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If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Maanshan Iron & Steel Company Limited, you should at once hand this circular together with the enclosed reply slip and form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(Stock Code: 00323)

**(1) CONNECTED TRANSACTION –
EQUITY TRANSFER AGREEMENT;
(2) CONNECTED TRANSACTION –
ASSETS TRANSFER AGREEMENT;
AND
(3) NOTICE OF 2023 FIRST EXTRAORDINARY
GENERAL MEETING**

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed “Definitions” of this circular. A letter from the Board is set out from pages 1 to 9 of this circular.

The Company will hold the EGM at Magang Office Building, No.8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC at 1:30 p.m. on Friday, 10 March 2023. The notice is set out from pages 10 to 11 of this circular.

Whether or not you intend to attend the said meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's registered office (in the case of proxy form for, by holders of domestic shares) at No.8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC or to Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in the case of proxy form for, by holders of H shares) in any event not later than 24 hours before the time appointed for such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the said meeting or any adjournment thereof.

16 February 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Assets Transfer Agreement”	the Assets Transfer Agreement entered into between the Company and Calcium and Magnesium Technology on 9 February 2023
“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
“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)
“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
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 10 March 2023 to approve, among other things, the Equity Transfer Agreement, the Assets Transfer Agreement and the transactions contemplated thereunder
“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
“H Shares”	the foreign shares in the share capital of the Company, with a nominal value of RMB1.00 per share, which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 February 2023
“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. (上海歐冶金融信息服務股份有限公司), a limited company incorporated in the PRC
“Ouyeel Factoring”	Ouyeel Commercial Factoring Company Limited (歐冶商業保理有限責任公司), a limited company incorporated in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



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

(Stock Code: 00323)

Executive Directors:

Ding Yi (*Chairman*)

Mao Zhanhong

Ren Tianbao

Registered office:

No. 8 Jiu Hua Xi Road

Maanshan City

Anhui Province

the PRC

Independent Non-executive Directors:

Zhang Chunxia

Zhu Shaofang

Guan Bingchun

He Anrui

Office address:

No. 8 Jiu Hua Xi Road

Maanshan City

Anhui Province

the PRC

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION –
EQUITY TRANSFER AGREEMENT;
(2) CONNECTED TRANSACTION –
ASSETS TRANSFER AGREEMENT;
AND
(3) NOTICE OF 2023 FIRST EXTRAORDINARY
GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 9 February 2023 in relation to (1) Connected Transaction – Equity Transfer Agreement; and (2) Connected Transaction – Assets Transfer Agreement, respectively.

The purpose of this circular is to inform you the details in relation to the Equity Transfer Agreement and the Assets Transfer Agreement, and to issue the notice of EGM.

LETTER FROM THE BOARD

1. 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. Solely based on the rules and regulations of the Shanghai Stock Exchange, the transaction under this Equity Transfer Agreement will be submitted to the general meeting of the Company for approval of the Shareholders.

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.

LETTER FROM THE BOARD

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 construction of of the Company's main business in steel and iron industry 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)

LETTER FROM THE BOARD

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 was 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 the Ouyeel Financial Service is China Baowu.

IMPLICATIONS OF THE LISTING RULES

As of the Latest Practicable Date, 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 a 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.

LETTER FROM THE BOARD

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.

2. 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. Solely based on the rules and regulations of the Shanghai Stock Exchange, the transaction under this Assets Transfer Agreement will be submitted to the general meeting of the Company for approval of the Shareholders.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 interests 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.

LETTER FROM THE BOARD

IMPLICATIONS OF THE LISTING RULES

As of the Latest Practicable Date, 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 a 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.

3. EGM

The EGM will be held at 1:30 p.m. on 10 March 2023 at the Magang Office Building, No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, at which relevant resolutions will be proposed, including the approval of the resolutions in relation to (1) Connected Transaction – Equity Transfer Agreement; and (2) Connected Transaction – Assets Transfer Agreement.

Whether or not you are able to attend the EGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so desire.

LETTER FROM THE BOARD

Any Shareholders and their associates who have a material interest in the transactions contemplated under the Equity Transfer Agreement and the Assets Transfer Agreement shall abstain from voting at the EGM. Accordingly, China Baowu and its associates will abstain from voting on the Equity Transfer Agreement and the Assets Transfer Agreement at the EGM. The results of the poll will be announced after the EGM.

4. RECOMMENDATIONS

The Directors consider that the transactions contemplated under (1) the Equity Transfer Agreement and (2) the Assets Transfer Agreement are in the best interests of the Company and the Shareholders as a whole, and thereby recommend all Shareholders to vote in favour of the resolutions at the EGM.

Yours faithfully,

By order of the Board

Maanshan Iron & Steel Company Limited

Ding Yi

Chairman

16 February 2023

NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING



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

(Stock Code: 00323)

NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 first extraordinary general meeting (the “**EGM**”) of Maanshan Iron & Steel Company Limited (the “**Company**”) will be held at the Magang Office Building, No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the People's Republic of China (the “**PRC**”) at 1:30 p.m. on Friday, 10 March 2023.

The following resolutions will be considered at the EGM:

ORDINARY RESOLUTIONS

RESOLUTIONS FOR NON-CUMULATIVE VOTING

1. To consider and approve the resolution in relation to transfer of assets related to the lime business of the Company
2. To consider and approve the resolution in relation to transfer of equity interest in Ouyeel Commercial Factoring Company Limited

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.

NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

I. ELIGIBILITY FOR ATTENDING THE EGM

The Company's register of members for H shares will be closed from Thursday, 2 March 2023 to Friday, 10 March 2023 (both days inclusive), during which period no transfer of H shares will be registered. Holders of H shares who wish to be entitled to attend the EGM must deliver their instruments of transfer together with the relevant share certificates to The Hong Kong Registrars Limited, the Registrar of H shares of the Company, by no later than 4:30 p.m. on Wednesday, 1 March 2023. The address of the Registrar for the Company's H shares: Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Share registration date for holders of A shares will be announced separately.

II. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

1. Holders of H shares shall deliver their copies of transfers for attending the EGM, share certificates or copies of receipts of share transfer and copies of their own identity cards to the Company by no later than Wednesday, 1 March 2023. If proxies are appointed by shareholders to attend the meeting, they shall, in addition to the aforementioned documents, deliver the proxy forms and copies of their own identity cards to the Company.
2. Shareholders can deliver the necessary documents for registration to the Company in one of the following ways: in person, by post or by facsimile. Upon receipt of such documents, the Company will complete the registration procedures for attending the EGM.

III. APPOINTING PROXIES

1. Shareholders who have the right to attend and vote at the EGM are entitled to appoint in writing one or more proxies (whether a shareholder or not) to attend the EGM and vote on their behalves.
2. The instrument of appointing a proxy must be in writing signed by the appointer or his attorney duly authorized in writing. If that instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign or other documents of authorisation must be notarially certified. The notarially certified power of attorney or other documents of authorisation and proxy forms must be delivered to the registered office of the Company by not less than 24 hours before the time appointed for the holding of the EGM in order for such documents to be valid.

IV. Shareholders or their proxies attending the EGM shall be responsible for their own food, accommodation and travel expenses.

V. CONTACT METHODS OF THE COMPANY

1. Registered address: No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC
2. Postal code: 243003
3. Telephone: 86-555-2888158
4. Fax: 86-555-2887284
5. Contact persons: Mr. Xu Yayan, Mr. Li Wei