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

**(Stock Code: 00323)**

**OVERSEAS REGULATORY ANNOUNCEMENT  
ANNOUNCEMENT  
ON 2022 OPERATION PLAN FOR INVESTMENT BUSINESS IN  
WEALTH MANAGEMENT  
PRODUCTS OF A CONTROLLING SUBSIDIARY**

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.

On 14 December 2021, the fifty-fourth meeting of the ninth session of the board of directors of Maanshan Iron & Steel Company Limited (the “**Company**”) considered and approved the 2022 operation plan for investment business in wealth management products by Magang Group Finance Co., Ltd. (“**Finance Company**”), a subsidiary controlled by the Company.

The Finance Company is a subsidiary controlled by the Company, and the shareholding ratio of the Company is 91%. Magang (Group) Holdings Co., Ltd., a controlling shareholder of the Company, holds 9% of the shares of the Finance Company. The Finance Company is a non-banking financial institution, and its business of investment in wealth management products is one of its daily operations, and has been approved by the CBIRC Anhui Office.

**I. THE WEALTH MANAGEMENT PLAN**

**(I) Purposes for Wealth Management and Sources of Funds:**

Purposes for Wealth Management: optimise business and asset structure and improve functions of financial services; improve the efficiency and yields of its reserves for funding position; enrich the administrative measures for the liquidity and improve the level of liquidity risk management. Source of Funds: self-owned funds of the Finance Company.

## **(II) The Wealth Management Plan**

The 2022 investment business in wealth management products by Finance Company will mainly select low-risk wealth management products with high liquidity, internal rating of R2 and below, and with short lock-up period. The maximum investment balance of wealth management products at any point during the period shall not exceed RMB2 billion, which has the same limit as in 2021, and the funds shall be used in a rolling way within the limit.

## **(III) Risk Prevention Measures**

### **1. Establish a sound risk management system**

The Finance Company has established a “**four-in-one**” risk management and control concept integrating compliance, business continuity management, risk management and internal control; built a comprehensive risk management system of “**three verticals and three horizontals**”, namely establishing a three-level vertical risk management system consisting of the board of directors and its risk management committee (decision-making level), the board of supervisors (supervisory level), operation management and its professional committees and various management functional departments (executive level), and establishing three horizontal risk management defense lines which separate the front, middle and back sections as the business department, risk management department and audit department, as well as formulated comprehensive risk management policies and goals.

### **2. Establish and improve the decision-making mechanism**

The Finance Company shall establish and improve the investment decision-making mechanism with relatively centralized, hierarchical management and unified rights and responsibilities, and clarify the rights and responsibilities at all levels. When the Finance Company carries out securities investment business, the board of directors shall determine the business plan and scheme of investment business; the operation management and its subordinate investment decision-making committee shall organize the implementation of investment plans and formulate investment strategies; each business department shall be responsible for specific implementation and tracking.

### **3. Realize the separation of front, middle and back sections**

In the process of investment, the front, middle and back sections of the Financial Company shall be strictly separated, so that the investment decision-making, transaction execution, accounting review and risk control are relatively independent and mutually balanced; formulate strict approval procedures and authorization execution procedures for investment fund allocation, and strictly implement the separation of incompatible posts; establish and strengthen the risk responsibility

system and due diligence accountability system of investment, clarify the risk responsibilities of various departments and posts, identify the responsibility and deal with the risks caused by violation of laws and regulations.

#### **4. Formulate and improve internal control system and process**

Since its commencement of business, the Finance Company has attached great importance to the construction of internal control system and formulated more than 100 basic management systems in seven categories, including basic decision-making management, corporate governance, business management, risk management and internal audit management. This year, taking the opportunity of carrying out the construction year of internal control and compliance management, a number of internal control systems and business operation processes were further revised and improved, and a system dynamic maintenance mechanism was gradually established. All the systems basically covered all business of the Financial Company, ensuring compliance business and stable operation. Adhering to the principle of “**internal control comes first**”, the Finance Company has established corresponding rules, regulations and operating procedures in accordance with the requirements of internal control before carrying out the business of financial products.

#### **5. Formulate reasonable operation strategy for investment business**

The investment business of the Finance Company in wealth management products is used as a supplementary tool for cash management to balance the liquidity, safety and profitability of funds. When investing in bank wealth management products, there are strict restrictions on the qualifications of the issuers, mainly selecting demand wealth management products issued by large-scale state-owned banks and joint-stock listed banks, or low-risk wealth management products with short lock-up period and internal rating of R2 and below, performing root-level asset penetration audit on products, and strictly approving products in accordance with regulatory requirements.

#### **6. Adjust business scale and investment portfolio in time in accordance with the business needs**

In the course of operation, under the premise of meeting the needs of settlement reserve funds and credit business, the Finance Company completes good investment allocation of low-risk wealth management products, and timely adjusts investment strategies and investment portfolios in accordance with the changes in the external environment to obtain more investment gains; formulates capital operation plan after overall consideration of the capital status, external financing environment and capital operation arrangement of the Group, and determines the business scale of investment in wealth management products on the basis of the well-prepared capital plan; the operation of wealth management products shall be carried out upon adequate evaluation; at the same time, when the Finance Company determines

the operation mode and investment period of the investment business in wealth management products, the principle of moderate dispersion shall be adopted to avoid increasing the liquidity risk due to excessive concentration of investment.

## II. THE TRUSTEE

When purchasing wealth management products, the Finance Company has strict restrictions on the qualifications of the issuers, mainly selecting large-scale state-owned banks and joint-stock listed banks. These issuers have high credit ratings, transparency and strong performance ability, and are not related to the Company.

## III. IMPACT ON THE COMPANY

### (I) Major Financial Information of the Company in Recent Year and Period

*Unit: RMB million*

Items	Third quarter of 2021 (end)	2020 (end)
Total assets	92,272	80,711
Total liabilities	53,775	48,100
Net assets attributable to the shareholders of the listed company	33,925	28,386
Debt-to-assets ratio	58.28%	59.60%
Interest-bearing debt ratio	34.01%	38.83%
Net cash flow from operating activities	11,033	27,705

### (II) Impact on the Company

At the end of 2020, the Company's debt-to-assets ratio was 59.60%, interest-bearing debt ratio was 38.83%, the scale of the wealth management plan accounted for 37.41% of the Company's monetary capital at the end of 2020; at the end of September 2021, the Company's debt-to-assets ratio was 58.28%, interest-bearing debt ratio was 34.01%, and the scale of the wealth management plan accounted for 36.46% of the Company's monetary capital at the end of September 2021. There is no circumstance under which a large amount of wealth management products is purchased with a large amount of liabilities existing.

The Finance Company uses its own funds to purchase wealth management products, which acts as the daily operation of a non-bank financial institution under the premise of ensuring the daily operations and fund security of the Company, and has no significant impact on the Company, its main business and financial condition in the future.

To the extent of ensuring the daily operations and capital security of the Company, the purchase of wealth management products by the Finance Company can improve the efficiency of capital use and increase capital returns. The investment duration of the Financial Company's wealth management products is relatively short. The optimal interest rate for inter-

bank deposits during the same period is approximately 2.3%, and the excess return rate from the wealth management investment is 0.64%. The Finance Company uses its own funds to invest in wealth management products and has always maintained a sound investment style, and has a good reputation in the capital market. So far, the principal and interests of the wealth management products purchased by the Finance Company have been recovered on time upon maturity with no investment risk.

## **VI. RISK WARNING**

The 2022 investment business in wealth management products by Finance Company will mainly choose low-risk wealth management products with high liquidity, internal ratings of R2 and below, and short lock-up period, and the Finance Company has strict restrictions on the qualifications of the issuers when purchasing wealth management products. However, the impact of force majeure risk, policy risk, market risk and liquidity risk may not be completely eliminated from such investments.

## **V. DECISION-MAKING PROCESS**

On 14 December 2021, the 54<sup>th</sup> meeting of the ninth session of the board of directors of the Company considered and approved the 2022 operation plan for investment business in wealth management products by Finance Company. In accordance with the relevant regulations such as the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, this wealth management plan does not constitute a connected transaction, and are exempt from approval by the shareholders' general meeting.

## **VI. INVESTMENT IN WEALTH MANAGEMENT PRODUCTS OF THE FINANCE COMPANY IN 2021**

From January to November 2021, the daily average balance of wealth management products of the Finance Company was RMB1,662 million, with a profit of RMB44,846,300 and rate of return on investment of 2.94%. The investment scale of wealth management products at any time point did not exceed RMB2,000 million. The issuers of these wealth management products are financing institutions such as Industrial and Commercial Bank of China, China Construction Bank Corporation, China Everbright Bank Company Limited, Postal Savings Bank of China Co., Ltd., Shanghai Pudong Development Bank Co., Ltd. and Huishang Bank Corporation Limited, risk level of each product is R1-R2, and all matured products have been recovered on time.

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

15 December 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.*