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(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,  
NEW CCT AGREEMENT AND  
NEW FINANCIAL SERVICES AGREEMENT**

**New Sale and Purchase of Ore Agreement**

The Company and the Parent Company entered into the New Sale and Purchase of Ore Agreement on 15 August 2018 for the continuous purchase of ore by the Company and the continuous sale of ore by the Parent Company after the expiry of the Existing Sale and Purchase of Ore Agreement.

**New Energy Saving and Environmental Protection Agreement**

The Company and Anhui Xinchuang entered into the New Energy Saving and Environmental Protection Agreement on 15 August 2018, under which Anhui Xinchuang will continue to provide Energy Saving and Environmental Protection Construction and Services to the Group and the Group will sell power, energy medium and finished products and provide relevant services to Anhui Xinchuang, after the expiry of the Existing Energy Saving and Environmental Protection Agreement.

**New CCT Agreement**

The Company and the Parent Company entered into the New CCT Agreement on 15 August 2018 for the continuous sale or provision of products and services by the Group to the Parent Group and the continuous sale and provision of products and services by the Parent Group to the Group after the expiry of the Existing CCT Agreement.

**New Financial Services Agreement**

The Financial Services Agreement for the Year of 2018 between the Finance Company and the Parent Group signed on 27 December 2017 will expire on 31 December 2018. On 15 August 2018, the Finance Company and the Parent Group entered into the New Financial Services Agreement for the years from 2019 to 2021, pursuant to which, the Finance Company agrees to provide the Parent Group and its subsidiaries with deposit services, loan services and other financial services subject to the terms and conditions provided therein.

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 16.34% of Anhui Xinchuang's share capital. As an Associate of the Parent Company, Anhui Xinchuang is a connected person of the Company. The Finance Company is a 91% owned subsidiary of the Company and an indirect subsidiary of the Parent Company. Therefore, it is a connected person of the Company. Accordingly, The New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement, the New Financial Services Agreement and the transactions under the Agreements constitute continuing connected transactions of the Company under Rule 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, the New CCT Agreement, and the loan services under the New Financial Services Agreement, on an annual basis, are expected to be 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.

The continuing connected transactions under the New Financial Services Agreement were entered into on normal commercial terms. In respect of the deposit services provided by the Finance Company to the Parent Company and its subsidiaries, as the deposit with the Finance Company is for the benefit of the Group where no security over assets of the Group is granted, the Company is exempted from reporting, announcement and Independent Shareholders' approval requirement under Rule 14A of the Listing Rules. In addition, in respect of the service charges of the other financial services under the New Financial Services Agreement, as the applicable ratios are more than 0.1% but less than 5%, they constitute exempted continuing connected transactions of the Company under Rule 14A of the Listing Rules and are exempted from the approval of Independent Shareholders and are only subject to the reporting and announcement requirements set out in Rule 14A of the Listing Rules.

The Independent Board Committee will advise the Independent Shareholders as to the relevant 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 loan services under the New Financial Services 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 relation to this respect thereof.

A circular that includes (i) the details of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the New CCT Agreement, the loan services under the New Financial Services 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 the Independent Board Committee and the Independent Shareholders as to the relevant terms of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the loan services under the New Financial Services Agreement and the respective Proposed Annual Cap, (iv) and the notice of the EGM, will be sent to the Shareholders on or before 5 September 2018.

## **INTRODUCTION**

### **New Sale and Purchase of Ore Agreement**

The Company and the Parent Company entered into the New Sale and Purchase of Ore Agreement on 15 August

2018 for the continuous purchase of ore by the Company and the continuous sale of ore by the Parent Company after the expiry of the Existing New Sale and Purchase of Ore Agreement.

#### **New Energy Saving and Environmental Protection Agreement**

The Company and Anhui Xinchuang entered into the New Energy Saving and Environmental Protection Agreement on 15 August 2018, under which Anhui Xinchuang will continue to provide Energy Saving and Environmental Protection Construction and Services to the Group and the Group will sell power, energy medium and finished products and provide relevant services to Anhui Xinchuang, after the expiry of the Existing Energy Saving and Environmental Protection Agreement.

#### **New CCT Agreement**

The Company and the Parent Company entered into the New CCT Agreement on 15 August 2018 for the continuous sale or provision of products and services by the Group to the Parent Group and the continuous sale and provision of products and services by the Parent Group to the Group after the expiry of the Existing CCT Agreement.

#### **New Financial Services Agreement**

The Financial Services Agreement for the Year of 2018 between the Finance Company and the Parent Group signed on 27 December 2017 will expire on 31 December 2018. On 15 August 2018, the Finance Company and the Parent Group entered into the New Financial Services Agreement for the years from 2019 to 2021, pursuant to which, the Finance Company agrees to provide the Parent Group and its subsidiaries with deposit services, loan services and other financial services subject to the terms and conditions provided therein.

The principal terms of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the New Financial Services Agreement are set out below:

#### **(1) 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 10 September 2015 will expire on 31 December 2018. 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**

15 August 2018

#### **Parties**

- (i) The Company as the purchaser; and
- (ii) The Parent Company as the supplier

#### **Subject matter**

Ore produced by the Parent Company including iron ore, dolomite and/or limestone must first satisfy the quantity demanded by the Company and first be offered to the Company 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 per tonne will be determined after arm's length negotiations between the Company and the Parent Company under normal commercial terms and according to Platts index (Platts daily iron ore assessments) and shall not be higher than the market price of the same types of iron ore provided by independent third parties in the vicinity of the Company in Maanshan City, Anhui Province, the PRC.

Price for iron ore consists of three parts: the base price for the content of iron, the increased or decreased price for iron powder and sinter fine ore and the freight and miscellaneous expenses. The base price for the content of iron is determined by the actual grade of iron of each type by reference to the Platts index:

- (i)  $T_{Fe} \geq 65$ , determined by reference to the Platts 65 index iron ore price per tonne
- (ii)  $65 > T_{Fe} \geq 62$ , determined by reference to the differential between the Platts 62 index and the Platts 65-62 index
- (iii)  $62 > T_{Fe} > 58$ , determined by reference to the differential between the Platts 58la index and the Platts 62-58la index
- (iv)  $T_{Fe} \leq 58$ , determined by reference to the Platts 58la index iron ore price per tonne

Platts index is a price evaluation for fine ore. There are significant differences in qualities and uses between fine ore and iron ore concentrates produced in Aoshan, Dongshan, Hemushan, Baixiangshan, pelletized fine powder, iron ore concentrates produced in Zhangzhuang, and Luohe. The prices for the 7 types of iron ore shall be increased or decreased as the price for fine powder and sintered powder ore. The increase or decrease of price for iron powder and sinter fine ore shall be determined by the difference between the price in "Platts 65 index" and the average price of "65% iron powder of Fanchang region" published on [www.mysteel.com](http://www.mysteel.com) and [www.steelhome.cn](http://www.steelhome.cn). If for any reasons the price of "65% iron powder of Fanchang region" is no longer published, the Company and the Parent Company may negotiate and replace it with the price of other significant 65% or above iron powder published on [www.mysteel.com](http://www.mysteel.com) and/or [www.steelhome.cn](http://www.steelhome.cn).

Settlement of iron ore shall be done at its delivery to the factory. The freight and miscellaneous expenses shall be calculated by the actual average of the freight and miscellaneous expenses from Beilun port to the plant of the Group.

Price for dolomite and limestone will be determined after arm's length negotiations between the Company and the Parent Company on normal commercial terms with reference to the market price. The price for dolomite and limestone 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 in 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 has 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 2019 and ending 31 December 2021.

### **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 2016, 31 December 2017 and 31 December 2018 and the actual transaction amounts (tax exclusive) for the two years ended 31 December 2016 and 31 December 2017, and the first five months ended 31 May 2018 are set out below:

		<i>RMB</i>			
		For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ending 31 December 2018	For the first five months ended 31 May 2018
Existing Annual Caps	3,815,450,000	3,815,450,000	4,873,170,000	5,425,240,000	N/A
Actual transaction amounts	2,883,966,200	2,883,966,200	3,720,681,000	N/A	1,610,526,100

### **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 2019, 31 December 2020 and 31 December 2021 are set out below:

	<i>RMB</i>		
	For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021

Proposed Annual Caps	5,232,820,000	5,368,260,000	5,761,700,000
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The Proposed Annual Caps in respect of the New Sale and Purchase of Ore Agreement for the term commencing 1 January 2019 and ending 31 December 2021 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.

#### **(2) The New Energy Saving And Environmental Protection Agreement**

The Existing Energy Saving and Environmental Protection Agreement entered into between the Company and Anhui Xinchuang on 10 September 2015 will expire on 31 December 2018. The Company and Anhui Xinchuang entered into the New Energy Saving and Environmental Protection Agreement on 15 August 2018, 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 power, energy medium, and finished products to Anhui Xinchuang.

#### **Date**

15 August 2018

#### **Parties**

- (i) The Company; and
- (ii) Anhui Xinchuang

#### **Subject matter**

Anhui Xinchuang shall provide Energy Saving and Environmental Protection Construction and Services to the Group, including environmental protection construction, maintenance services, sales of spare parts and dust removal bags & dust removal bag cages, contract energy services, management and operation of environmental protection facility, inspection and diagnosis service, environmental monitoring service and management of water quality. The terms (including but not limited to pricing and payment) of the Energy

Saving and Environmental Protection Construction and Services are agreed through 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 power, energy medium and finished products to Anhui Xinchuang, including lime, energy medium, etc. The terms (including but not limited to pricing and payment) regarding sale of power, energy medium and finished products are agreed after 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 those offered by the Group to independent third parties for the sales of similar power, energy medium and finished products.

### **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, if any. In the absence of the state-prescribed price, the pricing shall be based on the market price, determined through open tender, price comparison and arm's length negotiation under normal commercial terms and by reference to comparable transaction prices in the market. Meanwhile, 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 sales of power, energy medium, finished product shall not be lower than the price of same categories of power, energy medium, finished product sold by the Group to independent third parties.

In accordance with the current pricing standards, except for the pricing of sales of energy medium that shall adopt the state-prescribed price, transactions under the New Energy Saving and Environmental Protection Agreement shall be priced based on the 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. Payment for power, energy medium and finished goods shall be settled by the Company at the end of each month.

### **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 2019 and ending 31 December 2021.

## Existing Annual Caps and actual transaction amounts

The Existing Annual Caps (tax exclusive) in respect of the Existing 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 2016, 31 December 2017 and 31 December 2018 and the actual transaction amounts (tax exclusive) for the two years ended 31 December 2016 and 31 December 2017, and the first five months ended 31 May 2018 are set out below:

				<i>RMB</i>
	For the year ended	For the year ended	For the year ending	For the first five
	31 December 2016	31 December 2017	31 December 2018	months ended
				31 May 2018
Existing Annual Caps	658,500,000	639,500,000	619,500,000	N/A
Actual transaction amounts	597,743,000	567,360,000	N/A	291,763,900

The Existing Annual Caps (tax exclusive) in respect of the sale of wastes from 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 2016, 31 December 2017 and 31 December 2018 and the actual transaction amounts (tax exclusive) for the two years ended 31 December 2016 and 31 December 2017, and the five months ended 31 May 2018 are set out below:

				<i>RMB</i>
	For the year ended	For the year ended	For the year ending	For the first five
	31 December 2016	31 December 2017	31 December 2018	months ended 31
				July 2018
Existing Annual Caps	25,000,000	25,000,000	25,000,000	N/A
and actual transaction amounts	4,577,000	1,591,200	N/A	4,332,800



## Proposed Annual Caps

The Proposed Annual Caps (tax exclusive) for the transactions contemplated under the New Energy Saving and Environmental Protection Agreement for the three years ending 31 December 2019, 31 December 2020 and 31 December 2021 are set out below:

			<i>RMB</i>
	For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
Proposed Annual Caps in respect of Energy Saving and Environmental Protection Construction and Services provided by Anhui Xinchuang to the Group	906,100,000	916,100,000	896,100,000
Proposed Annual Caps in respect of sale of power, energy medium and finished product by the Group to Anhui Xinchuang	79,000,000	80,000,000	81,000,000
Total	985,100,000	996,100,000	977,100,000

The Proposed Annual Caps in respect of the New Energy Saving and Environmental Protection Agreement for the term commencing 1 January 2019 and ending 31 December 2021 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 the sale of power, energy media and finished products; (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 sale of power, energy medium and finished product and Anhui Xinchuang's anticipated demand for such power, energy medium and finished product and relevant services.

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

Given the stringent requirements imposed by the PRC government on environmental protection (especially in iron and steel industry), adoption of the construction and services provided by Anhui Xinchuang will benefit the Company from using the advanced energy saving and environmental protection ancillary facilities and focusing on its business and operations of 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.

## (3) The New CCT Agreement

## **Background**

The Existing CCT Agreement entered into between the Company and the Parent Company on 10 September 2015 will expire on 31 December 2018. In order to secure the Group's stable and continuous production, the Company and the Parent Company entered into the New CCT Agreement on 15 August 2018 for the continuous sale or provision of products and services by the Group to the Parent Group and the continuous sale or provision of products and services by the Parent Group to the Group.

## **Date**

15 August 2018

## **Parties**

- (i) The Company; and
- (ii) The Parent Company

## **Subject Matter**

(1) The Company itself and the Group agree to sell or provide the following products and services to the Parent Group:

- (i) Products, including steel, steel ingot, accessories, materials (stainless steel band, cable, tool, etc.), coke powder, iron scales and other products (labour protection and office supplies, etc.); electricity, living water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air and other gases; and
- (ii) Services, including providing entrusted steel billets processing, metering services, inspection services and other services.

(2) The Parent Company itself and the Parent Group agree to sell or provide the following products and services to the Group:

- (i) Products, including refractory materials, spare-parts and complete equipment, non-standard spare-parts and other products (coke, pig iron, coal, etc.); and
- (ii) Services, including infrastructure technical and renovation engineering services, water and land transportation and related services, including highway transport, waterway transport, integrated port services (including cargo loading and unloading, storage, lump ore screening, transfer and short-distance handling, weighing, pickup and delivery, etc.), storage and delivery services, equipment (facility) maintenance services for production support, overhaul and medium maintenance of equipment, project and maintenance services for electrical, motor and transformer, operation and maintenance service and modification regarding automation and informatization, wheel processing services, agency services and automobile repair, monitoring and diagnostic services 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 products and services (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 products and services. The terms of the products and services (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 products and services.

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.

The above transactions do not include transactions with Anhui Xinchuang.

### Consideration

The price shall be based on state-prescribed price, if any. In the absence of state-prescribed price, the pricing shall be based on the 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 products and services to be provided by the Group to the Parent Group shall not be lower than the price of the same categories of services and products provided by the Group to independent third parties.

The pricing regarding the services and products to be provided by the Parent Group to the Group shall not be higher than the pricing of the same categories of products and services provided by the independent third parties to the Group.

In accordance with the current price standards, the price benchmarks adopted in other transactions under the New CCT Agreement are as follows:

Category	Principle of Pricing	Items
Products sold by the Group to the Parent Group	Government price	Electricity / domestic water / industrial treated water
	Market price	Blast furnace gas / coke oven gas / converter gas / steam / compressed air / other gases, etc.
	Market price	Steel / ingot / coke / iron oxide / metallurgical accessories / materials (stainless steel belt, cable, tools, etc.) / labor insurance, office supplies, etc.
Services	Market price	Provide entrusted steel billets processing,

provided by the Group to the Parent Group		provide metering, inspection services, etc.
Products purchased by the Group from the Parent Group	Market price	Refractory materials / spare parts and complete equipment / non-standard spare parts, etc.
	Market price	Other commodities (coke, coal, oil, etc.)
Services received by the Group from the Parent Group	Market price	infrastructure technical and renovation engineering services/ overhaul and medium maintenance of equipment/ highway transport/ waterway transport/ integrated port services/ equipment (facility) maintenance services for production support/ operation and maintenance service and modification regarding automation and informatization/ project and maintenance services for electrical, motor and transformer/ other services (automobile repair, monitoring and diagnostic services etc.)/ wheel processing etc.
	Market price	Warehousing, distribution services / agency services, etc.

## Payment

Regarding the payment of electricity, domestic water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air, other gases, etc. sold by the Group to the Parent Group, the sum for the sales with respect to the previous month shall be paid by the Parent Group to the Group at the beginning of each month and settlement will be done on a monthly basis. For the payment of steel, ingot, coke, iron oxide and other products (labour insurance, office supplies, etc.), at the end of each month, the Parent Group shall pay to the Group 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 and other materials (stainless steel belts, cables, tools, etc.), the sum for the sales with respect to the previous month shall be paid by the Parent Group to the Group and settlement shall be done on a monthly basis. As for the payment of further processing of steel billets, metering and detection 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 Group and settlement will be done on a monthly basis.

For the payment of products sold or provided by the Parent Group to the Group, the Group shall pay for them within 30 business days after the Group shall have received and verified the quality of the goods. The payment of Infrastructure Technical and Renovation Engineering Services shall be made by the Group to the Parent Group 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 Group shall ascertain the fee in accordance with the service progress and pay the Parent Group within 30 business days after the Group 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 2019 and ending 31 December 2021.

### **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 2016, 31 December 2017 and 31 December 2018 and the actual transaction amounts (tax exclusive) of Services and products for the two years ended 31 December 2016, the year ended 31 December 2017, and the first five months ended 31 May 2018 are set out as below:

			For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ending 31 December 2018	<i>RMB</i> For the first five months ended 31 May 2018
1.	Water, electricity and gas	Existing annual caps	141,019,800	142,837,800	142,665,800	N/A
		Actual transaction amounts	80,231,300	90,800,700	N/A	39,508,800
2.	Finished products and related commodities	Existing annual caps	570,688,000	570,688,000	570,688,000	N/A
		Actual transaction amounts	154,715,800	372,982,100	N/A	253,682,400
3.	Services	Existing annual caps	9,340,400	8,334,000	7,342,400	N/A

caps					
Actual transaction amounts	3,065,400	360,000	N/A	540,000	

The Existing annual caps (tax exclusive) for services, products and construction projects under the Existing CCT Agreement for the three years ended/ending 31 December 2016, 31 December 2017 and 31 December 2018 and the actual transaction amounts (tax exclusive) of services, products and construction projects for the two years ended 31 December 2016 and 31 December 2017, and the five months ended 31 May 2018 are set out as below:

			For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ending 31 December 2018	<i>RMB</i> For the first five months ended 31 May 2018
1.	Spare-parts, fittings and related products	Existing annual caps	1,460,810,000	1,470,170,000	1,475,170,000	N/A
		Actual transaction amounts	1,075,434,500	1,419,553,600	N/A	985,574,000
2.	Infrastructure technical and renovation engineering	Existing annual caps	730,000,000	730,000,000	730,000,000	N/A
		Actual transaction amounts	422,916,600	669,481,500	N/A	283,099,000
3.	Water and land transportation and related services	Existing annual caps	1,934,869,700	2,001,808,000	2,028,547,900	N/A
		Actual transaction amounts	902,244,200	1,854,430,700	N/A	880,739,300

### 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 2019, 31 December 2020 and 31 December 2021 (tax exclusive) are set out as below:

		For the year ending 31 December 2019	For the year ending 31 December 2020	<i>RMB</i> For the year ending 31 December 2021
1.	Proposed Annual Caps of products, including selling steel, steel ingot, accessories, materials (stainless steel band, cable, tool, etc.), coke powder, iron scales and other products (labor protection and office supplies, etc.); electricity, living water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air and other gases.	965,297,000	1,061,345,700	1,165,371,400
2.	Proposed Annual Caps of services, including providing entrusted	83,874,000	83,874,000	83,874,000

steel billets processing, metering services, inspection services and other services.			
Total	1,049,171,000	1,145,219,700	1,249,245,400

The Proposed Annual Caps for services and products and provided by the Parent Group to the Group under the New CCT Agreement for the three years ending 31 December 2019, 31 December 2020 and 31 December 2021 (tax exclusive) are set out as below:

			<i>RMB</i>
	For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
1. Proposed Annual Caps of products, which are spare-parts, fittings and other products, including refractory materials, spare-parts and complete equipment, non-standard spare-parts and other products (cokes, pig irons and coals, etc.).	2,033,126,400	2,105,434,900	2,125,822,600
2. Proposed Annual Caps of services, including infrastructure technical and renovation engineering services, water and land transportation and related services, including highway transport, waterway transport, integrated port services (including cargo loading and unloading, storage, lump ore screening, transfer and short-distance handling, weighing, pickup and delivery, etc.), storage and delivery services, equipment (facility) maintenance services for production support, overhaul and medium maintenance of equipment, project and maintenance services for electrical, motor and transformer, operation and maintenance service and modification regarding automation and informatization, wheel processing services, agency services and automobile repair, monitoring and diagnostic services and related	4,094,340,800	4,002,740,100	4,010,140,300

services.			
Total	6,127,467,200	6,108,175,000	6,135,962,900

The Proposed Annual Caps in respect of the New CCT Agreement for the term commencing 1 January 2019 and ending 31 December 2021 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 and products 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 and products 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 products and services 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.

#### **(4) New Financial Services Agreement**

##### **Background**

The Financial Services Agreement for the Year of 2018 between the Finance Company and Parent Group signed on 27 December 2017 will expire on 31 December 2018. On 15 August 2018, the Finance Company and Parent Group entered into the New Financial Services Agreement for the years from 2019 to 2021, pursuant to which, the Finance Company agreed to provide the Parent Group and its subsidiaries with deposit services, loan services and other financial services subject to the terms and conditions provided therein.

##### **Date**

15 August 2018

##### **Parties**

- (i) The Finance Company; and
- (ii) The Parent Group

##### **Duration**

The New Financial Services Agreement shall be for a term commencing from 1 January 2019 to 31 December 2021.

##### **Deposit services**



When the Finance Company provides deposit services to the Parent Group and its subsidiaries, the interest rate for deposits shall refer to the benchmark interest rate and floating range set by the PBOC, and according to the principle of marketization, it must not be higher than the interest rates for deposits of a similar nature and under similar terms provided to the Parent Group and its subsidiaries by other independent commercial banks or financial institutions in the PRC.

The Parent Group and its subsidiaries open saving accounts with the Finance Company, and deposit funds into the saving accounts opened at the Finance Company under the principle of free access to these accounts, and in accordance with the requirements for the Parent Group to deposit cash in the Finance Company under the “Funds Administrative Measures”(《資金管理辦法》). Deposits can be in the form of demand deposits, time deposits and agreement savings, etc. Such services are financial assistance to be provided by the Parent Group and its subsidiaries on normal commercial terms (or better terms for the Company (including its subsidiaries)) for the interests of the Company (including its subsidiaries), and are not secured by the assets of the Company (including its subsidiaries).

Regarding the interest under the deposit service, the interest is calculated monthly with reference to the benchmark interest rates for deposits and the floating range set by PBOC and is payable quarterly. The calculation of interest and the interest rate are consistent with that of independent merchant banks and financial institutions.

### **Loan services**

When the Finance Company provides loan services to the Parent Group and its subsidiaries, the loan interests charged shall refer to the range of interest rates set by the PBOC, and according to the principle of marketization, it must not be lower than the interest rates for loans of similar nature and under similar terms charged on the Parent Group and its subsidiaries by other independent commercial banks or financial institutions in the PRC.

The Parent Group and its subsidiaries can apply for the provision of loan services from the Finance Company anytime when necessary, and the Finance Company shall provide the Parent Group with loan services according to the terms and amounts of the applications and in accordance with law. During the term of the Agreement, the daily cap of the loans to be provided by the Finance Company to the Parent Group and its subsidiaries shall be RMB 3,170,000,000 (interest **payment included**). The Parent Group and its subsidiaries shall provide security or guarantee for the loan services as required by the Finance Company.

The total amount of loan provided by the Finance Company to the Parent Group and its subsidiaries and interest payable at the end of each day shall not be higher than the total amount of deposits and accrued interests of the Parent Group and its subsidiaries with the Finance Company.

Regarding the loan services, the interest is calculated with reference to the benchmark interest rates for loans and the floating range set by the PBOC.

### **Other financial services**

When the Finance Company provides other financial services (including acceptance of bills, letter of guarantee, securities underwriting, financial advisory, insurance brokerage and sale and purchase of foreign exchange) to the Parent Group and its subsidiaries, the charge shall comply with the principle of marketization and must not be lower than the fees for other financial services of similar nature and under similar terms charged on the Parent Group and its subsidiaries by other independent commercial banks or financial institutions in the PRC. In terms of other financial services as aforesaid, Parent Group and its subsidiaries shall pay the Finance Company interests and service charges for services including acceptance of bills, letter of guarantee, securities underwriting, financial advisory, insurance brokerage and sale and purchase of foreign exchange at fair and reasonable market rates, which should not be higher than RMB 200,000,000 (interest payment included) per annum during the term of the Agreement.

The other financial services provided by the Finance Company are mainly bills acceptance and entrusted loans. The charges of bills acceptance are determined at 0.5% of the bills by reference to the “Price Management Measures of Services of Merchant Bank” jointly issued by CBRC and the National Development and Reform Commission, which is consistent with merchant banks. For entrusted loan service, loans will be charged at 0.1% of the loan contract amount. All of the above-mentioned charges are not lower than the minimum charges for similar services of merchant banks.

### **Reasons for and Benefits of The New Financial Services Agreement**

Through the provision of financial services by the Finance Company to the Parent Group and its subsidiaries, the Company can utilize part of its available funds to enhance its capital utilization efficiency and benefit from the net interests and services fees received by the Finance Company. Meanwhile, according to the above transaction principles and the risk control system in relation to the connected transactions between the Finance Company and the Parent Group, such connected transactions will not cause any adverse impact to the Company. In light of the aforesaid, it will benefit the Company and its Shareholders as a whole.

### **Information on the Company, the Parent Company, Anhui Xinchuang and the Finance 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.

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, as well as 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.

The Finance Company is a non-banking institution established under the PRC laws in October 2011 with the approval of the CBRC and is subject to the supervision of the CBRC. It is mainly engaged in providing financial services including but not limited to deposit services, loan and entrusted loan services, discounting services and settlement services to the Parent Group and its subsidiaries and the members of the Group.

### **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.

The connected transaction management committee of the Company, which directly reports to the Board, is responsible for the on-going monitoring of all the continuing connected transactions of the Company, which include the continuing connected transactions contemplated under the Agreements. The responsibilities of the connected transaction management committee include, among other things, approving and monitoring of continuing connected transactions, gathering information for disclosure of continuing connected transactions pursuant to the Listing Rules, and monitoring of pricing procedures for continuing connected transactions to ensure that prices are determined on normal commercial terms. For each relevant functional department of the continuing connected transaction agreements or relevant companies entering transactions shall provide actual trading situation quarterly to the finance and accounting department of the Company. The finance department of the Company will report on quarterly basis to the connected transaction management committee regarding the actual monetary amount of the continuing connected transactions conducted during the quarter and the estimated amount in the following quarter so as to facilitate the connected transaction management committee to (i) monitor the actual amount of continuing connected transactions carried out; and (ii) assess whether the annual cap of any continuing connected transactions will be exceeded. The continuing connected transaction management committee will then report to the Board on quarterly basis.

The marketing department will be responsible for the pricing management and will guide various departments and units to establish the procedures and mechanism of professional price management, so as to ensure that the pricing standard is fair and reasonable, and conform with the market principle. Market prices will be obtained through, among other things, open tenders/quotations from independent third party suppliers and service providers, recent transaction prices of the Group with independent third parties, pricing information obtained through subscription service and researches on industry websites. The market price information will be

circulated by the department to other departments and companies of the Group to enable them to determine the prices for the continuing connected transactions.

For the purchase of Ore by the Company from the Parent Company, the continuing connected transaction management committee will ensure that the procurement department of the Company will make reference to the prevailing iron ore price as published by Platts. For determining price payable to the Parent Company for dolomite and limestone, the continuing connected transaction management committee will ensure that the Company will make reference to prices payable to independent third party suppliers for same or similar category of dolomite and limestone.

For the continuing connected transactions involving provision of services and supply of products by the Parent Group to the Group (including provision of Energy Saving and Environmental Protection Construction and Services by Anhui Xinchuang to the Group), the continuing connected transaction management committee will ensure that prices are determined based on market prices (determined through open tender/quotations, price comparison and arm's length negotiation under normal commercial terms). Where quotations are obtained from suppliers for the requested services or products, the Group will compare and negotiate the terms of quotations with suppliers and service providers, and determine the selection of suppliers and service providers by taking into account factors such as price quotations, quality of the products and services, ability of the suppliers and service providers in meeting technical specifications and delivery schedules, and qualification and relevant experiences of the suppliers and service providers. The contract will be awarded to the supplier and service provider who offers the best commercial terms and technical terms to the Company. Other than obtaining of quotations, the Group may award a contract through a tender process. For sourcing energy saving and environmental protection construction, the Group will source them through a tender process for contract with value over RMB100,000 to ensure services are obtained under a fair and competitive environment. The contract will be awarded to the supplier and service provider after assessment based on the criteria as set out above.

The Company will try to obtain as many quotations and/or tenders as possible for the Company's interest and it is the Company's practice to obtain at least three quotations and tenders. The *Law of the People's Republic of China on Bid Invitation and Bidding* and the *Regulation on the Implementation of the Law of the People's Republic of China on Bid Invitation and Bidding* state, among other things, that a minimum of three tenders are required to be received to render a tender to be valid. As a result, the Company's practice to obtain at least three quotations and/or tenders is consistent with the requirements under the *Law of the People's Republic of China on Bid Invitation and Bidding* and the *Regulation on the Implementation of the Law of the People's Republic of China on Bid Invitation and Bidding*. Accordingly, the Parent Group and/or Anhui Xinchuang may or may not be awarded the contracts.

For the continuing connected transactions involving provision of services and supply of products by the Group to the Parent Group, the price shall not be lower than the price of the same type of services and products provided

by the Group to independent third parties.

### **Approval by the Board**

In the 10<sup>th</sup> meeting of the nine session of the Board on 15 August 2018, the Board approved the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environment Protection Agreement, the New CCT Agreement and the New Financial Services Agreement.

The Directors attending the Board meeting on 15 August 2018 regarding the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environment Protection Agreement, the New CCT Agreement and the New Financial Services Agreement consider the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environment Protection Agreement, the New CCT Agreement and the New Financial Services 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.

Among 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 resolutions in respect of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environment Protection Agreement, the New CCT Agreement and the New Financial Services 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, the New CCT Agreement and the New Financial Services Agreement.

### **Listing Rules Implications**

As at the date of the 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 the announcement, Anhui Xinchuang is a company controlled by the Parent Company and the Company is also interested in 16.34% of Anhui Xinchuang's share capital. As an Associate of the Parent Company, Anhui Xinchuang is a connected person of the Company. The Finance Company is a 91% owned subsidiary of the Company and an indirect subsidiary of the Parent Company. Therefore, it is a connected person of the Company. Accordingly, The New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement, the New Financial Services Agreement and the transactions

under the Agreements constitute continuing connected transactions of the Company under Rule 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, the New CCT Agreement, and the loan services under the New Financial Services Agreement, on an annual basis, are expected to be 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.

The continuing connected transactions under the New Financial Services Agreement were entered into on normal commercial terms. In respect of deposit services provided by the Finance Company to the Parent Company and its subsidiaries, as the deposit with the Finance Company is for the benefit of the Group where no security over assets of the Group is granted, the Company is exempted from reporting, announcement and Independent Shareholders' approval requirement under Rule 14A of the Listing Rules. In addition, in respect of the service charges of the other financial services under the New Financial Services Agreement, as the applicable ratios are more than 0.1% but less than 5%, they constitute exempt continuing connected transactions of the Company under Rule 14A of the Listing Rules and are exempted from the approval of Independent Shareholders and are only subject to the reporting and announcement requirements set out in Rule 14A of the Listing Rules.

## **General**

The Company will convene EGM to consider and approve the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement, the New Financial Services Agreement and the transactions contemplated thereunder, including the respective 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, the loan services under the New Financial Services 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. As what the Directors know and confirm and after all reasonable query, except Mr. Ding Yi, Mr. Qian Haifan and Mr. Ren Tianbao who are associated, none of the Directors has a significant interest in the New Sale and Purchase of Ore Agreement, New Energy Saving and Environmental Protection Agreement, New CCT Agreement and New Financial Services Agreement. Other Directors (including the Independent Non-Executive

Directors) considered the terms of transaction under the New Sale and Purchase of Ore Agreement, New Energy Saving and Environmental Protection Agreement, New CCT Agreement and New Financial Services Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Independent Board Committee will, among others, consider and advise the Independent Shareholders in relation to the terms of continuing connected transactions of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement, the loan services under the New Financial Services 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 relation to this respect.

A circular that includes (i) the details of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement and the New CCT Agreement, the loan services under the New Financial Services 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 the Independent Board Committee and the Independent Shareholders as to the relevant terms of the New Sale and Purchase of Ore Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement and the loan services under the New Financial Services Agreement and the respective Proposed Annual Cap, (iv) and the notice of the EGM, will be sent to the Shareholders on or before 5 September 2018.

## **Definitions**

In this circular, the following expressions have the following meaning unless the context otherwise requires:

“Abstained Directors”	Mr. Ding Yi, Mr. Qian Haifan and Mr. Ren Tianbao, who abstained from voting as Directors on the relevant Board resolutions 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 and New Financial Services 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 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 New Financial Services 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 and 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 CCT Agreement”	the continuing connected transactions agreement entered into between the Company and the Parent Company on 10 September 2015.
“Existing Energy Saving and Environmental Protection Agreement”	the energy saving and environmental protection agreement entered into between the Company and Anhui Xinchuang on 10 September 2015.
“Existing Sale and Purchase of Ore Agreement”	the sale and purchase of ore agreement entered into between the of Company and the Parent Company on 10 September 2015.
“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 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 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 New Ore Sale And Purchase Agreement, the New Energy Saving and Environmental Protection Agreement, the New CCT Agreement, 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.
“Iron Ore”	magnetic iron ore concentrates produced in Aoshan, Dongshan, and Baixiangshan, haematite iron concentrates produced in Gushan, haematite iron pieces produced in Guhsan, iron ore concentrates produced in Hemushan, specularite iron concentrates (powder) produced in Taochong, iron block ore produced in Dashan, sintered mixed fine powder, pelletized fine powder, iron ore concentrates and iron ore lumps produced in Zhangzhuang and iron ore concentrates produced in Luohe and other iron ore finished products.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange.
“CBRC”	China Banking Regulatory Commission.
“New CCT Agreement”	the continuing connected transactions agreement entered into between the Company and the Parent Company on 15 August 2018.
“New Energy Saving and Environmental Protection Agreement”	the energy saving and environmental protection agreement entered into between the Company and Anhui Xinchuang on 15 August 2018.
“New Sale and Purchase of Ore Agreement”	the sale and purchase of ore agreement entered into between the Company and the Group on 15 August 2018.
“New Financial Services Agreement”	the financial services agreement entered into between the Finance Company and the Parent Group on 15 August 2018.
“Ore”	iron ore, dolomite and/or limestone to be sold by the Parent Group to the Company under the New Ore Sale And Purchase 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.
“Hong Kong”	Hong Kong Special Administrative Region of the PRC.
“Year”	From 1 January to 31 December.
“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 and New Financial Services Agreement during the period from 1 January 2019 to 31 December 2021.
“RMB”	Renminbi, the lawful currency of the PRC.
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
“Shareholder(s)”	holder(s) of shares of the Company.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Finance Company”	Magang Group Finance Company Limited, a limited company incorporated in the PRC.
“%”	Percentage.

By Order of the Board  
Maanshan Iron & Steel Company Limited  
**He Hongyun**  
Company Secretary

15 August 2018  
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, Zhang Wenyang*

*Non-executive Directors: Ren Tianbao*

*Independent Non-executive Directors: Zhang Chunxia, Zhu Shaofang, Wang Xianzhu*