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(A joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 00323)

CONNECTED TRANSACTIONS LAND ACQUISITION

On 22 July 2019, the Company and Magang Group entered into the Land Transfer Agreement A in relation to the construction land of the heavy duty H-beam production line project, and entered into the Land Transfer Agreement B in relation to the construction land of CCPP comprehensive utilization power generation project for energy conservation and emission reduction; entered into the Relocation Compensation Agreement with Masteel Engineering & Technology Group in relation to the relevant ground assets and expenses of CCPP comprehensive utilization power generation project for energy conservation and emission reduction; and entered into Land Transfer Agreement C in relation to the construction land of the heavy duty H-beam production line project with Heavy Machinery Company, the wholly-owned subsidiary of Masteel Engineering & Technology Group. Pursuant to the above, the Company intends to acquire two land parcels of Magang Group and one land parcel of Heavy Machinery Company, and acquire parts of the ground assets of Masteel Engineering & Technology Group and pay the relevant expenses.

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, while Masteel Engineering & Technology Group and Heavy Machinery Company are direct subsidiary and indirect subsidiary of Magang Group, respectively. Under Chapter 14A of the Listing Rules, Magang Group, Masteel Engineering & Technology Group and Heavy Machinery Company are all connected parties of the Company. Therefore, the Land Acquisition constitutes connected transactions of the Company. As the applicable percentage ratios of the transaction (after aggregation) exceed 0.1% but fall below 5%, such connected transactions are only subject to the reporting and announcement requirements under the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

PRINCIPAL TERMS OF LAND ACQUISITION

1. Land Transfer Agreement A

Date:

22 July 2019

Parties:

- (i) the Company;
- (ii) Magang Group.

Subject Matter

The Company intends to acquire the land parcel under Land Transfer Agreement A from Magang Group. Such land parcel with an area of 106.73 mu is located in South of Santai Road, Masteel Plant No.3 Area, West of Tianmen Avenue, Maanshan City.

Consideration

The transaction adopts the valuation price as the transaction price. The valuation reference date is 30 November 2018, and the remaining term of land use is approximately 24.58 years. The net book value of the land as at the reference date is RMB25,544,400 (including tax) and the total valuation price is RMB25,472,000 (including tax). The appreciation rate is -0.28%.

Within 30 days upon signing the agreement, the Company will pay the consideration in one lump sum. The consideration will be funded by the internal funds of the Company.

Conditions Precedent of the Agreement

Each party shall complete the internal approval procedures itself according to the content of the agreement, and the agreement shall come into effect upon the signature and affixing of seals by the parties thereto.

2. Land Transfer Agreement B

Date:

22 July 2019

Parties:

- (i) the Company;

(ii) Magang Group.

Subject Matter

The Company intends to acquire the land parcel under Land Transfer Agreement B from Magang Group. Such land parcel with an area of 177.77 mu is located in North of Hubei Road, Masteel Plant No. 1 Area, West of Ningwu Road, Maanshan City.

Consideration

The transaction adopts the valuation price as the transaction price. The valuation reference date is 30 November 2018, and the remaining term of land use is approximately 24.58 years. The net book value of the land as at the reference date is RMB41,659,600 (including tax) and the total valuation price is RMB42,427,400 (including tax). The appreciation rate is 1.84%

Within 30 days upon signing the agreement, the Company will pay the consideration in one lump sum. The consideration will be funded by the internal funds of the Company.

Conditions Precedent of the Agreement

Each party shall complete the internal approval procedures itself according to the content of the agreement, and the agreement shall come into effect upon the signature and affixing of seals by the parties thereto.

3. Land Transfer Agreement C

Date:

22 July 2019

Parties:

- (i) the Company;
- (ii) Heavy Machinery Company.

Subject Matter

The Company intends to acquire the land parcel under Land Transfer Agreement C from Heavy Machinery Company. Such land parcel with an area of 14.52 mu is located in Magang Plant No. 3 Area at West of Tianmen Avenue, between Magang East Road, Magang Avenue, Heavy Machinery Company's Processing Factory No.1 and the Company's Gas Pressure Station in Maanshan City.

Consideration

The transaction adopts the valuation price as the transaction price. The valuation reference date is 30 November 2018, and the remaining term of land use is approximately 24.58 years. The net book value of the land on the reference date is RMB3,471,300 (including tax) and the total valuation price is RMB3,471,300 (including tax). The appreciation rate is 0.00%.

Within 30 days upon signing the agreement, the Company will pay the consideration in one lump sum. The consideration will be funded by the internal funds of the Company.

Conditions Precedent of the Agreement

Each party shall complete the internal approval procedures itself according to the content of the agreement, and the agreement shall come into effect upon the signature and affixing of seals by the parties thereto.

4. Relocation Compensation Agreement

Date:

22 July 2019

Parties:

- (i) the Company;
- (ii) Masteel Engineering & Technology Group.

Subject Matter

The Company intends to acquire the ground assets on the land parcel under Land Transfer Agreement B from the Engineering & Technology Group, inclusive of buildings and structures, attachments, destructive equipment fees, relocation fee for removable equipment, and the loss subsidy for suspension of production and business.

Consideration

The transaction adopts the valuation price as the transaction price. The total value of ground assets valuation (inclusive of buildings and structures, attachments, destructive equipment fees, removable equipment relocation fees, and the loss subsidy for suspension of production and business) is RMB57,500,000. Of which, the net book value of buildings and structures, attachments and destructively dismantled equipment is approximately RMB36,370,000, the valuation price is RMB37,810,000 (including tax), the appreciation rate is 3.96%. The estimated value of relocation

fee for removable equipment is RMB1.08 million (including tax); and the assessed value of the loss subsidy for suspension of production and business is RMB20,730,000, after review and a 10% reduction, the transaction price is RMB18,660,000.

Within 30 days from the date of signing the agreement, the Engineering & Technology Group will vacate all the houses and venues of the units involved in the relocation area, relocate the removable equipment, deliver to the Company for dismantling and handle the handover procedures (if the transfer is in batches, the date of the last handover will be counted). Within 30 days upon the handover, the Company will settle the payment to the Engineering & Technology Group. The consideration will be funded by internal funds of the Company.

Conditions Precedent of the Agreement

Each party shall complete the internal approval procedures itself according to the content of the agreement, and the agreement shall come into effect upon the signature and affixing of seals 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 MAGANG GROUP

Magang Group is a wholly state-owned limited liability company and the controlling shareholder of the Company, mainly engaging in mineral product development and screening, construction, building material production, trade, warehousing and property management, as well as agriculture and forestry.

INFORMATION ON MASTEEL ENGINEERING & TECHNOLOGY GROUP

Masteel Engineering & Technology Group is mainly engaged in metallurgical industry design, construction industry design, municipal industry design, electricity power industry design, environmental engineering design, landscape architecture design; engineering consulting, engineering cost consulting, urban and rural planning, engineering supervision, geotechnical mapping; metallurgical engineering, general contracting of construction engineering, electricity power engineering, municipal engineering, etc.; manufacturing, installation and maintenance of large and medium-sized metallurgical equipment and spare parts.

INFORMATION ON HEAVY MACHINERY COMPANY

Heavy Machinery Company is mainly engaged in the design, manufacturing, assembly and repair of

mechanical equipment and metal products; metal forming and processing; technical consulting services; machine tool repair, etc.

REASONS FOR AND BENEFITS OF LAND ACQUISITION

The subject matter acquired by the Company through the connected transactions is required for the development of the Company, which is mainly used in the heavy duty H-beam production line project and the CCPP comprehensive utilization power generation project for energy conservation and emission reduction.

If the heavy duty H-beam production line project is completed and put into production, it will help the Company improve the H-beam product series. The H-beam products of the Company will be able to cover all relevant specifications in national standards, which will be conducive to enhancing the competitiveness of the Company.

If the CCPP comprehensive utilization power generation project for energy conservation and emission reduction is completed and put into operation, the Company will improve the gas control capacity and achieve “zero emission” of gas, enhance the self-supply capability of electric power and the safety and reliability of production electricity, which is beneficial to the Company’s energy conservation and emissions reduction as well as safe production.

Listing Rules Implication

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, while Masteel Engineering & Technology Group and Heavy Machinery Company are the direct subsidiary and indirect subsidiary of Magang Group, respectively. Under Chapter 14A of the Listing Rules, Magang Group, Masteel Engineering & Technology Group and Heavy Machinery Company are connected parties of the Company. Therefore, the Land Acquisition constitutes connected transactions of the Company. As the applicable percentage ratios in respect of the relevant transactions (after the merger) exceed 0.1% but are less than 5%, the connected transactions are only subject to reporting and announcement requirements of the Listing Rules but are exempt from the independent shareholders’ approval requirement under the Listing Rules.

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 transactions under the Land Acquisition 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 Land Acquisition (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 the transactions under the Land Acquisition are 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
“Masteel Engineering & Technology Group”	Anhui Masteel Engineering & Technology Group Co., Ltd, a limited liability company incorporated in the PRC
“Heavy Machinery Company”	Anhui Masteel Heavy Machinery Manufacturing Co. Ltd, a limited liability company incorporated in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Acquisition”	The acquisition of land use rights and ground assets by the Company according to Land Transfer Agreement A, Land Transfer Agreement B, Land Transfer Agreement C and the Relocation and Compensation Agreement
“Land Transfer Agreement A”	The State-Owned Land Use Rights Transfer Agreement dated 22 July 2019 and entered into by the Company and Magang Group in relation to the construction land of the heavy duty H-beam production line project
“Land Transfer Agreement B”	The State-Owned Land Use Rights Transfer Agreement dated 22 July 2019 and entered into by the Company and Magang Group in relation to the construction land of CCPP comprehensive utilization power generation project for energy conservation and emission reduction

“Land Transfer Agreement C”	The State-Owned Land Use Rights Transfer Agreement dated 22 July 2019 and entered into by the Company and Heavy Machinery Company in relation to the construction land of the heavy duty H-beam production line project
“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 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
“The Relocation and Compensation Agreement”	The Relocation and Compensation Agreement dated 22 July 2019 and entered into by the Company and Masteel Engineering & Technology in relation to the relevant ground assets and expenses of CCPP comprehensive utilization power generation project for energy conservation and emission reduction
“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

22 July 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