

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Stock Code: 00323)

**(1) CONTINUING CONNECTED TRANSACTIONS – INDUSTRIAL
FINANCE COOPERATION FRAMEWORK AGREEMENT
AND
(2) CONTINUING CONNECTED TRANSACTIONS – FINANCIAL
SERVICES AGREEMENT**

**(1) INDUSTRIAL FINANCE COOPERATION FRAMEWORK
AGREEMENT**

On 5 December 2022, the Company entered into the Industrial Finance Cooperation Framework Agreement with Hwabao Investment, pursuant to which both parties agree to cooperate in industrial services, consulting and factoring services, finance leasing services, spot-futures combination services and other areas.

As of the date of this announcement, China Baowu indirectly holds a total of approximately 51.75% shares of the Company, and Hwabao Investment is the subsidiary of China Baowu. As such, Hwabao Investment is connected person of the Company under Chapter 14A of the Listing Rules, and the transactions under the Industrial Finance Cooperation Framework Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Industrial Finance Cooperation Framework Agreement are more than 0.1% but less than 5%, such transactions constitute exempt continuing connected transactions of the Company under Rules 14A of the Listing Rules in which approval from independent shareholders is exempted and are only subject to the reporting and announcement requirements set out in Rule 14A of the Listing Rules.

(2) FINANCIAL SERVICES AGREEMENT

On 5 December 2022, Masteel Finance, a subsidiary of the Company, entered into the Financial Services Agreement with Ouye Lianjin, pursuant to which Masteel Finance agree to provide deposit services, loan services and other financial services to Ouye Lianjin in accordance with the terms under the Financial Services Agreement.

As of the date of this announcement, China Baowu indirectly holds a total of approximately 51.75% shares of the Company, and Ouye Lianjin is the subsidiary of China Baowu. As such, Ouye Lianjin is connected person of the Company under Chapter 14A of the Listing Rules, and the transactions under the Financial Services Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Financial Services Agreement are more than 0.1% but less than 5%, such transactions constitute exempt continuing connected transactions of the Company under Rules 14A of the Listing Rules in which approval from independent shareholders is exempted and are only subject to the reporting and announcement requirements set out in Rule 14A of the Listing Rules. In particular, in respect of the deposit services provided by Masteel Finance to Ouye Lianjin, as the deposit with Masteel Finance is for the benefit of the Group where no security over assets of the Group is granted, the Company is exempted from reporting, announcement and independent shareholders' approval requirement under Rule 14A of the Listing Rules.

(1) MAJOR TERMS OF THE INDUSTRIAL FINANCE COOPERATION FRAMEWORK AGREEMENT

Date

5 December 2022

Parties

- (i) the Company;
- (ii) Hwabao Investment

Duration

The Industrial Finance Cooperation Framework Agreement shall be for a term commencing from the agreement effective date to 31 December 2023.

Transaction Contents

The parties shall cooperate in industrial finance services, consulting and factoring services, finance leasing services, spot-futures combination services and other areas. In particular, the spot-futures combination services refer to the provision of services such as hedging and price stabilisation trade by Hwabao Investment to the Company and its subsidiaries to prevent and manage the risk of price fluctuations on the spot side through such instruments as exchange-traded futures contract or over-the-counter option on the futures side.

The content, nature and limit of the cooperation project (expressed in RMB) are set out in the table below. The details shall be separately agreed upon by the parties directly providing and accepting the services, or by the parties specifically conducting the business, through business contracts.

Accounts receivable factoring business

Item	From the agreement effective date to 31 December 2022	2023
Cap of cumulative transaction amount for the year	RMB100 million	RMB200 million
Cap of overall expenses	RMB6 million	RMB12 million

Finance leasing business

Item	From the agreement effective date to 31 December 2022	2023
Cap of cumulative transaction amount for the year	–	RMB50 million

Spot-futures combination business

Item	From the agreement effective date to 31 December 2022	2023
Cap of cumulative transaction amount for the year	RMB5 million	RMB50 million

Within the business scope of Hwabao Investment and its subsidiaries, the Company considered both its own operation and development needs, enquired the actual demands of each business unit and department and each subordinate subsidiary, and summarized them to form the above transaction amount.

Transaction Pricing Principles

It is determined through negotiation based on the market price and the transaction price not higher than that charged by independent third parties to the Company and its subsidiaries for the same type of services in accordance with the principles of fairness and integrity.

Effectiveness of Agreement

The agreement shall be considered and approved by the Board of the Company and shall be effective from the date of signing by the legal representatives or authorized representatives of both parties and stamped with official seals of both parties.

Reasons for and Benefits of the Agreement

The signing of the Industrial Finance Cooperation Framework Agreement expands the resources of suppliers providing industrial financial services to the Company, which is conducive to the Company's provision of financial services at more favourable prices, so as to reduce financial expenses; according to the service contents agreed in the agreement, the Company is able to make use of the professional advantages of Hwabao Investment to provide customized services to the Company based on its own needs and further optimize the asset and liability structure; the Company is able to make use of the resources of the financial institutions partnered on the Baowu industrial financial services technology platform established by Hwabao Investment to enhance the competitiveness of the financial services available.

The Directors (including the independent non-executive Directors) believe that the terms of the Industrial Finance Cooperation Framework Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company and its shareholders as a whole.

Information on the Company and Hwabao Investment

The Company is one of the largest iron and steel producers and merchandisers in the PRC and is principally engaged in the manufacture and sale of iron and steel products.

Hwabao Investment is principally engaged in the investment in metallurgy and other related industries and investment management and the provision of investment consultancy, business consultancy services (other than brokerage) and property brokerage. Its ultimate beneficial owner is China Baowu.

Listing Rules Implications

As of the date of this announcement, China Baowu indirectly holds a total of approximately 51.75% shares of the Company, and Hwabao Investment is the subsidiary of China Baowu. As such, Hwabao Investment is connected person of the Company under Chapter 14A of the Listing Rules, and the transactions under the Industrial Finance Cooperation Framework Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Industrial Finance Cooperation Framework Agreement are more than 0.1% but less than 5%, such transactions constitute exempt continuing connected transactions of the Company under Rules 14A of the Listing Rules in which approval from independent shareholders is exempted and are only subject to the reporting and announcement requirements set out in Rule 14A of the Listing Rules.

(2) MAJOR TERMS OF THE FINANCIAL SERVICES AGREEMENT

Date

5 December 2022

Parties

- (i) Masteel Finance; and
- (ii) Ouye Lianjin

Duration

The Financial Services Agreement shall be for a term commencing from the agreement effective date to 30 June 2023.

Deposit Services

The total amount of deposits and accrued interest deposited with Masteel Finance at the end of each day by Ouye Lianjin and its subsidiaries shall be greater than the sum of the total loans and interest payable by Masteel Finance to Ouye Lianjin and its subsidiaries.

The deposit interest rate shall be determined with reference to the benchmark interest rate and floating range stipulated by the People's Bank of China under the market-based principle, and not be higher than the deposit interest rate offered by other independent commercial banks or financial institutions in China to Ouye Lianjin and its subsidiaries for the same type of deposit in the same period.

Loan Services

The daily cap of the loans to be provided by Masteel Finance to Ouye Lianjin and its subsidiaries shall not exceed RMB500 million (interest payment included) during the term of the agreement.

The loan interest rate shall be determined with reference to the benchmark interest rate stipulated by the People's Bank of China under the market principle, and not be lower than the loan interest rate offered by other independent commercial banks or financial institutions in China to Ouye Lianjin and its subsidiaries for the same type of loan in the same period.

Other Financial Services

Ouye Lianjin and its subsidiaries shall pay Masteel Finance service charges (including interests and fees such as administrative charges for acceptance of bills, letter of guarantee, securities underwriting, financial advisory, insurance brokerage and sale and purchase of foreign exchange) at fair and reasonable market rates, with the total amount of the said service fees not exceeding RMB12 million (interest payment included) during the term of the agreement.

The charge for other financial services shall comply with the market principle and must not be lower than the fees for other financial services of the same type and under the same terms charged on Ouye Lianjin and its subsidiaries by independent commercial banks or financial institutions in the PRC.

The Basis of Determination of the Transaction Amount

In order to ensure that some of the original deposit services, loan services and other financial services of both parties can continue and be carried out in compliance with the law, the transaction amount of the Financial Services Agreement is determined comprehensively after summarizing the actual financing amount with Masteel Finance and the subsequent financing demands by the headquarters and its subordinate subsidiaries of Ouye Lianjin.

Effectiveness of Agreement

The agreement shall be considered and approved by the Board of the Company and shall be effective from the date of signing by the legal representatives or authorized representatives of both parties and stamped with official seals of both parties.

Reasons for and Benefits of Financial Services Agreement

Ouye Lianjin is currently a subsidiary controlled by Magang Group, the controlling shareholder of the Company. Ouye Lianjin plans to complete the second round of mixed-ownership reform in December this year, such that it will become an investee of Magang Group and will no longer be subject to the financial services agreement originally entered into between Magang Group and Masteel Finance. The signing of the new agreement will protect the interests of the Company and ensure that the existing deposit services, loan services and other financial services of both parties can survive and be carried out in compliance with relevant laws and regulations.

The Directors (including the independent non-executive Directors) believe that the terms of the Financial Services Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company and its shareholders as a whole.

Information on Masteel Finance and Ouye Lianjin

Masteel Finance is a non-banking financial institution established under the PRC laws in October 2011 with the approval of the CBRC and is subject to the supervision of the CBRC. It is mainly engaged in providing financial services including but not limited to deposit services, loan and entrusted credit services, discounting services and settlement services to Magang Group and its subsidiaries.

Ouye Lianjin is mainly engaged in recycling of renewable resources (except productive scrap metals); sales of renewable resources; processing of renewable resources; recycling of productive scrap metals; dismantling of end-of-life vehicles; recycling of end-of-life vehicles; sales of metal materials; domestic trade agency service; technology services, technology development, technology consultancy, technology exchanges, technology transfer, technology promotion; import and export of goods; import and export of technology; import and export agency; domestic agency for transportation of goods; general goods warehousing services (excluding hazardous chemicals and other items subject to approval). Its ultimate beneficial owner is China Baowu.

Internal Control of the CCT Agreements

To ensure effective execution and implementation of the pricing of the transactions under the CCT Agreements, the Company has established “Internal Control Management Measures of Related Transactions” to regulate the pricing management of relevant related 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 CCT 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. For each relevant functional department of the continuing connected transaction agreements or relevant companies entering transactions shall provide actual trading situation quarterly to the operation and accounting department of the Company. The operation and accounting department of the Company will report on quarterly basis to the connected transaction management committee regarding the actual 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 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.

Listing Rules Implications

As of the date of this announcement, China Baowu indirectly holds a total of approximately 51.75% shares of the Company, and Ouye Lianjin is the subsidiary of China Baowu. As such, Ouye Lianjin is connected person of the Company under Chapter 14A of the Listing Rules, and the transactions under the Financial Services Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Financial Services Agreement are more than 0.1% but less than 5%, such transactions constitute exempt continuing connected transactions of the Company under Rules 14A of the Listing Rules in which approval from independent shareholders is exempted and are only subject to the reporting and announcement requirements set out in Rule 14A of the Listing Rules. In particular, in respect of the deposit services provided by Masteel Finance to Ouye Lianjin, as the deposit with Masteel Finance is for the benefit of the Group where no security over assets of the Group is granted, the Company is exempted from reporting, announcement and independent shareholders' approval requirement under Rule 14A of the Listing Rules.

APPROVAL BY THE BOARD

In the second meeting of the tenth session of the Board on 5 December 2022, the Board approved the CCT Agreements. The Directors attending the Board meeting regarding the CCT Agreements consider that the CCT Agreements and the proposed annual caps have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof and the proposed caps under the CCT Agreements are fair and reasonable and in the interests of the Company and the shareholders as a whole and the CCT Agreements are entered into during the ordinary and usual course of business of the Group.

Among the Directors attending the Board meeting, Mr. Ding Yi and Mr. Mao Zhanhong was considered to have material interests on the CCT Agreements by virtue of being employed by the Parent Company or other reasons, and thus abstained from voting on the Board resolutions in respect of the CCT Agreements and the proposed caps. Save as disclosed above, none of the Directors attended the above Board meeting has a material interest in the CCT Agreements.

DEFINITIONS

In this announcement, the following expressions have the following meaning:

“Board”	the board of the Directors of the Company
“CCT Agreements”	Industrial Finance Cooperation Framework Agreement and Financial Services Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“China Baowu”	China Baowu Steel Group Corporation Limited, a limited company incorporated in the PRC and a pilot enterprise of state-owned capital investment company which are 90% owned by the State-owned Assets Supervision and Administration Commission of the State Council
“Company”	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC, whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Financial Services Agreement”	the financial services agreement entered into between Masteel Finance and Ouye Lianjin on 5 December 2022
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hwabao Investment”	Hwabao Investment Co., Ltd., a limited company established in the PRC
“Industrial Finance Cooperation Framework Agreement”	the industrial finance cooperation framework agreement entered into between the Company and Hwabao Investment on 5 December 2022
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Masteel Finance”	Magang Group Finance Co., Ltd., a limited company incorporated in the PRC

“Magang Group”	Magang (Group) Holding Company Limited, a state-owned holding enterprise with limited liability, formerly known as Maanshan Magang Holding Company, and was approved by the government to restructure into Magang (Group) Holding Company Limited in September 1998
“Ouye Lianjin”	Ouye Lianjin Renewable Resources Co., Ltd., a limited company established in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Maanshan Iron & Steel Company Limited
Ren Tianbao
Secretary to the Board

5 December 2022
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include: Executive directors Ding Yi, Mao Zhanhong and Ren Tianbao; Independent non-executive directors Zhang Chunxia, Zhu Shaofang, Guan Bingchun and He Anrui.