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

(Stock Code: 00323)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO 2020 ANNUAL REPORT

Reference is made to the 2020 Annual Report published by Maanshan Iron & Steel Company Limited (the “**Company**”) on 23 April 2021. Capitalised terms used herein shall bear the same meanings as defined in the 2020 Annual Report.

The Company hereby provides the following supplemental information regarding the Company’s pension scheme disclosed in the 2020 Annual Report:

The Group’s pension plan is mainly based on the social insurance plans established by government departments in accordance with regulations. The plan is regarded as a defined contribution scheme. According to the provisions of the plan, the Group shall not use any forfeited contributions to reduce the current level of contributions. If employees withdraw from the plan for any reason before actually receiving the relevant contributions, the Group will no longer pay pension and unemployment insurance premiums on their behalf.

All full-time employees of the Group participate in the basic pension insurance scheme formulated by the government in accordance with national policies. For the year ended 31 December 2020, the basic pension insurance premiums were paid based on 8% and 16% of the Group’s employees’ basic salary (8% for February to June 2020, and 16% for January and July to December 2020), which does not exceed the upper limit prescribed by the government department, and the employees shall pay the basic pension insurance premiums in proportion to their own wages stipulated by the government. After employees reach the legal retirement age, they receive basic pensions on a monthly basis. In 2020, the basic pension insurance premiums payable by the Group amounted to approximately RMB358.51 million, which was recorded as labour costs.

In addition, the Group has established an enterprise annuity plan. The expenses required for the enterprise annuity shall be paid jointly by the enterprise and individual employees. The Group and employees who enjoy the annuity plan use the employee social insurance payment base as the payment base. The employee's payment and deposit ratio is 1%, and the enterprise's payment and deposit ratio is 5%. The Group has no further statutory or presumed obligation after such payment and deposit, and the Group treated the plan as a defined contribution scheme. The total amount of the Group's corporate annuity expenses in 2020 was approximately RMB98.48 million, which was recorded as labour costs.

For details of the amount and balance of the Group's defined contribution schemes in 2020, please refer to the session titled "Defined contribution plans" under item 27 "Payroll and employee benefits payable" under Note 5 of the major notes to the consolidated financial statements on page 234 of the 2020 Annual Report.

In addition to the aforementioned social insurance plans, the Group also provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement benefits refer to the wages and social insurance premiums paid to employees who have not reached the national retirement age but have voluntarily quit their jobs with the approval of the management of the Group. Although employees who accept early retirement arrangements have not terminated their labor contracts with the Group, they will no longer provide services to the Group in the future and cannot bring economic benefits to the Group, and the Group will no longer pay salary and make welfare payments after the employees formally retire, what the Group promises to provide is substantially financial compensation with the nature of dismissal benefits, and shall be dealt with by reference to dismissal benefits before the employees' official retirement date.

Since the aforementioned early retirement benefits will be settled more than 12 months after the end of the annual reporting period, an evaluation was done in respect of the plan internally by the Group at the end of 2020, and the evaluation method was the projected cumulative unit credit method. The source of funds for the plan mainly came from the daily working capital of the Group, and the Group has not designated any specific assets for the plan. There is no standardized calculation method for the amount to be distributed, and each member of the Group can determine its own contribution standard in accordance with its internal policies.

Based on assumptions including mortality rate, 3% expected salary growth rate and national debt discount rate for the same period, the human resources personnel of the Group made annual estimates of the defined benefits payable under the said early retirement plan, and also considered the actual settlement amount under the annual defined benefit obligations. As there was no financial management and no investment made for the said early retirement plan, as of 31 December 2020, there were no plan assets under the said early retirement plan, and the defined benefits payable amounted to approximately RMB74.97 million, accounting for approximately 0.09% of the Group's total assets as of 31 December 2020 only. Since the said early retirement plan is relatively straightforward, the estimates carried out by the Group should be sufficient, and it would not be necessary to engage professional actuary to conduct actuarial valuation of said early retirement plan. Such arrangement complies with the requirements under the applicable accounting standard.

For details of the amount and balance of the said early retirement plan of the Group as well as the main actuarial assumptions, please refer to item 35 “Long-term payroll and employee benefits payable” in Note 5 of the major notes to the consolidated financial statements on page 241 to 242 of the 2020 Annual Report.

According to the disclosure under item 27 “Payroll and employee benefits payable” under Note 5 of the major notes to the consolidated financial statements on page 232 of the 2020 Annual Report, the Group’s overseas subsidiary MG-VALDUNES provided employees with other post-retirement supplementary benefits, mainly including supplementary pension allowances, reimbursement of medical expenses and supplementary medical insurance, and these supplementary benefits after retirement are regarded as defined benefit plans.

According to the disclosure under “Significant accounting policies and accounting estimates of the 2020 Annual Report, the cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. MG-VALDUNES has made no investment for the defined benefit plans. Based on assumptions including local mortality rate, 2% expected wage growth rate and government bond discount rate for the same period, MG-VALDUNES made an annual estimate of the defined benefits payable under the plan, and also took into account the actual settlement of defined benefit obligations each year. As there was no financial management and no investment made for the benefit plan, as of 31 December 2020, there are no plan assets under the benefit plan. The defined benefit payable under the benefit plan was approximately RMB25.94 million, accounting approximately 0.03% of the total assets of the Group only. The interest plan maintained by MG-VALDUNES is considered to be relatively simple. Since the said defined benefit plan is relatively straightforward, the estimates carried out by the Group should be sufficient, and it would not be necessary to engage professional actuary to conduct actuarial valuation of said defined benefit plan. Such arrangement complies with the requirements under the applicable accounting standard.

Save for the above supplemental information, all information contained in the 2020 Annual Report remains unchanged.

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

17 November 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.