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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)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT**

Reference is made to the announcement (the “**Announcement**”) of Maanshan Iron & Steel Company Limited (the “**Company**”) dated 29 September 2026 in relation to connected transaction-Equity Transfer Agreement. Unless otherwise stated, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

The Company wishes to supplement the following information in respect of the Announcement:

### **EXPECTED GAIN/LOSS AND BASIS OF CALCULATION**

The recorded gain/loss upon completion of Equity Transfer as disclosed on page 7 of the Announcement, is now clarified to be a loss of approximately RMB875,500, calculated on the following basis:

The gain/loss upon accounting for the completion of the Equity Transfer was calculated based on the net book assets of the Target Company to which the Company was entitled as at the actual completion date of the Equity Transfer (i.e. 30 September 2026) (being RMB149.1107 million, excluding special reserves) × the proportion of equity interest to be transferred (92%).

Calculating the loss upon completion of Equity Transfer from the perspective of the Company's consolidated financial statements: a one-off investment loss of approximately RMB875,500 was recognised on this transaction. (Transfer Consideration determined based on the appraised value of the Target Company as at the Valuation Reference Date - net book assets of the Target Company to which the Company was entitled as at the completion date (excluding special reserves) × the proportion of equity interest to be transferred (92%) (RMB149.1107 million × 92%) = RMB136,306,300 - RMB137,181,800). The equity disposal loss arose due to changes in the net assets of the Target Company during the period between the Valuation Reference Date and the completion date.

## **BASIC CONCEPT OF THE VALUATIONS**

The asset-based approach was used in the Valuation Report. The asset-based approach is based on the balance sheet of the assessed entity on the Valuation Reference Date to assess all assets and liabilities on a reasonable basis so as to arrive at the value of the assessed subject. The appraisal of all assets and liabilities is detailed as follows.

## **QUANTITATIVE ASSUMPTIONS USED IN THE VALUATION REPORT**

### **(I) Current assets**

#### ***1. Cash and bank balances***

The book value of cash and bank balances is RMB350,000, all of which consists of bank deposits.

The book value of bank deposits is RMB350,000, comprising a total of 7 accounts, all of which are RMB deposits. The valuers reviewed the relevant accounting records and bank statements, performed confirmation procedures on the ending balances, and examined the bank statements and bank reconciliation statements. After verification, the bank deposit balances were found to match. The valuation of the bank deposits is based on the verified book value, which is RMB350,000.

## **2. *Accounts receivable financing***

The book value of notes receivable is RMB4,781,500, comprising a total of 10 notes, all of which are non-interest bearing bank acceptance notes. In respect of the notes receivable, the valuers verified the book records, reviewed the note receivables register, and conducted stocktaking supervision and reconciliation of the notes receivable. For certain notes receivable of relatively large amounts, the valuers also examined supporting original records including the corresponding sales contracts and warehouse receipt/delivery documents.

Upon valuation, the assessed value of notes receivable is RMB4,781,500.

## **3. *Accounts receivable, other receivables***

The book balance of accounts receivable is RMB14,200. No bad debt provision has been made, and the book value is RMB14,200. The book balance of other accounts receivable is RMB79,510,800. No bad debt provision has been made, and the book value is RMB79,510,800.

In respect of receivables, the valuers reconciled the balances of subsidiary ledgers with those in the general ledger, financial statements and valuation schedules. They inspected accounting records including amount, transaction date and business particulars based on the valuation schedules, and performed ageing analysis. Confirmation procedures were carried out for balances of large or unusual amounts. Alternative procedures were performed for non-replied confirmations (obtaining supporting documents for post-balance-sheet collections or documents evidencing the underlying transactions). Cross-reconciliation was conducted for receivables from related parties to verify the authenticity and completeness of receivables, and the verification results confirmed consistency among books, statements and supporting schedules.

On the basis of the above verified receivables, the valuers analysed outstanding balance amounts, the duration and reasons for arrears, collection status, debtors' funding position, credit profile and operating conditions with reference to historical data and site investigation findings. Risk losses were estimated using specific identification and ageing analysis methods. For balances due from related parties and other receivables where there was sufficient evidence to support full recoverability, the assessed risk loss was nil. For receivables with conclusive evidence of irrecoverability or long overdue balances after collection efforts, the assessed risk loss was 100%. For receivables not expected to be fully recoverable but without conclusive evidence of partial or total irrecoverability, risk loss percentages were determined on an item-by-item basis by reviewing business particulars and referencing the entity's method of calculating the bad debt provision. The assessed value was determined as the book balance less the risk loss. The bad debt provision recognised by the entity was assessed as nil.

Upon valuation, the assessed value of accounts receivable is RMB14,200; the assessed value of other receivables is RMB79,510,800.

#### **4. *Prepayments***

The book value of prepayments is RMB114,352,900, mainly comprising prepayments for steel products, fuel charges and others.

The valuers first reconciled the general ledger, subsidiary ledgers, financial statements and inventory and valuation schedules. Where the goods related to the prepayments had been delivered or the relevant services rendered as at the date of site verification by the valuers, the valuers shall inspect assets such as property, plant and equipment and the prepayments subsidiary ledger and adopt the book value as the assessed value upon verification. Where the goods related to the prepayments had not yet been delivered or the relevant services not yet provided as at the date of site verification, the valuers shall perform procedures including confirmation, inspection of supporting source documents, enquiries into the debtor's operating and credit status, and ageing analysis. Based on comprehensive analysis and judgement, the assessed value shall be determined as the estimated amount of recoverable goods, services or monetary funds from such prepayments that can form corresponding assets and rights and interests.

Upon valuation, the assessed value of prepayments is RMB114,352,900.

## **5. *Inventories***

The book balance of inventories is RMB5,489,000. No impairment provision has been made, and the book value is RMB5,489,000. Inventories comprised raw materials and finished goods.

The valuers reconciled the inventory declaration forms with the subsidiary ledgers, general ledger and financial statements, and reviewed relevant accounting records and source documents to verify the physical existence and title of inventories. The valuers examined the entity's internal control system over inventories, the accounting systems for inventory receipt, issuance, storage and periodic stocktaking. By reviewing recent inventory receipt and delivery notes, the valuers understood inventory turnover and conducted targeted investigations into inventory quality. It was confirmed during the verification that the entity maintained a rigorous and sound internal control system, with complete and clear documentation and accounting records for inventory receipt, issuance and storage. The valuers performed test counts of inventories, covering more than 40% of the total quantity and over 60% of the total value. The valuers inspected inventory receipt and delivery notes for the period between the Valuation Reference Date and the stocktake date, determined the quantity of inventories received and issued during that period, and rolled back to derive the actual inventory quantity as at the Valuation Reference Date.

## **6. *Raw materials***

The book balance of raw materials is RMB2,500. No inventory impairment provision has been made, and the book value is RMB2,500. The raw materials included in the scope of this valuation comprised supplies and spare parts. Their purchase dates were close to the Valuation Reference Date with insignificant price fluctuations. Accordingly, the assessed value was recognised at the verified book value for this valuation.

Upon valuation, the assessed value of raw materials is RMB2,500.

## 7. *Finished goods (inventories)*

The book balance of finished goods is RMB5,486,400. No impairment provision has been made, and the book value is RMB5,486,400. All finished goods within the valuation scope were products for external sales, mainly including hot-dip galvanised coils, plain carbon cold-rolled coils, pickled coils and hot-rolled coils. The valuers firstly reviewed relevant accounting and warehouse records, obtained the entity's finished goods stocktake sheets as at the reference date, and performed test counts on finished goods. It was confirmed during the verification that the recorded quantities and book values were accurate. Secondly, the valuers assessed the sales performance of finished goods by understanding the relevant product markets and the Company's market share.

The finished goods were purchased finished products to be resold directly after receipt into inventory. The valuers verified that the subject finished goods had been sold in the period from the Valuation Reference Date to the report date. For this valuation, the valuers reconciled the actual sales quantities, sales proceeds, supporting documents and invoices. The assessed value of the finished goods was determined to be RMB5,879,300 based on actual sales proceeds less relevant sales taxes and surcharges and income tax.

## (II) **Fixed assets**

The equipment assets within the valuation scope fall into three categories: machinery and equipment, motor vehicles, and electronic and office equipment. The original book value of such equipment is RMB1,148,800, and the net book value is RMB144,400. Details are set out in the table below:

*Unit: RMB0'000*

| <b>Item</b>                     | <b>Original<br/>book value</b> | <b>Net<br/>book value</b> |
|---------------------------------|--------------------------------|---------------------------|
| Machinery and equipment         | 35.66                          | 6.22                      |
| Motor vehicles                  | 42.05                          | 1.57                      |
| Electronic and office equipment | 37.17                          | 6.65                      |
| Total                           | <u>114.88</u>                  | <u>14.44</u>              |

The equipment assets consist of machinery and equipment, motor vehicles, and electronic and office equipment. Machinery and equipment mainly include electronic crane scales, internal combustion counterbalance forklifts, containers and others, totalling 8 units/sets. They are located in the leased workshop premises of Maanshan Magang Cihu Steel Processing and Distribution Co., Ltd. All are domestically manufactured equipment purchased between 2016 and 2024. The transport equipment comprises company vehicles for office use, which have passed annual inspections and are managed by the Company's support departments. Electronic and office equipment mainly includes air conditioners, computers, printers and other office appliances distributed across various offices and workshops.

Upon valuation, the assessed original value of the equipment assets is RMB545,300, and the assessed net value is RMB264,500. The impairment rate of assessed original value is 52.54%, and the appreciation rate of assessed net value is 83.09%.

The summary of equipment valuation results is shown in the table below:

#### Summary of Equipment Valuation Results

*Unit: RMB0'000*

| Item                            | Book value     |              | Assessed value |              | Appreciation rate (%) |              |
|---------------------------------|----------------|--------------|----------------|--------------|-----------------------|--------------|
|                                 | Original value | Net value    | Original value | Net value    | Original value        | Net value    |
| Machinery and equipment         | 35.66          | 6.22         | 23.28          | 7.95         | -34.72                | 27.73        |
| Motor vehicles                  | 42.05          | 1.57         | 10.61          | 10.61        | -74.77                | 576.24       |
| Electronic and office equipment | 37.17          | 6.65         | 20.64          | 7.89         | -44.48                | 18.56        |
| Total                           | <u>114.88</u>  | <u>14.44</u> | <u>54.53</u>   | <u>26.45</u> | <u>-52.54</u>         | <u>83.09</u> |

## **1. Valuation of machinery and equipment**

The cost approach was adopted for the valuation of machinery and equipment. Under the cost approach for such valuation, the replacement cost of brand new machinery and equipment is estimated, followed by deduction of physical depreciation, functional depreciation and economic depreciation. Alternatively, the assessed value of machinery and equipment is determined on the basis of the overall condition factor. The replacement value of equipment generally includes all reasonable direct and indirect costs required to repurchase or construct new assets with the same efficacy as the assessed subject, such as equipment purchase price, transportation and handling charges, equipment foundation cost, installation and commissioning cost, preliminary and other expenses, and cost of capital. The formula adopted in this valuation is as follows:

Assessed value = replacement cost × overall condition factor

### *(1) Determination of full replacement cost*

Full replacement cost = equipment purchase price + transportation and handling charges + equipment foundation cost + installation and commissioning cost + preliminary and other expenses + cost of capital – deductible input VAT

For small items purchased sporadically that require no installation: Full replacement cost = equipment purchase price + transportation and handling charges – deductible input VAT. Where transportation and handling charges and installation costs are already included in the equipment price, the tax-exclusive purchase price shall be directly adopted as the replacement value.

#### **1) Equipment purchase price**

For domestically manufactured equipment, the purchase price is mainly determined by enquiring quotations from manufacturers or trading companies, referencing the 2026 Mechanical and Electrical Products Quotation Manual, and referring to contract prices of similar equipment in recent transactions. For equipment that has been phased out, discontinued by manufacturers and no longer traded in the market, comparable equipment is compared with the subject equipment. The purchase price is determined analytically by comprehensively considering differences in equipment performance, technical parameters, operating functions and other aspects.

2) Transportation and handling charges

Based on the equipment purchase price, transportation and handling charges are calculated at different transportation rate bands, taking into account the distance between the manufacturer/dealer and the equipment location, equipment weight, overall dimensions and other factors. No separate calculation will be made where transportation and handling charges are already included in the equipment purchase price.

3) Equipment foundation cost

The equipment foundation cost is calculated at different foundation rate bands based on the purchase price, with reference to the characteristics of the equipment, Mechanical Industry Construction Project Budget Compilation Methods and Budget Indicators, Handbook of Common Data and Parameters for Asset Valuation, and industry quotas. Where no separate foundation is required for the equipment or the foundation was constructed as part of workshop construction, the equipment foundation cost will not be considered in calculating the full replacement cost.

4) Installation and commissioning cost

Based on equipment characteristics, weight and complexity of installation, the installation and commissioning cost is calculated at different installation rate bands based on the equipment purchase price, with reference to Mechanical Industry Construction Project Budget Compilation Methods and Budget Indicators and relevant provisions.

No installation and commissioning cost will be considered for small-sized equipment requiring no installation.

5) Preliminary and other expenses

Preliminary and other expenses include the owner's management fee, investigation and design fee, project supervision fee, feasibility study fee and environmental impact assessment fee.

## 6) Cost of capital

Based on the reasonable construction period of the construction project and referencing the Loan Prime Rate (LPR) published by the National Interbank Funding Center authorised by the People's Bank of China as at the Valuation Reference Date, the cost of capital is calculated assuming even capital injection over the construction period.

Cost of capital = (equipment purchase price + transportation and handling charges + installation and commissioning cost + foundation cost + other expenses)  $\times$  lending rate  $\times$  construction period  $\times$  1/2.

### (2) *Determination of overall condition factor*

- 1) For large and critical equipment, the overall condition factor is determined by weighted combination of site-inspected condition factor and theoretical condition factor:

Overall Condition Factor = Site-inspected Condition Factor  $\times$  60% + Theoretical Condition Factor  $\times$  40%

#### ① Site-inspected Condition Factor

The site-inspected condition factor is mainly based on the actual condition of the entity's equipment. According to the technical state, operating environment and maintenance status of the equipment, scores are assigned item by item for each component of the equipment based on on-site inspection to determine the site-inspected condition factor.

#### ② Theoretical Condition Factor

The theoretical condition factor is determined based on the economic useful life (or remaining useful life) and the age of the equipment.

Theoretical Condition Factor = (Economic Useful Life – Used Life)/Economic Useful Life  $\times$  100%

- 2) For low-value, lightweight, simply-structured equipment under normal operating conditions, the condition factor is determined by the useful life method mainly based on service time and maintenance status.

*(3) Calculation of assessed value*

$$\text{Assessed Value} = \text{Full Replacement Cost} \times \text{Overall Condition Factor}$$

**2. Valuation of Motor Vehicles**

In accordance with the purpose of this valuation and under the going-concern assumption, the market comparison approach is adopted based on market prices, combined with equipment characteristics and available data.

*(1) Formula*

$$\text{Market Price of Assessed Subject} = \text{Comparable Case Price} \times \text{Factor Adjustments}$$

*(2) Selection of comparable cases*

In line with valuation requirements, the valuers reviewed information provided by the client, researched second-hand market transaction prices for the assessed subject and reviewed a large volume of second-hand transaction prices on online second-hand trading platforms. Three comparable cases of identical or similar vehicles were selected.

*(3) Adjustment of comparative factors between assessed subject and comparable cases*

Based on the actual circumstances of the assessed subject, three transaction cases in the market where the subject asset is located were selected as comparable cases. Adjustments were made to transaction price, transaction date, transaction method, age, mileage and physical condition for the subject asset and comparable cases. Finally, the arithmetic mean of the adjusted (tax-inclusive) transaction prices was adopted as the assessed value.

**3. Valuation of Electronic and Office Equipment**

*(1) Determination of full replacement cost for electronic and office equipment*

Electronic and office equipment mainly comprises computers and air conditioners. Delivery, installation and commissioning are undertaken by dealers; the replacement cost is directly determined based on market purchase prices.

*(2) Determination of condition factor*

For electronic and office equipment, the overall condition factor is mainly determined based on the economic useful life.

*(3) Determination of assessed value*

Assessed Value = Full Replacement Cost of Electronic and Office Equipment × Overall Condition Factor

**(III) Current liabilities**

**1. Accounts payable**

The book value of accounts payable is RMB2,309,700, which mainly records amounts payable to suppliers for goods purchased or services received by the entity. It primarily comprises outstanding payments for goods, supplies and spare parts, transportation fees and others.

The valuers examined the entity's purchase contracts and relevant supporting documents. Goods purchased and accepted into inventory were recorded in this account based on supporting documents (actual prices or provisional estimated values stated on invoices and shipping invoices). No omission of accounts payable was identified. The assessed value was recognised at the verified book value.

**2. Contract liabilities**

The book value of contract liabilities is RMB45,479,700, which mainly records advances received from customers arising from the entity's product sales and other activities.

The valuers verified relevant contracts and sent confirmation requests to the counterparties. Upon confirmation of authenticity, the assessed value was determined based on the verified book value.

Where contract liabilities were verified to be correct, the assessed value was recognised at the verified book value.

### **3. *Employee benefits payable***

The book value of employee benefits payable is RMB149,900, which covers various remuneration payable to employees by the entity in accordance with relevant regulations, including wages, trade union funds and staff education expenses payable to employees under the entity's rules.

The valuers verified, sampled and recalculated each sub-item of employee benefits payable in accordance with the entity's policies. Meanwhile, the valuers reviewed subsidiary ledgers and entry vouchers, and examined the accrual, payment and utilisation of each item. Upon verification, the accounting treatment was proper and complied with the relevant policies adopted by the Company. The assessed value was recognised at the verified book value.

### **4. *Taxes payable***

The book value of tax payable is RMB174,000, which mainly accounts for various taxes payable by the Company, including value-added tax, urban maintenance and construction tax and individual income tax.

The valuers examined the types and amounts of taxes paid by the entity, reviewed the tax returns and the tax payable account, and verified that the types and amounts of taxes payable as at the reference date were correct. The assessed value was recognised at the verified book value.

### **5. *Dividends payable***

The book value of dividends payable is RMB410,400, representing the profits payable by the Company to its shareholders.

In respect of dividends payable, the valuers obtained a detailed breakdown of dividends payable arranged by investor name, and reconciled it with the subsidiary ledger, general ledger and financial statements, which were found to be consistent. The valuers reviewed the provisions on profit distribution in the Company's agreements, contracts, articles of association, shareholders' resolutions and board minutes, and examined whether the profit distribution criteria and payment methods complied with relevant requirements and had been approved through statutory procedures. The valuers also checked the movements in dividends payable, including the opening balance, increase in the period, payments or transfers in the period, and closing balance, to confirm whether they were consistent with the distribution provisions, and whether the accounting treatment for accrual and payment was correct. Based on verification, the books, statements and detailed schedules of profits payable were consistent. The assessed value was recognised at the verified book value.

## **6. Other payables**

The book value of other payables is RMB2,560,500, representing balances arising from transactions with external parties, internal entities and employees other than those relating to the principal businesses. It mainly comprises amounts payable and temporarily received by the enterprise from other entities or individuals, such as withheld and remitted trade union funds and Party membership dues.

The valuers examined relevant documents, contracts and supporting vouchers. No overstatement or understatement was identified. Following confirmation of its authenticity, the assessed value was recognised at the verified book value.

## **7. Other current liabilities**

The book value of other current liabilities is RMB5,912,400, which solely represents the value-added tax corresponding to the contract liability account. The valuers verified the accounting content, formation process and amount of other current liabilities. The assessed value was recognised at the verified book value.

Save for the above supplemental information, all other information contained in the Announcement remains unchanged.

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

12 October 2026  
Maanshan City, Anhui Province, the PRC

*As at the date of this announcement, the directors of the Company include executive directors Jiang Yuxiang and Fu Ming; employee director Guo Fei; and independent non-executive directors Guan Bingchun, He Anrui, Qiu Shengtao and Zeng Xiangfei.*