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馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited

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

(Stock Code: 00323)

CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT

On 29 September 2026, the Company entered into the Equity Transfer Agreement with Magang Group, pursuant to which the Company agreed to transfer 92% equity interest in the Target Company held by the Company to Magang Group, and Magang Group agreed to acquire 92% equity interest in the Target Company held by the Company at a Transfer Consideration of RMB136,306,327.57.

Upon completion of the Equity Transfer, the Company will no longer hold any equity interest in the Target Company.

LISTING RULE IMPLICATIONS

As of the date of this announcement, the Target Company was a subsidiary of the Company, and Magang Group is the controlling Shareholder of the Company, directly holding approximately 48.49% of the Company's shares. Under the definition of the Listing Rules, Magang Group is a connected person of the Company. Accordingly, the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Equity Transfer Agreement and the transactions contemplated thereunder more than 0.1% but less than 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.

EQUITY TRANSFER AGREEMENT

On 29 September 2026, the Company entered into the Equity Transfer Agreement with Magang Group, the principal terms of which are set out below:

Date

29 September 2026

Parties

- (1) The Company; and
- (2) Magang Group

The Company agreed to transfer the Target Equity Interest held by the Company to Magang Group, and Magang Group agreed to acquire the Target Equity Interest at a Transfer Consideration of RMB136,306,327.57.

Assets to be Transferred

Target Equity Interest, details of which are set out in the “Information on the Target Company” in this announcement.

Transfer Consideration

The Transfer Consideration for the Target Equity Interest is RMB136,306,327.57, which is determined by the Company and Magang Group with reference to (i) the net asset value of the Target Company as assessed by the Independent Valuer $\times$ the proportion of equity interest to be transferred (92%) as RMB136,306,327.57 on the Valuation Reference Date according to the Valuation Report; and (ii) appropriate rounding adjustments, after arm’s length negotiation.

The Valuation Report adopted the asset-based approach for the valuation after comparing common valuation methods, including the asset-based approach, income approach, and market approach, for the following reasons:

- (1) The asset-based approach, also known as the cost approach, refers to the valuation method that determines the value of a valuation target by appraising the value of its various assets and liabilities on balance sheet and various identifiable assets and liabilities off balance sheet, with reference to the balance sheet of the target entity as at the Valuation Reference Date. In light of the valuation circumstances, the Target Company is able to provide, and the Independent Valuer is able to obtain externally, the data required for the asset-based approach, enabling a comprehensive inventory and valuation of the Target Company’s assets and liabilities; therefore, the asset-based approach is applicable to this valuation.

- (2) The income approach refers to the valuation method that capitalizes or discounts the expected income to determine the value of the valuation target. The specific methods commonly used in the income approach include the dividend discount method and the cash flow discount method. Income approach measures the value of enterprises from the perspective of their profitability, and is based on the expected utility theory of economics. Given that, in 2024, apart from the Target Company's own land and factory premises having been expropriated and demolished, its main production equipment has been demolished, rendering it impossible for the company to continue operating under its original business model, it is currently conducting only steel trading operations to sustain its business. Magang Group plans to undertake a business restructuring of the Target Company, but the specific path of such restructuring has not yet been finalised, and given that the Target Company's business continues to reduce, it is not possible to reasonably forecast the Target Company's future profit levels; therefore, the income approach is not applicable to this valuation.
- (3) The market approach in enterprise valuation refers to the valuation method of comparing the valuation target with comparable listed companies or comparable transaction cases to determine the value of the valuation target. There are two commonly used specific methods under the market approach, which are listed company comparison and transaction-case comparison. As the Target Company is an unlisted entity, there are significant differences between it and listed companies in the same industry in terms of business structure, business model, enterprise scale, asset allocation and utilisation, operational stage, growth potential, operational risks and financial risks. Furthermore, there were few cases of sale, transfer or merger involving comparable enterprises in the same industry in PRC around the Valuation Reference Date; it is therefore difficult to obtain relevant and reliable operational and financial data from comparable transaction cases, making it impossible to calculate appropriate value ratios; accordingly, the market approach is not applicable to this valuation.

The principal assumptions underlying the valuation are as follows:

- (1) Transaction assumption: assuming that all assets to be valued are in the course of transaction and the valuation performed by the valuer is based on comparable market including terms of transaction of the valued assets.
- (2) Open market assumption: open market assumption is an assumption on the conditions of the market that the assets are intended to enter and how the assets will be affected under such market conditions. Open market refers to the fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal standing and have opportunities and time to get access to sufficient market information; and parties to the transaction trade voluntarily, rationally, without duress or restriction.

- (3) Continuous use assumption: continuous use assumption is an assumption on the conditions of the market that the assets are intended to enter and the status of the assets under such market conditions. It is assumed that, firstly, the valued assets are under use, and secondly, the assets under use will be used continuously. Under the continuous use assumption, since the change of usage or the optimal utilization conditions of the assets are not taken into account, thus the scope of use of the valuation result is limited.
- (4) Enterprise going-concern assumption: it is an assumption for valuation made by considering the entire assets of the Target Company as the valuation target. That means the Target Company, as a business entity, continues to operate towards its business goals under the external environment it is in. It is assumed that the operators of the Target Company are responsible for and capable of taking up obligations; the Target Company operates in a lawful manner and makes appropriate profit to maintain the ability to operate continuously.

The Independent Valuer determined that these assumptions were valid as at the Valuation Reference Date in accordance with the requirements for applying the asset-based approach to the valuation of Target Company and deduced the corresponding valuation conclusions based on these assumptions. If there are significant changes in the economic environment in the future or if other assumptions are not valid, the valuation results may change significantly.

Having reviewed the relevant pricing basis set out above, the Directors (including the Independent Non-executive Directors) consider that the Equity Transfer and the Transfer Consideration are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Payment Terms

Within 10 business days from the date on which the Equity Transfer Agreement is signed and comes into effect, Magang Group shall make a one-off payment of the Transfer Consideration to the Company. Any taxes and fees arising from the Equity Transfer that are to be borne by the respective parties to the agreement shall be handled by each party in accordance with the relevant laws and regulations of PRC.

Magang Group shall pay the entire Transfer Consideration in cash from its own funds, to the bank account designated by the Company.

Completion and Formalities

Completion date means the last day of the month in which Magang Group makes payment. Profits or losses arising during the Transition Period shall be enjoyed or borne by Magang Group.

The parties agree to complete the relevant procedures for the registration of the change in equity interest with the market supervision and administration authorities within 10 business days of the completion date.

Effectiveness of the Equity Transfer Agreement

The Equity Transfer Agreement shall take effect upon being signed and sealed by all parties to the agreement.

Shareholding Structure of the Target Company

Unit: RMB'0,000

Shareholders	Before completion of the Equity Transfer		Change in subscribed registered capital	Immediately after completion of the Equity Transfer	
	Registered capital	Equity percentage		Registered capital	Equity percentage
The Company	2,760.00	92.00%	-2,760.00	0.00	0.00%
Magang Group	0.00	0.00%	+2,760.00	2,760.00	92.00%
Anhui Xingang Economic and Trade Development Co., Ltd. *(安徽鑫鋼經 貿發展有限公司)	192.00	6.40%	0.00	192.00	6.40%
Ma'anshan Baochuang Metal Materials Trading Co., Ltd.* (馬鞍山市寶 創金屬材料貿易有限 公司)	48.00	1.60%	0.00	48.00	1.60%
Total	3,000.00	100%	0.00	3,000.00	100%

Note: The percentage figures in the above table have been rounded and adjusted. Any discrepancies between the totals and the sum of the individual figures are due to rounding.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the PRC in August 2004. As of the date of this announcement, it has a registered capital of RMB30 million and is a subsidiary of the Company. The Target Company is principally engaged in processing, distribution and warehousing services of cold-rolled steel, galvanized steel, silicon steel, and colour-coated steel.

The audited financial information of the Target Company for the two financial years ended 31 December 2025 was prepared in accordance with the PRC Accounting Standards for Business Enterprises, and the details are set out below:

	Year ended 31 December 2024 <i>(Note 1)</i> RMB'0,000 (audited)	Year ended 31 December 2025 RMB'0,000 (audited)	1 month ended 31 January 2026 RMB'0,000 (audited)
Total assets	35,658.47	23,526.10	20,464.28
Operating revenue	311,253.40	165,303.73	3,128.29
Profit before tax			
(Net loss marked with “-”)	6,772.18	96.25	-127.70
Profit after tax			
(Net loss marked with “-”)	5,081.45	33.61	-127.70

Notes:

- (1) The financial data for 2024 presented above has been audited by the Shanghai branch of Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) (中審眾環會計師事務所(特殊普通合夥)上海分所), for which an audit report, Zhongshen Zhonghuan Hu Shen Zi (2025) No. 00871, has been issued. The financial data for 2025 and January 2026 presented above has been audited by Peking Certified Public Accountants (Special General Partnership) (中勤萬信會計師事務所(特殊普通合夥)), for which a special audit report on net assets, Qin Xin Zhuan Zi (2026) No.0312, has been issued with a standard unqualified opinion.
- (2) The percentage figures in the above table have been rounded and adjusted. Any discrepancies between the totals and the sum of the individual figures are due to rounding.

According to the audited financial data of the Target Company prepared in accordance with PRC Accounting Standards for Business Enterprises and audited by the auditor, as at 31 December 2025, the Target Company's total book assets and total net book assets amounted to RMB235,261,000 and RMB149,166,300 respectively.

Following an assessment of the value of the Target Company's total shareholders' equity by the Independent Valuer, the valuation of the Target Company (total shareholders' equity) based on the asset-based approach was RMB148,159,100, representing a valuation appreciation of RMB512,900 over the net book value of assets, with an appreciation rate of 0.35%. This valuation appreciation primarily arose from the valuation appreciation on current assets and fixed assets.

Taking the above factors into account, and having reviewed the Valuation Report whilst considering that: (i) the Independent Valuer has prepared the Valuation Report in accordance with the relevant valuation procedures, standards, laws and regulations of the PRC; (ii) the Independent Valuer has reviewed the relevant financial data, operational data and other relevant data of the Target Company to gain a comprehensive understanding of the Target Company; and (iii) the rationale for adopting the asset-based approach in the valuation, the relevant valuation methods and assumptions, the scope of the valuation and the valuation results, the Board considers that the consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

The Equity Transfer will enable the Company to recoup funds of approximately RMB136 million, divest non-core assets that have exited the steel downstream processing business and recorded losses in the first half of 2026, and help to further improve the Company's asset quality, reduce loss sources, focus on its core steel business and enhance liquidity, thereby supporting the Company's long-term sustainable development, recouping funds and underpinning its high-quality, long-term growth.

The Equity Transfer will not have an adverse impact on the Company's business development or profitability; there are no circumstances that would prejudice the legitimate rights and interests of the Company and the Shareholders, and it is in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE EQUITY TRANSFER ON THE GROUP AND USE OF PROCEEDS

Upon completion of the Equity Transfer, the Company will no longer hold any equity interest in the Target Company. The Target Company will cease to be a subsidiary of the Company, and the Target Company's financial results will no longer be consolidated into the Group's financial statements.

Upon completion, the Company expects to recognise a gain of RMB136,306,327.57. The Group will recognise the relevant gain at the consolidated financial statement level as a result of the Equity Transfer. The financial impact of the Equity Transfer set out in the preceding paragraph is for illustrative purposes only and is subject to audit. The actual financial impact will only be finalised following review by the Company's auditors.

The Group intends to utilise the proceeds from the transfer of the Target Equity Interest (after deducting directly attributable expenses) to supplement the working capital of the Company.

INFORMATION ON THE CONTRACTING PARTIES

The Company is one of the PRC's largest steel producers and distributors, principally engaged in the manufacturing and sales of steel products.

Magang Group is the controlling Shareholder of the Company, it is mainly engaged in mining and sorting of mineral products, construction, manufacturing of construction materials, trading, storage and property management, as well as agriculture and forestry. The ultimate beneficial owner of Magang Group is China Baowu.

The Target Company is principally engaged in processing, distribution and warehousing services of cold-rolled steel, galvanized steel, silicon steel, and colour-coated steel. As at the date of this announcement, it is a subsidiary of the Company.

APPROVAL BY THE BOARD

In the first meeting of the eleventh session of the Board of the Company on 29 September 2026, the Board approved a resolution concerning the Equity Transfer Agreement and the transactions contemplated thereunder (i.e. the Equity Transfer).

Among the Directors attending the abovementioned Board meeting, Mr. Jiang Yuxiang, a Director of the Company, is also the legal representative of Magang Group, and Mr. Guo Fei, a Director of the Company, is also the head of the operation improvement department, head of the legal affairs department, director of the reform office, director of the digital intelligence office and director of the procurement and tender office of Magang Group. In view of the good corporate governance, they are deemed to have material interests under the Equity Transfer Agreement and the transactions contemplated thereunder, and shall abstain from voting in such relevant Board resolution. Saved disclosed above, none of the Directors have or are deemed to have any material interest in the said agreement and the transactions contemplated thereunder, and none of them were required to abstain from voting on the relevant Board resolution passed to approve the agreement and the transactions contemplated thereunder.

The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Equity Transfer Agreement were determined after arm's length negotiation on normal commercial terms, and the transactions contemplated thereunder (namely, the Equity Transfer) are both fair and reasonable, are conducted in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

As of the date of this announcement, the Target Company was a subsidiary of the Company, and Magang Group is the controlling Shareholder of the Company, directly holding approximately 48.49% of the Company's shares. Under the definition of the Listing Rules, Magang Group is a connected person of the Company. Accordingly, the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Equity Transfer Agreement and the transactions contemplated thereunder more than 0.1% but less than 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors of the Company
“Company”	Maanshan Iron & Steel Company Limited (馬鞍山鋼鐵股份有限公司), a joint stock limited company incorporated in the PRC, shares of which are listed on the Stock Exchange (Stock Code: 323)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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 which is 90% controlled and owned by the State-owned Assets Supervision and Administration Commission of the State Council
“China Baowu Group”	China Baowu and its subsidiaries (excluding the Group)

“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Equity Transfer Agreement”	the Equity Transfer Agreement regarding Ma Steel (Cihu) Processing and Distribution Co., Ltd. entered into between the Company and Magang Group on 29 September 2026, pursuant to which the Company agreed to transfer the Target Equity Interest held by the Company to Magang Group and Magang Group agreed to acquire the Target Equity Interest
“Equity Transfer”	transfer of the entire 92% equity interest in the Target Company held by the Company to Magang Group under the Equity Transfer Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Non-executive Director(s)”	independent non-executive Director(s) of the Company
“Independent Shareholder(s)”	shareholder(s) of the Company other than the controlling Shareholder and its associates
“Independent Valuer”	Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司), an independent third party independent of the Group and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Magang Group”	Magang (Group) Holding Company Limited, a state-owned enterprise with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ma Steel (Cihu) Processing and Distribution Co., Ltd.* (馬鞍山馬鋼慈湖鋼材加工配售有限公司), a limited company incorporated in the PRC, and is a non-wholly-owned subsidiary of the Company as of the date of this announcement
“Target Equity Interest”	the entire 92% equity interest in the Target Company to be transferred by the Company pursuant to the Equity Transfer
“Transition Period”	the period from (but excluding) the Valuation Reference Date to (and including) the completion date
“Transfer Consideration”	the total consideration of RMB136,306,327.57 payable by Magang Group to the Company for the Equity Transfer
“Valuation Reference Date”	31 January 2026, the reference date for assessing the market value of the entire equity interest of the Target Company
“Valuation Report”	the valuation report prepared by the Independent Valuer in connection with the Equity Transfer Agreement and the transactions contemplated thereunder (namely, the Equity Transfer) pertaining to the Target Company with 31 January 2026 as the Valuation Reference Date
“%”	per cent

By order of the Board
Maanshan Iron & Steel Company Limited
Jiang Yuxiang
Chairman

29 September 2026
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the Directors of the Company include executive Director Jiang Yuxiang and Fu Ming; employee Director Guo Fei; and Independent Non-executive Directors Guan Bingchun, He Anrui, Qiu Shengtao and Zeng Xiangfei.

* For identification purposes only