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

**(Stock Code: 00323)**

## **CONNECTED TRANSACTIONS LAND DISPOSAL**

On 26 August 2020, the Company entered into the Land Transfer Agreement and the Land Assets Transfer Agreement with the Logistics Company pursuant to which the Company agreed to sell and the Logistics Company agreed to purchase the Land and the Assets, with a total consideration of RMB37,618,600.

As at the date of this announcement, the Parent Company is interested in approximately 47.59% of the issued share capital of the Company and is the controlling shareholder of the Company, while the Logistics Company is a wholly-owned subsidiary of the Parent Company. Under Chapter 14A of the Listing Rules, the Logistics Company is a connected person of the Company. Therefore, the Land Transfer Agreement and the Land Assets Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Land Disposal exceed 0.1% but fall below 5%, such connected transactions are only subject to the reporting and announcement requirements under the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

## **PRINCIPAL TERMS OF LAND TRANSFER AGREEMENT**

### **Date**

26 August 2020

### **Parties**

- (1) the Company; and
- (2) the Logistics Company

### **Subject Matter**

The Company agreed to sell and the Logistics Company agreed to purchase the Land, which is located at the southeast corner of the intersection of Tianmen Avenue and Hengxing Road in Maanshan City, covering an area of 107,071.50 square meters (approximately 160.61 mu).

### **Consideration**

The transaction adopts the appraised value as the transaction price, being RMB32,763,900 (excluding value-added tax). The valuation reference date is 30 September 2019 and the appraised value is RMB32,763,900 (excluding value-added tax).

Within 30 days upon signing the agreement, the Logistics Company will pay the consideration to the Company.

### **Completion**

After the Logistics Company pays the consideration of the transaction, the Company will deliver the Land to the Logistics Company within 7 days. Before the Logistics Company pays the consideration, the Company needs to complete the relocation of residents and cleaning within the area of the Land.

## **PRINCIPAL TERMS OF THE LAND ASSETS TRANSFER AGREEMENT**

### **Date**

26 August 2020

### **Parties**

- (1) the Company; and
- (2) the Logistics Company

### **Subject Matter**

The Company agreed to sell and the Logistics Company agreed to purchase the Assets, i.e. the buildings, structures, machinery and equipment and landscape seedlings on the Land.

### **Consideration**

The transaction adopts the appraised value as the transaction price, being RMB4,854,700 (excluding value-added tax). With 30 September 2019 as the valuation reference date, the net asset value is RMB4,677,900 and the total appraised value is RMB4,854,700 (excluding value-added tax).

Within 15 days upon signing the agreement, the Company will issue value-added tax invoice, and the Logistics Company will pay the consideration to the Company within 30 days according to the invoice amount.

### **Completion**

After the Logistics Company pays the consideration for transferring the ownership of the Assets, the Company will deliver the Assets to the Logistics Company on an “as-is” basis.

## **REASONS FOR AND BENEFITS OF LAND DISPOSAL**

The land parcel involved in this connected transaction is located at the junction of the Company’s plant area and the urban area of Maanshan City. As the national environmental protection requirements become more and more stringent, the Land and related assets thereon are currently idle with no recorded income. The disposal of the Land and the assets thereon will be conducive to the enhancement of land use efficiency of the Company, bringing more benefits to the Company.

The Directors (including independent non-executive Directors) consider that the terms of the Land Transfer Agreement and the Land Assets Transfer Agreement are entered into on normal commercial terms, are fair and reasonable, and are in the overall interests of the Company and its shareholders.

In the opinion of the Directors, the consideration determined on the basis of the valuation of the Land and the Assets about one year ago is fair and reasonable because the valuation report of the Land and Assets is valid for one year in accordance with the “Detailed Rules for the Implementation of the Administrative Measures for State-owned Assets Assessment” (《國有資產評估管理辦法施行細則》). There is not any event which had a material impact on the value of the Land and the Assets after the valuation reports were compiled. Therefore, the Directors are of the view that the appraised value as at 30 September 2019 is still an appropriate indication of the fair value of the Land and the Assets.

### **POSSIBLE FINANCIAL IMPACT OF LAND SALE**

The land was acquired by the Company in 1993 with the original value of RMB7,066,800, and the remaining term of land use is 23.75 years as of the valuation reference date of 30 September 2019, thus the book value as of 30 September 2019 is RMB3,356,700. It is estimated that the Company will record a book income of about RMB29,407,200 from the sale of the Land (excluding taxes and expenses) (subject to the audit result), that is, the difference between the consideration for selling the Land and the above book value.

According to the book value of the Assets on 30 September 2019, which is about RMB4,677,900, it is estimated that the book income of the Company from the sale of the Assets is about RMB176,800 (excluding taxes and expenses) (subject to the audit result), that is, the difference between the consideration for selling the Assets and the above book value.

The Company intends to use the proceeds from the sale of the Land and the Assets (after deducting the directly attributable expenses) to supplement its general working capital.

### **Listing Rules Implication**

As at the date of this announcement, the Parent Company is interested in approximately 47.59% of the Company’s issued share capital and is the controlling shareholder of the Company, while the Logistics Company is a wholly-owned subsidiary of the Parent Company. Under Chapter 14A of the Listing Rules, the Logistics Company is a connected person of the Company. Therefore, the Land Transfer Agreement and the Land Assets Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Land Disposal exceed 0.1% but fall below 5%, such connected transactions are only subject to the reporting and announcement requirements under the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

## **INFORMATION ON THE COMPANY AND THE LOGISTICS 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.

The Logistics Company is mainly engaged in goods transportation, heavy-cargo transportation, cold-chain transportation, special cargo transportation (container); freight forwarder, shipping agent, engineering and equipment bidding agent; logistics warehousing, etc.

## **BOARD APPROVAL**

By the 36th meeting of the ninth session of the Board dated 26 August 2020, the Board approved the Land Disposal.

Among the Directors attending the Board meeting, due to reason related to the employment of Mr. Ding Yi, Mr. Wang Qiangmin, Mr. Qian Haifan and Mr. Ren Tianbao at the Parent Company, they were considered to have material interests and had abstained from voting on the Board resolution(s) in respect of the Land Disposal. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the Land Disposal.

## **DEFINITIONS**

In this announcement, the following terms shall have the following meanings:

“Assets”	the buildings, structures, machinery and equipment and landscape seedlings on the Land
“Board”	the board of Directors of the 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 and the shares of which are listed on the Stock Exchange

“Director(s)”	the directors of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Land”	the land of the Company located at the southeast corner of the intersection of Tianmen Avenue and Hengxing Road in Maanshan City, covering an area of 107,071.50 square meters (approximately 160.61 mu)
“Land Disposal”	the sale of the Land and the Assets by the Company to the Logistics Company according to the Land Transfer Agreement and the Land Assets Transfer Agreement
“Land Transfer Agreement”	the State-owned Land Use Rights Transfer Agreement entered into by the Company and the Logistics Company on 26 August 2020
“Land Assets Transfer Agreement”	the Ownership Transfer Agreement of Certain Assets on Land Parcels of Qilidian Stockyard entered into by the Company and the Logistics Company on 26 August 2020
“Logistics Company”	Magang Group Logistics Co., Ltd., a limited company incorporated in China
“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 PRC government to restructure into Magang (Group) Holding Company Limited in September 1998
“PRC”	the People’s Republic of China
“Hong Kong”	the 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
“%”	per cent

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

26 August 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 Qiangming, Ren Tianbao, Zhang Wenyang*  
*Non-executive Director: Qian Haifan*  
*Independent Non-executive Directors: Zhang Chunxia, Zhu Shaofang, Wang Xianzhu*