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

(Stock Code: 00323)

**INSIDE INFORMATION/OVERSEAS REGULATORY
ANNOUNCEMENT
2022 FIRST QUARTERLY REPORT**

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.

IMPORTANT NOTICE :

- (I) The board of directors (the “**Board**”), the supervisory committee, the directors, the supervisors and senior management of Maanshan Iron & Steel Company Limited (the “**Company**”) warrant that there are no false representations or misleading statements contained in, or material omissions from this report; and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- (II) Mr. Ding Yi, the person-in-charge of the Company; Mr. Mao Zhanhong, the person overseeing accounting operations; and Mr. Xing Qunli, the person-in-charge of the Accounting Department, make representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- (III) The financial statements contained in this first quarterly report have not been audited, but have been reviewed by the Audit Committee in the Board of the Company.

I. Major Financial Data

(I) Major accounting data and financial indicators

Unit: Yuan Currency: RMB

Items	The reporting period	Increase/decrease of the reporting period as compared to the same period of previous year (%)	
Revenue	26,580,269,666		11.28
Net profit attributable to equity holders of the Company	1,253,376,821		-17.04
Net profit excluding non-recurring gains or losses attributable to equity holders of the Company	1,130,866,442		-21.26
Net cash flows from operating activities	1,637,434,029		-25.36
Basic earnings per share (RMB/share)	0.16		-20.00
Diluted earnings per share (RMB/share)	0.16		-20.00
Return on net assets (weighted average) (%)	3.75		Decrease by 1.44 percentage points
			Increase/decrease as at the end of the reporting period as compared to the end of previous year (%)
	As at the end of the reporting period	As at the end of previous year	
Total assets	90,975,181,759	91,207,743,018	-0.25
Equity attributable to the shareholders of the Company	34,005,345,647	32,752,858,934	3.82

Note: "The reporting period" refers to the three-month period from the beginning of the quarter to the end of the quarter, the same below.

(II) Items and amounts of non-recurring gains or losses

Unit: Yuan Currency: RMB

Items	Amount for the period	<i>Note</i>
Gains/losses from disposal of non-current assets	130,437,708	Mainly represents the compensation received by the holding subsidiary Ma Steel (Hefei) Iron & Steel Co., Ltd. for land resumption and storage
Government subsidies recognized in current gains/ losses, excluding those having close relationship with the Company's normal business, conforming to the national policies and regulations and enjoying ongoing fixed amount or quantity according to certain standard	54,272,281	Government incentive funds
Gains or losses arising from fair value changes of held-for trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income on disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other equity investment other than the hedging business related to the normal business of the Company	26,980,553	Changes in fair value related to hedging and forward foreign contracts businesses
Non-operating income and expenses other than the above items	-25,801,842	
Other gains/losses items conforming to the definition of non-recurring gains or losses	5,524,828	Employee termination benefits
Less: Impact of income tax	46,464,089	
Impact of non-controlling interests (after tax)	22,439,060	
Total	122,510,379	

(III) Changes in major accounting information and financial indicators of the Company and the reasons thereof

Item	Percentage of change (%)	Main reason
Financial assets held for trading	36.31	The certificates of deposit and other wealth management products newly purchased by Magang Group Finance Company Limited (“Finance Company”) during the current period increased as compared with the end of previous year
Notes receivable	-53.32	The volume of bills with right of recourse during the current period decreased as compared with the end of previous year
Financial assets purchased under agreements to resell	-36.60	The bond reverse repurchase business of the Finance Company decreased during the current period
Other current assets	-56.33	The held-to-maturity financial bonds of the Finance Company decreased during the current period
Long-term receivables	-31.74	The external after-sale leaseback business of the Finance Company during the current period decreased as compared with the end of previous year
Deposits and balances from banks and other financial institutions	N/A	The interbank borrowing funds of the Finance Company increased during the current period
Financial assets sold under repurchase agreements	-79.90	The amount of funds pledged by Finance Company to other financial institutions decreased during the year
Financial liabilities held for trading	-55.19	The fair value of forward foreign exchange contracts held by the Company changed during the current period
Non-current liabilities due within one year	-46.66	The long-term borrowings due within one year repaid during the current period

Item	Percentage of change (%)	Main reason
tax and surcharges	-32.09	The VAT payable and corresponding surcharge taxes decreased during the current period
Selling expenses	32.12	A year-on-year increase in the service expenses paid to intermediaries to expand selling channels
General and administrative expenses	54.46	The provision for special one-off awards made at the end of 2020 were reversed in the same period of previous year
R&D expenses	30.82	To enhance the overall R&D capability of the Company and enhance its competitiveness in the high-end product market, the Company further intensified its R&D input, expanded the product development and accelerated its product upgrade during the current period
Financial expenses	-62.93	Firstly, the Company planned to reduce the scale of interest-bearing liabilities, and simultaneously optimized the interest rate on borrowings to reduce interest expenses. Secondly, the appreciation of RMB during the current period resulted in exchange gains, compared to exchange losses in the corresponding period of previous year
Other income	181.62	The Company received governmental corporate award bonuses during the current period
Gain on the changes in fair value	-30.81	Gains from changes in fair value of forward foreign exchange contracts held by the Company during the current period experienced a slight year-on-year decrease
Asset impairment losses	-1,259.28	Certain subsidiaries made inventory impairment provision during the current period, compared to reverse in the corresponding period of previous year

Item	Percentage of change (%)	Main reason
Gains/(losses) from disposal of assets	N/A	Gains during the current period were RMB131 million as compared to the loss of RMB9 million in the corresponding period of previous year, mainly due to the compensation received by the subsidiary Ma Steel (Hefei) Iron & Steel Co., Ltd. for land resumption and storage during the current period
Non-operating income	-96.39	The retirement of fixed assets disposed in the corresponding period of previous year was recorded as gains
Non-operating expenses	456.42	The Company wrote off certain old special equipment according to the production and operation needs during the current period
Income tax expense	72.25	There was a prior year's loss to be made up in the corresponding period of previous year, and tax payable in the corresponding period of previous year was less than the current period
Profit or loss attributable to non-controlling interests	-46.69	The profitability of certain non-wholly owned subsidiaries experienced a year-on-year decrease during the current period
Net cash flows used in investing activities	-99.72	Year-on-year decrease in the cash paid for investments by the Finance Company during the current period
Net cash flows generated from/(used in) financing activities	-511.63	The Company planned to reduce the scale of interest-bearing liabilities and increase borrowing repayments in accordance with the Company's business strategy

II. SHAREHOLDER INFORMATION

(I) Total number of shareholders and table of shareholdings of the top ten shareholders

Unit: Share

Total number of shareholders as at the end of the reporting period	168,784	Number of shareholders of preferred shares with voting right restored as at the end of the reporting period (if any)	Nil
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Shareholding of the top ten shareholders

Name of shareholder	Nature of Shareholders	Number of shares held (%)	Percentage of shareholding (%)	Number of Restricted shares held Status	Volume	Number of pledged, marked or frozen shares
Magang (Group) Holding Company Limited	State-owned legal person	3,506,467,456	45.535	–	Nil	–
Hong Kong Securities Clearing Company (Nominees) Limited	Unknown	1,718,080,550	22.311	–	Unknown	Unknown
Magang Group Investment Co., Ltd.	State-owned legal person	158,282,159	2.055	–	Nil	–
Central Huijin Asset Management Limited	State-owned legal person	139,172,300	1.807	–	Unknown	Unknown
Hong Kong Securities Clearing Company Limited	Unknown	116,945,579	1.519	–	Unknown	Unknown
Beijing Guoxing Real Estate Management Co., Ltd.	Unknown	37,170,600	0.483	–	Unknown	Unknown
Industrial and Commercial Bank of China Co., Ltd. – HFT Reform Driven Flexible Configuration Hybrid Securities Investment Fund	Unknown	31,057,764	0.403	–	Unknown	Unknown
Bank of Beijing Co., Ltd. –Invesco Great Wall Jingyi Double Interest Debt Securities Investment Fund	Unknown	25,586,800	0.332	–	Unknown	Unknown
Guoshou Pension Strategy No. 4 Equity Pension Product – Industrial and Commercial Bank of China Co., Ltd.	Unknown	25,565,520	0.332	–	Unknown	Unknown
Zhang Wu	Unknown	20,800,000	0.270	–	Unknown	Unknown

Shareholding of the top ten holders without restricted selling condition

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
Magang (Group) Holding Company Limited	3,506,467,456	RMB-denominated ordinary shares	3,506,467,456
Hong Kong Securities Clearing Company (Nominees) Limited	1,718,080,550	Overseas-listed shares	1,718,080,550
Magang Group Investment Co., Ltd.	158,282,159	RMB-denominated ordinary shares	158,282,159
Central Huijin Asset Management Limited	139,172,300	RMB-denominated ordinary shares	139,172,300
Hong Kong Securities Clearing Company Limited	116,945,579	RMB-denominated ordinary shares	116,945,579
Beijing Guoxing Real Estate Management Co., Ltd.	37,170,600	RMB-denominated ordinary shares	37,170,600
Industrial and Commercial Bank of China Co., Ltd. – HFT Reform Driven Flexible Configuration Hybrid Securities Investment Fund	31,057,764	RMB-denominated ordinary shares	31,057,764
Bank of Beijing Co., Ltd. – Invesco Great Wall Jingyi Double Interest Debt Securities Investment Fund	25,586,800	RMB-denominated ordinary shares	25,586,800
Guoshou Pension Strategy No. 4 Equity Pension Product – Industrial and Commercial Bank of China Co., Ltd.	25,565,520	RMB-denominated ordinary shares	25,565,520
Zhang Wu	20,800,000	RMB-denominated ordinary shares	20,800,000
Notes on the above shareholders' affiliated relation or concerted action	Magang Group Investment Co., Ltd., as the wholly-owned subsidiary of Magang (Group) Holding Company Limited, is the person acting in concert. Besides, there is no connected relationship between Magang (Group) Holding Company Limited and other foregoing shareholders and are not persons acting in concerted action. However, it is not in the knowledge of the Company whether there is any affiliated relation among other foregoing shareholders and whether they are persons acting in concerted action.		

Note: Hong Kong Securities Clearing Company (Nominees) Limited held 1,718,080,550 H Shares of the Company, which were held on behalf of its customers. Among them, Baosteel Hong Kong Investment Ltd. held 562,600,000 H Shares of the Company, which is the wholly-owned subsidiary of China Baowu Steel Group (“China Baowu”), the controlling shareholder of Magang (Group) Holding Co., Ltd..

III. OTHER REMINDERS

In the first quarter of 2022, the domestic economy continued to recover and economic operation achieved a smooth start with a year-on-year and quarter-on-quarter growth in GDP of 4.8% and 1.3%, respectively. The steel industry actively responded to the pandemic and market changes, showing a positive trend in the quarter-on-quarter growth. Steel supply and demand were basically balanced and steel prices were relatively stable, but costs of raw material and fuels increased sharply, compressing profit margins. From January to March, the country produced 201 million tons of pig iron, 243 million tons of crude steel and 312 million tons of steel, representing a year-on-year decrease of 11.0%, 10.5% and 5.9%, respectively. From January to March, steel prices rebounded slightly, with the average value of the domestic steel price index at 135.57 points, representing a year-on-year increase of 5.5% and a quarter-on-quarter decrease of 4.0%. Iron ore prices continued to fluctuate at a high level, with the average value of the China iron ore price index at 506.53 points, representing a year-on-year decrease of 14.6% and a quarter-on-quarter increase of 26.6%. Coking coal prices increased sharply, with the average value of the domestic coking coal price index at 2,333.8 points, representing a year-on-year increase of 105.3% and a quarter-on-quarter decrease of 11.4%. (Source: National Bureau of Statistics, China Iron and Steel Industry Association, China Coking Industry Association)

During the Reporting Period, the Company and its subsidiaries (hereinafter referred to as the “**Group**”) coordinated the prevention and control of pandemic with production and operation as a whole to minimise the impact of the pandemic on the production and operation of the Company, maintained a relatively stable and efficient trend in the Company’s business, and certain technical and economic indicators were further improved. From January to March, the Group produced a total of 4.65 million tonnes of pig iron, maintaining at the same level as last year; 5.36 million tonnes of crude steel, representing a year-on-year decrease of 2.72%; and 5.18 million tonnes of steel, representing a slight year-on-year increase (of which: the Company produced 3.89 million tonnes of pig iron, representing a year-on-year increase of 4.85%; 4.35 million tonnes of crude steel, representing a year-on-year decrease of 1.36%; and 4.19 million tonnes of steel, representing a year-on-year increase of 4.49%). As calculated based on the PRC GAAP, the Group’s revenue was approximately RMB26,580 million, representing a year-on-year increase of 11.28%, which was mainly attributable to the increase in volume of steel sales and price of the Group during the Reporting Period; net profit attributable to shareholders of the listed company was approximately RMB1,253 million, representing a year-on-year decrease of 17.04%, which was mainly attributable to the decrease in gross profit of the Group’s steel products during the Reporting Period.

IV. QUARTERLY FINANCIAL STATEMENT

Consolidated Statement of Financial Position 31 March 2022

	<i>Unit: RMB</i>	
	31 March 2022 Unaudited	31 December 2021 Audited
ASSETS		
CURRENT ASSETS:		
Cash and bank balances	6,001,876,144	6,667,853,614
Financial assets held for trading	7,813,829,190	5,732,467,255
Notes receivable	217,977,832	466,956,969
Trade receivables	1,255,470,786	1,107,071,353
Financing receivables	5,646,186,792	4,795,905,782
Prepayments	1,531,632,624	1,534,440,838
Other receivables	380,736,976	310,005,481
Inventories	13,143,483,515	12,463,004,529
Financial assets purchased under agreements to resell	499,780,604	784,602,397
Loans and advances to customers	3,562,125,310	4,726,693,965
Other current assets	<u>2,039,426,382</u>	<u>4,669,834,825</u>
Total current assets	<u>42,092,526,155</u>	<u>43,258,837,008</u>
NON-CURRENT ASSETS:		
Long term receivables	7,605,650	11,142,621
Long term equity investments	5,183,904,683	5,158,883,895
Other equity instruments investments	641,943,339	641,943,339
Investment properties	60,388,151	60,811,604
Property, plant and equipment	27,797,207,261	28,605,250,896
Construction in progress	12,789,039,535	10,999,333,300
Right-of-use assets	560,452,378	568,919,288
Intangible assets	1,649,771,629	1,727,329,824
Deferred tax assets	188,822,663	171,800,693
Other non-current assets	3,520,315	3,490,550
Total non-current assets	<u>48,882,655,604</u>	<u>47,948,906,010</u>
TOTAL ASSETS	<u>90,975,181,759</u>	<u>91,207,743,018</u>

Liabilities and Shareholders' Equity	31 March 2022 Unaudited	31 December 2021 Audited
CURRENT LIABILITIES:		
Deposits and balances from banks and other financial institutions	200,013,333	–
Customer deposits	9,169,306,468	9,253,057,291
Repurchase agreements	186,012,320	925,465,952
Short-term loans	7,320,952,567	8,952,209,045
Financial liabilities held for trading	14,189,600	31,663,498
Notes payable	4,550,414,769	3,953,458,712
Trade payables	11,233,349,139	10,437,709,731
Contract liabilities	6,002,462,925	5,741,241,284
Payroll and employee benefits payable	266,849,579	349,524,741
Taxes payable	763,411,896	1,073,613,979
Other payables	3,367,677,755	3,954,899,554
Non-current liabilities due within one year	724,464,961	1,358,293,333
Accrued liabilities	34,822,523	37,618,128
Other current liabilities	801,092,324	746,361,366
Total current liabilities	<u>44,635,020,159</u>	<u>46,815,116,614</u>
NON-CURRENT LIABILITIES:		
Long-term loans	6,099,397,628	5,452,250,052
Lease liabilities	571,704,326	571,979,597
Long-term employee benefits payable	28,116,831	28,537,508
Deferred revenue	889,602,938	911,424,466
Deferred tax liabilities	17,370,264	17,251,303
Total non-current liabilities	<u>7,606,191,987</u>	<u>6,981,442,926</u>
Total liabilities	<u><u>52,241,212,146</u></u>	<u><u>53,796,559,540</u></u>

Liabilities and Shareholders' Equity	31 March 2022 Unaudited	31 December 2021 Audited
SHAREHOLDERS' EQUITY:		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,344,594,034	8,344,594,034
Other comprehensive income	10,284,740	12,271,369
Special reserve	46,524,155	45,427,634
Surplus reserve	4,688,014,995	4,688,014,995
General reserve	300,334,506	300,334,506
Retained earnings	12,914,912,031	11,661,535,210
Equity attributable to owners of the Parent Company	<u>34,005,345,647</u>	<u>32,752,858,934</u>
Non-controlling interests	<u>4,728,623,966</u>	<u>4,658,324,544</u>
Total shareholders' equity	<u>38,733,969,613</u>	<u>37,411,183,478</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>90,975,181,759</u></u>	<u><u>91,207,743,018</u></u>

Legal representative:
Ding Yi

Chief Accountant:
Mao Zhanhong

Head of Accounting:
Xing Qunli

Consolidated Profit or Loss Statement
January to March 2022

Unit: RMB

	January to March 2022 Unaudited	January to March 2021 Unaudited
Revenue	26,580,269,666	23,885,240,150
Less: Cost of sales	24,044,715,114	21,160,550,481
Taxes and surcharges	100,193,941	147,542,536
Selling expenses	58,571,159	56,815,637
General and administrative expenses	217,733,927	140,961,539
R&D expenses	718,032,297	548,891,049
Financial expenses	90,113,727	243,118,263
including: interest expense	115,040,046	147,029,695
interest income	20,831,555	6,623,468
Add: Other income	54,272,282	19,271,508
Investment income	153,383,559	192,008,122
including: share of profits of associates and joint ventures	147,457,061	151,216,071
gain from derecognition of financial assets measured at amortised cost	–	–
Gain on the changes in fair value	26,980,553	38,994,776
Credit impairment losses (“-” for losses)	16,948,622	13,627,524
Asset impairment losses (“-” for losses)	(7,258,280)	626,100
(losses)/Gains on disposal of assets	130,437,708	(8,523,933)
Operating profit	1,725,673,945	1,843,364,742
Add: Non-operating income	769,159	21,294,391
Less: Non-operating expenses	26,571,002	4,775,367
Profit before tax	1,699,872,102	1,859,883,766
Less: Income tax expense	377,166,853	218,962,740
Net profit	1,322,705,249	1,640,921,026

	January to March 2022 Unaudited	January to March 2021 Unaudited
Categorized by operation continuity		
Net profit from continuing operations	<u><u>1,322,705,249</u></u>	<u><u>1,640,921,026</u></u>
Net profit from discontinued operations	<u><u>–</u></u>	<u><u>–</u></u>
Categorized by ownership		
Net profit attributable to owners of the parent	<u><u>1,253,376,821</u></u>	<u><u>1,510,864,636</u></u>
Profit or loss attributable to non-controlling interests	<u><u>69,328,428</u></u>	<u><u>130,056,390</u></u>
Other comprehensive income, net of tax	3,282,595	(21,701,504)
Other comprehensive income attributable to owners of the parent, net of tax	3,282,595	(21,701,504)
Other comprehensive income to be reclassified to profit or loss:	3,282,595	(21,701,504)
Exchange differences on translation of foreign operation	<u>3,282,595</u>	<u>(21,701,504)</u>
Other comprehensive income attributable to non-controlling interests, net of tax	<u>–</u>	<u>–</u>
Total comprehensive income	<u><u>1,325,987,844</u></u>	<u><u>1,619,219,522</u></u>
Attributable to: Owners of the parent	<u><u>1,256,659,416</u></u>	<u><u>1,489,163,132</u></u>
Non-controlling interests	<u><u>69,328,428</u></u>	<u><u>130,056,390</u></u>
Earnings per share :		
Basic earnings per share	<u><u>0.16</u></u>	<u><u>0.20</u></u>
Diluted earnings per share	<u><u>0.16</u></u>	<u><u>0.20</u></u>
<i>Legal representative:</i> Ding Yi	<i>Chief Accountant:</i> Mao Zhanhong	<i>Head of Accounting:</i> Xing Qunli

Consolidated Statement of Cash Flow
January to March 2022

Unit: RMB

	January to March 2022 Unaudited	January to March 2021 Unaudited
I. Cash flow from operating activities:		
Cash received from sale of goods and rendering of services	18,570,189,610	25,411,653,123
Decrease in deposits in central bank	119,650,353	61,650,588
Net decrease in loans and advances to customers	1,168,059,958	–
Net decrease in the assets under resale agreements	284,966,000	1,346,725,440
Received interests, handling fees and commission charges	71,378,372	59,348,458
Net increase in customer deposits and due to banks and other financial institutions	89,511,322	1,975,729,282
Cash received relating to other operating activities	227,650,092	106,066,669
	<u>20,531,405,707</u>	<u>28,961,173,560</u>
Sub-total of cash inflows		
Cash paid for purchase of goods and services	(15,981,100,977)	(24,296,299,850)
Cash paid to and on behalf of employees	(1,180,308,438)	(1,373,776,066)
Taxes and surcharges paid	(590,669,717)	(606,934,424)
Net decrease in repurchase agreements	(740,173,116)	(26,441,438)
Net increase in loans and advances to customers	–	(43,853,141)
Cash paid for interest charges, fees and commissions	(57,785,549)	(39,387,247)
Cash paid relating to other operating activities	(343,933,881)	(380,587,921)
	<u>(18,893,971,678)</u>	<u>(26,767,280,087)</u>
Sub-total of cash outflows		
Net cash flows from operating activities	<u>1,637,434,029</u>	<u>2,193,893,473</u>

	January to March 2022 Unaudited	January to March 2021 Unaudited
II. Cash flows from investing activities:		
Cash received from disposal of investments	2,507,501,990	6,746,435,917
Cash received from investment income	1,461,740	191,492,102
Proceeds from disposal of items of property, plant and equipment, intangible assets and other non-current assets	246,144,585	19,229,080
Sub-total of cash inflows	2,755,108,315	6,957,157,099
Purchases of property, plant and equipment, intangible assets and other non-current assets	(1,634,044,248)	(1,444,731,339)
Cash paid for investments	(1,127,916,225)	(7,964,774,259)
Sub-total of cash outflows	(2,761,960,473)	(9,409,505,598)
Net cash flows used in investing activities	(6,852,158)	(2,452,348,499)
III. Cash flows from financing activities:		
Cash received from borrowings	4,252,999,899	8,811,533,704
Sub-total of cash inflows	4,252,999,899	8,811,533,704
Repayment of borrowings	(6,018,355,391)	(8,173,837,827)
Cash paid for the distribution of dividend or profits and for interest expenses	(141,015,258)	(174,563,252)
Sub-total of cash outflows	(6,159,370,649)	(8,348,401,079)
Net cash flows generated from/(used in) financing activities	(1,906,370,750)	463,132,625

	January to March 2022 Unaudited	January to March 2021 Unaudited
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>(18,950,008)</u>	<u>(15,874,302)</u>
V. Net increase/(decrease) in cash and cash equivalents	<u>(294,738,887)</u>	<u>188,803,297</u>
Add: cash and cash equivalents at the beginning of the period	<u>4,223,061,890</u>	<u>3,123,596,841</u>
VI. Cash and cash equivalents at the end of the period	<u>3,928,323,003</u>	<u>3,312,400,138</u>

Legal representative:
Ding Yi

Chief Accountant:
Mao Zhanhong

Head of Accounting:
Xing Qunli

By order of the Board
Maanshan Iron & Steel Company Limited
Ding Yi
Chairman

29 April 2022
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.