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

(Stock Code: 00323)

CONTINUING CONNECTED TRANSACTIONS ORDINARY RELATED TRANSACTIONS AGREEMENT

On 19 September 2019, the Company has entered into the Ordinary Related Transactions Agreement with China Baowu. According to the Agreement, the Group agrees to sell or provide products and services to China Baowu Group, and China Baowu Group agrees to sell or provide products and services to the Group.

On 19 September 2019, Anhui SASAC transferred 51% of the equity interest in Magang Group, the controlling shareholder of the Company, to China Baowu at nil consideration. China Baowu has become the controlling shareholder of Magang Group and is interested in 45.54% of the Company's equity interest through Magang Group. According to Chapter 14A of the Listing Rules, China Baowu has become a connected person of the Company. Therefore, the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

According to the Listing Rules, as the applicable percentage ratios of the proposed caps for the transactions exceed 0.1% but fall below 5%, such continuing connected transactions of the Company under Chapter 14A of the Listing Rules are exempt from the approval of independent Shareholders and are only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

Ordinary Related Transactions Agreement

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The principal terms of the Agreement are set out below:

Date

19 September 2019

Parties

- (i) the Company; and
- (ii) China Baowu

Duration of the Agreement

The duration of the Agreement shall commence from 19 September 2019 till 31 December 2019.

Subject matter

- (1) The Company agrees to sell or provide the following products and services to China Baowu Group through the Company itself and the Group:
 - (i) products including steel and steel billets; and
 - (ii) services including the provision of technical and inspection services, etc.

- (2) China Baowu agrees to sell or provide the following products and services to the Group through itself and China Baowu Group:
 - (i) products including iron ores, limestones, scraps, spare-parts and auxiliary materials, etc.; and
 - (ii) services including infrastructure technical and renovation engineering services, agency, transportation, maintenance, commissioned processing, transportation loading and unloading and other related services, etc.

The parties agree to adopt an appropriate, reasonable and fair pricing method in accordance with the principle of fairness in formulating the transactions under the Agreement. The terms of products and services (including but not limited to pricing and payment) to be provided by the Group to China Baowu 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 China Baowu 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 Agreement, the Company may decide, at its discretion, whether to enter into transactions with any independent third parties in respect of the transactions contemplated under the Agreement.

Pricing

The pricing shall be based on the state-prescribed price. In the absence of the state-prescribed price, the pricing shall be based on the market price, agreed through open tender, price comparison and arm's length negotiations under normal commercial terms.

Meanwhile, the price regarding the products and services to be provided by the Group to China Baowu Group shall not be lower than the price of the same categories of products and services provided by the Group to independent third parties.

The price regarding the products and services to be provided by China Baowu Group to the Group shall not be higher than the price of the same type of products and services provided by the independent third parties to the Group.

In accordance with the current pricing standards, the pricing principle for each of the transactions under the Agreement are as follows:

Category	Pricing principle	Items
Products sold by the Group to China Baowu Group	Market pricing	Steel, billet, etc.
Services provided by the Group to China Baowu Group	Market pricing	Technical services, inspection services, etc.
Products purchased by the Group from China Baowu Group	Market pricing	Iron ores, limestones, scraps, spare parts, auxiliary materials, etc.
Services received by the Group from China Baowu Group	Market pricing	Infrastructure technical and renovation engineering services, agency, transportation, maintenance, commissioned processing, transportation loading and unloading and other related services, etc.

Payment

The payment and settlement will be based on two-party or three-party agreements executed by different parties of the transactions; control of the procedures and settlement of finances will be conducted in accordance with the respective agreements.

Proposed Caps

The proposed caps (tax exclusive) in respect of products and services provided by the Group to China Baowu Group under the Agreement for the period from 19 September 2019 to 31 December 2019 are set out below:

	<i>RMB</i>
	From 19 September 2019 to 31 December 2019
1. proposed caps in respect of products, including steel, billets, etc.	30,000,000
2. proposed caps in respect of services, including technical services, inspection services, etc.	5,000,000
Total	35,000,000

The proposed caps (tax exclusive) in respect of products and services provided by China Baowu Group to the Group under the Agreement for the period from 19 September 2019 to 31 December 2019 are set out below:

	<i>RMB</i>
	From 19 September 2019 to 31 December 2019
1. proposed caps in respect of products, including iron ores, limestones, scraps, spare parts, auxiliary materials, etc.	220,000,000
2. proposed caps in respect of services, including infrastructure technical and renovation engineering services, agency, transportation, maintenance, commissioned processing, transportation loading and unloading and other related services, etc.	75,000,000
Total	295,000,000

The proposed caps in respect of the Agreement for the period of 19 September 2019 to 31 December 2019 are determined by reference to (i) the state-prescribed price or the market price regarding the continuing connected transactions; (ii) the Group's anticipated capacity in providing products and services to China Baowu Group, and the Group's anticipated demand for China Baowu Group's products and services to meet its production plans; and (iii) China Baowu Group's anticipated demand for the Group's products and services, and anticipated capacity in providing products and services to the Group.

Reasons and benefits of the Agreement

Through the Agreement, the Group obtains products and services that are reliable and produced or provided with unique skills, ensuring that the Group is able to conduct production consistently and

continuously and are in the interests of the Group. The terms and pricing of the Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Information on the Company and China Baowu

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.

China Baowu is a state-owned large-scale enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council. Its business scope includes operating state-owned assets within the scope authorized by the State Council, as well as carrying out relevant state-owned capital investment and operation.

Internal Control of the Agreement

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 relevant 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. Each relevant functional department of the continuing connected transaction agreements or relevant companies entering transactions shall provide actual trading situation on a quarterly basis to the finance and accounting department of the Company. The finance department of the Company will report on a 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 a 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.

The Company will try to obtain as many quotations and/or tenders as possible for the Company's interests 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, China Baowu Group may or may not be awarded the Agreement.

Approval by the Board

In the 24th meeting of the ninth session of the Board on 19 September 2019, the Board approved the Agreement. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, none of the Directors has a material interest in the transactions under the Agreement. All of the Directors (including the independent non-executive Directors) considered the terms of transaction under the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

On 19 September 2019, Anhui SASAC transferred 51% of the equity interest in Magang Group, the controlling shareholder of the Company, to China Baowu at nil consideration. China Baowu has become the controlling shareholder of Magang Group and is interested in 45.54% of the Company's equity interest through Magang Group. According to Chapter 14A of the Listing Rules, China Baowu has become a connected person of the Company. Therefore, the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

According to the Listing Rules, as the applicable percentage ratios of the proposed caps for the transactions exceed 0.1% but fall below 5%, such continuing connected transactions of the Company under Chapter 14A of the Listing Rules are exempt from the approval of independent Shareholders and are only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

Definitions

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

“Agreement” and “Ordinary Related Transactions Agreement”	Means	The Ordinary Related Transactions Agreement signed between the Company and China Baowu on 19 September 2019
“Anhui SASAC”	Means	State-owned Assets Supervision and Administration Commission of the Government of the Anhui Province
“Board”	Means	the board of the Directors of the Company
“China Baowu”	Means	China Baowu Steel Group Corporation Limited, a limited company incorporated in the PRC and a pilot enterprise of state-owned capital investment company wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council
“China Baowu Group”	Means	China Baowu and its subsidiaries
“Company”	Means	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC, the shares of which are listed on the Stock Exchange
“connected person(s)”	Means	has the meaning ascribed to it under the Listing Rules
“Directors”	Means	the directors of the Company
“Group”	Means	the Company and its subsidiaries
“Hong Kong”	Means	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Means	The Rules Governing the Listing of Securities on the Stock Exchange
“Magang Group”	Means	Magang (Group) Holding Company Limited, a wholly state-owned enterprise (which, as at the date of this announcement, holds approximately 45.54% of the Company’s share capital and is a controlling shareholder of the Company as defined under the Listing Rules)

“PRC”	Means	The People’s Republic of China
“RMB”	Means	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	Means	Holders of shares of the Company
“Stock Exchange”	Means	The Stock Exchange of Hong Kong Limited
“%”	Means	Percentage

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

19 September 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