

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.



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

(Stock Code: 00323)

**OVERSEAS REGULATORY ANNOUNCEMENT
ANNOUNCEMENT ON RECEIPT OF GOVERNMENT GRANTS
BY CONTROLLING SUBSIDIARIES**

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. BACKGROUND

1. Ma Steel (Hefei) Iron & Steel Co., Ltd., (“**Hefei Steel**”) is a subsidiary controlled by Maanshan Iron & Steel Company Limited (the “**Company**”). The company holds 71% equity interest, and Hefei Industrial Investment Holding Limited (“**Hefei Industrial Investment**”) holds 29% equity interest. Hefei Industrial Investment is wholly owned by Hefei Industry Investment Holdings (Group) Co., Ltd. (“**Industry Investment Group**”). Industry Investment Group is a wholly state-owned company, the de facto controller of which is the State-owned Assets Supervision and Administration Commission of Hefei Municipal Government. Ma Steel (Hefei) Steel Plates Co., Ltd. (“**Hefei Steel Plates**”) is wholly owned by Hefei Steel.
2. According to the requirements of eliminating obsolete and excess capacity of the industry by the Ministry of Industry and Information Technology, Ma Steel (Hefei) Iron & Steel Co., Ltd., (“**Hefei Steel**”), a subsidiary controlled by the Company implemented closure of production of metallurgy in December 2015. At the same time, pursuant to the conclusions of the special meeting of the People’s Government of Anhui Province, all staff of such production base of Hefei Steel will transfer to Hefei City, and the Company shall cooperate. For details, please refer to the Announcement on Resolution of the Board of Directors as disclosed by the Company on 22 December 2015. During 2016 to 2018, Hefei Steel, responsible for the advance payment of relevant personnel salary expenses and utility charges, confirmed that the compensation after the closure of production of metallurgy was RMB130.8674 million, which was audited by Anhui Allianz Xinda CPA Limited.

3. In June 2016, Hefei Industrial Investment provided an interest-free unsecured loan of RMB210 million to Hefei Steel Plates in order to support the transformation development of Hefei Steel, and solve the financial difficulties in the construction of Hefei Steel Plates project. Hefei Steel Plates repaid the borrowing of RMB79.1326 million in June 2019.

II. CONTENTS

Pursuant to the spirit of the special meeting held by the People's Government of Anhui Province and relevant consultation, Hefei Steel, Hefei Steel Plates and Hefei Industrial Investment agreed that Hefei Industrial Investment shall pay compensation fees of RMB130.8674 million to Hefei Steel, and Hefei Industrial Investment shall transfer the remaining creditor's rights of Hefei Steel Plates (RMB130.8674 million) to Hefei Steel to offset the above compensation fees. Hefei Steel Plates repaid RMB130.8674 million to Hefei Steel. Details of compensation fees are as follows (unit: RMB0'000):

Compensation items	Amount
Salary expenses of all staff during the transition period	7,554.50
Salary of the retained personnel during the transition period	672.21
Salary expenses of caregivers after the transition period	265.17
Utility charges after the closure of production	<u>4,594.86</u>
Total	<u><u>13,086.74</u></u>

III. OTHER

According to relevant provisions of the Accounting Standards for Business Enterprises No. 16 – Government Grants, the aforesaid compensation fees belonging to income-related government grants will be included in the profit and loss of the Company for the year 2020, and the specific accounting treatment and the impact on the profit and loss of the Company for the year 2020 will be subject to the final results as confirmed by the accountants upon annual audit.

The Board of Directors
Maanshan Iron & Steel Company Limited

30 October 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.