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

**(Stock Code: 00323)**

## **CONNECTED TRANSACTION CAPITAL INCREASE AGREEMENT**

On 6 September 2023, the Company and Magang Transportation Material, a wholly-owned subsidiary of the Company entered into the Capital Increase Agreement in Maanshan City, Anhui Province with Eight Strategic Investors including Baowu Green Carbon, Beijing CARS New Material Technology Co., Ltd., Anhui Jiangdong Industrial Investment Group Company Limited, Hubei Zhongjin Ruiwei Equity Investment Fund Partnership (Limited Partnership), Dongrong Yihao (Zhuhai Hengqin) Equity Investment Partnership (Limited Partnership), Dahui Zhisheng (Qingdao) Private Equity Investment Fund Partnership (Limited Partnership), Anhui Guokong Shiyue Emerging Industries Equity Investment Partnership (Limited Partnership) and Advanced Manufacturing Industry Investment Fund Phase II (limited Partnership), and the Employee Shareholding Platforms of Magang Transportation Material including Hangzhou Feilianlun Enterprise Management Partnership (Limited Partnership), Hangzhou Shenzhou Enterprise Management Partnership (Limited Partnership), Hangzhou Yaolun Enterprise Management Partnership (Limited Partnership) and Hangzhou Wulun Enterprise Management Partnership (Limited Partnership).

As at the date of this announcement, China Baowu indirectly holds a total of approximately 51.79% of the Company's shares, while Baowu Green Carbon is a subsidiary of China Baowu. Therefore, under Chapter 14A of the Listing Rules, Baowu Green Carbon is a connected person of the Company, and the transaction with Baowu Green Carbon under the Capital Increase Agreement would constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Capital Increase 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.

## **INTRODUCTION OF THE TRANSACTION PROGRESS**

On 10 March 2023, the Mixed Ownership Reform Implementation Plan of Baowu Group Masteel Rail Transportation Material Technology Co., Ltd. was considered and passed at the fifth meeting of the tenth session of the Board of the Company, which agreed that Magang Transportation Material, a wholly-owned subsidiary of the Company introduced strategic investors and implemented the employee share incentive by way of public listing on the Shanghai United Assets and Equity Exchange. For details, please refer to the Announcement on Implementation of Mixed Ownership Reform by a Wholly-owned Subsidiary of the Company dated 10 March 2023.

Recently, Magang Transportation Material has been delisted in Shanghai United Assets and Equity Exchange, and determined to introduce Eight Strategic Investors such as Baowu Green Carbon, Beijing CARS New Material Technology Co., Ltd., Anhui Jiangdong Industrial Investment Group Company Limited, Hubei Zhongjin Ruiwei Equity Investment Fund Partnership (Limited Partnership), Dongrong Yihao (Zhuhai Hengqin) Equity Investment Partnership (Limited Partnership), Dahui Zhisheng (Qingdao) Private Equity Investment Fund Partnership (Limited Partnership), Anhui Guokong Shiyue Emerging Industries Equity Investment Partnership (Limited Partnership) and Advanced Manufacturing Industry Investment Fund Phase II (Limited Partnership). Meanwhile, the Employee Shareholding Platforms of Magang Transportation Material including Hangzhou Feilianlun Enterprise Management Partnership (Limited Partnership), Hangzhou Shenzhouhun Enterprise Management Partnership (Limited Partnership), Hangzhou Yaolun Enterprise Management Partnership (Limited Partnership) and Hangzhou Wulun Enterprise Management Partnership (Limited Partnership) simultaneously subscribed for the new registered capital in accordance with the principle of “the same price of the same shares”.

On 6 September 2023, the Company and Magang Transportation Material entered into the Capital Increase Agreement with Eight Strategic Investors and Four Employee Shareholding Platforms in Maanshan City, Anhui Province.

## **PRINCIPAL TERMS OF THE CAPITAL INCREASE AGREEMENT**

### **Date**

6 September 2023

### **Parties**

- (1) The Company;
- (2) Magang Transportation Material;
- (3) Eight Strategic Investors; and
- (4) Four Employee Shareholding Platforms.

### **MAIN CONTENT**

- (1) Taking 30 September 2022 as the valuation benchmark date, the appraised value of the net assets of Magang Transportation Material as filed was RMB2,206,902,300, equivalent to RMB1.485129 per registered capital. All parties to the capital increase agreed to subscribe in cash at this price.
- (2) Eight Strategic Investors made a total cash contribution of RMB786 million, subscribed for the new registered capital of RMB529,246,803, and the remaining capital of RMB256,753,197 was included in the capital reserve, with an aggregate shareholding ratio of 24.9970%. Among them, Baowu Green Carbon made capital contribution of RMB200 million, subscribed for the new registered capital of RMB134,668,398, with shareholding ratio of 6.3606%.

Four Employee Shareholding Platforms made a total cash contribution of RMB151,470,040, subscribed for the new registered capital of RMB101,991,138, and the remaining capital of RMB49,478,902 was included in the capital reserve, with an aggregate shareholding ratio of 4.8172%.

Prior to the capital increase, Magang Transportation Material was the wholly-owned subsidiary of the Company, with registered capital of RMB1,486 million. Upon completion of the capital increase, the shareholding of Company in Magang Transportation Material will decrease from 100% to 70.1858%, and the registered capital of Magang Transportation Material will be RMB2,117,237,941. The capital increase and shareholding structure of Magang Transportation Material after the capital increase are as follows:

No.	Name	Committed capital contribution (RMB'0,000)	Registered capital (RMB'0,000)	Shareholding ratio (%)
1	The Company		148,600	70.1858%
2	Beijing CARS New Material Technology Co., Ltd.	4,800	3,232.0415	1.5265%
3	Anhui Jiangdong Industrial Investment Group Company Limited	15,000	10,100.1298	4.7704%
4	Baowu Green Carbon	20,000	13,466.8398	6.3606%
5	Hubei Zhongjin Ruiwei Equity Investment Fund Partnership (Limited Partnership)	11,000	7,406.7619	3.4983%
6	Dongrong Yihao (Zhuhai Hengqin) Equity Investment Partnership (Limited Partnership)	9,000	6,060.0779	2.8623%
7	Dahui Zhisheng (Qingdao) Private Equity Investment Fund Partnership (Limited Partnership)	4,800	3,232.0415	1.5265%
8	Anhui Guokong Shiyue Emerging Industries Equity Investment Partnership (Limited Partnership)	4,000	2,693.3680	1.2721%
9	Advanced Manufacturing Industry Investment Fund Phase II (limited Partnership)	10,000	6,733.4199	3.1803%
10	Hangzhou Feilianlun Enterprise Management Partnership (Limited Partnership)	4,264.001	2,871.1309	1.3561%

No.	Name	Committed capital contribution (RMB'0,000)	Registered capital (RMB'0,000)	Shareholding ratio (%)
11	Hangzhou Shenzhou Enterprise Management Partnership (Limited Partnership)	4,236.001	2,852.2773	1.3472%
12	Hangzhou Yaolun Enterprise Management Partnership (Limited Partnership)	2,331.001	1,569.5609	0.7413%
13	Hangzhou Wulun Enterprise Management Partnership (Limited Partnership)	4,316.001	2,906.1447	1.3726%
	Total	<u>93,747.004</u>	<u>211,723.7,941</u>	<u>100.0000%</u>

- (3) The Eight Strategic Investors and Four Employee Shareholding Platforms shall complete all capital increase payment before 28 September 2023.
- (4) The profit and loss of Magang Transportation Material for the period from the asset valuation benchmark date (30 September 2022) to the audit benchmark date on the profit and loss during the transitional period (30 September 2023) shall be borne and enjoyed by the Company and shall be allocated exclusively to the Company after the issuance of the audit report on the profit and loss during the transitional period.

## REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE AGREEMENT

Through the mixed ownership reform, Magang Transportation Material will realize the diversification of its shareholdings, improve the corporate governance of the company, and closely integrate the interests of its shareholders, management team and core employees with the long-term interests of the company, which will further enhance the company's endogenous development momentum and corporate vitality. Meanwhile, as the controlling shareholder of Magang Transportation Material, the Company continued inclusion of Magang Transportation Material in the scope of consolidation of the financial statements will not adversely affect the Company's financial position and production and operation.

The Directors (including independent non-executive Directors) are of the view that the terms of the Capital Increase 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 MAGANG TRANSPORTATION MATERIAL

Magang Transportation Material is principally engaged in the design, research and development, manufacture, maintenance, testing and sales of rail transit wheels, axles, tires, wheelsets, wheelset assemblies, bogies and other rail equipment; research and development, manufacture and sales of wheels, pulleys, gear blanks and accessories for industrial and mining vehicles and industrial vehicles; research and development, manufacture and sales of rings, plates, forgings and wheels; research and development, manufacture and sales of forgings and materials; sales of metal materials and products; import and export business of various commodities and technologies on its own account or as an agent (except for commodities and technologies whose dealing, import or export is restricted and prohibited by the State); technical consultation, technical development, technical transfer and technical services for the relevant products of the enterprise; leasing of properties and facilities (excluding finance leasing). (For the projects requiring approval according to laws, the operating activities can only be carried out upon approval from relevant authority(ies)).

The ultimate beneficial owner of Magang Transportation Material is China Baowu.

The major financial data of Magang Transportation Material are as follows:

*Unit: RMB '0,000*

	<b>As of 30 June 2023</b> (Unaudited)	<b>As of 31 December 2022</b>	<b>As of 31 December 2021</b>
Total assets	347,632.29	324,265.42	313,636.50
Operating revenue	163,997.03	303,355.94	257,143.89
Total profit	20,478.44	24,551.63	16,112.29
Net profit	16,739.03	23,498.47	14,523.98

## **INFORMATION ABOUT THE COMPANY**

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

## **INFORMATION ABOUT THE EIGHT STRATEGIC INVESTORS**

### **Baowu Green Carbon**

Baowu Green Carbon is principally engaged in equity investment, investment management, asset management and other activities with private equity funds (business operation can only be carried out after completing the filing and registration with the Asset Management Association of China). Its ultimate beneficial owner is China Baowu.

### **Beijing CARS New Material Technology Co., Ltd.**

Beijing CARS New Material Technology Co., Ltd. is principally engaged in engineering design; engineering investigation; technical development, technical service, technical transfer, technical consultation and technical promotion of metal and chemical materials for railways and urban rail transportation, equipment, accessories and materials for vehicles, equipment, accessories and materials for public works projects, repair of track plates, welding technology, welding equipment and welding materials; sales of computers, software and auxiliary equipment, chemical products (excluding hazardous chemicals), lubricants, mechanical equipment, construction materials, decorative materials; construction general contracting; professional contracting; labor subcontracting; leasing of mechanical equipment (excluding automobile leasing); software development; technical testing services; construction project management. Its ultimate beneficial owner is the State Council of the People's Republic of China.

### **Anhui Jiangdong Industrial Investment Group Company Limited**

Anhui Jiangdong Industrial Investment Group Company Limited is principally engaged in investment activities with its own funds; information consulting services (excluding licensed information consulting services); socio-economic consulting services; leasing of non-residential real estate; leasing of residential housing; financial consulting. Its ultimate beneficial owner is the People's Government of Ma'anshan Municipality.



### **Hubei Zhongjin Ruiwei Equity Investment Fund Partnership (Limited Partnership)**

Hubei Zhongjin Ruiwei Equity Investment Fund Partnership (Limited Partnership) is principally engaged in equity investment, investment management, asset management and other activities with private equity funds (business operation can only be carried out after completing the filing and registration with the Asset Management Association of China). Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Hubei Provincial People's Government.

### **Dongrong Yihao (Zhuhai Hengqin) Equity Investment Partnership (Limited Partnership)**

Dongrong Yihao (Zhuhai Hengqin) Equity Investment Partnership (Limited Partnership) is principally engaged in equity investment, investment management, asset management and other activities with private equity funds (business operation can only be carried out after completing the filing and registration with the Asset Management Association of China). Its ultimate beneficial owner is the State Council of the People's Republic of China.

### **Dahui Zhisheng (Qingdao) Private Equity Investment Fund Partnership (Limited Partnership)**

Dahui Zhisheng (Qingdao) Private Equity Investment Fund Partnership (Limited Partnership) is principally engaged in investment activities with its own funds; equity investment, investment management, asset management and other activities with private equity funds (business operation can only be carried out after completing the filing and registration with the Asset Management Association of China). Its ultimate beneficial owner is the Government of Shibe District, Qingdao City.

### **Anhui Guokong Shiyue Emerging Industries Equity Investment Partnership (Limited Partnership)**

Anhui Guokong Shiyue Emerging Industries Equity Investment Partnership (Limited Partnership) is principally engaged in venture capital (limited to investment in companies which are not listed); investment activities with its own funds; equity investment, investment management, asset management and other activities with private equity funds (business operation can only be carried out after completing the filing and registration with the Asset Management Association of China). Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government.

### **Advanced Manufacturing Industry Investment Fund Phase II (Limited Partnership)**

Advanced Manufacturing Industry Investment Fund Phase II (Limited Partnership) is principally engaged in equity investment; investment management and consulting. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council.



## **INFORMATION ABOUT FOUR EMPLOYEE SHAREHOLDING PLATFORMS**

### **Hangzhou Feilianlun Enterprise Management Partnership (Limited Partnership)**

Hangzhou Feilianlun Enterprise Management Partnership (Limited Partnership) is a holding company and engages in no business. Its executive partner is Hangzhou Ruiwei Business Management Co., Ltd. (杭州瑞巍企業管理有限公司), which has no shareholding. The limited partners are 42 employees of Magang Transportation Material, with the highest percentage of capital contribution and equity held by an individual employee being 7.39%. The above employees are not connected persons of the Company.

### **Hangzhou Shenzhouhun Enterprise Management Partnership (Limited Partnership)**

Hangzhou Shenzhouhun Enterprise Management Partnership (Limited Partnership) is a holding company and engages in no business. Its executive partner is Hangzhou Ruiwei Business Management Co., Ltd. (杭州瑞巍企業管理有限公司), which has no shareholding. The limited partners are 43 employees of Magang Transportation Material, with the highest percentage of capital contribution and equity held by an individual employee being 5.95%. The above employees are not connected persons of the Company.

### **Hangzhou Yaolun Enterprise Management Partnership (Limited Partnership)**

Hangzhou Yaolun Enterprise Management Partnership (Limited Partnership) is a holding company and engages in no business. Its executive partner is Hangzhou Ruiwei Business Management Co., Ltd. (杭州瑞巍企業管理有限公司), which has no shareholding. The limited partners are 22 employees of Magang Transportation Material, with the highest percentage of capital contribution and equity held by an individual employee being 10.81%, except for Mr. An Tao, the chairman of Magang Transportation Material, whose capital contribution and equity are 13.51%. Other than Mr. An Tao, the aforesaid employees are not connected persons of the Company.

### **Hangzhou Wulun Enterprise Management Partnership (Limited Partnership)**

Hangzhou Wulun Enterprise Management Partnership (Limited Partnership) is a holding company and engages in no business. Its executive partner is Hangzhou Ruiwei Business Management Co., Ltd. (杭州瑞巍企業管理有限公司), which has no shareholding. The limited partners are 43 employees of Magang Transportation Material, with the highest percentage of capital contribution and equity held by an individual employee being 5.84%. The above employees are not connected persons of the Company.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, other than Baowu Green Carbon, the Eight Strategic Investors and the Four Employee Shareholding Platforms and their respective ultimate beneficial owners are independent third parties.

## **IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, China Baowu indirectly holds a total of approximately 51.79% of the Company's shares, while Baowu Green Carbon is a subsidiary of China Baowu. Therefore, under Chapter 14A of the Listing Rules, Baowu Green Carbon is a connected person of the Company, and the transaction with Baowu Green Carbon under the Capital Increase Agreement would constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Capital Increase 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.

## **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
“Baowu Green Carbon”	Baowu Green Carbon Private Investment Fund (Shanghai) Partnership (Limited Partnership) (寶武綠碳私募投資基金(上海)合夥企業(有限合夥)), a limited company incorporated in the PRC

“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 of Hong Kong Limited
“Capital Increase Agreement”	The Capital Increase Agreement and the Supplementary Agreement in relation to the Capital Increase of Magang Transportation Material entered into by the Company and Magang Transportation Material with Eight Strategic Investors and Four Employee Shareholding Platforms on 6 September 2023
“Directors”	the directors of the Company
“Four Employee Shareholding Platforms”	Hangzhou Feilianlun Enterprise Management Partnership (Limited Partnership) (杭州飛廉輪企業管理合夥企業(有限合夥)), Hangzhou Shenzhou Enterprise Management Partnership (Limited Partnership) (杭州神州輪企業管理合夥企業(有限合夥)), Hangzhou Yaolun Enterprise Management Partnership (Limited Partnership) (杭州瑤輪企業管理合夥企業(有限合夥)), Hangzhou Wulun Enterprise Management Partnership (Limited Partnership) (杭州烏輪企業管理合夥企業(有限合夥))
“Eight Strategic Investors”	Baowu Green Carbon, Beijing CARS New Material Technology Co., Ltd. (北京中鐵科新材料技術有限公司), Anhui Jiangdong Industrial Investment Group Company Limited, Hubei Zhongjin Ruiwei Equity Investment Fund Partnership (Limited Partnership) (湖北中金瑞為股權投資基金合夥企業(有限合夥)), Dongrong Yihao (Zhuhai Hengqin) Equity Investment Partnership (Limited Partnership) (東融壹號(珠海橫琴)股權投資合夥企業(有限合夥)), Dahui Zhisheng (Qingdao) Private Equity Investment Fund Partnership (Limited Partnership) (大慧智盛(青島)私募股權投資基金合夥企業(有限合夥)), Anhui Guokong Shiyue Emerging Industries Equity Investment Partnership (Limited Partnership) (安徽國控十月新興產業股權投資合夥企業(有限合夥)), Advanced Manufacturing Industry Investment Fund Phase II (Limited Partnership) (先進製造產業投資基金二期(有限合夥))

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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*

6 September 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.*