

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)

ANNOUNCEMENT ON BANKRUPTCY REORGANISATION APPLICATION OF A WHOLLY-OWNED SUBSIDIARY MG-VALDUNES

This announcement is made by the board of directors of Maanshan Iron & Steel Company Limited (the “**Company**”) pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MG-VALDUNES (“**MG-VALDUNES**”), a wholly-owned subsidiary of the Company incorporated in France, has recently been deemed to have experienced cash flow insolvency under French law due to its inability to repay its debts due and payable with its available assets, and its management filed a declaration of cessation of payments with the Lille Métropole commercial court (the “**Court**”) requesting the initiation of judicial reorganisation proceedings on 14 November 2023.

I. BASIC AND RELEVANT INFORMATION ON MG-VALDUNES

1. MG-VALDUNES is a wholly-owned subsidiary of the Company incorporated in France in May 2014 with a registered capital of EUR200,000 at the time of incorporation and EUR150.2 million at present, and the production and business premises are located in Valenciennes, France. Its main business scope includes design, research and development, manufacturing, and sales of industrial products and ancillary machinery manufacturing for applications in railway transportation, urban transportation and other fields, with its main products being wheels, axles and wheelsets.
2. In May 2014, the Company acquired assets of VALDUNES SAS, a French enterprise under bankruptcy restructuring, at the acquisition price of EUR13 million following a ruling by the Commercial Court of Valenciennes in France. Subsequently, in order to integrate the assets with MG-VALDUNES, improve the financial position of MG-VALDUNES, fulfill the investment commitment made by the Company upon the acquisition of such assets,

and promote the revitalization plan of MG-VALDUNES for comprehensive reform and continuous improvement, the Company increased its capital in MG-VALDUNES three times in 2014, 2017 and 2018, with the amounts of EUR40 million, EUR40 million and EUR70 million, respectively. Upon these capital increases, the registered capital of MG-VALDUNES reached EUR150.2 million.

3. At the end of 2022, the total assets of MG-VALDUNES amounted to EUR78.0233 million, total liabilities amounted to EUR50.6961 million, and the net asset amounted to EUR27.3272 million; in 2022, the operating revenue of MG-VALDUNES amounted to EUR68.4529 million, and the net profit amounted to EUR-12.8693 million. On 30 September 2023, the total assets of MG-VALDUNES amounted to EUR55.0274 million, total liabilities amounted to EUR45.2007 million, and the net asset amounted to EUR9.8267 million; from January to September 2023, the operating revenue of MG-VALDUNES amounted to EUR35.4995 million, and the net profit amounted to EUR-17.5005 million. (Unaudited)

II. BACKGROUND AND REASONS FOR APPLICATION FOR THE INITIATION OF JUDICIAL REORGANISATION OF MG-VALDUNES

1. Since the acquisition by the Company, with the strong support of the Company, the board of directors and the management of MG-VALDUNES have, within the scope of their authority and responsibility, adopted a series of measures such as strengthening management, improving production, adjusting product structure, benchmarking and identifying discrepancies, as well as exploring internal potentials, which have enabled MG-VALDUNES to achieve certain phased results in terms of market development, operational improvement, and losses reduction, but have not yet achieved a substantial turnaround in its loss-making situation. Especially since 2020, the cost of European manufacturing industry has been increasing, the market demand in the global rail transportation industry has declined sharply, the prices of ocean freight and European energy have increased significantly, and MG-VALDUNES's operating situation has become more severe. Recently, MG-VALDUNES has been deemed to have experienced cash flow insolvency under French law due to its inability to repay its debts due and payable with its available assets.
2. In accordance with the French Commercial Code, if a French company is unable to repay its due and payable debts with its available assets, primarily including cash and cash equivalents, it is deemed to have experienced cash flow insolvency; within 45 days of the occurrence of cash flow insolvency, the company's management shall be obliged to apply for judicial reorganisation or liquidation to the court, and the court will then decide whether the company should undergo judicial reorganisation or liquidation, failing which the company's management may be exposed to legal liability.

Based on the aforesaid situation and legal provisions, the management of MG-VALDUNES filed a declaration of cessation of payments with the Court requesting the initiation of judicial reorganisation proceedings on 14 November 2023 (local time in France). The Court will rule whether MG-VALDUNES should undergo judicial reorganisation or liquidation.

III. IMPACT ON THE COMPANY

1. If the Court rules for the initiation of judicial reorganisation for MG-VALDUNES, it will appoint a judicial administrator. If the appointed judicial administrator has the authority to intervene in all or part of operations of MG-VALDUNES and takes a lead in the coordination, preparation and implementation of a sale plan, the Company will lose control of MG-VALDUNES, and will no longer include it in the scope of the consolidated statements.
2. The bankruptcy of MG-VALDUNES will not have any material impact on the daily production and operation of the Company. As at the end of September 2023, the accounts receivable of the Company and its subsidiaries from MG-VALDUNES amounted to approximately RMB182 million and the net book assets of MG-VALDUNES amounted to approximately RMB75 million, which will be partially or wholly lost in the event that MG-VALDUNES enters into insolvency proceedings; in addition, if the Company loses control of MG-VALDUNES, the related foreign exchange translation difference loss of approximately RMB43 million will be subsequently recognized as a loss on disposal in the current consolidated statements. The impact of the bankruptcy of MG-VALDUNES on the Company's profit or loss for the current year or subsequent years (if applicable) remains uncertain, and the final amount of the impact on the Company will be determined based on the Company's audited financial reports for the current year or subsequent years (if applicable).
3. The Company will pay close attention to the progress and cooperate with all parties involved to safeguard the legitimate rights and interests of the Company. According to the progress, the Company will fulfill its information disclosure obligations in a timely manner, and investors are advised to exercise caution in investment risks.

MG-VALDUNES is not a subsidiary specified under Rule 13.25(2) of the Listing Rules.

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

14 November 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.