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

**(Stock Code: 00323)**

## **ANNOUNCEMENT IN RELATION TO THE CONFIRMATION OF GAINS ON THE DISPOSAL OF ASSETS BY CONTROLLING SUBSIDIARY**

Reference is made to the announcement of Maanshan Iron & Steel Company Limited (the “**Company**”) dated 6 March 2014 in relation to the discloseable transaction - disposal of land.

As China has attached increasing importance to the issue of pollution and protection of environment, Ma Steel (Hefei) Iron & Steel Co., Ltd. (“**Ma Steel (Hefei)**”), a 71%-owned controlling subsidiary of the Company, entered into the “Resumption Contract for the Land Use Right of State-owned Land for Construction in Hefei” (the “**Contract**”) with the Land Reserve Centre of Hefei on 28 February 2014 to phase out inefficient and obsoleted smelting facilities and to initiate the transition to a new business model, stipulating that the Land Reserve Center of Hefei would resume a land parcel granted to Ma Steel (Hefei) in Yaohai District of Hefei with an area of 3,377.9 mu and part of the buildings and structures erected thereon; the Land Reserve Center of Hefei would pay no less than RMB1.2 billion to Ma Steel (Hefei) as compensation in four installments and the specific amount shall be subject to the pro forma audit of the appraised price. According to the evaluation of qualified appraisal institutions on land, real estate and engineering cost, a compensation fee of RMB1.238 billion was determined by Ma Steel (Hefei) and Land Reserve Center of Hefei on 25 December 2014. Pursuant to the Contract, Ma Steel (Hefei) received the compensation fee of approximately RMB960 million in total in three tranches in 2014. Before completion, Ma Steel (Hefei) found that it was difficult to resolve some problems left over from history, such as land occupation, land disputes with Feidong County, and difficulties in dismantling plants and facilities, etc., leading to the inability to deliver the contracted land in a timely manner, such that it did not receive the final tranche of compensation fees as scheduled. In this regard, Ma Steel (Hefei) and Land Reserve Center of Hefei had mutual understanding. According to the situation of ground equipment, real estate or structures, Ma Steel (Hefei) confirmed the gains on the disposal of assets of approximately RMB224 million, RMB31 million and RMB4 million in 2014, 2018 and 2019, respectively. The relevant annual financial reports of the Company have been audited by the relevant annual auditors.

Recently, Ma Steel (Hefei) and Land Reserve Center of Hefei have further agreed that the area of land acquisition arising from land disputes shall be adjusted from the original 3,377.9 mu to 3,370.57 mu (deducted by 7.33 mu), the land ready for development involving the “recovery of land with major environmental pollution that obtained the written approval of the environmental protection department after treatment” delivered by Ma Steel (Hefei) to Land Reserve Center of Hefei under the Contract shall be adjusted to the “implementation of innocuous soil restoration by the municipal land reserve center and relevant investigation evaluation and restoration costs shall be included in costs of land acquisition after being audited in accordance with the instructions of the Hefei Government; the transfer of land shall be completed on as-is basis as the standard of land delivery; Ma Steel (Hefei) shall contribute RMB10 million to set up a joint management account for funds with the Development and Management Office of Hefei New Eastern Center (the “**East Management Office**”). The special funds are used for the unfinished matters such as the occupation problems of certain housing and closure of walls within such land acquisition; Land Reserve Center of Hefei shall be responsible for the payment of compensation fee of approximately RMB278 million as the final tranche before 31 December 2020. At the same time, Ma Steel (Hefei) signed the Agreement on the Management and Protection of Land with Land Reserve Center of Hefei and East Management Office for the transfer of contracted land reserves management and protection and the transfer of land reserves on as-is basis. Ma Steel (Hefei) has completed the transfer of all the contracted land acquisition by then and has recently received the final tranche of compensation fee of approximately RMB278 million.

According to the preliminary estimation made by Ma Steel (Hefei) and the financial department of the Company, with regard to the transfer of contracted land acquisition, Ma Steel (Hefei) will confirm the gains on the disposal of assets of approximately RMB574 million in 2020 after considering the asset disposal cost (i.e. the cost of the contracted land acquisition). Such information is preliminary estimated only. Detailed and accurate information shall be subject to the audited 2020 annual report officially disclosed by the Company. Public investors should be aware of investment risk.

*The Board of Directors*  
**Maanshan Iron & Steel Company Limited**

18 December 2020  
Maanshan City, Anhui Province, the PRC

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