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

**(Stock Code: 00323)**

**VOLUNTARY ANNOUNCEMENT  
WAIVER OF CAPITAL INJECTION  
TO INVESTEE COMPANY**

This is a voluntary announcement made by Maanshan Iron & Steel Company Limited (the “**Company**”).

**IMPORTANT NOTICE:**

Ma Steel (Hong Kong) Company Limited (“**Ma Steel Hong Kong**”), a wholly-owned subsidiary of the Company, will not make capital injection to Huabao Duding (Shanghai) Finance Leasing Co., Ltd. (“**Huabao Leasing**”), a subsidiary of China Baowu Steel Group Corporation Limited which is a controlling shareholder of Magang (Group) Holding Company Limited, a controlling shareholder of the Company.

**I. INTRODUCTION OF THE TRANSACTION**

Huabao Leasing intends to increase its registered capital from RMB1.6 billion to RMB2.223 billion, of which Shanghai Shangguo Investment Asset Management Co., Ltd. intends to contribute RMB300 million (subject to the actual transaction amount), Zhoushan State-owned Assets Investment Operation Co., Ltd. intends to contribute RMB300 million, and Maanshan Jiangdong Finance Holding Co., Ltd. intends to contribute RMB170 million. Ma Steel Hong Kong will not make capital injection. Upon completion of the capital injection, the shareholding of Ma Steel Hong Kong in Huabao Leasing will decrease from 4.319% to 3.11%.

At the forty-fifth meeting of the ninth session of the board of directors of the Company held on 29 June 2021, the related director Mr. Ding Yi abstained from voting as required, and four non-related directors voted in favor of the transaction. The related transaction does not constitute major asset restructuring as defined in the “Administrative Measures for Major Assets Restructuring of Listed Companies” of China.

## **II. BASIC INFORMATION OF SUBJECT MATTER OF THE TRANSACTION**

### **Huabao Duding (Shanghai) Finance Leasing Co., Ltd.**

1. Registered address: Room 02, West Zone, 59/F, No. 100 Century Avenue, China (Shanghai) Pilot Free Trade Zone
2. Legal representative: Li Qiqiang
3. Unified social credit code: 91310115MA1K3MNG0F
4. Registered capital: RMB1,600 million
5. Nature of enterprise: Limited liability company (joint venture between Taiwan, Hong Kong, Macau and mainland China)
6. Principal scope of business: Financial leasing business, leasing business, domestic and overseas purchase of leased properties, residual value treatment and maintenance of leased properties, consultation and guarantee of leasing transaction and commercial factoring business in relation to principal business. (For projects subject to approval in accordance with law, business activities can only be carried out upon approval by relevant departments).
7. Major financial data of Huabao Leasing for 2020 (Unit: RMB): Total assets: RMB11,632.0937 million; equity attributable to the owners of the parent company: RMB2,250.634 million; operating income: RMB770.0192 million; net profit attributable to owners of the parent company: RMB171.8122 million.

8. Shareholding structure of Huabao Leasing prior to the capital injection is as follows.

No.	Name of shareholders	Subscribed capital Contribution (RMB)	Percentage of Shareholdings (%)
1	Magang Group Investment Co., Ltd.	179,672,000.00	11.2295
2	Ma Steel (Hong Kong) Company Limited	69,104,000.00	4.3190
3	Maanshan Jiangdong Finance Holding Co., Ltd.	27,641,600.00	1.7276
4	Huabao Investment Co., Ltd.	725,323,200.00	45.3327
5	Baosteel Hong Kong Investment Company Limited	330,896,000.00	20.6810
6	Zhoushan State-owned Assets Investment Operation Co., Ltd.	251,480,000.00	15.7175
7	Shanghai Duding Enterprise Management Center (limited partnership)	15,883,200.00	0.9927
	Total	1,600,000,000.00	100

### III. MAJOR CONTENT AND PRICING OF THE TRANSACTION

Huabao Leasing intends to increase its registered capital from RMB1.6 billion to RMB2.223 billion. On the basis of authentication (or selection of the best option) organized by Shanghai United Assets and Equity Exchange, Shanghai Shangguo Investment Asset Management Co., Ltd. agrees to contribute RMB300 million in currency (subject to the actual transaction amount), holding 10.92% of the total equity of Huabao Leasing after the capital injection, and becoming a new shareholder of Huabao Leasing. Meanwhile, Zhoushan State-owned Assets Investment Operation Co., Ltd., Huabao Leasing's existing shareholder, intends to contribute RMB300 million and Maanshan Jiangdong Financial Holdings Co., Ltd., intends to contribute RMB170 million to increase their shareholdings. Three capital contributors will inject a total of RMB770 million (subject to the actual transaction amount).

The reference date for the capital injection is 31 December 2020, and the shareholding ratio after the capital injection is calculated on the basis of the appraised value of net asset. According to preliminary estimates, following the completion of capital injection, the registered capital shall be RMB2.223 billion, and the premium shall be included in the capital reserve.

The three companies participating in the capital injection are not related to the Company. Following completion of the increase in the capital and shares, the equity structure of Huabao Leasing is as follows:

No.	Name of shareholders	Subscribed capital contribution (RMB)	Percentage of shareholdings (%)
1	Huabao Investment Co., Ltd.	725,323,200.00	32.63%
2	Baosteel Hong Kong Investment Company Limited	330,896,000.00	14.89%
3	Magang Group Investment Co., Ltd.	179,672,000.00	8.08%
4	Ma Steel (Hong Kong) Company Limited	69,104,000.00	3.11%
5	Shanghai Duding Enterprise Management Center (limited partnership)	15,883,200.00	0.71%
6	Zhoushan State-owned Assets Investment Operation Co., Ltd.	494,149,362.99	22.23%
7	Maanshan Jiangdong Finance Holding Co., Ltd.	165,154,239.03	7.43%
8	Shanghai Shangguo Investment Asset Management Co., Ltd.	242,669,362.99	10.92%
	Total	2,222,851,365.02	100

#### IV. IMPACT OF THE TRANSACTION ON THE COMPANY

1. As a quasi-financial enterprise, Huabao Leasing's operation and development direction do not match the strategic development plan of the Company. In order to focus on the main business in steel and iron industry and give full play to the trade financing function of Ma Steel Hong Kong, the Company decided not to increase financial investment this time.
2. Following completion of the capital injection, the shareholding ratio of Ma Steel Hong Kong will decrease from 4.319% to 3.11%, and it may nominate one director.

Since Huabao Leasing is not a subsidiary of the Company, as far as the Company is concerned, the capital injection to Huabao Leasing and the issuance of shares to Shanghai Shangguo Investment Asset Management Co., Ltd., Zhoushan State-owned Assets Investment Operation Co., Ltd. and Maanshan Jiangdong Finance Holding Co., Ltd. do not constitute a transaction referred to in Chapter 14 and Chapter 14A of the Securities Listing Rules of The Stock Exchange of Hong Kong Limited.

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

29 June 2021  
Maanshan City, Anhui Province, the PRC

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