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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 29 August 2019, the Company and Chemical Energy Company entered into the Land Transfer Agreement and the Relocation Compensation Agreement in relation to the construction land of the Company's coke oven system project.

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 Chemical Energy Company is a subsidiary controlled by Magang Group. Under Chapter 14A of the Listing Rules, Chemical Energy Company is a connected person 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

Date:

29 August 2019

Parties:

- (i) the Company;
- (ii) Chemical Energy Company.

Subject Matter

The Company intends to acquire the land parcel under Land Transfer Agreement. Such land parcel with an area of 56,550.67 square meters (approximately 84.83 mu) is located in Magang Plant No. 3 Area, Southeast of Rentouji , Northwest of the intersection of Liufenhe Road and Magang West Road, Maanshan City.

Consideration

The transaction adopts the valuation price as the transaction price. The price is RMB18,553,762 (including tax). The valuation reference date is 30 April 2019, and the remaining term of land use is approximately 24.17 years. The net book value of the land as at the reference date is RMB16,506,600 (excluding tax) and the total valuation price is RMB17,021,800 (excluding tax). The appreciation rate is 3.12%.

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 Land Transfer 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. Relocation Compensation Agreement**Date:**

29 August 2019

Parties:

- (i) the Company;
- (ii) Chemical Energy Company.

Subject Matter

Compensation for the relocation of ground assets on the land under the Land Transfer Agreement.

Consideration

The transaction adopts the valuation price as the transaction price. The price is RMB6,267,500 (including tax). The valuation reference date is 30 April 2019 and the net book value of the ground

assets is RMB5,215,400 (excluding tax) and the total valuation price is RMB5,750,000 (excluding tax). The appreciation rate is 10.25%.

Within 30 days from the date of signing the agreement, Chemical Energy Company will vacate all the houses and venues involved in the relocation area, 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, Chemical Energy Company will issue the invoice and receipts, and the Company will settle the payment to Chemical Energy Company. The consideration will be funded by internal funds of the Company.

Conditions Precedent of the Relocation Compensation 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 CHEMICAL ENERGY COMPANY

Chemical Energy Company is mainly engaged in research and development, production and sales of chemical products (excluding chemical dangerous goods and easy-to-manufacture drugs).

REASONS FOR AND BENEFITS OF LAND ACQUISITION

The subject matter acquired by the Company through the connected transaction is required for the development of the Company, and the acquired land is used for the construction of the Company's coke oven system project.

If the Company's coke oven system project is completed and put into production, it will help alleviate the pressure on the Company due to insufficient self-produced coke. Meanwhile, the system is designed according to ultra-low emission standards, with significant energy-saving and

environmental benefits.

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 Chemical Energy Company is a subsidiary controlled by Magang Group. Under Chapter 14A of the Listing Rules, Chemical Energy Company is a connected person 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
“Chemical Energy Company”	Anhui Magang Chemical & Energy Technology Co. Ltd, a limited liability company incorporated in the PRC
“Director(s)”	the directors of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Land Acquisition”	The acquisition of land use rights and ground assets by the Company according to the Land Transfer Agreement, and the Relocation and Compensation Agreement
“Land Transfer Agreement”	The State-Owned Land Use Rights Transfer Agreement dated 29 August 2019 and entered into by the Company and Chemical Energy Company
“Relocation Compensation Agreement”	The Relocation Compensation Agreement dated 29 August 2019 and entered into by the Company and Chemical Energy Company
“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
“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

29 August 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