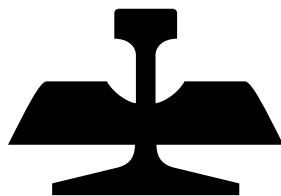


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鞍鋼股份有限公司

ANGANG STEEL COMPANY LIMITED*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0347)

CONNECTED TRANSACTION

ASSETS ACQUISITION AGREEMENT

The Board is pleased to announce that on 25 July 2014, the Company has entered into the Assets Acquisition Agreement with Angang Holding, pursuant to which the Company has agreed to acquire the Equipment Maintenance Assets from Angang Holding for the total cash consideration of RMB58,826,296.

Angang Holding directly holds an approximate 67.80% equity interest in the Company and hence is the controlling Shareholder of the Company and a connected person of the Company as defined under Chapter 14A of the Listing Rules. As such, the transaction contemplated under the Assets Acquisition Agreement constitutes connected transaction of the Company.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Assets Acquisition Agreement are less than 5%, while one or more applicable percentage ratios exceed 0.1%, the transaction contemplated thereunder constitute connected transaction of the Company that is subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(I) INTRODUCTION

The Board is pleased to announce that on 25 July 2014, the Company has entered into the Assets Acquisition Agreement with Angang Holding, pursuant to which the Company has agreed to acquire the Equipment Maintenance Assets from Angang Holding for the total cash consideration of RMB58,826,296.

(II) THE ASSETS ACQUISITION AGREEMENT

The principal terms of the Assets Acquisition Agreement are set out below:

Date: 25 July 2014

Parties: (i) The Company (as purchaser); and
(ii) Angang Holding (as seller).

Subject matter: The Company has agreed to purchase the Equipment Maintenance Assets of the Cooperation Equipment Maintenance Centre from Angang Holding.

Consideration: In consideration for the Equipment Maintenance Assets, the Company shall pay Angang Holding the sum of RMB58,826,296 in cash (the “**Consideration**”).

The Consideration was determined upon arm’s length negotiations between the parties with reference to the appraised assets value as stated in the Valuation Report. In accordance with the Valuation Report, the appraised assets value of the Equipment Maintenance Assets as of the Appraisal Date is RMB58,826,296.

It is intended that payment for the Consideration will be entirely funded by the internal resources of the Company.

Payment: The Company shall pay the Consideration in one lump sum payment to Angang Holding within 30 days following the Assets Acquisition Agreement comes into effect.

Legal Effect: The Assets Acquisition Agreement shall be effective upon:

- (i) signing and sealing by the legal representative or authorised representative of the contracting parties;
- (ii) approval by the Board of the Company; and
- (iii) filing of the Valuation Report with Angang Group Company.

Completion: The Equipment Maintenance Assets shall be transferred to the Company, and the transaction shall be completed, within 30 days after payment of the Consideration by the Company.

Other: All current employees of the Cooperation Equipment Maintenance Centre, along with its underlying business operations, will join the Group following completion of the transfer of the Equipment Maintenance Assets.

The Equipment Maintenance Assets

To the best knowledge of the Directors, the original acquisition cost of the Equipment Maintenance Assets as paid by Angang Holding was approximately RMB122.6 million. In accordance with the Valuation Report, the book value of the Equipment Maintenance Assets as of the Appraisal Date is RMB29,236,100 and the appraised assets value is RMB58,826,296. The appraised assets value was determined by China United Assets Appraisal Group Co., Limited* (中聯資產評估集團有限公司), an independent valuer, through the assets replacement cost method.

(III) REASONS FOR AND BENEFIT OF THE CONNECTED TRANSACTION

The Cooperation Equipment Maintenance Centre is a subsidiary entity of Angang Holding, it is primarily engaged in the business of providing repair and maintenance services for equipment and systems of the Company, and currently it has 5,138 employees. Upon acquisition of the Equipment Maintenance Assets by the Company, the business operations and management of the Cooperation Equipment Maintenance Centre will be integrated with the Group, therefore the utilization of capital assets and human resources of the Cooperation Equipment Maintenance Centre will be optimized, which in turn, will lead to (i) improved efficiency in repair and maintenance services for equipment and systems of the Company and (ii) reduced costs of production.

Upon review of the valuation approach adopted in the Valuation Report, the Directors (including the independent non-executive Directors) are of the view that (i) the connected transaction contemplated under the Assets Acquisition Agreement will be carried out in the ordinary and usual course of business of the Company and (ii) the terms of the Assets Acquisition Agreement are entered into on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. To the best knowledge of the Directors, the Directors are not aware of any reason not to enter into the Assets Acquisition Agreement.

(IV) LISTING RULES IMPLICATIONS

Angang Holding directly holds an approximate 67.80% equity interest in the Company and hence is the controlling Shareholder of the Company and a connected person of the Company as defined under Chapter 14A of the Listing Rules. As such, the transaction contemplated under the Assets Acquisition Agreement constitutes connected transaction of the Company.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Assets Acquisition Agreement are less than 5%, while one or more applicable percentage ratios exceed 0.1%, the transaction contemplated thereunder constitute connected transaction of the Company that is subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Zhang Xiaogang, as chairman of Angang Holding, and Mr. Tang Fuping, as the general manager of Angang Holding, each being a Director of the Company, are considered to have a conflict of interest in the transaction under the Assets Acquisition Agreement due to their senior management positions in Angang Holding. They abstained from voting at the resolution in relation to the Assets Acquisition Agreement proposed to the Board. Save as disclosed above, none of the Directors who attended the Board meeting has a material interest in the aforementioned agreement.

(V) GENERAL INFORMATION ABOUT THE PARTIES

Angang Holding is a wholly-owned subsidiary of Angang Group Company. It is a major enterprise in the iron and steel industry of the PRC engaged in a wide range of iron and steel-related business activities including mining, iron manufacturing, machinery manufacturing, metallurgical construction project, research and development, trading in iron and steel products and providing relevant transportation, construction, utilities and other support services. It holds an approximate 67.80% equity interest in the Company.

The Company is a major steel manufacturing enterprise in the PRC. It is principally engaged in the production and sale of hot-rolled steel sheets, cold-rolled steel sheets, galvanized steel sheets, colour coating plates, silicon steel, medium and thick plates, wire rods, large steel products and seamless steel pipes.

(VI) DEFINITIONS

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

- “Angang Group Company” Angang Group Company* (鞍鋼集團公司), a company incorporated in the PRC with limited liabilities, the ultimate controlling Shareholder of the Company;
- “Angang Holding” Anshan Iron & Steel Group Complex* (鞍山鋼鐵集團公司), a wholly-owned subsidiary of Angang Group Company and the immediate holding company of the Company, which currently holds approximately 67.80% equity interest in the Company and a major enterprise in the iron and steel industry of the PRC;
- “Appraisal Date” 30 June 2014;
- “Assets Acquisition Agreement” the sale and purchase agreement entered into between the Company and Angang Holding on 25 July 2014 pursuant to which the Company has agreed to acquire, and Angang Holding has agreed to sell, the Equipment Maintenance Assets;
- “Board” the board of Directors of the Company;
- “Company” Angang Steel Company Limited* (鞍鋼股份有限公司), a joint stock limited company incorporated in Anshan, Liaoning Province, the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shenzhen Stock Exchange;
- “connected person(s)” has the meaning ascribed thereto under the Listing Rules;

“control”	has the meaning ascribed thereto under the Listing Rules;
“Cooperation Equipment Maintenance Centre”	Angang Cooperation Equipment Repair and Maintenance Centre* (鞍鋼設備協力檢修中心), a subsidiary entity of Angang Holding which is primarily engaged in the business of providing repair and maintenance services for equipment and systems of the Company;
“Director(s)”	the director(s) of the Company;
“Equipment Maintenance Assets”	the assets of the Cooperation Equipment Maintenance Centre to be sold and transferred to the Company by Angang Holding pursuant to, and as particularized under the Assets Acquisition Agreement, primarily consisting of buildings, machineries, motor vehicles and electrical equipment;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Regions);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;

“Valuation Report”

the report produced by China United Assets Appraisal Group Co., Limited* (中聯資產評估集團有限公司), an independent valuer, with respect to the appraised assets value of the Equipment Maintenance Assets as of the Appraisal Date; and

“%”

per cent.

By Order of the Board
ANGANG STEEL COMPANY LIMITED
Ma Lianyong

Executive Director and Secretary to the Board

Anshan City, Liaoning Province, the PRC

25 July 2014

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Zhang Xiaogang

Tang Fuping

Yang Hua

Wang Yidong

Ma Lianyong

Independent Non-executive Directors:

Chen Fangzheng

Qu Xuanhui

Liu Zhengdong

Chau Chi Wai, Wilton

* *For identification purpose only*