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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**  
**FINANCIAL SERVICES AGREEMENT**

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On 6 April 2012, the Finance Company and the Magang Group entered into the Financial Services Agreement, pursuant to which, the Finance Company agreed to provide the Group with deposit services, loan services, and other financial services subject to the terms and conditions provided therein.

**LISTING RULES IMPLICATIONS**

As Magang Group holds approximately 50.47% of the issued share capital of the Company, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. The Finance Company is a holding subsidiary of the Company. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As each of the percentage ratio(s) (as defined in Rules 14.07 of the Listing Rules) applicable to each of the deposit services and the other financial services under the Financial Services Agreement is more than 0.1% but less than 5%, each of the deposit services and other financial services to be provided by the Finance Company to the Group are subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules but exempt from the independent shareholders' approval requirement under Rule 14A.66 of the Listing Rules.

The loan services to be provided by the Finance Company to the Group will constitute financial assistance to be provided for the benefit of a connected person. As such services are on normal commercial terms and are ordinary business of the Finance Company, pursuant to the Rule 14A.65(1) of the Listing Rules, the loan services are exempt from reporting, announcement and independent shareholders' approval requirements.

**FINANCIAL SERVICES AGREEMENT**

Date : 6 April 2012  
Parties : The Finance Company; and  
Magang Group

Material Terms, the Annual Caps and the basis of the Annual Caps:

1. The Agreement came into effect from the date upon the consideration and approval at the tenth meeting of the seventh session of the Board of the Company held on 11 April 2012 to 31 December 2012. Pursuant to the Agreement, the Finance Company agreed to provide the Group with deposit services, loan services, and other financial services subject to the terms and conditions provided therein.
2. When the Finance Company provides deposit services to the Group, the interest rates for deposits paid must not be higher than the benchmark interest rates set by the PBOC for deposit of a similar nature and under similar terms, and not higher than the interest rates for deposits of a similar nature and under similar terms provided to the Group by other independent merchant banks in the PRC.
3. When the Finance Company provides loan services to the Group, the loan interests charged must not lower than the range of interest rates set by the PBOC for loan of a similar nature and other similar terms, and not lower than interest rates for loan of a similar nature and under similar terms charging the Group by other independent merchant banks in the PRC.
4. When the Finance Company provides other financial services to the Group, the charges must not be lower than the benchmark charging rates (if applicable) set by the PBOC for service of a similar nature and under similar terms; and not lower than the fees for other financial services of a similar nature and under similar terms charging the Group by other independent merchant banks in the PRC.
5. During the term of the Agreement, the maximum daily deposit balance together with interests placed at the Finance Company by the Group shall not be higher than RMB700 million. During the term of the Agreement, the maximum daily loan balance provided by the Finance Company to the Group shall not be higher than RMB500 million. During the term of the Agreement, the services fees charged by the Finance Company incurred due to the provision of other financial services to the Group shall not be higher than RMB50 million. The basis of the annual cap for the depository services is determined in accordance with total assets of the Group and the anticipated daily outstanding balances of deposits of the Group. The basis of the annual cap for the other financial services is determined in accordance with the anticipated required other financial services and the prevailing charging rates (as applicable). In view of the fact that the loan services provided by the Finance Company to the Group are on normal commercial terms and are ordinary business of the Finance Company, the loan services are exempt from reporting, announcement and independent shareholders' approval requirements.

6. The average daily loan balance provided by the Finance Company to the Group must not be higher than the deposits placed at the Finance Company by the Group together with the interests accrued thereon.

## **LISTING RULES IMPLICATIONS**

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As each of the percentage ratio(s) (as defined in Rules 14.07 of the Listing Rules) applicable to each of the deposit services and the other financial services under the Financial Services Agreement is more than 0.1% but less than 5%, each of the deposit services and other financial services to be provided by the Finance Company to the Group are subject to the reporting and announcement requirements as set out in the Rules 14A.45 to 14A.47 of the Listing Rules but exempt from the independent shareholders' approval requirement under Rule 14A.66 of the Listing Rules.

The loan services to be provided by the Finance Company to the Group will constitute financial assistance to be provided for the benefit of a connected person. As such services are on normal commercial terms and are ordinary business of the Finance Company, pursuant to the Rule 14A.65(1) of the Listing Rules, the loan services are exempt from reporting, announcement and independent shareholders' approval requirements.

The Directors (including all the independent non-executive Directors attending the Board meeting) are of the view that the terms of the transaction contemplated under the Financial Services Agreement are on normal commercial terms and fair and reasonable and are also in the interest of the Company and its shareholders as a whole. Mr. Su Jianguang and Mr. Zhao Jianming, who are also the Directors of Magang Group and have material interests in the Financial Services Agreement have abstained from voting at the Board meeting approving the Financial Services Agreement and the transactions contemplated thereunder.

## **GENERAL INFORMATION**

### **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 the Finance Company**

The Finance Company is a non-banking institution established under PRC laws in October 2011 with the approval of the CBRC and is subject to the supervision of CBRC. Its total registered and paid-up capital is RMB1 billion, which is contributed and owned by Company and Magang Group

under the proportion of 91% and 9%. It is mainly engaged in providing financial services including but not limited to depository services, loan and entrusted loan services, discounting services, settlement services to the members of the Group.

## **DEFINITIONS**

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

“Agreement” or “Financial Services Agreement”	Financial Services Agreement entered into between the Finance Company and Magang Group on 6 April 2012
“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission
“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 of Hong Kong Limited
“Director(s)”	the director(s) of the Company
“Finance Company”	Magang Group Finance Company Limited, a limited company incorporated in the PRC
“Group”	the Magang Group and its subsidiaries excluding the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“PBOC”	People’s Bank of China
“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

“%” per cent

By Order of the Board  
Ren Tianbao  
Secretary to the Board

11 April 2012

Maanshan City, Anhui Province, the PRC

*As at the date of this announcement, the Directors of the Company include:*

*Executive Directors: Su Jiangang, Qian Haifan, Ren Tianbao*

*Non-executive Director: Zhao Jianming*

*Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Wu Tat Man Damon Albert*