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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

Reference is made to the announcement of Maanshan Iron & Steel Company Limited (the “**Company**”) dated 12 December 2012 (the “**Announcement**”) regarding the Financial Services Agreement entered into between Magang Group Finance Company Limited and Magang (Group) Holding Company Limited on 12 December 2012. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Pursuant to the Financial Services Agreement, the maximum amount of daily balance of outstanding loans will be no more than RMB500 million and the service charge of other financial services will not exceed RMB50 million for the term commencing from 1 January 2013 to 31 December 2013, those annual caps were determined on the basis of the anticipated capital and operation needs of Magang Group and its subsidiaries for the corresponding period.

Through the provision of financial services by the Finance Company to the Magang Group and its subsidiaries, the operation scale of the Finance Company will be enhanced, which will subsequently increase the income from net interests and service charges. The Company can also benefit through holding the shares of the Finance Company. Meanwhile, the Company can utilise part of the capital facilities of the Magang Group and its subsidiaries in order to enhance the efficiency of capital utilisation. The location of the Magang Group and its subsidiaries is relatively close to the Company and therefore the Company has a better understanding of their production, operation and credit standing. According to the terms of the Financial Services Agreement and the risk control system in relation to

the connected transactions between the Finance Company and Magang Group, such connected transactions will not cause any adverse impact to the Company. In light of the aforesaid, the Financial Services Agreement and the transactions thereunder will benefit the Company and its Shareholders as a whole.

By order of the Board
Maanshan Iron & Steel Company Limited
Ren Tianbao
Secretary to the Board

13 December 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, Liu Fangduan