial terms. At the same time, the price regarding Energy Saving and Environmental Protection Construction and Services shall not be higher than the price of the same categories of energy saving and environmental protection construction and services provided by independent third parties to the Group. The price regarding the Waste Materials shall not be lower than the price of same categories of waste materials sold by the Group to independent third parties.

In accordance with the current pricing standards, except for the sintering waste heat power generation services in the Energy Saving and Environmental Protection Construction and Services that are priced based on the state-prescribed price mentioned in the National Development and Reform Commission's Notice on the Adjustment of On-Grid Power Tariff of the East China Power Grid (Tariff Adjustment [2011] No.2622), the transactions under the New Energy Saving and Environmental Protection Agreement shall be priced based on market price.

Payment

The payment for Energy Saving and Environmental Protection Construction and Services shall be paid by the Company to Anhui Xinchuang in accordance with the construction progress as verified by the Company's management department. For the sales of Waste Materials to Anhui Xinchuang, at the end of each month, the Company shall receive an estimated sum from Anhui Xinchuang in advance for the sales with respect to the following month and settlement will be done on a monthly basis.

Condition precedent

The New Energy Saving and Environmental Protection Agreement is conditional upon the Independent Shareholders approving the New Energy Saving and Environmental Protection Agreement and the respective Proposed Annual Caps at the EGM.

Duration

Subject to the fulfillment of the aforementioned condition precedent, the New Energy Saving and Environmental Protection Agreement shall be for a term of three years commencing 1 January 2016 and ending 31 December 2018.

Existing Annual Caps and actual transaction amounts

The Existing Annual Caps (tax exclusive) in respect of Energy Saving and Environmental Protection Construction and Services provided by Anhui Xinchuang to the Group under the Existing Energy Saving and Environmental Protection Agreement for the three years ended/ending 31 December 2013, 31 December 2014 and 31 December 2015 and the actual transaction amounts (tax exclusive) for the two years ended 31 December 2013 and 31 December 2014, and the first seven months ended 31 July 2015 are set out below:

	<i>RMB</i>			
	For the year ended 31 December 2013	For the year ended 31 December 2014	For the year ending 31 December 2015	For the first seven months ended 31 July 2015
Existing Annual Caps	450,000,000	435,000,000	550,000,000	N/A
Actual transaction amounts	393,077,500	408,701,300	N/A	212,641,400

The Existing Annual Caps (tax exclusive) in respect of the sale of Waste Materials generated from iron and steel production by the Group to Anhui Xinchuang under the Existing Energy Saving and Environmental Protection Agreement for the three years ended/ending 31 December 2013, 31 December 2014 and 31 December 2015 and the actual transaction amounts (tax exclusive) for the two years ended 31 December 2013 and 31 December 2014, and the first seven months ended 31 July 2015 are set out below:

	<i>RMB</i>			
	For the year ended 31 December 2013	For the year ended 31 December 2014	For the year ending 31 December 2015	For the first seven months ended 31 July 2015
Existing Annual Caps	20,000,000	45,000,000	45,000,000	N/A
Actual transaction amounts	9,778,300	5,788,400	N/A	6,479,800

Proposed Annual Caps

The Proposed Annual Caps for the transactions contemplated under the New Energy Saving and Environmental Protection Agreement for the three years ending 31 December 2016, 31 December 2017 and 31 December 2018 are set out below:

	<i>RMB</i>		
	For the year ending 31 December 2016	For the year ending 31 December 2017	For the year ending 31 December 2018
Proposed Annual Caps in respect of Energy Saving and Environmental Protection Construction and Services provided by Anhui Xinchuang to the Group	658,500,000	639,500,000	619,500,000
Proposed Annual Caps in respect of sale of Waste Materials generated	25,000,000	25,000,000	25,000,000

from iron and steel production by
the Group to Anhui Xinchuang

Total	683,500,000	664,500,000	644,500,000
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The Proposed Annual Caps in respect of the New Energy Saving and Environmental Protection Agreement for the terms commencing on 1 January 2016 and ending 31 December 2018 are determined by reference to (i) the state-prescribed price and/or market price regarding the Energy Saving and Environmental Protection Construction and Services and Waste Materials from the iron and steel production; (ii) the Group's anticipated demand for Energy Saving and Environmental Protection Construction and Services; (iii) Anhui Xinchuang's anticipated capacity in providing the Energy Saving and Environmental Protection Construction and Services; and (iv) the anticipated production of Waste Materials from the Group's iron and steel production and Anhui Xinchuang's anticipated demand for such Waste Materials.

Reasons for, and benefits of, the New Energy Saving and Environmental Protection Agreement

In light of the stringent governmental requirements on energy saving and environmental protection in the PRC, in particular in the iron and steel industry, it is in the interest of the Company to engage the construction and services provided by Anhui Xinchuang to use the advanced supporting hardware facilities for energy saving and environmental protection of Anhui Xinchuang in close proximity and to focus on its main operation and business of iron and steel production. The terms and pricing of the New Energy Saving and Environmental Protection Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

THE NEW CCT AGREEMENT

Background

The Existing CCT Agreement entered into between the Company and the Parent Company on 22 August 2013 will expire on 31 December 2015. In order to secure the Group's stable and continuous production, the Company and the Parent Company entered into the New CCT Agreement on 10 September 2015 for the continuous sale or provision of Services and

Products by the Group to the Parent Group and the continuous sale or provision of Services, Products and Construction Engineering by the Parent Group to the Group.

Date

10 September 2015

Parties

- (1) The Company; and
- (2) The Parent Company

Subject Matter

- (1) The Company agreed by itself and the Group to sell or provide the following Services and Products to the Parent Group:
 - (i) Water, Electricity and Gas;
 - (ii) Finished Products and Related Commodities; and
 - (iii) Services.

- (2) The Parent Company agreed by itself and the Parent Group to sell or provide the following Services, Products and Construction Engineering to the Group:
 - (i) Spare-parts, Fittings and Related Products;
 - (ii) Infrastructure Technical and Renovation Engineering Services; and
 - (iii) Water and Land Transportation and Related Services.

Both parties agreed to adopt an appropriate, reasonable and fair pricing method in accordance with the principle of fairness in formulating the transactions under the New CCT Agreement. The terms of the Services and Products (including but not limited to pricing and payment) to be provided by the Group to the Parent Group shall not be more favourable than those to the independent third parties provided by the Group for similar categories of services and products. The terms of the Services, Products and Construction Engineering (including but not limited to pricing and payment) to be provided by the Parent Group to the Group shall not be

less favourable than those provided by the independent third parties to the Group for similar categories of services, products and construction engineering.

During the term of the New CCT Agreement, the Company has the right to decide whether to enter into transactions with any independent third parties in respect of the transactions contemplated under the New CCT Agreement.

Consideration

The price shall be based on state-prescribed price. In the absence of state-prescribed price, the pricing shall be based on market price, which shall be determined through open tenders, price comparison, arm's length negotiations between the parties, and based on normal commercial terms.

The pricing regarding the Services and Products to be provided by the Group to the Parent Group shall not be lower than the price of the same type of services and products provided by the Group to independent third parties. The pricing regarding the Services, Products and Construction Engineering to be provided by the Parent Group to the Group shall not be higher than the pricing of the same type of Services, Products and Construction Engineering provided by the independent third parties to the Group.

In accordance with the current pricing standards, except the electricity provided by the Group to the Parent Company which shall be priced based on the state-prescribed price stipulated in the National Development and Reform Commission's Notice on the Adjustment of On-Grid Tariff of the East China Power Grid (NDRC Power Tariff [2011] No.2622), and the domestic water and industrial treated water which shall be priced based on the state-prescribed price stipulated in the Notice of the People's Government of Maanshan City in the PRC on the Adjustment of Water Supply Tariff and Water Resources and Sewage Treatment Tariff (Maanshan City Government Secretariat (2010) No.65), all the other transactions under the New CCT Agreement shall be priced based on market price.

Payment

Regarding the payment of Water, Electricity and Gas under Services and Products, the sum for the sales with respect to the previous month shall be paid by the Parent Company to the Company each month and settlement will be done on a monthly basis. For the payment of steel, steel ingots, continuous casting billets and iron scales of Finished Products and Related Commodities, at the end of each month, the Parent Company shall pay to the Company the estimated sum in advance for the sales with respect to the following month and settlement will

be done on a monthly basis. As for the payment of accessories, materials and other products, the sum for the sales with respect to the previous month shall be paid by the Parent Company to the Company and settlement shall be done on a monthly basis. As for the payment of further processing of steel billets, metering services and related services under Services, the sum for the sales with respect to the previous month shall be paid by the Parent Company to the Company and settlement will be done on a monthly basis.

For the payment of Spare-parts, Fittings and Related Products under Services, Products and Construction Engineering, the Company shall pay for the relevant Spare-parts, Fittings and Related Products within 30 business days after the Company shall have received and verified the quality of the goods. The payment of Infrastructure Technical and Renovation Engineering Services shall be made by the Company to the Parent Company within 30 business days in accordance with the construction progress after confirmation by the Company's management department. As for the payment of Water and Land Transportation and Related Services, the Company shall pay the Parent Company within 30 business days in accordance with the service progress after the Company shall have verified the quality.

Condition Precedent

The New CCT Agreement is conditional upon the Independent Shareholders approving the New CCT Agreement and respective Proposed Annual Caps at the EGM.

Duration

Subject to the fulfillment of the aforementioned condition precedent, the New CCT Agreement shall be for a term of three years commencing 1 January 2016 and ending 31 December 2018.

Existing Annual Caps and actual transaction amounts

The Existing Annual Caps (tax exclusive) for Services and Products under the Existing CCT Agreement for the three years ended/ending 31 December 2013, 31 December 2014 and 31 December 2015 and the actual transaction amounts (tax exclusive) of Services and Products for the two years ended 31 December 2013 and 31 December 2014, and the first seven months ended 31 July 2015 (tax exclusive) are set as below:

				<i>RMB</i>
	For the year	For the year	For the year	For the first
	ended 31	ended 31	ending 31	seven months

		December 2013	December 2014	December 2015	ended 31 July 2015
1. Water, Electricity and Gas	Existing Annual Caps	29,220,000	197,300,000	241,510,000	N/A
	Actual transaction amounts	28,717,900	99,570,900	N/A	39,334,400
2. Finished Products and Related Commodities	Existing Annual caps	173,650,000	1,200,580,000	1,164,840,000	N/A
	Actual transaction amounts	90,093,000	351,331,900	N/A	117,080,900
3. Services	Existing Annual caps	4,910,000	47,320,000	47,300,000	N/A
	Actual transaction amounts	1,043,000	10,403,400	N/A	1,261,800

The Existing Annual Caps (tax exclusive) for Services, Products and Construction Engineering under the Existing CCT Agreement for the three years ended/ending 31 December 2013, 31 December 2014 and 31 December 2015 and the actual transaction amounts of Services, Products and Construction Engineering for the two years ended 31 December 2013 and 31 December 2014, and the first seven months ended 31 July 2015 (tax exclusive) are set as below:

	<i>RMB</i>			
	For the year ended 31 December	For the year ended 31 December	For the year ending 31 December	For the first seven months ended

		2013	2014	2015	31 July 2015
1. Spare-parts, Fittings and Related Products	Existing Annual Caps	285,270,000	1,324,660,000	1,261,580,000	N/A
	Actual transaction amounts	219,936,900	831,687,600	N/A	563,441,800
2. Infrastructure Technical and Renovation Engineering	Existing Annual Caps	150,330,000	643,600,000	576,000,000	N/A
	Actual transaction amounts	142,192,900	271,765,500	N/A	202,931,200
3. Water and Land Transportation and Related Services	Existing Annual Caps	353,860,000	1,633,400,000	1,722,170,000	N/A
	Actual transaction amounts	353,075,300	1,552,492,200	N/A	570,289,600

Proposed Annual Caps

The Proposed Annual Caps for Services and Products provided by the Group to the Parent Group under the New CCT Agreement for the three years ending 31 December 2016, 31 December 2017 and 31 December 2018 (tax exclusive) are set as below:

	<i>RMB</i>		
	For the year ending 31 December 2016	For the year ending 31 December 2017	For the year ending 31 December 2018

1. Proposed Annual Caps for Water, Electricity and Gas	141,019,800	142,837,800	142,665,800
2. Proposed Annual Caps for Finished Products and Related Commodities	570,688,000	570,688,000	570,688,000
3. Proposed Annual Caps for Services	9,340,400	8,334,000	7,342,400
Total	721,048,200	721,859,800	720,696,200

The Proposed Annual Caps for Services, Products and Construction Engineering provided by the Parent Group to the Group under the New CCT Agreement for the three years ending 31 December 2016, 31 December 2017 and 31 December 2018 (tax exclusive) are set as below:

	<i>RMB</i>		
	For the year ending 31 December 2016	For the year ending 31 December 2017	For the year ending 31 December 2018
1. Proposed Annual Caps for Spare-parts, Fittings and Related Products	1,460,810,000	1,470,170,000	1,475,170,000
2. Proposed Annual Caps for Infrastructure Technical and Renovation Engineering	730,000,000	730,000,000	730,000,000
3. Proposed Annual Caps for Water and Land Transportation and Related Services	1,934,869,700	2,001,808,000	2,028,547,900
Total	4,125,679,700	4,201,978,000	4,233,717,900

The Proposed Annual Caps in respect of the New CCT Agreement for the terms commencing on 1 January 2016 and ending 31 December 2018 are determined by reference to (i) the

historical transaction amounts; (ii) the state-prescribed price or the market price for the continuing connected transactions; (iii) the Group's anticipated capacity to provide the Services and Products to the Parent Group and the Group's anticipated demand for the Parent Group's Services, Products and Construction Engineering to meet its production plan; and (iv) the Parent Group's anticipated demand for the Group's Services and Products and the Parent Group's anticipated capacity to provide the Services, Products and Construction Engineering to the Group.

Reasons for, and benefits of, the New CCT Agreement

It will be in the interest of the Group to obtain a reliable and uniquely skilled supply of Services, Products and Construction Engineering from the Parent Group to ensure the Group's stable and continuous production. The terms and pricing of the New CCT Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY, THE PARENT COMPANY AND ANHUI XINCHUANG

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.

The Parent Company is a wholly state-owned enterprise with limited liability and a controlling shareholder of the Company. It is mainly engaged in mining and sorting of mineral products, construction, manufacturing of construction materials, trading, storage and property management, agriculture and forestry.

Anhui Xinchuang is principally engaged in energy saving and environmental protection engineering and operation, industrial water treatment and operation, production of energy saving and environmental protection equipment, energy management under contract, environmental monitoring and comprehensive utilization of solid waste resources.

INTERNAL MANAGEMENT OF THE AGREEMENTS

To ensure effective execution and implementation of the pricing of the transactions under the Agreements, the Company has established "Internal Control Management Measures of Connected Transactions" to regulate the pricing management of related connected transactions.

BOARD APPROVAL

In the 13th meeting of the eighth session of the Board on 10 September 2015, the Board approved the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environment Protection Agreement and the New CCT Agreement.

The Directors attending the Board meeting on 10 September 2015 regarding the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environment Protection Agreement and the New CCT Agreement consider the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environment Protection Agreement and the New CCT Agreement and the Proposed Annual Caps in respect thereof have been negotiated on an arm's length basis and on normal commercial terms and they are of the view that the terms thereof and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the Agreements are entered into during the ordinary and usual course of business of the Group.

Of the Directors attending the Board meeting, the Abstained Directors were considered to have material interests by virtue of being employed by the Parent Company and had thus abstained from voting on the Board resolution(s) in respect of the New Sale and Purchase of Ore Agreement, the Energy Saving and Environment Protection Agreement and the New CCT Agreement and the Proposed Annual Caps. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environment Protection Agreement and the New CCT Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company is interested in approximately 45.54% of the Company's share capital and is a controlling shareholder and connected person of the Company. As at the date of this announcement, Anhui Xinchuang is a company controlled by the Parent Company and the Company is also interested in 20% of Anhui Xinchuang's share capital. As an associate of the Parent Company, Anhui Xinchuang is a connected person of the Company. Accordingly, the transactions contemplated under the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, and the New CCT Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the respective Proposed Annual Caps for the transactions contemplated under the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the

New CCT Agreement, on an annual basis, are more than 5%, such continuing connected transactions are subject to requirements including reporting, announcement, annual review and Independent Shareholders' approval under Rule 14A of the Listing Rules.

GENERAL INFORMATION

An EGM will be convened to consider and, if thought fit, to approve the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps. In accordance with the Listing Rules, the vote of the Independent Shareholders taken at the EGM to approve the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps will be taken by poll. Any Shareholder with a material interest in the continuing connected transactions contemplated under the Agreements and his/her associates will abstain from voting at the EGM. Accordingly, the Parent Company and its associates will abstain from voting at the EGM. The result of the vote will be announced after the EGM.

The Independent Board Committee, will among others, consider and advise the Independent Shareholders in relation to the terms of the continuing connected transactions contemplated under the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, and the New CCT Agreement, including the Proposed Annual Caps, (ii) the letter from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the Proposed Annual Caps, and (iv) the notice of the EGM will be despatched to the Shareholders on or before 5 October 2015.

DEFINITIONS

The following defined terms are used in this announcement:

“Abstained Directors”	Mr. Ding Yi, Mr. Qian Haifan, Mr. Su Shihuai and Mr. Ren Tianbao, who abstained from voting as Directors on the relevant Board resolution(s) relating to the Agreements
“Agreements”	the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the New CCT Agreement
“Anhui Xinchuang”	Anhui Xinchuang Energy Saving and Environmental Protection Technology Company Limited, a limited liability company incorporated in the PRC
“associates”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of the Directors of the Company
“Company”	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the transactions contemplated thereunder and the respective Proposed Annual Caps
“Energy Saving and Environmental Protection Construction and Services”	the environmental protection construction, maintenance services, the procurement of spare parts and dust removal bags & dust removal bag cages, contract energy services, operation and management of environmental protection facilities, sintering waste heat power generation services and operation and management of water quality, etc. that will be provided by Anhui Xinchuang to the Group

according to the New Energy Saving and Environmental Protection Agreement

“Existing Annual Caps”	the maximum cumulative annual amount connected with the transactions during the period from 1 January 2013 to 31 December 2015 under the Existing New Sale and Purchase of Ore Agreement and the Existing Energy Saving and Environmental Protection Agreement and during the period from 1 November 2013 to 31 December 2015 under the Existing CCT Agreement.
“Existing CCT Agreement”	the continuing connected transactions agreement entered into between the Company and the Parent Company on 22 August 2013
“Existing Energy Saving and Environmental Protection Agreement”	the energy saving and environmental protection agreement entered into between the Company and Anhui Xinchuang on 12 October 2012
“Existing Sale and Purchase of Ore Agreement”	the sale and purchase of ore agreement entered into between the Company and the Parent Company on 12 October 2012
“Finished Products and Related Commodities”	the finished products and related commodities, including steel, steel ingots, continuous casting billets, accessories, materials (cables and tools, etc.), iron oxide red and iron scales, and other commodities (labor protection and office supplies, etc.) that will be sold by the Group to the Parent Group according to the New CCT Agreement
“Group”	the Company and its subsidiaries
“Independent Board Committee”	a board committee comprising all the Independent Non-executive Directors, which will, among others, consider and advise the Independent Shareholders in relation to the Agreements and the transactions

contemplated thereunder, including the respective Proposed Annual Caps

“Independent Financial Adviser” Somerley Capital Limited, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreements, the transactions contemplated thereunder and the respective Proposed Annual Caps

“Independent Non-executive Directors” Independent non-executive Directors of the Company

“Independent Shareholders” Shareholders other than the Parent Company and any of its associates

“Infrastructure Technical and Renovation Engineering Services” the infrastructure technical and renovation engineering services to be provided by the Parent Group to the Group under the New CCT Agreement

“Iron Ore” magnetic iron ore concentrates produced in Aoshan, Dongshan, Gushan, Baixiangshan and Hemushan, haematite iron ore pellet produced in Gushan, specularite iron concentrates (powder) produced in Taochong, iron block ore produced in Dashan, iron ore concentrates produced in Zhangzhuang and iron ore concentrates and iron block ore produced in Luohe

“Listing Rules” The Rules Governing the Listing of Securities on the Stock Exchange

“New CCT Agreement” the continuing connected transactions agreement entered into between the Company and the Parent Company on 10 September 2015

“New Energy Saving and

the energy saving and environmental protection

Environmental Protection Agreement”	agreement entered into between the Company and Anhui Xinchuang on 10 September 2015
“New Sale and Purchase of Ore Agreement”	the sale and purchase of ore agreement entered into between the Company and the Parent Company on 10 September 2015
“Ore”	iron ore, dolomite and/or limestone to be sold by the Parent Group to the Company under the New Sale and Purchase of Ore Agreement
“Parent Company”	Magang (Group) Holding Company Limited, a wholly state-owned enterprise with limited liability, formerly known as Maanshan Magang Holding Company, and was approved by the government to restructure into Magang (Group) Holding Company Limited in September 1998
“Parent Group”	the Parent Company and its subsidiaries and associated companies (excluding the Group)
“PRC”	The People’s Republic of China
“Proposed Annual Caps”	the maximum cumulative annual amount connected with the transactions involved in the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the New CCT Agreement during the period from 1 January 2016 to 31 December 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	the services, including the further processing of steel billets, metering services and related services (railway transportation, inspection, etc.) that will be provided by the Group to the Parent Group according to the New CCT Agreement

“Services and Products”	Water, Electricity and Gas, Finished Products and Related Commodities and Services to be provided by the Group to the Parent Group under the New CCT Agreement
“Services, Products and Construction Engineering”	The Spares-parts, Fittings and Related Products, Infrastructure Technical and Renovation Engineering Services, Water and Land Transportation and Related Services that will be sold or provided by the Parent Group to the Group according to the New CCT Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of shares of the Company
“Spare-parts, Fittings and Related Products”	the spares-parts, fittings and related products, including refractory materials, spare-parts and complete equipment, nonstandard spare-parts, recycled steel scraps and related products (cokes, pig irons and coals, etc.) that will be sold by the Parent Group to the Group according to the New CCT Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Waste Materials”	the waste materials generated from iron and steel production sold by the Group to Anhui Xinchuang according to the New Energy Saving and Environmental Protection Agreement
“Water and Land Transportation and Related Services”	Water and land transportation and related services, including the transport for production support, freight, waterway transport and logistics, integrated port services (including cargo loading and unloading, storage, lump ore screening, transfer and short-distance handling, weighing, pickup and delivery, etc.), equipment (facility) maintenance services for production support, overhaul and medium maintenance equipment, project and

maintenance services for electrical, motor and transformer, operation and maintenance for automation and informatisation, lifting logistics services, import and export agency services and related services (automobile repair, monitoring and diagnostic services, etc.) that will be provided by the Parent Group to the Group according to the New CCT Agreement

“Water, Electricity and Gas” water, electricity and gas including electricity, water, industrial treated water, blast furnace gas, coke oven gas, converter gas, vapor, compressed air and other gases to be sold by the Group to the Parent Group under the New CCT Agreement

By order of the Board
Maanshan Iron & Steel Company Limited
Hu Shunliang
Company Secretary

10 September 2015
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

Non-executive Directors: Su Shihuai, Ren Tianbao

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