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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)**

**FURTHER ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS  
INTEGRATED SUPPORT SERVICES AGREEMENT  
FINANCIAL SERVICES AGREEMENT**

Reference is made to the two announcements (the “**Announcements**”) of the Company both dated 16 December 2014 in relation to the Integrated Support Services Agreement and the Financial Services Agreement respectively. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcements.

**Integrated Support Services Agreement**

In respect of the Integrated Support Services Agreement, the Board wishes to provide further information regarding the basis of determining the prices of each type of transactions as follows:

**Sale of Utilities**

The state prices designated by the Price Bureau in Anhui Province will be adopted for the sale of water and electricity. For the sale of various gases, the Company will make reference to the market prices, and the price will not be lower than the prices offered to third parties.

**Sale of Finished Goods and Commodities**

The Company will make reference to the market prices, and the price will not be lower than the prices of third parties.

**Provision of Services**

The Company will make reference to the market prices and the prices in the metallurgy industry, and the price will not be lower than the prices of independent third parties.

### **Purchase of spare parts and components and related goods**

The Company will make reference to the market prices, and the price will not be higher than the prices offered by third parties.

### **Receiving of infrastructure and technology upgrade services**

The Company will make reference to the market prices, and the price will not be higher than the prices offered by third parties.

### **Receiving of water and land transportation and related services**

The Company will make reference to the market prices, and the price will not be higher than the prices offered by third parties.

According to the existing Internal Control Management Measures of Connected Transactions (the “**Internal Control Management Measures of Connected Transactions**”) of the Company formulated in 2013, market price shall be agreed between the Company and Magang Group through fair negotiations by reference to comparable market price and under normal commercial terms. Market prices can be obtained through quotations from public market, price of independent third party, price determined through bidding and other negotiated price through market mechanism. According to the relevant requirement on bid invitation and bidding of the Company, there should be at least 3 bidders participating in bidding.

The Company has set up the Continuing Connected Transaction Management Committee (the “**Continuing Connected Transaction Management Committee**”) since 2013 which is responsible for the monitoring of all the connected transactions of the Company, including the Integrated Support Services Agreement. The chairman of the committee is a director and deputy general manager of the Company.

The Continuing Connected Transaction Management Committee is responsible for the management and monitoring of connected transactions, including the reporting of connected transaction under requisite procedures, arranging information disclosure for connected transactions, constant managing of the operation of connected transaction agreements, strict execution of various connected transaction agreements, strict control of the annual cap of various connected transactions, and monitoring and examining pricing management and execution process.

The basis of the proposed annual cap for the transactions under the Integrated Support Services Agreement are as follows:

- (a) The historical amounts of similar transactions of sale/provision of services and goods, etc. from the Company to Magang Group and purchase of and receiving goods, services, engineering projects, etc. by the Company from Magang Group;
- (b) The anticipated production and expected needs of the Company and Magang Group for goods, services and engineering projects under the Integrated Support Services Agreement;
- (c) The expected prices for the relevant goods, services and engineering projects by reference to the historical prices and applicable rates.

### **Financial Services Agreement**

In respect of the Financial Services Agreement, the Board wishes to provide further information regarding the basis of determining the charges of each type of transactions as follows:

Regarding the interest under the deposit service, the interest is calculated monthly according 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 bank. Regarding the loan services, the interest is calculated according to the benchmark interest rates for loans and the floating range set by PBOC.

The other financial services provided by the Finance Company are mainly bills acceptance, entrusted loans and guarantee service. 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 China Banking Regulatory Commission and the National Development and Reform Commission, which is consistent with merchant banks. For entrusted loan service, loans of RMB1,000,000-5,000,000 will be charged at not less than 0.2% of the principal, and loans of RMB5,000,000 or more will be charged at not less than 0.1% of the principal. Guarantee service will be charged at 3‰ of the guaranteed amount and fees. The charges are all higher than the minimum charges for similar service of merchant banks.

According to the Internal Control Management Measures of Connected Transactions, market price shall be agreed between the Company and Magang Group through fair negotiations by

reference to comparable market price and under normal commercial terms. Market prices can be obtained through quotations from public market, price of independent third party, price determined through bidding and other negotiated price through market mechanism.

The Continuing Connected Transaction Management Committee is responsible for the monitoring of all the connected transactions of the Company, including the Financial Services Agreement. The chairman of the committee is a director and deputy general manager of the Company.

The Continuing Connected Transaction Management Committee is responsible for the management and monitoring of connected transactions, including the reporting of connected transaction under requisite procedures, arranging information disclosure for connected transactions, constant managing of the operation of connected transaction agreements, strict execution of various connected transaction agreements, strict control of the annual cap of various connected transactions, and monitoring and examining pricing management and execution process.

The basis of determining the respective annual caps under the Financial Services Agreement are as follows:

1. Regarding loan services, the maximum daily loan amount is RMB600,000,000. The Finance Company expects that the actual average daily deposit amount in 2015 will be at least RMB800,000,000, by reference to the actual average daily deposit amount of RMB860,000,000 by Magang Group and its subsidiaries in 2014. In order to ensure the efficiency of capital utilization of the Finance Company, to enhance the efficiency of the Finance Company, and to maximize the interest of the Finance Company, according to the capital demand of Magang Group and its subsidiaries in 2015 and the risk management standard of the Finance Company, the maximum loan amount provided by the Finance Company to Magang Group and its subsidiaries will be RMB600,000,000.
2. The charges for other financial services charged by the Finance Company against Magang Group and its subsidiaries will be not more than RMB60,000,000 based on the following:
  - (i) The loan interest will be not more than RMB33,600,000, calculated by the interest rate of 5.6% per annum on the maximum loan amount of RMB600,000,000.
  - (ii) The discount interest will be not more than RMB25,000,000, calculated by the discount rate of 5% per annum on the discount demand for bank's acceptance bill of not more than RMB500,000,000 per annum.

- (iii) According to the charges incurred for bills acceptance, entrusted loans and guarantee service in 2014, it is expected that the charges for those services will be not more than RMB1,400,000 in total.

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

7 January 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, Ren Tianbao*

*Non-executive Directors: Su Shihuai*

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