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(A joint stock limited company incorporated in the People's Republic of China)
(Stock code: 00323)

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES TRUST AGREEMENT

Capital Trust Agreement

On 6 May 2019, Masteel Finance, a subsidiary controlled by the Company and Hwabao Trust, a subsidiary controlled by China Baowu entered into the Capital Trust Agreement of the Type C investment operation trust plan for cash income.

Listing Rules Implication

On 19 September 2019, the State-owned Assets Supervision and Administration Commission of Anhui Province transferred 51% 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 and Hwabao Trust have become connected persons of the Company. Therefore, the transaction under the Trust Agreement constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules in respect of the Trust Agreement. The Company will comply in full with all applicable reporting, disclosure and shareholders' approval (if applicable) requirements under Chapter 14A of the Listing Rules in the event of any variation or renewal of the Trust Agreement.

Trust Agreement

Masteel Finance has entered into the Trust Agreement with Hwabao Trust on 6 May 2019, using its own funds of RMB200 million to invest in Hwabao Type C collective funding trust plan for cash income.

The major terms of the Trust Agreement are set out as follows:

Date:

6 May 2019

Parties:

- (i) Principal and beneficiary: Masteel Finance; and
- (ii) Trustee: Hwabao Trust

Term of the Trust Agreement:

The term of the Trust Agreement commenced from 7 May 2019 till 29 October 2019.

Amount, term and income of the investment:

The trust unit purchased by Masteel Finance is the 74th LXXIVA1 category with an investment amount of RMB200 million and an investment period of 175 days. It started to bear interest on 7 May 2019 and will expire on 29 October 2019. The baseline is 5%/year.

Transfer of the beneficial rights of trust:

Upon the consent of the trustee, the beneficiary may transfer its beneficial rights of the trust according to the provisions of the trust document (contract) but division transfer is not allowed.

Closure period for trust product and trust income distribution:

The closure period of the trust product purchased by Masteel Finance is 175 days and the product cannot be redeemed during the closure period. The distribution of trust income is carried out in the form of fund allocation. The trust income in the form of funds is directly transferred into the trust interest account listed in the beneficiary's subscription (purchase) risk statement.

Investment scope of the trust plan:

Hwabao cash income Type C trust fund invests in currency market financial instruments with good liquidity, low credit risk and low price fluctuations, as well as other medium and short-term financial instruments. The trust plan is a fixed-income trust product.

Expenses:

Hwabao Trust will collect the floating compensation of the trustee from Masteel Finance, calculated as follows:

The floating trust remuneration calculated on the termination date of the trust plan = MAX [(the total value of the trust property - trust expenses and liabilities other than the trustee's floating trust remuneration - the total expected trust income of the beneficiaries of the trust unit of various terms on the termination date of the trust plan), 0].

The trustee's floating trust remuneration shall be paid within 10 working days after each termination date.

The above remuneration has been determined by the parties on an arm's length basis with reference to market terms and will be paid by internal resources of Masteel Finance.

Reasons for and Benefits of the Agreement

Under the premise of ensuring compliance and stabilizing risks, Masteel Finance's investment in Hwabao Type C collective funding trust plan for cash income with its own funds of RMB200 million would bring itself certain investment income, and the Company would share the relevant investment income because of the 91% equity interest it holds in Masteel Finance; there is no adverse impact on the Company's production and operation.

The Directors of the Company (including the independent non-executive Directors) consider that: (a) the terms of the Trust Agreement are fair and reasonable; (b) the transactions under the Trust Agreement are conducted in the ordinary and usual course of business of the Company on normal commercial terms; and (c) the transactions under the Trust Agreement are in the interests of the Company and the shareholders as a whole.

Information about China Baowu

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, and carrying out relevant state-owned capital investment and operation.

Information about Hwabao Trust

Hwabao Trust is a member of the industry finance sector under China Baowu. China Baowu holds 98% of its shares and Zhejiang Zhoushan State-owned Assets Investment Management Co., Ltd. holds 2% of its shares. Its registered capital is RMB3.744 billion (including USD15 million).

Information about the Company

The Company is one of China's largest steel producers and distributors, mainly engaging in the production and sale of iron and steel products.

Information about Masteel Finance

Masteel Finance is a non-bank institution approved by the China Banking Regulatory Commission in accordance with Chinese law in October 2011. It is regulated by the China Banking Regulatory Commission and its main business is to provide financial services to Magang Group and its subsidiaries and members of the Group (including but not limited to deposit services, loan and entrusted loan services, discount services and settlement services).

Listing Rules Implication

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the

applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules in respect of the Trust Agreement. The Company will comply in full with all applicable reporting, disclosure and shareholders' approval (if applicable) requirements under Chapter 14A of the Listing Rules in the event of any variation or renewal of the Trust Agreement.

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 Trust Agreement except the connected Directors, namely Mr. Ding Yi, Mr. Qian Haifan and Mr. Ren Tianbao.

Definitions

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Company”	Means	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
“Board”	Means	the board of Directors of the Company
“China Baowu”	Means	China Baowu Steel Group Corporation Limited, a limited company incorporated in the PRC
“connected person(s)”	Means	has the meaning ascribed to it under the Listing Rules
“Director(s)”	Means	the directors of the Company
“Hong Kong”	Means	the Hong Kong Special Administrative Region of the PRC
“Hwabao Trust”	Means	Hwabao Trust Co., Ltd., a limited company incorporated in the PRC
“Listing Rules”	Means	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Magang Group”	Means	Magang (Group) Holding Company Limited, a wholly state-owned enterprise and a controlling shareholder of the Company as defined under the Listing Rules
“Masteel Finance”	Means	Magang Group Finance Co. Ltd., a limited company incorporated in the PRC
“PRC”	Means	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”	Means	Renminbi, the lawful currency of the PRC
“Stock Exchange”	Means	The Stock Exchange of Hong Kong Limited
“Trust Agreement”	Means	the Capital Trust Agreement of the Type C investment

operation trust plan for cash income dated 19 September
2019 and entered into by Masteel Finance and Hwabao
Trust

“0%”

Means per cent

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 Director: Ren Tianbao

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