

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

IMPORTANT NOTICE:

- The Company will not make capital injection to an investee company Baowu Group Finance Co., Ltd. (“**Baowu Finance**”).

I. INTRODUCTION OF THE TRANSACTION

Baowu Finance is an investee company of the Company, and a subsidiary of China Baowu Steel Group Corporation Limited (“**China Baowu**”), the indirect controlling shareholder of the Company. Baowu Finance proposed to absorb and merge with Taiyuan Iron & Steel Group Finance Company Limited (“**TISCO Finance Co., Ltd.**”), which is also a subsidiary of China Baowu, and to cancel the legal person status of TISCO Finance Co., Ltd.. The original shareholders of TISCO Finance Co., Ltd., Taiyuan Iron & Steel (Group) Co., Ltd. (“**TISCO Group**”) and Shanxi Taigang Stainless Steel Co., Ltd. (“**TISCO Stainless Steel**”), would become new shareholders of Baowu Finance. As a shareholder of Baowu Finance, the Company will not make capital injection this time.

At the ninth meeting of the tenth session of the board of directors of the Company held on 28 July 2023, the related directors Mr. Ding Yi and Mr. Mao Zhanhong abstained from voting as required, and five non-related directors voted in favor of the matter.

II. BASIC INFORMATION ON THE PARTIES TO THE TRANSACTION

(I) China Baowu Steel Group Corporation Limited

1. Registered address: No. 1859 Expo Avenue, China (Shanghai) Pilot Free Trade Zone
2. Legal representative: Hu Wangming
3. Unified social credit code: 91310000132200821H
4. Registered capital: RMB52,791.101 million
5. Nature of enterprise: Limited liability company (wholly state-owned)
6. Principal scope of business: permitted projects: retail sales of publications; wholesale of publications. (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation. The specific business shall be subject to the approval documents or the business license granted by the relevant authorities). General projects: investment activities with its own funds; investment management; asset management services for investment with own funds; corporate headquarters management; land use right lease; non-residential real estate leasing; tax services; human resource services (excluding job intermediary activities and labor dispatch services); market subject registration agent; business agency services; undertaking archival service outsourcing; bidding agency services; big data services; corporate management consulting. (Except for projects subject to the administrative approval, the business activities shall be conducted independently with the business licences in accordance with the laws).
7. Key financial data for 2022 (Unit: RMB): Total assets: RMB1,239,841.0547 million; equity attributable to the owners of the parent company: RMB320,812.2815 million; operating revenue: RMB1,087,707.1973 million; net profit attributable to owners of the parent company: RMB16,768.523 million.

(II) Baoshan Iron & Steel Co., Ltd.

1. Registered address: No. 885 Fujin Road, Baoshan District, Shanghai
2. Legal representative: Zou Jixin
3. Unified social credit code: 91310000631696382C

4. Registered capital: RMB22,262.200234 million
5. Nature of enterprise: Joint stock company (listed and state-owned)
6. Principal scope of business: steel smelting and processing, and steel related businesses including power, coal, industrial gas production, wharf, storage and transportation; technology development, technology transfer, technology service and technology management consulting service; automobile repairs; import and export of commodities and technologies; non-ferrous metal smelting and rolling processing; industrial furnace; production and sales of chemical raw materials and products; metal ore, coal, steel, non-metal ore loading and unloading, port service; transportation agency for the waterway cargo; loading, unloading and transportation of the waterway cargo; shipping agency; foreign contracting engineering and labor service; international tendering; engineering tender agency; domestic trading; set-off and carrying trade; steel scrap, coal, fuel oil, hazardous chemicals (wholesale only) (operation at branches and sub-branches only); security check on motor vehicles; production and sales of chemical raw materials and products. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).
7. Key financial data for 2022 (Unit: RMB): Total assets: RMB398,248.8551 million; equity attributable to the owners of the parent company: RMB194,622.9098 million; operating revenue: RMB369,057.8878 million; net profit attributable to owners of the parent company: RMB12,186.8507 million.

(III) Wuhan Iron & Steel Company Limited

1. Registered address: Joint Stock Company Organ, Qingshan District, Wuhan City
2. Legal representative: Liu Baojun
3. Unified social credit code: 91420100MA4KQ8JQX5
4. Registered capital: RMB500 million
5. Nature of enterprise: Limited liability company (A sole proprietorship invested or controlled by a non-natural person)

6. Principal scope of business: manufacturing of metallurgical products and by-products and steel extension products, and technological development of metallurgical products; the import and export of goods and technology, and the import and export of agency services (excluding goods or technologies that are prohibited or restricted by the state); wholesale of steel and by-products and coal; sales of metal ores and non-metal ores, alloys, steel scrap, metal materials, electrical engineering and materials, wires and cables, building materials, refractory materials, electromechanical equipment, instrumentation and chemical products (excluding inflammable, explosive and hazardous goods); supply of electricity, heat and gas; warehousing, railway cargo transportation and road cargo transportation (where licensed business items are involved, operation is subject to permission by relevant authorities); repair of general equipment (excluding special equipment); professional repair of equipment specifically for use in metallurgy; electrical equipment repair; instrumentation repair; measurement service and verification and calibration service; the enterprise's own carbon emission quota trading (limited for designated trading institutions or platforms); environmental protection monitoring service (only limited for operation of licensed branches); environmental technology consulting service (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).
7. Key financial data for 2022 (Unit: RMB): Total assets: RMB70,178.4799 million; equity attributable to the owners of the parent company: RMB34,410.1701 million; net profit attributable to owners of the parent company: RMB1,041.0671 million.

(IV) Magang (Group) Holding Company Limited

1. Registered address: No. 8, Jiuhua West Road, Yushan District, Maanshan City
2. Legal representative: Ding Yi
3. Unified social credit code: 91340500150509144U
4. Registered capital: RMB6,666.28039476 million
5. Nature of enterprise: Limited liability company (state owned and controlled)
6. Principal scope of business: capital management; mining and selection of mineral products; construction of construction projects; building materials, machinery manufacturing, maintenance and design; foreign trade; domestic trade (except for projects restricted by the state); supply, marketing and storage of materials; property management; advisory services; leasing; agroforestry. (Limited to subordinate branches) (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation).
7. Key financial data for 2022 (Unit: RMB): Total assets: RMB127,080.9701 million; equity attributable to the owners of the parent company: RMB33,221.8798 million; operating revenue: RMB221,190.4465 million; net profit attributable to owners of the parent company: RMB1,749.7465 million.

(V) TISCO Group

1. Registered address: No. 2, Jiancaoping, Jiancaoping District, Taiyuan City, Shanxi Province
2. Legal representative: Sheng Genghong
3. Unified social credit code: 91140000110114391W
4. Registered capital: RMB6,674.68 million
5. Nature of enterprise: Other limited liability company

6. Principal scope of business: smelting, processing, manufacturing and sales of steel, billets, ingots, pig iron, rolls, ferroalloys, coking products, refractory materials, minerals, metal products, raw materials required for iron and steel production, building materials, electronic products, metallurgical electromechanical equipment and spare parts; technical services; road freight transportation; architectural engineering, construction engineering, engineering design and construction; food business, lodging services, catering hotels and other service industries; contracting overseas projects in the industry, domestic and international bidding projects, and the import and export of the required equipment, materials and spare and accessory parts; dispatching laborers for project production and service in the industry; (except for projects subject to special approval by the State) investment in mining industry, manufacturing industry, construction industry, real estate, technical services and geological prospecting industry, transportation and warehousing industry, production and supply industries of electricity, gas and water, and information transmission and computer software (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation).
7. Key financial data for 2022 (Unit: RMB): Total assets: RMB135,953.1584 million; equity attributable to the owners of the parent company: RMB53,427.3658 million; operating revenue: RMB108,750.3577 million; net profit attributable to owners of the parent company: RMB4,996.9948 million.

(VI) TISCO Stainless Steel

1. Registered address: No. 2, Jiancaoping, Jiancaoping District, Taiyuan City, Shanxi Province
2. Legal representative: Sheng Genghong
3. Unified social credit code: 91140000701011888X
4. Registered capital: RMB5,732.777796 million
5. Nature of enterprise: Other joint stock limited company (listed)

6. Principal scope of business: production and sales of stainless steel and other steel, billets, ingots, ferrous metals, ferroalloys and metal products; domestic trade and import and export of raw and auxiliary materials required for iron and steel production; wholesale and retail sales of building materials, standard machinery and accessories, electrical machinery and equipment; metallurgical technology development, transfer and training, and promotion of new metallurgical technologies, products and materials. Mining, processing, conveying and sales of iron ore and associated minerals; processing and sales of raw coal and clean coal; production and sales of coke and coking by-products, pig iron and by-products; production and sales of fertiliser (ammonium sulphate); sales of waste materials; production and sales of electronic products, instruments, meters and weighing systems, industrial automation engineering, industrial television design and installation, metering, testing (the above scope of business, except for the state-specific control products, is subject to the approval to operate with license files). Acting as an agent for communication business charging services (subject to mutual agreement). Undertaking engineering construction business of user communication pipelines, user communication lines, comprehensive wiring and its supporting equipment connected to the public communication network. Road transportation, engineering design and construction; catering hotels and other service industries; contracting overseas projects in the industry, domestic and international bidding, and the import and export of the required equipment, materials and spare and accessory parts; dispatching laborers for project production and service in the industry. Electricity business: power generation business. (Except for projects subject to special approval by the State).
7. Key financial data for 2022 (Unit: RMB): Total assets: RMB72,859.3927 million; equity attributable to the owners of the parent company: RMB34,827.7438 million; operating revenue: RMB97,654.3770 million; net profit attributable to owners of the parent company: RMB153.5450 million.

III. BASIC INFORMATION OF SUBJECT MATTER OF THE TRANSACTION

(I) Taiyuan Iron & Steel Group Finance Company Limited

1. Registered address: No.2 Building, No.83 Garden, Jiefang North Road, Jiancaoping District, Taiyuan City
2. Legal representative: Zhang Xiaodong
3. Unified social credit code: 911400000607262844
4. Registered capital: RMB2,000 million
5. Nature of enterprise: Other limited liability company
6. Principal scope of business: financial and financing consultancy, credit verification and relevant consultancy, agency business to members of the group; assisting members of the group in the collection and payment of transaction amount; approved insurance agency business; guarantee provided to members of the group; entrusted loans among members of the group; bill acceptance and discounting provided to members of the group; settlement of internal accounts transfer among members of the group and relevant settlement, design of liquidation plans; accepting deposits from members of the group; loans and finance leasing provided to members of the group; engagement in inter-bank borrowing. Underwriting of corporate bonds of members of the group; investment in marketable securities; buyer credit for member companies; foreign exchange business (foreign exchange trading business); entrusted investment business. (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation)
7. Key financial data for 2022 (Unit: RMB): Total assets: RMB17,610.8492 million; equity attributable to the owners of the parent company: RMB3,646.5371 million; operating revenue: RMB611.1235 million; net profit attributable to owners of the parent company: RMB301.2098 million.

(II) Baowu Group Finance Co., Ltd.

1. Registered address: 9th Floor, Building 1, No. 1859 Expo Avenue, China (Shanghai) Pilot Free Trade Zone
2. Legal representative: Chen Haitao
3. Unified social credit code: 913100001322009015
4. Registered capital: RMB4,840 million
5. Nature of enterprise: Other limited liability company
6. Principal scope of business: permitted projects: corporate group finance company services. (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation. The specific business shall be subject to the approval documents or the business license granted by the relevant authorities)
7. Key financial data for 2022 (Unit: RMB): Total assets: RMB52,055.4086 million; equity attributable to the owners of the parent company: RMB4,988.9154 million; operating revenue: RMB1,441.0362 million; net profit attributable to owners of the parent company: RMB372.3866 million.
8. Shareholding structure of Baowu Finance before the absorption and merger:

No.	Name of Shareholder	Shareholding ratio
1	China Baowu	32.28%
2	Baoshan Iron & Steel Co., Ltd.	22.53%
3	Wuhan Iron and Steel Co., Ltd.	12.58%
4	The Company	29.68%
5	Magang (Group) Holding Company Limited	2.93%
Total		100%

IV. PRINCIPAL CONTENT AND PRICING OF THE TRANSACTION

The Company would waive the capital injection to Baowu Finance. Baowu Finance will merge with TISCO Finance Co., Ltd. by way of absorption and merger. All the original shareholders of TISCO Finance Co., Ltd., TISCO Group and TISCO Stainless Steel will become shareholders of Baowu Finance. The shareholding structure and proportion of Baowu Finance, after the absorption and merger, will be determined based on the appraised value. Baowu Finance, as the surviving company after the merger, shall inherit and undertake all the assets, liabilities, businesses, personnel, contracts and all other rights and obligations of TISCO Finance Co., Ltd.. The legal person status of TISCO Finance Co., Ltd. will be cancelled, and the profit and loss during the transitional period for both parties to the absorption and merger will be owned by the original shareholders of both parties in proportion to their shareholdings.

The benchmark date for audit and valuation is 30 April 2023. As valued, the net assets of Baowu Finance is RMB9,310 million, representing an appreciation of value of RMB2,010 million, or an appreciation rate of 27.55%, as compared with the audited book net assets of RMB7,300 million; as valued, the net assets of TISCO Finance Co., Ltd. is RMB3,048 million, representing an appreciation of value of RMB518 million, or an appreciation rate of 20.46%, as compared with the audited book net assets of RMB2,530 million. The above figures are subject to the appraisal value as filed with the competent authority.

Based on the calculation, the shareholding structure of Baowu Finance upon completion of the absorption and merger will be as follows (the final shareholding structure has been determined based on the appraisal value as filed with the competent authority):

Unit: RMB'0,000

No.	Name of shareholder	Registered capital	Percentage of shareholding
1	China Baowu	166,344.76	24.32%
2	Baoshan Iron & Steel Co., Ltd.	116,101.22	16.97%
3	Wuhan Iron & Steel Company Limited	64,827.05	9.48%
4	The Company	152,946.48	22.36%
5	Magang (Group) Holdings Co., Ltd.	15,098.83	2.21%
6	TISCO Group	86,027.65	12.58%
7	TISCO Stainless Steel	82,654.01	12.08%
Total		684,000.00	100%

V. IMPACT OF THE TRANSACTION ON THE COMPANY

In order to focus on the main steel business, the Company needs to optimise and integrate its resources, expand leading industries, and allocate resources to investment in main business. Baowu Finance is in the financial business sector, which is not the investment direction of the main steel business of the Company. The waiver of the capital injection will have no material impact on the Company.

Upon completion of the absorption and merger, the shareholding held by the Company in Baowu Finance will decrease from 29.68% to 22.36% (the final ratio is calculated based on the appraisal value filed with the competent authority); the number of directors appointed by the Company in Baowu Finance remains unchanged.

Since Baowu Finance is not a subsidiary of the Company, as far as the Company is concerned, the aforesaid absorption and merger does not constitute a transaction under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and no approval procedure of general meeting is required. However, pursuant to the regulations of the Shanghai Stock Exchange, the aforesaid absorption and merger will be submitted to the general meeting of the Company for approval by the shareholders.

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

28 July 2023
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include executive directors Ding Yi, Mao Zhanhong and Ren Tianbao; and independent non-executive directors Zhang Chunxia, Zhu Shaofang, Guan Bingchun and He Anrui.