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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 14 July 2020, the Company and Chemical Energy Company entered into the Assets Transfer Agreement, according to which the Company agrees to sell and Chemical Energy Company agrees to purchase the Assets at the price of RMB17,537,900.

As of the date of this announcement, the Parent Company (together with its subsidiary) holds approximately 47.59% of the Company's issued share capital and is the controlling shareholder of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, the Parent Company is a connected party of the Company. At the same time, the Parent Company also holds 55% equity interests of the Chemical Energy Company, and hence the Chemical Energy Company is a subsidiary of the Parent Company and a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transaction under Assets Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the transaction under 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.

PRINCIPAL TERMS OF THE ASSETS TRANSFER AGREEMENT

Date

14 July 2020

Parties

- (1) The Company; and
- (2) Chemical Energy Company

Subject Matter

The Company agrees to sell, while Chemical Energy Company agrees to purchase the Assets.

Pricing

The transaction adopts the appraised price as the transaction price, being RMB17,537,900 (excluding value-added tax). The base date of assets evaluation is 31 July 2019, and the Assets to be transferred is evaluated by adopting the cost method. The book value of the Assets is RMB18,949,700, and the appraised value amounts to RMB17,537,900 (excluding value-added tax). The appreciation rate is -7.45%.

Within 60 days upon signing the agreement, the Chemical Energy Company will pay the Company the transaction consideration by cash.

Conditions Precedent of the Agreement

Each party shall complete the internal approval procedures in accordance with the content of the agreement, and the agreement shall come into effect upon the signing and affixing of seals by the legal representatives or proxies thereof.

Reasons for and Benefits of the Assets Transfer Agreement

The Assets to be disposed of is currently leased to the Chemical Energy Company for use. The disposal of the Assets will not cause adverse impact on the Company and part of the funds can be recovered.

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, fair and reasonable, and are in the interest of the Company and its shareholders as a whole.

Potential Financial Impact of the Assets Disposal

As the book value of the Assets on 31 July 2019 is approximately RMB18,949,700, it is expected that the Company will record a book loss of approximately RMB1,411,800 (without deducting taxes and expenses) from the disposal of the Assets (subject to the audit results), which is the difference between the consideration of disposing of the Assets and its book value on 31 July 2019.

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

Implications of the Listing Rules

As of the date of this announcement, the Parent Company (together with its subsidiary) holds approximately 47.59% of the Company's issued share capital and is the controlling shareholder of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, the Parent Company is a connected party of the Company. At the same time, the Parent Company also holds 55% equity interests of the Chemical Energy Company, and hence the Chemical Energy Company is a subsidiary of the Parent Company and a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transaction under the Assets Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the transaction under 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.

Information on the Company and Chemical Energy 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.

Chemical Energy Company mainly engages in the research & development, production and sale of chemical products (excluding hazardous chemicals and precursor chemicals).

Approval by the Board

In the 35th meeting of the ninth session of the Board on 14 July 2020, the Board approved the Assets Transfer Agreement.

Among the Directors attending the above Board meeting, due to reason related to the employment of Mr. Ding Yi, Mr. Qian Haifan and Mr. Ren Tianbao at the Parent Company, and that China Baowu is currently going through the procedures related to the change of personnel affiliation for Mr. Wang Qiangmin, they are considered to have significant interests under the Assets Transfer Agreement and shall abstain from voting in the relevant Board resolutions of the Assets Transfer Agreement. Except for the disclosed above, none of the Directors attending the above Board meeting has significant interests in the Assets Transfer Agreement.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below:

“Assets”	part of the assets of the coking plant of the Company, including equipment installed in the overhaul of the biochemical adjustment tank in the old area, equipment installed in the overhaul of the tank area, and a three-dimensional emergency drill and rescue simulation system, currently being leased to the Chemical Energy Company for use together with other assets of the Company and no profits have been recorded independently
“Assets Transfer Agreement”	Transfer Agreement of Certain Assets of General Coking Plant of Maanshan Iron & Steel signed by the Company and the Chemical Energy Company on 14 July 2020
“Board”	the Board of the Directors of the Company
“Chemical Energy Company”	Anhui Ma Steel Chemical Energy Technology Co., Ltd. (安徽馬鋼化工能源科技有限公司), 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 wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council. It is currently the controlling shareholder of the Parent Company
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC, whose shares are listed on the Stock Exchange

“Directors”	the directors of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parent Company”	Magang (Group) Holding Company Limited, a wholly state-owned enterprise with limited liability, formerly known as Maanshan Magang Holding Company, and was approved by the government to restructure into Magang (Group) Holding Company Limited in September 1998
“PRC”	the People’s Republic of China
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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

14 July 2020
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include:
Executive Directors: Ding Yi, Wang Qiangmin, Ren Tianbao, Zhang Wenyang
Non-executive Director: Qian Haifan
Independent Non-executive Directors: Zhang Chunxia, Zhu Shaofang, Wang Xianzhu