

*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.*



**馬鞍山鋼鐵股份有限公司**  
**Maanshan Iron & Steel Company Limited**

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

**(Stock Code: 00323)**

## **CONNECTED TRANSACTION ACQUISITION OF THE 9% EQUITY INTERESTS OF MASTEEL (HONG KONG)**

On 25 April 2017, the Company entered into the Equity Transfer Agreement with International Trade Corporation under which International Trade Corporation has agreed to transfer 9% of the equity interests in Masteel (Hong Kong) for a consideration of RMB23,220,000 (subject to adjustment based on the appraised value) which shall be payable by cash. Prior to the Equity Transfer Agreement, the Company and International Trade Corporation held 91% and 9% of the equity interests in Masteel (Hong Kong) respectively. After the completion of the Equity Transfer Agreement, Masteel (Hong Kong) will become a wholly-owned subsidiary of the Company.

Magang Group is interested in approximately 45.54% of the issued share capital of the Company as at the date of this announcement and is the controlling shareholder of the Company; while International Trade Corporation is a wholly owned subsidiary of Magang Group and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Agreement by the Company constitutes a connected transaction of the Company. Since the applicable percentage ratios calculated with reference to the transaction exceeds 0.1% but less than 5%, the connected transaction is subject to the reporting and announcement requirements, but is exempted from the independent Shareholders' approval requirements under the Listing Rules.

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

#### **Date of the Agreement**

25 April 2017

#### **Parties**

- (i) Transferor – International Trade Corporation; and
- (ii) Transferee – the Company

#### **Assets to be acquired**

9% equity interests in Masteel (Hong Kong)

Prior to the Equity Transfer Agreement, the Company and International Trade Corporation held 91% and 9% of the equity interests in the Masteel (Hong Kong) respectively. After the completion of the Equity Transfer Agreement, Masteel (Hong Kong) will become a wholly-owned subsidiary of the Company.

## **Consideration**

Regarding the Company's acquisition of 9% of the equity interests in Masteel (Hong Kong) from International Trade Corporation, the price of the acquisition shall be based on the appraised value determined by independent valuer with 31 March 2017 as the valuation reference date. Based on the net book value of RMB258 million of Masteel (Hong Kong) as at 31 March 2017, the corresponding value of 9% of the equity interests is RMB23,220,000 (subject to adjustment based on the appraised value since valuation is still in progress).

The consideration for the Agreement was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Agreement, and shall be paid by the Company's internal funds. The consideration of the Agreement will be paid by the Company by one-off instalment to the designated account of International Trade Corporation within 30 days from the effective date of the Agreement.

The consideration for the Agreement is considered by the Directors as fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

## **Conditions precedent**

The Equity Transfer Agreement shall become effective upon fulfilment of the following conditions: (i) the legal representatives of both parties or their authorised representatives having signed the Agreement; and (ii) both parties having taken all actions necessary for the approval of all relevant documents.

## **INFORMATION OF THE COMPANY AND INTERNATIONAL TRADE CORPORATION**

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.

International Trade Corporation is principally engaged in the wholesale of coal; freight insurance, vehicles insurance and casualty insurance brokerage; wholesale and retail of pre-packaged food. General business activities: operating and forwarding the import and export business of various goods and technologies (excluding goods and technologies restricted or prohibited by the state from import or export); wholesale and retail of coke, iron ore products, ferroalloy products, non-ferrous metallic materials and metallic products, scrap (excluding the recycled ones), pig iron, metallic products, steel, machinery and equipment and parts, electrical equipment, refractory materials, organic fertilizer, building materials, lubricants, wires and cables, rubber products, chemical products (excluding hazardous chemicals and precursor chemicals), grocery and farm products; economic and business information consultation service; storage service (excluding hazardous goods).

## **INFORMATION AND FINANCIAL INFORMATION OF THE MASTEEL (HONG KONG)**

Masteel (Hong Kong) is a limited company established under the laws of Hong Kong in September 1998. It is mainly engaged in the trading of steel and iron ore, sale of steel as agent and provision of transportation service.

For the period ended 31 December 2015, the audited net assets of Masteel (Hong Kong) was HK\$315,657,150. The audited profit before taxation and profit after taxation were HK\$-6,581,936 and HK\$-8,614,622 respectively.

For the period ended 31 December 2016, the audited net assets of Masteel (Hong Kong) was HK\$355,619,773. The audited profit before taxation and profit after taxation were HK\$49,341,574 and HK\$45,574,163 respectively.

Following completion of the acquisition, Masteel (Hong Kong) will become a wholly-owned subsidiary of the Company and its accounts will continue to be consolidated into the Group's accounts.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Directors of the Company believe that the transaction will help strengthen the Company's control over Masteel (Hong Kong), implement the Company's strategies overseas and facilitate the development of Masteel (Hong Kong) as a financing platform overseas for the Company. It will also help enhancing the capability of Masteel (Hong Kong) and speed up its operation and development.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transaction are normal commercial terms and are fair and reasonable and the transaction under the Agreement is in the interest of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) have unanimously approved (Directors with connected relationship Mr. Ding Yi, Mr. Qian Haifan, Mr. Su Shihuai and Mr. Ren Tianbao have abstained from voting) the transaction under the Agreement. Save as the aforesaid, none of the Directors has material interests in the transaction under the Agreement.

## **LISTING RULES IMPLICATION**

Magang Group is interested in approximately 45.54% of the issued share capital of the Company as at the date of this announcement and is the controlling shareholder of the Company; while International Trade Corporation is a wholly owned subsidiary of Magang Group and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Agreement by the Company constitutes a connected transaction of the Company. Since the applicable percentage ratios calculated with reference to the transaction exceeds 0.1% but less than 5%, the connected transaction is subject to the reporting and announcement requirements, but is exempted from the independent Shareholders' approval requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement” or “Equity Transfer Agreement”	the Agreement entered into between the Company and the International Trade Corporation on 25 April 2017 pursuant to which the International Trade Corporation will transfer 9% of the equity interests to the Company under the terms and conditions thereof
“Board”	the board of Directors

“Company”	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“International Trade Corporation”	Ma Steel International Trade and Economics Corporation, a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Masteel (Hong Kong)”	Masteel (Hong Kong) Co., Ltd., a company incorporated in Hong Kong with limited liability
“Magang Group”	Magang (Group) Holding Company Limited, a wholly State-owned enterprise with limited liability and a controlling shareholder of the Company as defined under the Listing Rules
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, does not include Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*The Board*  
**Maanshan Iron & Steel Company Limited**

25 April 2017  
Maanshan City, Anhui Province, the PRC

*As at the date of this announcement, the directors of the Company include:*

*Executive Directors: Ding Yi, Qian Haifan*

*Non-executive Directors: Su Shihuai, Ren Tianbao*

*Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Liu Fangduan*