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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 TRANSACTIONS IN RELATION TO
THE ESTABLISHMENT OF A JOINT VENTURE**

On 28 March 2024, the Company entered into the Transaction Documents with Anshan Steel and Zhongyuan Industry (both being wholly-owned subsidiaries of Angang Group), under which the parties agree to convert Green Gold into a Joint Venture. As of the date of this announcement, Green Gold is a wholly-owned subsidiary of the Company.

The establishment of the Joint Venture involves: (i) the Company entering into the Green Gold Equity Transfer Agreement with Anshan Steel and Zhongyuan Industry to sell certain equity interest in Green Gold held by the Company to Anshan Steel and Zhongyuan Industry; (ii) the Company, Anshan Steel and Zhongyuan Industry jointly contributing capital to Green Gold under the Joint Venture Agreement; (iii) Green Gold entering into the Steel Scrap Equity Transfer Agreement with Anshan Steel and Zhongyuan Industry so that Anshan Steel and Zhongyuan Industry shall make contribution in kind by way of transferring their equity interest in Steel Scrap to Green Gold; and (iv) the Company entering into a Concert Party Agreement with Anshan Steel so that Green Gold shall remain a consolidated subsidiary of the Company.

Upon completion, the Company, Anshan Steel, and Zhongyuan Industry will hold 34.48%, 17.02%, and 48.50% of equity interest in Green Gold, respectively.

As the establishment of the Joint Venture consists of (i) the disposal of equity interest in Green Gold and (ii) the acquisition of equity interest in Steel Scrap, the establishment of the Joint Venture is classified by reference to the higher amount of the acquisition or the disposal and is subject to the reporting, disclosure and/or shareholders' approval requirements under such classification in accordance with Rule 14.24 of the Listing Rules.

As Anshan Steel and Zhongyuan Industry are wholly-owned subsidiaries of Angang Group, the ultimate controlling shareholder of the Company, which indirectly holds approximately 53.45% of the total issued shares of the Company as of the date of this announcement, Anshan Steel and Zhongyuan Industry are connected persons of the Company within the definition of Chapter 14A of the Listing Rules. Thus, the establishment of the Joint Venture constitutes a connected transaction for the Company under the Listing Rules.

As one or more of the percentage ratios applicable to the establishment of the Joint Venture exceeds 0.1% but all of them are below 5%, the establishment of Joint Venture is subject to the reporting and announcement requirements but exempt from circular, and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Jun, the Chairman, serves as the chairman of Anshan Steel, and Mr. Zhang Hongjun, the Director, serves as the director and general manager of Anshan Steel. By their services in Anshan Steel, Mr. Wang Jun and Mr. Zhang Hongjun are considered to have a significant interest in the establishment of the Joint Venture. Mr. Wang Jun and Mr. Zhang Hongjun have abstained from voting on the resolution proposed to the Board in relation to the establishment of the Joint Venture. No other Directors attending the Board meeting has a significant interest in the establishment of the Joint Venture.

BACKGROUND

On 28 March 2024, the Company entered into the Transaction Documents with Anshan Steel and Zhongyuan Industry (both being wholly-owned subsidiaries of Angang Group), under which the parties agree to convert Green Gold into a Joint Venture. As of the date of this announcement, Green Gold is a wholly-owned subsidiary of the Company.

The establishment of the Joint Venture involves: (i) the Company entering into the Green Gold Equity Transfer Agreement with Anshan Steel and Zhongyuan Industry to sell certain equity interests in Green Gold held by the Company to Anshan Steel and Zhongyuan Industry; (ii) the Company, Anshan Steel and Zhongyuan Industry jointly contributing capital to Green Gold under the Joint Venture Agreement; (iii) Green Gold entering into the Steel Scrap Equity Transfer Agreement with Anshan Steel and Zhongyuan Industry so that Anshan Steel and Zhongyuan Industry shall make contribution in kind by way of transferring their equity interest in Steel Scrap to Green Gold; and (iv) the Company entering into a Concert Party Agreement with Anshan Steel so that Green Gold shall remain a consolidated subsidiary of the Company.

The key terms of each of the Transaction Documents are set out below:

JOINT VENTURE AGREEMENT

Date

28 March 2024

Parties:

- (1) The Company
- (2) Anshan Steel
- (3) Zhongyuan Industry

Subject matters

The Parties shall jointly contribute capital to Green Gold in compliance with the laws of the PRC and the terms of the Joint Venture Agreement.

The name of the Joint Venture is Angang Green Gold Industry Development Co., Ltd..

The business scope of the Joint Venture

The Joint Venture's activities will include road cargo transportation (excluding dangerous goods), dismantling of end-of-life motor vehicles, productive scrap metal recycling, processing and treatment of metal wastes and scrap, recycling, processing and sales of the renewable resources, and general cargo warehousing services.

Investment

The total registered capital of the Joint Venture shall be RMB469,300,000. The Company, Anshan Steel, and Zhongyuan Industry shall each contribute capital to Green Gold in accordance with their respective equity interest of 34.48%, 17.02%, and 48.50%. The Company shall contribute approximately RMB104.3 million in cash; while Anshan Steel shall make contribution in kind of RMB51,479,900 by way of transferring its equity interest in the Steel Scrap to Green Gold, and Zhongyuan Industry shall make contribution in kind of RMB146,710,600 by way of transferring its equity interest in the Steel Scrap to Green Gold.

Contributions shall be made no later than 31 December 2024.

The Company's capital contribution shall be funded solely by its internal resources.

Corporate governance structure of the Joint Venture

The Joint Venture's board of directors shall be made up of seven directors in accordance with the terms of the Joint Venture Agreement, and the board shall have a chairman. The Company shall nominate two directors, Anshan Steel and Zhongyuan Industry shall nominate four directors together, and the Joint Venture's employees shall elect one director.

Decision-making authority shall be delegated to the board of directors on certain matters related to corporate development strategy, investment in equity and fixed assets, and short-term financing. Directors nominated by Zhongyuan Industry shall be responsible for operating budgets, profit distribution, investment income, and asset investment.

One of the Company's nominated directors will be the chairman, party secretary and legal representative of the Joint Venture. The Joint Venture shall have one supervisor, which shall be nominated by Zhongyuan Industry.

Zhongyuan Industry shall nominate the general manager of the Joint Venture. The Joint Venture shall have two deputy general managers, one of whom will be nominated by the Company and the other by Anshan Steel.

GREEN GOLD EQUITY TRANSFER AGREEMENT

Date

28 March 2024

Parties:

- (1) The Company
- (2) Anshan Steel
- (3) Zhongyuan Industry

Interest to be disposed of by the Company

The Company shall transfer 17.02% and 48.50% of the equity interest in Green Gold to Anshan Steel and Zhongyuan Industry, respectively.

Consideration

According to an independent appraisal report, the appraised value of Green Gold's entire shareholders' equity as of 31 December 2023 was RMB0.00 million. Accordingly, the Company agreed to transfer 17.02% and 48.5% of the equity interests in Green Gold to Anshan Steel and Zhongyuan Industry, respectively, at a nominal consideration of RMB1.

As of the date of this announcement, Green Gold has no business operation and does not generate profit.

STEEL SCRAP EQUITY TRANSFER AGREEMENT

Date

28 March 2024

Parties:

- (1) Green Gold
- (2) Anshan Steel
- (3) Zhongyuan Industry

Interest to be acquired by Green Gold

Anshan Steel and Zhongyuan Industry shall transfer to Green Gold 20.1459% and 57.4130% of the equity interest in Steel Scrap, respectively.

Consideration

According to an independent appraisal report, the appraised value of Steel Scrap's entire shareholders' equity as of 31 October 2023 was RMB255,535,400. Accordingly, Anshan Steel shall transfer 20.1459% of its equity interest in Steel Scrap representing approximately RMB51,479,900 of Steel Scrap's shareholders' equity as of 31 October 2023 to Green Gold as its contribution in kind, and Zhongyuan Industry shall transfer 57.4130% of its equity interest in Steel Scrap representing approximately RMB146,710,600 of Steel Scrap's shareholders' equity as of 31 October 2023 to Green Gold as its contribution in kind.

Information about Steel Scrap

Steel Scrap specialises in the recycling and processing of renewable resources in addition to the processing, sales, and distribution of steel scrap and metal products. The net profits (both before and after tax) of Steel Scrap for the years ended 2022 and 2023 are as follows:

Year	Net Profit before Tax (RMB)	Net Profit after Tax (RMB)
2022	24,670,000	18,420,000
2023	13,120,000	10,130,000

CONCERT PARTY AGREEMENT

Date

28 March 2024

Parties:

- (1) The Company
- (2) Anshan Steel

Purpose of acting in concert

To consolidate the Company's control in Green Gold, Anshan Steel and the Company agree to exercise their voting rights in concert at shareholder meetings and board meetings of the Joint Venture based on the consensus reached among themselves before each shareholder meeting or board meeting. In cases where no consensus can be reached, voting rights shall be exercised based on the Company's view.

INFORMATION OF THE PARTIES

The Company

The Company is one of the major steel producers in China and is principally engaged in the production and sale of steel products, including hot rolled sheets, cold rolled sheets, galvanised sheets, colour-coated sheets, silicon steel, medium and heavy sheets, wire rods, large steel products, and seamless steel tubes.

Green Gold

Green Gold is a PRC limited liability company primarily involved in freight transport, end-of-life automotive dismantling, processing and treatment of metal waste and scrap, and productive scrap metal recycling. As of the date of this announcement, it is a wholly-owned subsidiary of the Company. Upon completion of the establishment of the Joint Venture, Green Gold shall remain a consolidated subsidiary of the Company, held as to 34.48% by the Company, 17.02% by Anshan Steel and 48.50% by Zhongyuan Industry.

Anshan Steel

Anshan Steel is a wholly-owned subsidiary of Angang Group. The main business activities of Anshan Steel, a limited liability company established in China, include purchasing and selling metals, non-metallic ores, iron ore, iron ore concentrates, steel processing, ferrous metals, steel rolled products, metal products, and the manufacturing of metallurgical machinery, equipment, and components.

Angang Group is the ultimate controlling shareholder of the Company. As of the date of this announcement, it has an indirect equity interest of approximately 53.45% in the Company through Anshan Steel. Angang Group is a company incorporated in China. It was established on 28 July 2010 by the State-Owned Assets Supervision and Administration Commission of the PRC's State Council (as the representative of the State Council of the PRC) and is wholly owned by the State-Owned Assets Supervision and Administration Commission of the PRC's State Council.

Zhongyuan Industry

Zhongyuan Industry is a wholly-owned subsidiary of Angang Group. Founded in China, Zhongyuan Industry is a limited company that specialises in the processing and use of steel scrap products, metallurgical engineering and machinery, metallurgical powder, metallurgical materials, production services, magnetic materials, comprehensive utilisation, metal products, transportation, dairy, kindergarten education, urban services, metallurgical renewable resources development, planting and breeding, hotels, tourism and leisure, and other various businesses.

Steel Scrap

Steel Scrap is a PRC limited liability company primarily involved in recycling and processing of renewable resources in addition to the processing, sales, and distribution of steel scrap and metal products.

Upon completion of the establishment of the Joint Venture, Steel Scrap shall become a consolidated subsidiary of the Company, held as to approximately 77.56% by Green Gold, and approximately 22.44% by independent third parties.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JOINT VENTURE

In order (i) to control the steel scrap resources, protect the safety of the steel industry chain, and expedite the development of the steel scrap industry by leveraging Anshan Steel's internal steel scrap market resources and technological advantages; (ii) to lower the taxes and fees paid by the Company and reduce the investment cost; and (iii) for Green Gold to operate in an asset-light mode to ease the pressure of the initial operation, the capital structure of Green Gold has been adjusted. Furthermore, the Company believes such adjustment will enable the steel scrap sector to grow more quickly, improve resource safety and security, encourage the growth of low-carbon, green, and recycling industries, and assist in reaching the dual-carbon target's strategic height.

Based on the above, the Directors (including the independent non-executive Directors) believe that the terms of the Transaction Documents are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company, and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the establishment of the Joint Venture consists of (i) the disposal of certain equity interest in Green Gold and (ii) the acquisition of the equity interest in Steel Scrap, the establishment of the Joint Venture is classified by reference to the higher amount of the acquisition or the disposal and is subject to the reporting, disclosure and/or shareholders' approval requirements under such classification in accordance with Rule 14.24 of the Listing Rules.

As Anshan Steel and Zhongyuan Industry are wholly-owned subsidiaries of Angang Group, the ultimate controlling shareholder of the Company, which indirectly holds approximately 53.45% of the total issued shares of the Company as of the date of this announcement, Anshan Steel and Zhongyuan Industry are connected persons of the Company within the definition of Chapter 14A of the Listing Rules. Thus, the establishment of the Joint Venture constitutes a connected transaction for the Company under the Listing Rules.

As one or more of the percentage ratios applicable to the establishment of the Joint Venture exceeds 0.1% but all of them are below 5%, the establishment of the Joint Venture is subject to the reporting and announcement requirements but exempt from circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Jun, the Chairman, serves as the chairman of Anshan Steel, and Mr. Zhang Hongjun, the Director, serves as the director and general manager of Anshan Steel. By their service in Anshan Steel, they are considered to have a significant interest in the establishment of the Joint Venture. Mr. Wang Jun and Mr. Zhang Hongjun have abstained from voting on the resolution proposed to the Board in relation to the establishment of Joint Venture. No other Directors attending the Board meeting has a significant interest in the establishment of the Joint Venture.

DEFINITIONS

Unless the context requires otherwise, the following definitions in the Announcement shall have the following meanings:

“Green Gold”	Angang Green Gold Industry Development Co., Ltd.* (鞍鋼綠金產業發展有限公司), a company established in the PRC with limited liability, and the wholly owned subsidiary of the Company as of the date of this announcement
“Angang Group”	Angang Group Company* (鞍鋼集團有限公司), a company incorporated in the PRC with limited liability, and the ultimate controlling shareholder of the Company
“Anshan Steel”	Anshan Iron & Steel Group Co., Ltd.* (鞍山鋼鐵集團有限公司), a company established in the PRC, and is the controlling shareholder of the Company
“Zhongyuan Industry”	Angang Zhongyuan Industry Development Co., Ltd.* (鞍鋼集團眾元產業發展有限公司), a company established in the PRC with limited liability, and the wholly-owned subsidiary of Angang Group
“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 (Stock code: 347) and the A shares of which are listed on the Shenzhen Stock Exchange (Stock code: 898)

“connected person(s)”	has the meaning ascribed there to under the Listing Rules
“connected transactions”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Joint Venture”	Green Gold
“Joint Venture Agreement”	the Joint Venture Agreement dated 28 March 2024 entered into by the Company, Anshan Steel, and Zhongyuan Industry in relation to the establishment of the Joint Venture
“Green Gold Equity Transfer Agreement ”	the Equity Transfer Agreement dated 28 March 2024 entered into by the Company, Anshan Steel, and Zhongyuan Industry about the transfer of certain equity interest in Green Gold by the Company
“Steel Scrap Equity Transfer Agreement ”	the Equity Transfer Agreement dated 28 March 2024 entered into by Green Gold, Anshan Steel, and Zhongyuan Industry about the transfer of the equity interest in Steel Scrap by Anshan Steel and Zhongyuan Industry
“Concert Party Agreement”	the concert party agreement dated 28 March 2024 entered into by the Company and Anshan Steel
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Steel Scrap”	Angang Steel Scrap Resources (Anshan) Limited* (鞍鋼廢鋼資源(鞍山)有限公司), a company established in the PRC with limited liability
“PRC”	The People’s Republic of China (for the purpose of the announcement, excluding Hong Kong and Macau special administrative regions)

Transaction Documents	the Green Gold Equity Transfer Agreement, the Steel Scrap Equity Transfer Agreement, the Joint Venture Agreement, and the Concert Party Agreement
“RMB”	RMB, China’s legal tender
“Shareholders”	the Company’s shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“(%)”	percentage

By order of the Board
Angang Steel Company Limited*
Wang Jun
Executive Director and Chairman of the Board

Anshan City, Liaoning Province, China
28 March 2024

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

Executive Directors:

Wang Jun
Zhang Hongjun
Wang Baojun
Tian Yong

Independent Non-executive Directors:

Feng Changli
Wang Jianhua
Wang Wanglin
Zhu Keshi

* *For identification purposes only*