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(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00323)

CONNECTED TRANSACTIONS ESTABLISHMENT OF A JOINT VENTURE COMPANY

The Board is pleased to announce that on 12 June 2019, the Company, Hongfei Company and PHIMA Intelligence entered into the Joint Venture Agreement, pursuant to which the parties have agreed to establish a joint venture company named Maanshan Hongfei Power Energy Co., Ltd. (Finally subject to the name approved by the Business Registration Department) at Cihu High-tech Park, Maanshan City.

As at the date of this announcement, Magang Group is interested in approximately 45.54% of the Company's issued share capital and is the controlling shareholder of the Company. PHIMA Intelligence is a holding subsidiary of Magang Group and is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Joint Venture Agreement by the Company constitutes a connected transaction of the Company. As the applicable percentage ratios of the transaction exceed 0.1% but fall below 5%, such connected transaction is only subject to the reporting and announcement requirements under the Listing Rules but is exempt from independent shareholders' approval requirement under the Listing Rules.

THE JOINT VENTURE AGREEMENT

Date:

12 June 2019

Parties:

- (i) the Company;
- (ii) Hongfei Company; and
- (iii) PHIMA Intelligence

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hongfei Company and its ultimate beneficial owners are Independent Third Parties of and not connected with the Company and its connected persons.

THE JOINT VENTURE

Maanshan Hongfei Power Energy Co., Ltd. is scheduled to be established in Cihu High-tech Park, Maanshan City, Anhui Province, China. Its business scope mainly includes the purchase and sale of electricity business, distribution business, integrated energy supply business, electricity operation and maintenance services, etc.

FUNDING

The registered capital of Masteel Hongfei is RMB100 million currently. The Company will subscribe in cash of RMB51,000,000, and shall hold 51% equity interest. Hongfei Company will subscribe in cash of RMB40,000,000, and shall hold 40% equity interest; and PHIMA Intelligence will subscribe in cash of RMB9,000,000, and shall hold 9% equity interest.

The capital contribution parties shall pay their respective subscribed contributions at one time within 15 days from the date of issuance of the business license for the enterprise as a legal person.

The amount of the funds under the Joint Venture Agreement was determined after arm's length negotiations between the parties and was determined by reference to the estimated capital of Masteel Hongfei. The Company's capital contribution will be funded by internal resources.

CONDITIONS PRECEDENT OF THE AGREEMENT:

The agreement has been signed and sealed by the parties thereto.

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 MASTEEL HONGFEI

Masteel Hongfei is a limited liability company invested or controlled by natural persons and is mainly engaged in R&D, design and installation of solar generation systems, R&D and technical consultation of electric and energy-saving technology, installation, repair, maintenance and after-sale service of power system as well as power sales service.

INFORMATION ON PHIMA INTELLIGENCE

PHIMA Intelligence is a majority-owned subsidiary of Magang Group and is mainly engaged in system integration and engineering service, system operation and maintenance service, technical consultation, communication and cloud service.

REASONS FOR AND BENEFITS OF THE AGREEMENT

This investment can reduce the Company's procurement costs of electricity, and the Company can also gain profits by selling electricity to the community through newly-established company. In

addition, the investment is on normal commercial terms without any adverse impact to the Company or any damage to the interests of the Shareholders of the Company.

Listing Rules Implication

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General Information

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the transaction under the Joint Venture Agreement except the connected Directors, namely Mr. Ding Yi, Mr. Qian Haifan and Mr. Ren Tianbao. The other Directors, including independent non-executive Directors, have unanimously approved the transactions under the Joint Venture Agreement (the connected Directors, namely Mr. Ding Yi, Mr. Qian Haifan and Mr. Ren Tianbao have abstained from voting), and are of the view that the terms of transactions are normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Definitions

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

“Board”	the board of Directors of the Company
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“PHIMA Intelligence”	PHIMA Intelligence Technology Co., Ltd., a limited liability company incorporated in the PRC
“Hongfei Company”	Anhui Hongfei New Energy Technology Co., Ltd., a limited liability company incorporated in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	A Joint Venture Agreement made by the Company, Hongfei Company and PHIMA Intelligence on 12 June

	2019, pursuant to which all parties agreed to co-invest to establish Masteel Hongfei.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Masteel Hongfei”	Maanshan Hongfei Power Energy Co., Ltd., a limited liability company intends to be incorporated in the PRC and the Company, Hongfei Company and PHIMA Intelligence will hold 51%, 40% and 9% equity interests respectively.
“Magang Group”	Magang (Group) Holding Company Limited, a wholly state-owned enterprise and a controlling shareholder of the Company as defined under the Listing Rules
“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
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Maanshan Iron & Steel Company Limited
He Hongyun
Secretary to the Board

12 June 2019
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