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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

The Original Ordinary Related Transactions entered into between the Company and China Baowu on 19 September 2019 will expire on 31 December 2019. On 30 December 2019, the Company has entered into the Ordinary Related Transactions Agreement with China Baowu. According to the Agreement, the Group agrees to continue to sell or provide products and services to China Baowu Group, and China Baowu Group agrees to continue to sell or provide products and services to the Group.

China Baowu is the controlling shareholder of Magang Group, which is the controlling shareholder of the Company, and is interested in 45.535% of the Company's equity interest through Magang Group. Meanwhile, since Baosteel Hong Kong Investment Co., Ltd., a wholly-owned subsidiary of China Baowu, is interested in 11.640% of the Company's equity interest, China Baowu holds a total of 57.175% of the Company's equity interest. According to Chapter 14A of the Listing Rules, China Baowu is a connected person of the Company. Therefore, the Agreement constitutes a continuing 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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services to China Baowu Group, and China Baowu Group agrees to continue to sell or provide products and services to the Group.

The principal terms of the Agreement are set out below:

Date

30 December 2019

Parties

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

Duration of the Agreement

The duration of the Agreement shall commence from 1 January 2020 till 31 December 2020.

Subject matter

(1) The Group agrees to sell or provide the following products and services to China Baowu Group:

- (i) products including steel products, billet, energy, spare parts and related products, etc.
- (ii) services including technical services, inspection services, etc.

(2) China Baowu Group agrees to sell or provide the following products and services to the Group:

- (i) products including iron ores, limestones, scraps, spare parts, auxiliary materials, etc.; and
- (ii) services including infrastructure technical and renovation engineering services, agency, transportation, maintenance, commissioned processing, transportation loading and unloading, training, communication, printing, files, newspapers, TV feature film production, office rental, single apartment rental 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 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 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 products, billet, energy, spare parts and related products, 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, training, communication, printing, files,

newspapers, TV feature film production, office rental, single apartment rental 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 1 January 2020 to 31 December 2020 are set out below:

	<i>RMB</i> From 1 January 2020 to 31 December 2020
1. Proposed caps in respect of products, including steel products, billet, energy, spare parts and related products, etc.	40,000,000
2. Proposed caps in respect of services, including technical services, inspection services, etc	20,000,000
Total	60,000,000

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 1 January 2020 to 31 December 2020 are set out below:

	<i>RMB</i> From 1 January 2020 to 31 December 2020
1. Proposed caps in respect of products, including iron ores, limestones, scraps, spare parts, auxiliary materials, etc.	147,000,000
2. Proposed caps in respect of services, including infrastructure technical and renovation engineering services, agency, transportation, maintenance, commissioned processing, transportation loading and unloading, training, communication, printing, files, newspapers, TV feature film production, office	580,000,000

rental, single apartment rental and other related services, etc.
Total

727,000,000

Under the Agreement, the proposed caps of iron ore and scrap steel provided by China Baowu Group to the Group does not include the annual caps of iron ore transactions set out in the "Sale and Purchase of Ore Agreement" signed by the Company and Magang Group on 15 August 2018, or the annual caps of scrap transactions set out in the "Continuing Connected Transactions Agreement" entered into between the Company and Maanshan Masteel Scrap Steel Co., Ltd. on 15 August 2018 . (Note: The "Sale and Purchase of Ore Agreement" and "Continuing Connected Transactions Agreement" were approved by the Company's 2018 second extraordinary general meeting in 2018 on November 21, 2018.)

The proposed caps in respect of the Agreement for the period of 1 January 2020 to 31 December 2020 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 stably 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 contracts.

Approval by the Board

In the 26th meeting of the ninth session of the Board on 30 December 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 except the connected Directors, namely Mr. Ding Yi, Mr. Qian Haifan and Mr. Ren Tianbao. All of the Directors (including the independent non-executive Directors) have unanimously approved the transactions under the 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.

Listing Rules Implications

China Baowu is the controlling shareholder of Magang Group, which is the controlling shareholder of the Company, and is interested in 45.535% of the Company's equity interest through Magang Group. Meanwhile, since Baosteel Hong Kong Investment Co., Ltd., a wholly-owned subsidiary of China Baowu, is interested in 11.640% of the Company's equity interest, China Baowu holds a total of 57.175% of the Company's equity interest. According to Chapter 14A of the Listing Rules, China Baowu is a connected person of the Company. Therefore, the Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

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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 30 December 2019
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“Connected person(s)”	Means	Has the meaning ascribed to it under the Listing Rules
“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(excluding the Group with regard to the Agreement)
“Company”	Means	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC, which H shares are listed on the Stock Exchange and A shares are listed on the Shanghai Stock Exchange.
“Directors”	Means	The Directors of the Company
“Group”	Means	The Company and its subsidiaries
“Listing Rules”	Means	The Rules Governing the Listing of Securities on the Stock Exchange
“Magang Group”	Means	Magang (Group) Holding Company Limited, a wholly stateowned enterprise (which, as at the date of this announcement, holds approximately 45.535% of the Company’s share capital and is a controlling shareholder of the Company as defined under the Listing Rules)
“Original Ordinary Related Transactions Agreement”	Means	The Ordinary Related Transactions Agreement signed between the Company and China Baowu on 19 September 2019
“PRC”	Means	The People’s Republic of China
“Hong Kong”	Means	Hong Kong Special Administrative Region of the PRC
“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

30 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 Directors: Ren Tianbao

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