

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.



鞍鋼股份有限公司

ANGANG STEEL COMPANY LIMITED*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0347)

CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE COMPANY

On 23 August 2023, Angang Chemical, a wholly-owned subsidiary of the Company and Pangang Vanadium and Xichang Gangfan, each an indirect wholly-owned subsidiary of Angang Group Company, entered into the JV Agreement in relation to the proposed formation of the Joint Venture Company in the PRC.

Pursuant to the JV Agreement, Angang Chemical shall make a capital contribution of RMB108,000,000 in cash, representing 60% of the total registered capital of the Joint Venture Company, and each of Pangang Vanadium and Xichang Gangfan shall make a capital contribution of RMB36,000,000 in cash, each representing 20% of the total registered capital of the Joint Venture Company.

Each of Pangang Vanadium and Xichang Gangfan is a connected person of the Company as defined under Chapter 14A of the Listing Rules as each of Pangang Vanadium and Xichang Gangfan is an indirect wholly-owned subsidiary of Angang Group Company, the ultimate controlling Shareholder of the Company, indirectly holding approximately 53.366% equity interest of the Company as at the date of this announcement. Accordingly, the entering into of the JV Agreement constitutes a connected transaction of the Company under the Listing Rules.

As one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the formation of the Joint Venture Company exceeds 0.1% but all of them are less than 5%, the formation of the Joint Venture Company is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Yidong, chairman of the Board who also holds the position of deputy general manager of Angang Group Company is considered to have a material interest in the formation of the Joint Venture Company due to his position in Angang Group Company. Mr. Wang Yidong abstained from voting on the resolutions in relation to the JV Agreement proposed to the Board. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the formation of the Joint Venture Company.

BACKGROUND

On 23 August 2023, Angang Chemical, a wholly-owned subsidiary of the Company and Pangang Vanadium and Xichang Gangfan, each an indirect wholly-owned subsidiary of Angang Group Company, entered into the JV Agreement in relation to the proposed formation of the Joint Venture Company in the PRC.

The Joint Venture Company is expected to carry out a project located at Geliping Industrial Park, West District, Panzhihua. The project is to construct a new distillation unit with a tar treatment capacity of 250,000 tonnes/year and auxiliary facilities, and construct a new industrial naphthalene and modified asphalt production system matching the tar treatment capacity.

JV AGREEMENT

Date

23 August 2023

Parties

- (1) Angang Chemical
- (2) Pangang Vanadium
- (3) Xichang Gangfan

Subject Matter

The Joint Venture Company will be a limited liability company to be established in accordance with the laws of the PRC and the provisions of the JV Agreement.

The proposed name of the Joint Venture Company is Angang Panzhihua Chemical Technology Co. Ltd.* (鞍鋼攀枝花化學科技有限公司).

Business Scope of the Joint Venture Company

The Joint Venture Company is proposed to be engaged in production of hazardous chemicals, coking, production of chemical products (excluding licensed chemical products), manufacture of special-purpose chemical products (excluding hazardous chemicals), manufacture of graphite and carbon products, sale of fertilisers, research and development of new materials technology, research and experimental development of engineering and technology, technical services, technology development, technology consulting, technology exchanges, technology transfer, technology popularisation, sewage treatment and recycling, import and export of goods, technology import and export.

Development Plan of the Joint Venture Company

The Joint Venture Company is proposed to carry out three phases of projects, including a new 250,000-tonne coal tar processing project in phase I, a new 100,000-tonne benzene hydrotreating project in phase II, and a new carbon materials-related project in phase III.

Capital Contribution

The total registered capital of the Joint Venture Company is RMB180,000,000. Angang Chemical shall make a capital contribution of RMB108,000,000 in cash, representing 60% of the total registered capital of the Joint Venture Company, and each of Pangang Vanadium and Xichang Gangfan shall make a capital contribution of RMB36,000,000 in cash, each representing 20% of the total registered capital of the Joint Venture Company.

The parties to the JV Agreement shall make their respective capital contribution in cash by 31 March 2024. The portion of capital contribution for construction of the project shall be made before the project commences production.

The amount of capital contribution was determined after arm's length negotiations between the parties with reference to the initial capital requirement of the Joint Venture Company.

The parties intend to finance its investment in the Joint Venture Company from their internal resources.

Governance Structure of the Joint Venture Company

Pursuant to the terms of the JV Agreement, the board of directors of the Joint Venture Company shall comprise five directors. Angang Chemical shall nominate two directors, Pangang Vanadium and Xichang Gangfan shall nominate a total of two directors and employees of the Joint Venture Company shall elect one director.

One of the directors nominated by Angang Chemical shall be the chairperson of the board of directors and the legal representative of the Joint Venture Company.

The Joint Venture Company will not have a supervisory committee. The Joint Venture Company shall have one supervisor elected at the shareholders' meeting.

The secretary and members of the party committee of the Joint Venture Company shall be decided at the shareholders' meeting.

The general manager of the Joint Venture Company shall be nominated by Pangang Vanadium and Xichang Gangfan. The Joint Venture Company shall have two deputy general managers, one nominated by Pangang Vanadium or Xichang Gangfan, the other by Angang Chemical. The finance manager of the Joint Venture Company shall be nominated by Angang Chemical.

INFORMATION ON THE PARTIES

The Company

The Company is a major steel manufacturing enterprise in the PRC. It is principally engaged in the production and sale of hot-rolled steel sheets, cold-rolled steel sheets, galvanized steel sheets, color coating plates, silicon steel, medium and thick plates, wire rods, large steel products and seamless steel pipes.

Angang Chemical

Angang Chemical is a company established in the PRC with limited liability. It is principally engaged in coking gas purification and production of coal-based chemical products. It is a wholly-owned subsidiary of the Company.

Pangang Vanadium

Pangang Vanadium is a wholly-owned subsidiary of Pangang Group, which is in turn wholly owned by Angang Group Company. Pangang Vanadium is a company established in the PRC with limited liability. It is principally engaged in iron, steel, vanadium smelting and processing, steel pressing and processing, metallurgical technology development, consulting, services, sales of minerals, coal, etc.

Angang Group Company is the ultimate controlling Shareholder of the Company. As at the date of this announcement, it indirectly holds approximately 53.366% equity interest of the Company through Angang Holding. Angang Group Company is a company incorporated in the PRC. It was established by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (as the representative of the State Council of the PRC) on 28 July 2010 and is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council.

Xichang Gangfan

Xichang Gangfan is a wholly-owned subsidiary of Pangang Group, which is in turn wholly owned by Angang Group Company. Xichang Gangfan is a company established in the PRC with limited liability. It is principally engaged in steel pressing and processing, steel and iron smelting, coking, smelting of commonly used non-ferrous metals, non-ferrous metals pressing and processing, manufacture of metal materials, sales of metal products, repair of metal products, etc.

REASONS FOR AND BENEFITS OF THE FORMATION OF JOINT VENTURE COMPANY

Coal tar deep processing project belongs to the industry of upstream carbon-based materials processing, which is in line with the national industrial policy and falls within the scope of encouraged investment projects. Through the formation of the Joint Venture Company and the establishment of a new tar processing project, firstly, it will be conducive to promoting the industrialisation of chemical science and technology, through the integration of the chemical industry platform of Angang group, the coal tar resources of Angang group will be fully developed and utilized, so as to promote the chemical science and technology to continuously become better, stronger and larger. Secondly, the layout of tar processing production line in Southwest China will be conducive to enhancing the market positioning of the chemical products of the Company, optimising the industrial layout, consolidating the foundation of the coal chemical industry, to prepare for the development of the new carbon material industry and the extension of the negative electrode material industry. Thirdly, the tar processing project has good investment returns, and the investment and construction through Angang Chemical will be conducive to enhancing the profitability of the Company.

Having reviewed the terms of the JV Agreement, the Directors (including the independent non-executive Directors) are of the view that:

- (i) the terms of the JV Agreement are fair and reasonable;
- (ii) the entering into of the JV Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Company; and
- (iii) the entering into of the JV Agreement is in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Each of Pangang Vanadium and Xichang Gangfan is a connected person of the Company as defined under Chapter 14A of the Listing Rules as each of Pangang Vanadium and Xichang Gangfan is an indirect wholly-owned subsidiary of Angang Group Company, the ultimate controlling Shareholder of the Company, indirectly holding approximately 53.366% equity interest of the Company as at the date of this announcement. Accordingly, the entering into of the JV Agreement constitutes a connected transaction of the Company under the Listing Rules.

As one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the formation of the Joint Venture Company exceeds 0.1% but all of them are less than 5%, the formation of the Joint Venture Company is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Yidong, chairman of the Board who also holds the position of deputy general manager of Angang Group Company is considered to have a material interest in the formation of the Joint Venture Company due to his position in Angang Group Company. Mr. Wang Yidong abstained from voting on the resolutions in relation to the JV Agreement proposed to the Board. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the formation of the Joint Venture Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Angang Chemical”	Angang Chemical Technology Co., Ltd.* (鞍鋼化學科技有限公司), a company established in the PRC and wholly owned by the Company
“Angang Group Company”	Angang Group Company* (鞍鋼集團有限公司), a company incorporated in the PRC with limited liability, the ultimate controlling Shareholder
“Angang Holding”	Anshan Iron & Steel Group Co., Ltd.* (鞍山鋼鐵集團有限公司), a company established in the PRC and the controlling Shareholder
“Board”	the board of Directors
“Company”	Angang Steel Company Limited* (鞍鋼股份有限公司), a joint stock limited company incorporated in Anshan, Liaoning Province, the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and (Stock code: 347) the A shares of which are listed on the Shenzhen Stock Exchange (Stock code: 898)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rule
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Company”	a company to be established under the law of the PRC pursuant to the JV Agreement
“JV Agreement”	the joint venture agreement dated 23 August 2023 entered into between Angang Chemical, Pangang Vanadium and Xichang Gangfan, in relation to the formation of the Joint Venture Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Pangang Group”	Pangang Group Co., Ltd.* (攀鋼集團有限公司), a company established in the PRC and wholly owned by Angang Group Company
“Pangang Vanadium”	Pangang Group Panzhihua Steel Vanadium Co., Ltd.* (攀鋼集團攀枝花鋼鈇有限公司), a company established in the PRC and wholly owned by Pangang Group
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xichang Gangfan”	Pangang Group Xichang Steel and Vanadium Co., Ltd.* (攀鋼集團西昌鋼鈇有限公司), a company established in the PRC and wholly owned by Pangang Group
“%”	per cent

By Order of the Board
ANGANG STEEL COMPANY LIMITED*
Wang Yidong
Executive Director and Chairman of the Board

Anshan City, Liaoning Province, the PRC
23 August 2023

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Wang Yidong
Mr. Zhang Hongjun
Mr. Wang Baojun
Mr. Tian Yong

Independent Non-executive Directors:

Mr. Feng Changli
Mr. Wang Jianhua
Mr. Wang Wanglin
Mr. Zhu Keshi

* *For identification purpose only*