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

**(Stock Code: 00323)**

## **VOLUNTARY ANNOUNCEMENT CAPITAL INCREASE AGREEMENT**

On 14 July 2020, Maanshan Iron & Steel Company Limited (the “**Company**”) entered into the Ouye Lianjin Renewable Resources Co., Ltd. Capital Increase Agreement (the “**Capital Increase Agreement**”) with China Baowu Steel Group Corporation Limited (“**China Baowu**”), the indirect controlling shareholder of the Company, Magang (Group) Holding Company Limited (“**Magang Group**”), the controlling shareholder of the Company, and Ouye Lianjin Renewable Resources Co., Ltd. (“**Ouye Lianjin**”). China Baowu and Magang Group will increase the capital of Ouye Lianjin by RMB1 billion in cash by way of non-public agreement, among which China Baowu will increase the capital by RMB0.2 billion, Magang Group will increase the capital by RMB0.8 billion, and the Company will not increase the capital. Upon completion of the capital increase of Ouye Lianjin, the shareholding ratio of China Baowu will be 11.86%. The shareholding ratio of Magang Group will increase from 55% to 69.83%, while the shareholding ratio of the Company will decrease from 45% to 18.31%.

Taking 31 December 2019 as the reference date, the appraised value of net assets attribute to the parent company of Ouye Lianjin is RMB685,851,800. Among the increased capital of Ouye Lianjin in the sum of RMB1 billion to be contributed by China Baowu and Magang Group, approximately RMB583 million will be included in the registered capital, and the remaining RMB417 million will be included in the capital reserve. Upon completion of such capital increase, the registered capital will increase from RMB400 million to RMB983 million. This capital increase will mainly be used for investment and replenishing working capital of Ouye Lianjin.

In order to implement the overall development plan of China Baowu on metal resources recycling industry, Ouye Lianjin intends to speed up the construction of steel scrap demonstration bases and satellite bases through integration of the steel scrap resources and regional network layout, and the new capital required is expected to be approximately RMB2 billion. At present, the Company has invested more in the construction of fixed assets in the steel industry and related smart manufacturing and green development. The funds will be principally contributed to the main iron and steel industry and relevant smart manufacturing and green development projects. The joint capital increase by China Baowu and Magang Group may promote the rapid development of Ouye Lianjin, effectively increase steel scrap resources, and improve resource security to better secure the supply of steel scrap to the Company in the future.

As Ouye Lianjin is not a subsidiary of the Company, for the Company, the capital increase of Ouye Lianjin and its issuance of shares to China Baowu and Magang Group under the Capital Increase Agreement does not constitute a transaction under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

14 July 2020  
Maanshan City, Anhui Province, the PRC

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