

*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)**

## **CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT**

On 9 February 2023, the Company entered into the Equity Transfer Agreement with Ouyeel Financial Service, pursuant to which the Company shall transfer 16.14% of the equity interests in Ouyeel Factoring to Ouyeel Financial Service at a total consideration of RMB161,607,300.

As of the date of this announcement, China Baowu indirectly holds a total of approximately 51.75% of the Company's shares, while Ouyeel Financial Service is a subsidiary of China Baowu. Therefore, under Chapter 14A of the Listing Rules, Ouyeel Financial Service 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. Nevertheless, pursuant to the rules and regulations of the Shanghai Stock Exchange, the transaction under the Equity Transfer Agreement will be submitted to the general meeting of the Company for approval of the shareholders.

### **PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT**

#### **Date**

9 February 2023

## **Parties**

- (1) The Company; and
- (2) Ouyeel Financial Service

## **Transaction Target**

The Company agreed to sell and Ouyeel Financial Service agreed to acquire 16.14% of the equity interests in Ouyeel Factoring.

## **Consideration**

With 31 May 2022 as the valuation reference date and the asset-based approach adopted, the book value of the net assets of Ouyeel Factoring was RMB1,001,283,100, and the appraised value was RMB1,001,284,500 (subject to the appraised value upon filing with the competent authority), representing an appreciation of RMB1,400 over the book value of net assets. The transfer is based on the appraised value as the transfer price, and the appraised value of 16.14% of the equity interests in Ouyeel Factoring held by the Company is RMB161,607,300.

Ouyeel Financial Service shall pay to the Company the amount payable in full for the equity transfer within 15 days from the effective date of the agreement.

## **Completion**

The completion date refers to the last natural day of the month on which the full payment of the price is completed by Ouyeel Financial Service. The transition period refers to the period from the valuation (audit) reference date (exclusive) to the completion date (inclusive). The profit and loss in the transition period shall be enjoyed or borne according to the original shareholding ratio. The Company will cease to hold equity interests in Ouyeel Factoring.

## **Effectiveness of the Agreement**

The agreement shall come into force upon the signing and affixing of seals by all parties and approval by the general meetings of the Company and Ouyeel Factoring.

## **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT**

The business of Ouyeel Factoring belongs to the non-steel industry. The disposal of the equity interests in Ouyeel Factoring by the Company may further optimize the stock assets, replenish the liquidity, 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 interests 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 Ouyeel Factoring on 31 May 2022 is RMB1,001,283,100, it is expected that the Company will record a book profit of approximately RMB226 (without deducting taxes and expenses) from the disposal of 16.14% of the equity interests in Ouyeel Factoring (subject to the audit results), which is the difference between the consideration for the disposal of 16.14% of the equity interests in Ouyeel Factoring and its corresponding book value of net assets.

The Company intends to use the proceeds from the disposal of 16.14% of the equity interests in Ouyeel Factoring (after deducting its directly attributable expenses) to replenish general working capital.

## **INFORMATION ABOUT OUYEEL FACTORING**

Ouyeel Factoring is mainly engaged in export factoring, domestic factoring, consulting services related to commercial factoring, and credit risk management platform development. (Projects subject to approval according to law may only be carried out after approval by relevant authorities)

For the year ended 31 December 2022 (unaudited), the total assets of Ouyeel Factoring were RMB3,470,491,600; the owners' equity attributable to the parent company was RMB1,013,164,400; the operating revenue was RMB114,412,000; and the net profit attributable to the owners of the parent company was RMB27,202,100. Unaudited profit before tax and profit after tax were RMB36,292,700 and RMB27,202,100, respectively.

For the year ended 31 December 2021 (audited), the total assets of Ouyeel Factoring were RMB2,868,216,100; the owners' equity attributable to the parent company was RMB985,962,300; the operating revenue was RMB60,777,800; and the net profit attributable to the owners of the parent company were RMB4,126,400. Audited profit before tax and profit after tax were RMB5,554,800 and RMB4,126,400, respectively.

For the year ended 31 December 2020, audited profit before tax and profit after tax of Ouyeel Factoring were RMB20,996,900 and RMB13,234,600, 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 OUYEEL FINANCIAL SERVICE**

Ouyeel Financial Service is mainly engaged in financial data processing, financial software development, industrial investment and investment management, asset management, business consulting, corporate management consulting, investment consulting, and financial consulting. (Projects subject to approval according to law may only be carried out after approval by relevant authorities)

The ultimate beneficial owner of Ouyeel Financial Service is China Baowu.

## **IMPLICATIONS OF THE LISTING RULES**

As of the date of this announcement, China Baowu indirectly holds a total of approximately 51.75% of the Company's shares, while Ouyeel Financial Service is a subsidiary of China Baowu. Therefore, under Chapter 14A of the Listing Rules, Ouyeel Financial Service 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. Nevertheless, pursuant to the rules and regulations of the Shanghai Stock Exchange, the transaction under the Equity Transfer Agreement will be submitted to the general meeting of the Company for approval of the shareholders.

## **APPROVAL BY THE BOARD**

At the fourth meeting of the tenth session of the Board of the Company held on 9 February 2023, Mr. Ding Yi and Mr. Mao Zhanhong, both being connected Directors, abstained from voting as required, and five non-connected Directors (including 4 independent Directors) voted in favor of the Equity Transfer Agreement.

According to the requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, transactions between a listed company and the same related party within 12 consecutive months shall be calculated on a cumulative basis, and transactions in excess of the limit shall be submitted to the general meeting of shareholders for consideration. The cumulative amount of connected transactions considered and approved by the Board of the Company within 12 consecutive months is close to 5% of the absolute value of the latest audited net assets of the Company, therefore, the transaction shall also be submitted to the general meeting of shareholders of the Company for consideration, and the implementation shall be subject to the voting and approval of non-connected shareholders.

## DEFINITIONS

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

“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, 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 (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
“Equity Transfer Agreement”	the Equity Transfer Agreement entered into between the Company and Ouyeel Financial Service on 9 February 2023
“Hong Kong”	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
“Ouyeel Financial Service”	Shanghai Ouyeel Financial Information Service Co., Ltd., a limited company incorporated in the PRC
“Ouyeel Factoring”	Ouyeel Commercial Factoring Company Limited, a limited company incorporated 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**  
**Ding Yi**  
*Chairman*

9 February 2023

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; and independent non-executive directors Zhang Chunxia, Zhu Shaofang, Guan Bingchun and He Anrui.*