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

(Stock Code: 00323)

CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT

On 28 October 2022, Ma Steel (Hong Kong), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Huabao Investment, pursuant to which Ma Steel (Hong Kong) shall transfer 3.11% equity interests in Huabao Leasing to Huabao Investment at a total consideration of RMB88,635,000.

As at the date of this announcement, China Baowu indirectly holds a total of approximately 51.98% of the Company's shares, while Huabao Investment is a subsidiary of China Baowu. Therefore, under Chapter 14A of the Listing Rules, Huabao Investment is a connected person of the Company, and the transaction under the Equity Transfer Agreement would constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Equity Transfer Agreement exceed 0.1% but fall below 5%, such connected transaction is only subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the approval of independent shareholders under the Listing Rules.

PRINCIPAL TERMS OF EQUITY TRANSFER AGREEMENT

Date

28 October 2022

Parties

- (1) Ma Steel (Hong Kong); and
- (2) Huabao Investment

TRANSACTION TARGET

Ma Steel (Hong Kong) agreed to sell and Huabao Investment agreed to acquire 3.11% equity interests in Huabao Leasing. Upon completion of the equity transfer, Ma Steel (Hong Kong) will cease to hold equity interests in Huabao Leasing.

CONSIDERATION

The appraised value, i.e. RMB88,635,000, is to be adopted as the transfer price of the transaction. With 31 December 2021 as the valuation reference date, the book value of the net assets of Huabao Leasing was RMB2,811,227,500, and the appraised value was RMB2,850,000,000 (subject to the appraised value upon filing with the competent authority (if any)), representing an appreciation of RMB38,772,500 over the book value of net assets with an appreciation rate of 1.38%. The transfer is based on the appraised value as the transfer price, and the appraised value of the 3.11% equity interests in Huabao Leasing held by Ma Steel (Hong Kong) is RMB88,635,000.

Both parties confirmed that the completion date is the last day of the month of the effective date of the agreement. Both parties agreed that Huabao Investment would pay the transfer price to the account of Ma Steel (Hong Kong) on the completion date.

TRANSITION PERIOD AND COMPLETION

Since the completion date, the target equity and its corresponding rights and obligations shall be transferred to Huabao Investment. The transition period is from the valuation reference date (exclusive) to the completion date (inclusive), during which the profit and loss of Huabao Leasing will be enjoyed and assumed by Ma Steel (Hong Kong). Both parties agreed that the accounting firm engaged by Huabao Investment would conduct special audit on the profit and loss during the transition period and issue a special audit report. The profit or loss during the transition period is based on the profit or loss amount of the target equity over the period corresponding to the transition period calculated based on the special audit report. The price shall be paid by Huabao Investment to Ma Steel (Hong Kong) after the calculation has been verified by both parties.

EFFECTIVENESS OF THE AGREEMENT

The agreement shall come into force after the legal representatives of both parties or their authorized representatives sign and affix the official seal or special seal for contract.

REASONS FOR AND BENEFITS OF THE AGREEMENT

Business of Huabao Leasing belongs to the non-steel industry. After the equity transfer, the stock assets may be further optimized and the liquidity will be replenished, so as to better support the main steel industry construction of the Company and maximize asset value.

The Directors (including independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are entered into on normal commercial terms, are fair and reasonable, and are in the interest of the Company and its shareholders as a whole.

POTENTIAL FINANCIAL IMPACT OF THE EQUITY TRANSFER AGREEMENT

As the book value of net assets of Huabao Leasing on 31 December 2021 is RMB2,811,227,500, it is expected that the Company will record a book profit of approximately RMB1,205,824.75 (without deducting taxes and expenses) from the disposal of 3.11% equity interests in Huabao Leasing (subject to the audit results), which is the difference between the consideration of disposal of 3.11% equity interests in Huabao Leasing and its corresponding book value of net assets.

The Company intends to use the proceeds from the disposal of 3.11% equity interests in Huabao Leasing (after deducting its directly attributable expenses) to replenish general working capital.

INFORMATION ABOUT HUABAO LEASING

Huabao Leasing is principally engaged in finance leasing business, leasing business, purchasing leasing properties from domestic and overseas market, processing residual value and maintenance of leased properties; consultancy and guarantee of leasing transaction; and commercial factoring business related to main business.

For the year ended 31 December 2021, the total assets of Huabao Leasing were RMB17,655,718,200; the owners' equity attributable to the parent company was RMB2,811,227,500; the operating revenue was RMB1,011,122,500; and the net profits attributable to the parent Company were RMB205,755,100. Audited profit before tax and profit after tax were RMB277,505,706.27 and RMB205,755,074.23, respectively.

For the year ended 31 December 2020, audited profit before tax and profit after tax of Huabao Leasing were RMB229,627,370.64 and RMB173,408,973.43, respectively.

INFORMATION ABOUT THE COMPANY

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

INFORMATION ABOUT MA STEEL (HONG KONG)

Ma Steel (Hong Kong) is principally engaged in steel-related goods trading business and investment business.

INFORMATION ABOUT HUABAO INVESTMENT

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

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, China Baowu indirectly holds a total of approximately 51.98% of the Company's shares, while Huabao Investment is a subsidiary of China Baowu. Therefore, under Chapter 14A of the Listing Rules, Huabao Investment is a connected person of the Company, and the transaction under the Equity Transfer Agreement would constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Equity Transfer Agreement exceed 0.1% but fall below 5%, such connected transaction is only subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the approval of independent shareholders under the Listing Rules.

APPROVAL BY THE BOARD

At the sixty-sixth meeting of the ninth session of the Board of the Company held on 28 October 2022, the connected Director Mr. Ding Yi abstained from voting as required, and four non-connected Directors (including 3 independent Directors) voted in favor of the Equity Transfer Agreement.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below:

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| “Board” | the Board of the Directors of the Company |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “China Baowu” | China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司), a limited company incorporated in the PRC and a pilot enterprise of state-owned capital investment company, which is 90% controlled by the State-owned Assets Supervision and Administration Commission of the State Council |
| “Company” | Maanshan Iron & Steel Company Limited (馬鞍山鋼鐵股份有限公司), a joint stock limited company incorporated in the PRC, whose shares are listed on the Stock Exchange |
| “Directors” | the directors of the Company |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |

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| “Huabao Investment” | Huabao Investment Co., Ltd. (華寶投資有限公司), a limited company incorporated in the PRC |
| “Huabao Leasing” | Huabao Duding (Shanghai) Finance Leasing Co., Ltd. (華寶都鼎 (上海) 融資租賃有限公司), a limited company incorporated in the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Ma Steel (Hong Kong)” | Ma Steel (Hong Kong) Company Limited (馬鋼 (香港) 有限公司), a limited company incorporated in Hong Kong |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Equity Transfer Agreement” | the equity transfer agreement in relation to Huabao Duding (Shanghai) Finance Leasing Co., Ltd. entered into by Ma Steel (Hong Kong) and Huabao Investment on 28 October 2022 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | percentage |

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

28 October 2022
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include executive directors Ding Yi and Ren Tianbao; and independent non-executive directors Zhang Chunxia, Zhu Shaofang and Wang Xianzhu.