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

(Stock Code: 00323)

CONNECTED TRANSACTION CAPITAL INJECTION AGREEMENT

On 30 November 2021, the Company and China Baowu, Baosteel Metal, Wuhan Iron & Steel, Zhanjiang Steel, Echeng Steel, being the shareholders of Baowu Clean Energy, jointly entered into the Capital Injection Agreement. The Company will inject capital into Baowu Clean Energy with the 51% equity interest of Masteel Gas, a wholly-owned subsidiary of the Company, accounting for 2.56% equity interest of Baowu Clean Energy. The amount of the capital injection by the Company is RMB149,509,200.

As of the date of this announcement, Magang Group is interested in approximately 47.59% of the issued share capital of the Company and is the controlling shareholder of the Company. China Baowu, the controlling shareholder of Magang Group, indirectly holds a total of approximately 56.81% of the Company's shares. Therefore, under Chapter 14A of the Listing Rules, China Baowu is a connected person of the Company. While Baosteel Metal, Wuhan Iron & Steel, Zhanjiang Steel, Echeng Steel are subsidiaries controlled by China Baowu, under Chapter 14A of the Listing Rules, Baosteel Metal, Wuhan Iron & Steel, Zhanjiang Steel, Echeng Steel are connected persons of the Company. Therefore, the transactions under the Capital Injection Agreement would constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Capital Injection Agreement 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 CAPITAL INJECTION AGREEMENT

Date

30 November 2021

Parties

(1) the Company; (2) China Baowu; (3) Baosteel Metal; (4) Wuhan Iron & Steel; (5) Zhanjiang Steel; and (6) Echeng Steel.

Share Capital and Contribution

The Company will inject capital into Baowu Clean Energy with the 51% equity interest of Masteel Gas.

The benchmark date for the audit and valuation is 30 June 2021. According to the valuation made by Pan-China Appraisal Co., Ltd. with the asset-based approach, the book value of the net asset of Masteel Gas was RMB285,250,500, the appraised value was RMB304,796,900 (subject to the appraised value after filing), and the value-added amount was RMB19,546,400, representing an appreciation rate of 6.85%. The corresponding value of 51% equity interest of Masteel Gas was RMB155,446,400 (subject to the appraised value after filing). The Company will inject capital into Baowu Clean Energy with such equity interest at its appraised value, of which RMB149,509,200 will be transferred to the registered capital, and the remaining will be transferred to the capital reserve of Baowu Clean Energy.

The profit and loss for the period from the valuation benchmark date of Masteel Gas to the date of settlement of the equity interest shall be enjoyed or borne by the Company in proportion to its original equity interest ratio.

The shareholding ratio of all parties shall be determined on the basis of the appraised value of the final filing of Baowu Clean Energy. Each shareholder of Baowu Clean Energy is entitled to dividends and voting rights at general meetings in proportion to their paid-up capital. Details of capital injection are as follows:

Name of shareholder	Form of contribution	Subscribed capital injection (RMB)	Percentage of subscribed capital injection (%)	Paid-up capital injection (RMB)	Percentage of paid-up capital injection (%)
China Baowu	Cash	3,000,000,000.00	51.30	550,000,000.00	16.19
Baosteel Metal	Equity	1,433,619,136.16	24.51	1,433,619,136.16	42.19
Wuhan Iron & Steel	Equity	594,866,170.94	10.17	594,866,170.94	17.51
Zhanjiang Steel	Equity	536,711,977.19	9.18	536,711,977.19	15.79
Echeng Steel	Equity	133,327,771.33	2.28	133,327,771.33	3.92
The Company	Equity	149,509,186.49	2.56	149,509,186.49	4.40
Total		<u>5,848,034,242.11</u>	<u>100.00</u>	<u>3,398,034,242.11</u>	<u>100.00</u>

Within 60 working days after the signing of the agreement, the change of rights of the assets in kind and equity interest of Masteel Gas shall be completed, certificates of change of assets shall be executed (if required), and all parties shall cooperate in the registration of changes in industry, commerce and taxation.

Reasons for and Benefits of the Capital Injection Agreement

The capital injection will help the Company focus on its main business, and at the same time, help the Company in giving full play to the professional management advantages of Baowu Clean Energy to strengthen its production and supply capacity, reduce the operation and maintenance costs of the Company, and realize the safety and economy of production and supply. The capital injection makes full use of specialized platform of Baowu to jointly develop and research high value-added product gases such as mixed gas, standard gas and rare gas in order to enhance market competitiveness. The Company and Baowu Clean Energy take advantages of professional mutual assistance and complement to improve the efficiency of oxygen production and strengthen the supply capacity through innovative technology and optimization of process parameters, so as to ensure the supply of oxygen, nitrogen, argon and hydrogen required by the Company in an efficient and stable manner.

The Directors (including independent non-executive Directors) are of the view that the terms of the Capital Injection 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 Masteel Gas

Masteel Gas is principally engaged in technical services, technological development, technical consultation, technology communication, technology transfer and technical promotion; engineering and technical research and experimental development; sales of food additives; production of food additives; production of hazardous chemicals (the specific business scope is subject to the registration certificate of hazardous chemicals); drug production; mobile pressure vessel/cylinder filling; special equipment inspection and detection services. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).

Masteel Gas was incorporated in November 2020, and did not operate actual business in 2020, thus has not yet recorded revenue.

Upon the completion of the Capital Injection Agreement, Masteel Gas will no longer be a subsidiary of the Company.

Information about Baowu Clean Energy

Baowu Clean Energy is principally engaged in dangerous chemicals business (without storage facilities, see permit for details) (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities, and the specific business projects are subject to the approval documents or permits by the relevant authorities); technical services, technology development, technology transfer and technical consultation in the field of clean energy technology and power technology; electricity supply services; technology promotion and technology exchange; and business process outsourcing services by way of service outsourcing. (Business activities are carried out independently in accordance with the business license except the projects subject to the administrative approval)

In the year of 2020, Baowu Clean Energy recorded total assets of RMB130,298,200, owners' equity attributable to the Company of RMB89,367,700 and operating income of RMB1,937,600.

Baowu Clean Energy was incorporated in November 2019 and did not operate actual business until the end of 2020, as such, Baowu Clean Energy recorded net loss both in 2020 and 2019.

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 China Baowu

China Baowu mainly operates state-owned assets within the scope authorized by the State Council, as well as carrying out relevant state-owned capital investment and operation. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).

China Baowu is a pilot enterprise of state-owned capital investment company with 90% equity interest owned by the State-owned Assets Supervision and Administration Commission of the State Council.

Information about Baosteel Metal

Baosteel Metal is mainly engaged in goods import and export, and technology import and export business; establishment of enterprises and related consulting services (excluding brokers); real estate operation, property management and supporting services within the scope of transferred land use rights; the sales of metal materials, automobile accessories, and general machinery and equipment; the manufacturing of metal materials, automobile accessories, and general machinery and equipment; the production and sales of steel products; technological development, technology transfer, technical services and technical consultation within the field of construction steel application; technological development in the professional fields of photovoltaic, photothermal, photoelectricity, wind power, bioenergy, clean energy, carbon fiber and energy storage new materials technology; industrial investment; venture investment; the sales of chemical raw materials and products (excluding hazardous chemicals, controlled chemicals, fireworks and firecrackers, civil explosives and precursor chemicals); food circulation; the general contracting of environmental pollution treatment projects; cleaning services; the design and sales of automatic control systems within the fields of environmental protection equipment and related fields; technological development, technology transfer, technical services and technical consultation within the field of environmental pollution treatment and related information science and technology; technological development and technical consultation within the field of food and beverage; compressed gases and liquefied gases: non-flammable gases, excluding hazardous chemicals being highly toxic or specific types. Operation subject to special license shall be conducted with a license. The storage of hazardous chemicals is not allowed in the above-mentioned business premises; the machinery and equipment leasing. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).

The ultimate beneficial owner of Baosteel Metal is China Baowu.

Information about Wuhan Iron & Steel

Wuhan Iron & Steel is mainly engaged in manufacturing of metallurgical products and by-products and steel extension products, and technological development of metallurgical products; the import and export of goods and technology, and the import and export of agency services (excluding goods or technologies that are prohibited or restricted by the state); wholesale of steel and by-products and coal; sales of metal ores and non-metal ores, alloys, steel scrap, metal materials, electrical engineering and materials, wires and cables, building materials, refractory materials, electromechanical equipment, instrumentation and chemical products (excluding inflammable, explosive and hazardous goods); supply of electricity, heat and gas; warehousing, railway cargo transportation and road cargo transportation (where licensed business items are involved, operation is subject to permission by relevant authorities); repair of general equipment (excluding special equipment); professional repair of equipment specifically for use in metallurgy; electrical equipment repair; instrumentation repair; measurement service and verification and calibration service; the Group's own carbon emission quota trading (limited for designated trading institutions or platforms); environmental protection monitoring service (only limited for operation of licensed branches); environmental technology consulting service (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).

The ultimate beneficial owner of Wuhan Iron & Steel is China Baowu.

Information about Zhanjiang Steel

Zhanjiang Steel is mainly engaged in steel smelting, rolling and processing, power, coal, chemical engineering, industrial gas production, wharf, logistics storage and transportation; automobile repairs; security check on motor vehicles (where the above licensed business items are involved, operation is subject to permission by relevant certificate of approvals and license files); steel-related business technology development, technology transfer, technology service and technology management consulting service; domestic trading (specially regulated ones excepted); import and export of commodities and technologies. (Excluding the above items prohibited by laws and administrative regulations, and items restricted by laws and administrative regulations shall only be operated after obtaining approval). (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).

The ultimate beneficial owner of Zhanjiang Steel is China Baowu.

Information about Echeng Steel

Echeng Steel is mainly engaged in the design, manufacturing, sales and installment of metallurgical products and by-products, metallurgical mineral products and steel extension products, building materials, metallurgical auxiliary materials, complete sets of metallurgical equipment, electromechanical equipment, telecommunications equipment, instrumentation; the production and sales of chemical products (excluding hazardous chemical goods) and coke; the processing and sales of steel scrap; industrial technology development, consulting services; the import and export of products and technologies (excluding goods or technologies that are prohibited or restricted by the state); the production and sales of medical oxygen, compressed and liquefied gases; operation of coal; branches operate licensed services including freight forwarding agency service, information stowage, storage service, printing, design, production, release, agency of domestic advertising, educational information consultation, business management training, conference planning, exhibition services, the production and sales of bottled (barreled) drinking water, dining and accommodation services. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).

The ultimate beneficial owner of Echeng Steel is China Baowu.

Implications of the Listing Rules

As at the date of this announcement, Magang Group is interested in approximately 47.59% of the issued share capital of the Company and is the controlling shareholder of the Company. China Baowu, the controlling shareholder of Magang Group, indirectly holds a total of approximately 56.81% of the Company's shares. Therefore, under Chapter 14A of the Listing Rules, China Baowu is a connected person of the Company. While Baosteel Metal, Wuhan Iron & Steel, Zhanjiang Steel, Echeng Steel are subsidiaries controlled by China Baowu, under Chapter 14A of the Listing Rules, Baosteel Metal, Wuhan Iron & Steel, Zhanjiang Steel, Echeng Steel are connected persons of the Company. Therefore, the transactions under the Capital Injection Agreement would constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

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Approval by the Board

In the 53rd meeting of the ninth session of the Board of the Company on 30 November 2021, the Board approved the Capital Injection Agreement.

Among the Directors attending the above-mentioned Board meeting, Mr. Ding Yi, as a connected Director, is considered to have significant interests under the Capital Injection Agreement and shall abstain from voting in the relevant Board resolutions of the Capital Injection Agreement. Except for the disclosed above, none of the Directors attending the above-mentioned Board meeting has significant interests in the Capital Injection Agreement.

DEFINITIONS

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

“Board”	the Board of the Directors of the Company
“Baowu Clean Energy”	Baowu Clean Energy Co., Ltd. (寶武清潔能源有限公司), a company established in the PRC with limited liability
“Baosteel Metal”	Baosteel Metal Co., Ltd. (寶鋼金屬有限公司), a company established in the PRC with limited liability
“Capital Injection Agreement”	the Capital Injection Agreement in Relation to Baowu Clean Energy Co., Ltd. entered into between the Company and China Baowu, Baosteel Metal, Wuhan Iron & Steel, Zhanjiang Steel, Echeng Steel on 30 November 2021
“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 with 90% equity interest owned by the State-owned Assets Supervision and Administration Commission of the State Council
“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
“Echeng Steel”	Baowu Group Echeng Iron and Steel Co., Ltd. (寶武集團鄂城鋼鐵有限公司), a company established in the PRC with limited liability
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Masteel Gas”	Anhui Masteel Gas Technology Co., Ltd. (安徽馬鋼氣體科技有限公司), a company established in the PRC with limited liability
“Magang Group”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wuhan Iron & Steel”	Wuhan Iron & Steel Co., Ltd. (武漢鋼鐵有限公司), a company established in the PRC with limited liability
“Zhanjiang Steel”	Zhanjiang Iron and Steel Co., Ltd. (湛江鋼鐵有限公司), a company established in the PRC with limited liability
“%”	percentage

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

30 November 2021
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include executive directors Ding Yi and Ren Tianbao; and independent non-executive directors Zhang Chunxia, Zhu Shaofang and Wang Xianzhu.