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

**(Stock Code: 00323)**

## **INSIDE INFORMATION**

### **ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE**

On 31 May 2019, Anhui SASAC and China Baowu have entered into the Agreement, pursuant to which, upon the Agreement becoming effective and at completion, Anhui SASAC will transfer 51% of the equity interest held by it in Magang Group to China Baowu at nil consideration. The remaining 49% equity interest in Magang Group will remain to be held by Anhui SASAC.

China Baowu is wholly owned by SASAC. After the Equity Transfer, the de facto controller of Magang Group (the holder of A shares representing approximately 45.54% of the total share capital of the Company) will change from Anhui SASAC to SASAC. The direct controlling shareholder of the Company will remain unchanged and still be Magang Group.

The Equity Transfer may, upon its completion, result in the obligation of China Baowu to make a mandatory general offer for all the shares in the Company other than those owned or agreed to be acquired by China Baowu or parties acting in concert with it under the Takeovers Code, unless waived by the Executive. As informed by Magang Group, (i) China Baowu has applied to the Executive for a waiver in respect of its obligation to make a mandatory general offer for all the shares in the Company pursuant to Rule 26.1 of the Takeovers Code as a result of the Equity Transfer; and (ii) the completion of the Equity Transfer shall be subject to, among other things, the granting of the said waiver to China Baowu in respect of the obligation to make a mandatory general offer for all the shares in the Company other than those owned or agreed to be acquired by China Baowu pursuant to Rule 26.1 of the Takeovers Code. As of the date of this announcement, the waiver application will be referred to the Takeovers Panel for a ruling. Such waiver may or may not be granted. China Baowu has informed the Company that should the waiver applied for be unavailable, it will review whether or not and how best to proceed with the Equity Transfer in the circumstances, and a general offer may or may not be made. The Company shall make further

announcement(s), as appropriate, in the event of any material development.

**The announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), Rule 13.09(2)(a) of the Listing Rules and Rule 3.7 of the Takeovers Code.**

On 31 May 2019, Anhui SASAC and China Baowu have entered into the Agreement, pursuant to which, upon the Agreement becoming effective and at completion, Anhui SASAC will transfer 51% of the equity interest held by it in Magang Group to China Baowu at nil consideration. The remaining 49% equity interest in Magang Group will remain to be held by Anhui SASAC.

The major terms of the Agreement are as follows:

**Date**

31 May 2019

**Parties**

Anhui SASAC (as the equity interest transferor) and China Baowu (as the equity interest transferee)

**Major contents of the Agreement**

1. Equity interest transferor: State-owned Assets Supervision and Administration Commission of Anhui Provincial Government  
Legal representative: Li Zhong  
Address: Block C3, Binhu Times Square, Intersection of Huizhou Avenue and Yandun Road, Baohe District, Hefei, Anhui, China  
Type of organization: authority
2. Equity interest transferee: China Baowu Steel Group Corporation Limited  
Legal representative: Chen Derong  
Address: 1859 Expo Avenue, China (Shanghai) Pilot Free Trade Zone  
Registered capital: RMB52,791,101,000  
Type of company: limited liability company (wholly state-owned)  
Operation period: 1 January 1992 with unlimited period  
Scope of business: Operating state-owned assets within the scope authorized by the State Council, and carry out relevant state-owned capital investment and

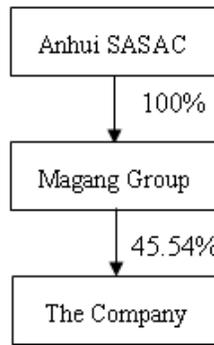
operation business. [Items which are subject to approval according to law can be carried out only after approval by relevant departments]

3. Subject of the equity transfer, reference date of the equity transfer and amount of the equity transfer
  - (1) Anhui SASAC will transfer 51% out of the 100% equity interest held by it in Magang Group to China Baowu at nil consideration.
  - (2) The reference date of the Equity Transfer is 31 December 2018.
  - (3) The amount of equity transfer at nil consideration is based on the book value of the audited amount of net assets of Magang Group as at the reference date of the equity transfer. Considering factors including the operating profit and loss during the period from January to March 2019, the improvement of labour efficiency, the resolution of historical problems and the extraction of part the state-owned assets from Magang Group by Anhui SASAC before the equity transfer at nil consideration in respect of the equity interest of Magang Group, the amount determined after negotiation (which is based on the book value of the net assets of Magang Group as at 31 December 2018 (audited)) is RMB6,155,190,000.
4. The Equity Transfer does not involve any transfer settlement of employees.
5. Assumption of creditor's rights and liabilities

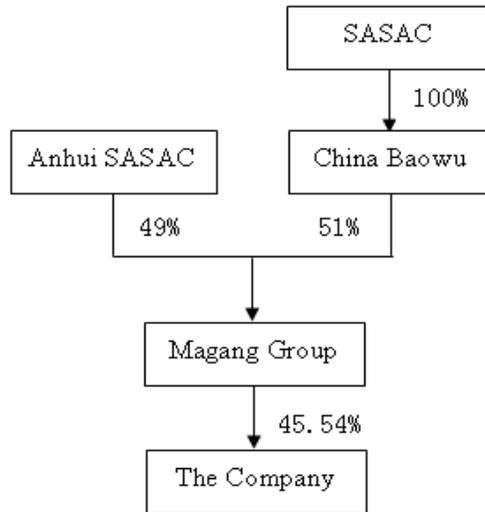
The Equity Transfer shall not affect the status of legal person of Magang Group. After the Equity Transfer, Magang Group shall continue to enjoy the creditor's rights and assume the liabilities incurred before the completion of the Equity Transfer.
6. Others
  - (1) The parties to the Agreement undertake that they have completed the internal approval procedures before the signing of the Agreement and issuance of this announcement in accordance with laws.
  - (2) The Agreement is entered into from the date of signing and the affixing of the chop by the contracting parties, and shall become effective upon obtaining the approval from the state-owned assets supervision and administrative authorities and the approvals from relevant authorities having jurisdiction in respect of the relevant matters.
  - (3) Both parties to the Agreement shall cooperate in good faith, cooperate closely, and perform the necessary procedures for (inter alia) the approval and registration in accordance with laws, and strive to achieve a successful completion.

## The shareholding and control relationship before and after the Equity Transfer

1. Magang Group holds 3,506,467,456 A shares of the Company, representing approximately 45.54% of the total share capital of the Company, and is the direct controlling shareholder of the Company. Before the Equity Transfer, Anhui SASAC holds 100% equity interest in Magang Group, and is the indirect controller (i.e. the de facto controller) of the Company. The shareholding and control relationship between the Company, Magang Group and Anhui SASAC before the Equity Transfer is illustrated as follows:



2. After completion of the Equity Transfer, China Baowu will hold 51% equity interest in Magang Group and become the controller of Magang Group. Since Magang Group holds 3,506,467,456 A shares of the Company directly (representing 45.54% of the total share capital of the Company) and is the direct controlling shareholder of the Company, upon completion of the Equity Transfer, China Baowu will become the indirect de facto controller of the Company. Furthermore, since China Baowu is wholly owned by SASAC, SASAC will become the indirect de facto controller of the Company. The shareholding held by Anhui SASAC in Magang Group will decrease from 100% to 49%. The direct controlling shareholder of the Company will remain unchanged and still be Magang Group. The shareholding and control relationship between the Company, Magang Group, China Baowu, SASAC, and Anhui SASAC after completion of the Equity Transfer is illustrated as follows:



### **Subsequent matters involved in the Equity Transfer**

1. The Equity Transfer involves subsequent work such as the disclosure of the acquisition report by the persons responsible for information disclosure. The Company will urge the relevant parties to fulfill their duty of information disclosure in a timely manner.
2. The Equity Transfer is subject to the completion of the necessary approval procedures and involves applications to the China Securities Regulatory Commission and the granting by the Executive of a waiver in respect of the obligation to make a general offer for shares in the Company. There may exist uncertainties as to whether the relevant approvals can be obtained and whether the Equity Transfer can be successfully implemented.

Completion of the Equity Transfer may result in the obligation of making a mandatory general offer for all the shares in the Company by China Baowu under the Takeovers Code, unless waived by the Executive. As informed by Magang Group, (i) China Baowu has applied to the Executive for a waiver in respect of its obligation to make a mandatory general offer for all the shares in the Company pursuant to Rule 26.1 of the Takeovers Code as a result of the Equity Transfer; and (ii) the completion of the Equity Transfer shall be subject to the granting of the said waiver. As of the date of this announcement, the waiver application will be referred to the Takeovers Panel for a ruling. Such waiver may or may not be granted. China Baowu has informed the Company that should the waiver applied for be unavailable, it will review whether or not and how best to proceed with the Equity Transfer in the circumstances, and a general offer may or may not be made. The Company shall make further

announcement(s), as appropriate, in the event of any material development.

### **Monthly update**

In compliance with Rule 3.7 of the Takeovers Code, the Company shall make monthly announcement(s) setting out the progress until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the possible offer is made. Further announcement(s) will be made by the Company as and when necessary in accordance with the Listing Rules and the Takeovers Code (if applicable).

### **The number of relevant securities in issue**

As at the date of this announcement, the Company has a total issued share capital of 1,732,930,000 H shares and 5,967,751,186 A shares. Other than these H shares and A shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this announcement.

### **Dealing Disclosures**

For the purposes of the Takeovers Code, the offer period has commenced on the date of this announcement, being 2 June 2019. The respective associates (having the meaning given to it under the Takeovers Code, including persons holding 5% or more of the relevant securities of the Company) of the Company and China Baowu are reminded to disclose their dealings in any relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules (of the Takeovers Code). However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7*

*day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

**The implementation of the Equity Transfer is subject to the completion of necessary procedures in order to obtain necessary approvals, ratifications and permissions by relevant governmental authorities. As such, the Equity Transfer may or may not proceed. Completion of the Equity Transfer may result in an obligation to make a general offer arising under Rule 26.1 of the Takeovers Code for the shares in the Company unless waived by the Executive. There may exist certain uncertainties as to whether the Equity Transfer will proceed, thus Shareholders and the potential investors are advised to exercise due caution when trading in the Company’s securities.**

## **Definition**

In this announcement, the following expressions have the following meaning unless the context otherwise requires:

- |               |       |  |
|---------------|-------|--|
| "Agreement"   | means | the agreement regarding the Transfer of Equity Interests in Magang (Group) Holding Company Limited at nil consideration between the State-owned Assets Supervision and Administration Commission of Anhui Provincial Government and China Baowu Steel Group Corporation Limited (《安徽省人民政府國有資產監督管理委員會和中國寶武鋼鐵集團有限公司關於馬鋼（集團）控股有限公司股權無償劃轉之協議》) dated 31 May 2019 |
| “Anhui SASAC” | means | State-owned Assets Supervision and Administration Commission of the Government of the Anhui Province   |
| “China Baowu” | means | China Baowu Steel Group Corporation Limited, a limited   |

		company incorporated in the PRC and wholly owned by SASAC
“Company”	means	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“Equity Transfer”	means	the transfer of 51% of the equity interest in Magang Group at nil consideration by Anhui SASAC to China Baowu
“Executive”	means	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Hong Kong”	means	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on the Stock Exchange
“Magang Group”	means	Magang (Group) Holding Company Limited, a wholly state-owned enterprise which holds approximately 45.54% of the Company’s share capital and is a controlling shareholder of the Company as defined under the Listing Rules
“PRC”	means	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”	means	Renminbi, the lawful currency of the PRC
“SASAC”	means	State-owned Assets Supervision and Administration Commission of the State Council
“SFC”	means	the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	means	holder(s) of shares of the Company
“Stock Exchange”	means	The Stock Exchange of Hong Kong Limited

‘Takeovers Code’ means the Code on Takeovers and Mergers issued by the SFC

“Takeovers Panel” means the Takeovers and Mergers Panel of the SFC

“%” means percentage

By order of the Board  
**Maanshan Iron & Steel Company Limited**  
**He Hongyun**  
*Secretary to the Board*

2 June 2019  
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, Zhang Wenyang*

*Non-executive Directors: Ren Tianbao*

*Independent Non-executive Directors: Zhang Chunxia, Zhu Shaofang, Wang Xianzhu*

*All directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*