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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**)

CONNECTED TRANSACTION FURTHER ANNOUNCEMENT IN RELATION TO THE SUBSCRIPTION FOR NEW SHARES

Reference is made to the Announcement published by Maanshan Iron & Steel Company Limited (the "Company") on 29 November 2019 (the "Announcement"), in relation to the subscription for part of the new shares issued by PHIMA Intelligence. Unless indicated, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

The Company hereby provides the following further information regarding the Announcement:

Cornerstone Intelligence and Suyan Guoxin, two of the parties of the capital increase agreement, are limited partnerships. Details of the partners are as follows:

Partners of Cornerstone Intelligence

No.	Name of partners	Shareholding Ratio	Partner Type	Main Business	Relationship to the Company
1	Maanshan Xingfu Cornerstone Investment Management Limited (馬鞍山幸福基石資產管理股份有限公司)	1.00%	General partner	Equity investment, Investment management	No
2	Anhui Sanzhongyichuang Industry Development Fund	40.00%	Limited partner	Equity investment, investment management and investment	No

	Limited (安徽省三合一創產業發展基金有限公司)			consulting	
3	Hefei Beicheng Cornerstone Industry Fund Limited (Limited Partnership) (合肥北城基石產業基金合夥企業(有限合伙))	26.00%	Limited partner	Equity investment, venture capital investment and investment project management	No
4	Maanshan Jiangdong Industry Investment Limited (馬鞍山江東產業投資有限公司)	9.00%	Limited partner	Equity investment, investment project management, investment consulting and financial consulting	No
5	Maanshan Yushan District City Development Investment Group Limited (馬鞍山市兩山區城市發展投資集團有限責任公司)	8.00%	Limited partner	Operating and managing state-owned assets within the scope of authorization, financing construction funds, organizing and implementing governmental investment project	No
6	Anhui Hengwang Holdings Group Limited (安徽橫望控股集團有限公司)	8.00%	Limited partner	Investment and asset management, non-financing guarantee, investment information consulting, construction and operation management of infrastructure project	No

7	Maanshan Lingwang Cornerstone Equity Investment Limited (Limited Partnership) (馬鞍山領望基石股權投資合夥企業(有限合夥))	8.00%	Limited partner	Investment in non-listed companies and investment project management	No
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The Company understands that the ultimate beneficial owner of Anhui Sanzhongyichuang Industry Development Fund Limited (安徽省三重一創產業發展基金有限公司) is the State-owned Assets Supervision and Administration Commission of the Government of the Anhui Province, and the ultimate beneficial owners of Hefei Beicheng Cornerstone Industry Fund Limited (Limited Partnership) (合肥北城基石產業基金合夥企業(有限合夥)) (“Hefei Beicheng”) are the Management Office of the State-owned Assets of Changfeng county (長豐縣國有資產管理辦公室)(holding approximately 76.90% interest in Hefei Beicheng) and Cornerstone Asset Management Company Limited (基石資產管理股份有限公司)(holding approximately 23.10% interest in Hefei Beicheng).

Partners of Suyan Guoxin

No.	Name of partners	Shareholding Ratio	Partner Type	Main Business	Relationship to the Company
1	Jiangsu Suyan Group Limited	99.01%	Limited partner	Processing, packaging and sales of edible salt, raw salt and all kinds of salt products	No
2	Jiangsu Jinyan Fund Management Limited	0.99%	General partner	Entrusted management of private equity investment funds and investment management	No

The Company understands that ultimate beneficial owner of Suyan Guoxin is Jiangsu Provincial People's Government, who directly and indirectly hold 99.406% interest in Suyan Guoxin.

Therefore, to the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Cornerstone Intelligence and Suyan Guoxin and their ultimate beneficial

owners are independent third parties unrelated to the Company and its connected persons.

Cornerstone Intelligence, Suyan Guoxin and Anhui Hi-tech Venture Capital all subscribed for part of the new shares issued by PHIMA Intelligence through Anhui Assets and Equity Exchange at the subscription price of RMB3.0443 per share, and the subscription channel and subscription price are the same as that of Ma Steel (Hefei), in which,

1. Cornerstone Intelligence contributed RMB150 million to subscribe for 49.2724 million shares. Subsequent to the completion, Cornerstone Intelligence will hold 13.645% equity interest in PHIMA Intelligence.
2. Suyan Guoxin contributed RMB36.5316 million to subscribe for 12 million shares. Subsequent to the completion, Suyan Guoxin will hold 3.323% equity interest in PHIMA Intelligence.
3. Anhui Hi-tech Venture Capital contributed RMB29.986355 million to subscribe for 9.85 million shares. Subsequent to the completion, Anhui Hi-tech Venture Capital will hold 2.728% equity interest in PHIMA Intelligence.

Before the capital increase of PHIMA Intelligence, Magang Group and Magang Group Investment Ltd. (“Magang Investment”), a wholly owned subsidiary of Magang Group, were holding 83.115% and 4.374% shares of PHIMA Intelligence respectively. Magang Group acquired the relevant shares with RMB118 million from the Company in 2013 and Magang Investment acquired the relevant shares with RMB10.1614 million in 2017. During the current capital increase of PHIMA Intelligence, the Company understands that Magang Group and Magang Investment will also separately agree with PHIMA Intelligence on the capital increase at the subscription price of RMB3.0443 per share. Magang Group will contribute RMB200 million and will hold a total of 47.134% equity interest in PHIMA Intelligence. Magang Investment will contribute RMB100 million and will hold a total of 10.620% equity interest in PHIMA Intelligence.

The shareholding structure of PHIMA Intelligence before the capital increase:

No.	Name of shareholder	Number of shares held (0,000)	Shareholding (%)
1	Magang Group	10,450	83.115
2	Magang Investment	550	4.374
3	CISDI Group Co., Ltd.	1,210	9.624

4	Beijing Sifang Wantong Energy Conservation Technology Development Co., Ltd. (北京四方萬通節能技術開發有限公司)	363	2.887
	Total	12,573	100

The shareholding structure of PHIMA Intelligence after the capital increase:

No.	Name of shareholder	Number of shares held (0,000)	Shareholding (%)
1	Magang Group	17,019.6547	47.134
2	Ma Steel (Hefei)	6,569.65	18.194
3	Cornerstone Intelligence	4,927.24	13.645
4	Magang Investment	3,834.8273	10.620
5	CISDI Group Co., Ltd.	1,210.00	3.351
6	Suyan Guoxin	1,200.00	3.323
7	Anhui Hi-tech Venture Capital	985.00	2.728
8	Beijing Sifang Wantong Energy Conservation Technology Development Co., Ltd. (北京四方萬通節能技術開發有限公司)	363.00	1.005
	Total	36,109.372	100

In 2017, PHIMA Intelligence's net profit before tax was RMB27.4402 million and net profit after tax was RMB23.6327 million while its net profit before tax was RMB44.3687 million and net profit after tax was RMB39.8891 million in 2018.

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

23 December 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 Director: Ren Tianbao

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