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

(Stock Code: 00323)

CONNECTED TRANSACTION ASSETS TRANSFER AGREEMENT

On 9 February 2023, the Company entered into the Assets Transfer Agreement with Calcium and Magnesium Technology, according to which the Company shall transfer the assets related to the lime business of the Company to Calcium and Magnesium Technology at a total consideration of RMB191,350,500.

As at the date of this announcement, China Baowu indirectly holds a total of approximately 51.75% of the Company's shares, while Calcium and Magnesium Technology is a wholly-owned subsidiary of Anhui Wanbao, a subsidiary of China Baowu. Therefore, under Chapter 14A of the Listing Rules, Calcium and Magnesium Technology is a connected person of the Company, and the transaction under the Assets Transfer Agreement would constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Assets 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 Assets Transfer Agreement will be submitted to the general meeting of the Company for approval of the shareholders.

PRINCIPAL TERMS OF THE ASSETS TRANSFER AGREEMENT

Date

9 February 2023

Parties

- (1) The Company; and
- (2) Calcium and Magnesium Technology

Subject Matter

The Company shall transfer the assets related to the lime business of the Company to Calcium and Magnesium Technology.

Pricing

The valuation method of the assets related to the lime business of the Company is cost approach; the valuation reference date is 30 September 2022; the book value of such assets is RMB181,243,100, and the appraised value is RMB191,350,500, representing an appreciation of RMB10,107,400 compared with the book value, with an appreciation rate of 5.58%. The appraised value shall be adopted as the transfer consideration (subject to the appraised value upon filing from the competent authority).

Conditions Precedent

The agreement shall come into force upon the signing and approval by the general meeting of the Company.

Completion

After the agreement becomes effective, the transferor and the transferee shall confirm the delivery of the relevant assets. The date of delivery of the assets will be the date of confirmation of completion of delivery of the assets. The Company shall issue a special value-added tax invoice within 10 working days after the date of delivery of the assets, and the consideration for the asset transfer shall be paid to the Company within 10 working days from the date of receipt of the invoice by Calcium and Magnesium Technology in full amount. From the date of completion, the subject of the transfer shall be attributable to Calcium and Magnesium Technology and Calcium and Magnesium Technology shall enjoy and assume all rights, obligations and risks in relation to the subject of the transfer; the production capacity, energy consumption and other indicators of related assets shall be transferred simultaneously with the assets and jointly handled by both parties. The Company shall no longer enjoy any rights and shall not assume any obligations and risks in relation to the subject of the transfer.

INFORMATION ABOUT THE ASSETS RELATED TO LIME BUSINESS

The business products of the assets related to the lime business are not sold to outside parties and they only provide raw materials for the Company's production, which did not generate any revenue in the past two years.

POTENTIAL FINANCIAL IMPACT OF THE ASSETS TRANSFER AGREEMENT

As the book value of net assets of the assets related to lime business of the Company on 30 September 2022 is approximately RMB181,243,100, it is expected that the Company will record a book profit from the disposal of the assets related to lime business of approximately RMB10,107,400 (subject to the audit results), which is the difference between the consideration of disposing of the assets related to lime business and its corresponding book value of net assets.

The Company intends to use the proceeds from the disposal of the assets related to lime business (after deducting its directly attributable expenses) to replenish general working capital.

REASONS FOR AND BENEFITS OF THE ASSETS TRANSFER AGREEMENT

After the transfer of the assets, relying on the raw material supply and management support of Anhui Wanbao's professional platform of flux business, the guaranteed flux supply to the Company will be more efficient and of higher quality, and at the same time, it can also optimize the Company's stock assets and return capital to support the construction of the Company's main business in steel and iron industry.

The Directors (including independent non-executive Directors) are of the view that the terms of the Assets 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.

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 CALCIUM AND MAGNESIUM TECHNOLOGY

Calcium and Magnesium Technology is mainly engaged in: general projects: technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; production of lime and gypsum; sales of lime and gypsum; general equipment repair; machinery equipment leasing; information consulting services (excluding licensing information consulting services); construction stone processing; sales of non-metallic minerals and products; sales of renewable resources; general cargo warehousing services (excluding hazardous chemicals and other projects requiring approval); engineering management services (except for licensed business, projects that are not prohibited or restricted by laws and regulations can be independently operated in accordance with the laws); licensed projects: road cargo transportation (excluding dangerous cargo); waterway general cargo transportation (projects subject to approval according to law may only be carried out after approval by relevant authorities, and the specific business projects shall be subject to the approval files or permits of relevant departments).

The ultimate beneficial owner of Calcium and Magnesium Technology is China Baowu.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, China Baowu indirectly holds a total of approximately 51.75% of the Company's shares, while Calcium and Magnesium Technology is a wholly-owned subsidiary of Anhui Wanbao, a subsidiary of China Baowu. Therefore, under Chapter 14A of the Listing Rules, Calcium and Magnesium Technology is a connected person of the Company, and the transaction under the Assets Transfer Agreement would constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Assets 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 Assets 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 Assets Transfer Agreement. Such matter 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:

“Anhui Wanbao”	Anhui Wanbao Mining Limited Co., Ltd. (安徽皖寶礦業股份有限公司), a limited company incorporated in the PRC
“Assets Transfer Agreement”	the Assets Transfer Agreement entered into between the Company and Calcium and Magnesium Technology on 9 February 2023
“Board”	the board of the Directors of the Company
“Calcium and Magnesium Technology”	Maanshan Baozhichun Calcium and Magnesium Technology Co., Ltd. (馬鞍山寶至純鈣鎂科技有限公司), a limited company incorporated in the PRC
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“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
“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.