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

(Stock Code: 00323)

ANNOUNCEMENT ON THE FIRST GRANT OF RESTRICTED SHARES TO PARTICIPANTS OF THE 2021 RESTRICTED A SHARE INCENTIVE SCHEME

Reference is made to the announcement dated 24 December 2021 and the circular dated 9 February 2022 of Maanshan Iron & Steel Company Limited (the “**Company**”) in relation to (1) proposed adoption of the 2021 Restricted A Share Incentive Scheme (2) connected transaction - proposed grant under Incentive Scheme.

The conditions of grant stipulated by the directors in the 2021 Restricted A Share Incentive Scheme of the Company (the “**Incentive Scheme**”) have been fulfilled. The Resolution on the First Grant of Restricted Shares to Participants of the 2021 Restricted A Share Incentive Scheme was considered and approved at the 59th meeting of the ninth session of the Board of the Company. The relevant matters are described as follows:

1. Details of the Grant of Restricted Shares

(1) The implemented process of decision-making and information disclosure

1. On 24 December 2021, the Resolution on the 2021 Restricted A Share Incentive Scheme (Draft) and its Summary and other relevant resolutions were considered and approved at the 55th meeting of the ninth session of the Board and the 49th meeting of the ninth session of the supervisory committee of the Company.
2. On 9 March 2022, the Company received the Approval for the Restricted Share Incentive Scheme of Maanshan Iron & Steel Company Limited (Guo Zi Kao Fen [2022] No. 80) from the State-owned Assets Supervision and Administration Commission of the State Council (“**SASAC**”), forwarded by the China Baowu Steel Group Corporation

Limited (an indirect controlling shareholder of the Company), which approved in principle the implementation of the Share Incentive Scheme by the Company.

3. On 10 March 2022, the 2021 Restricted A Share Incentive Scheme (Draft) and its Summary and other relevant resolutions were considered and approved at the 2022 first extraordinary general meeting, the first class meeting of the holders of A Shares and the first class meeting of the holders of H Shares of the Company.
4. On 30 March 2022, the Resolution on the First Grant of Restricted Shares to Participants of the 2021 Restricted A Share Incentive Scheme was considered and approved at the 59th meeting of the ninth session of the Board and the 49th meeting of the ninth session of the supervisory committee of the Company.

(2) Explanation by the Board on the satisfaction of the conditions of grant

According to the relevant laws and regulations and the relevant provisions of the Incentive Scheme, the Board of the Company is of the view that the conditions of grant under the Incentive Scheme have been fulfilled, details of which are as follows:

1. There is no circumstance under which the Company shall not implement Share Incentive Scheme.
2. There is no circumstance under which any participant is prohibited from being a participant as stipulated in the Incentive Scheme.

In conclusion, the Board considers that the conditions for the grant of the restricted shares have been fulfilled.

(3) Details of the first grant

1. Date of grant: 30 March 2022
2. Number of grant: 75,930,000 shares
3. Number of participants being granted: 262
4. Grant price: RMB2.29 per share
5. Source of shares: the ordinary A shares of the Company to be directly issued to the participants by the Company.

6. Validity Period, Lock-up Period and Unlocking Arrangement of the Incentive Scheme

- (1) The validity period of the Incentive Scheme shall be for no longer than 72 months, starting from the day on which the restricted shares are granted until the day on which all the restricted shares are unlocked or repurchased and canceled.
- (2) The lock-up period of the restricted shares shall be 24 months from the date of registration. The restricted shares shall be subject to selling restrictions, and shall not be transferred, pledged or used for repayment of debt during the lock-up period.
- (3) The restricted shares shall be unlocked in three tranches after 24 months from the grant date, and the proportion of unlocking in each tranche shall be 33%, 33% and 34%, respectively. The actual number of restricted shares that can be unlocked shall be linked to the performance evaluation results of the corresponding year. The specific unlocking arrangement is shown in the table below:

Unlocking Period	Description of the Unlocking Period	Percentage of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period	Commencing from the first trading day after expiry of the 24-month period from the date of the grant of the registration is completed and ending on the last trading day of the 36-month period from the date of the grant of the registration is completed	33%
Second Unlocking Period	Commencing from the first trading day after expiry of the 36-month period from the date of the grant of the registration is completed and ending on the last trading day of the 48-month period from the date of the grant of the registration is completed	33%
Third Unlocking Period	Commencing from the first trading day after expiry of the 48-month period from the date of the grant of the registration is completed and ending on the last trading day of the 60-month period from the date of the grant of the registration is completed	34%

7. List of Participants and Details of Grant

A total of 262 participants are involved in the grant of the restricted shares this time, details of which are as follows:

Name	Position	Number granted (0'000 shares)	Percentage of total granted	Percentage of total share capital
Ding Yi	Chairman of the Board	85	1.11%	0.01%
Mao Zhanhong	Deputy general manager	60	0.78%	0.01%
Ren Tianbao	Deputy general manager	60	0.78%	0.01%
Fu Ming	Deputy general manager	60	0.78%	0.01%
Zhang Maohan	Deputy general manager	60	0.78%	0.01%
He Hongyun	Secretary to the Board	28	0.36%	0.004%
Other core management, technical and skilled personnel (256 persons)		7,240	94.30%	0.94%
Total for the First Grant (262 persons)		7,593	98.89%	0.99%
Reservation		85	1.11%	0.01%
Total		7,678	100%	1.00%

Note: Any discrepancies in any table between the total shown and the sum of the amounts listed are due to rounding.

2. Explanation on Differences between the Grant and the Incentive Scheme Considered and Approved at the General Meeting

According to the review opinions of the state-owned assets regulatory authorities, the Board of the Company adjusted the number of restricted shares granted to Ms. He Hongyun, the secretary to the Board, from 330,000 shares to 280,000 shares. Among the other participants who intend to participate in the grant, the number of the restricted shares proposed to grant to another two participants was reduced for the same reason, therefore the total number of the first grant was adjusted from 76,150,000 shares to 75,930,000 shares. Other matters of the grant are in line with the Incentive Scheme considered and approved at the 2022 first extraordinary general meeting of the Company.

3. Verification of the List of Participants by the Supervisory Committee

The supervisory committee is of the view that the conditions for the grant under the Incentive Scheme have been fulfilled and all the participants are qualified to participate in the Incentive Scheme as required by the relevant laws, regulations and regulatory documents, and their qualifications as participants are legal and valid.

4. Explanation on the Dealing in the Shares of the Company by the Directors and Senior Management Participating in the Incentive Scheme within Six Months Prior to the Grant Date

The Directors and senior management participating in the Incentive Scheme did not deal in the shares of the Company within six months prior to the grant date.

5. Impact of the Grant of Restricted Shares on the Financial Position of the Company

It is estimated that the total cost of the first grant of restricted shares is RMB123.0066 million. The amortization of cost of the restricted shares from 2022 to 2026 is as follows:

2022	2023	2024	2025	2026
<i>(RMB0' 000)</i>	<i>(RMB0' 000)</i>	<i>(RMB0' 000)</i>	<i>(RMB0' 000)</i>	<i>(RMB0' 000)</i>
3,321.18	4,428.24	2,906.03	1,383.82	261.39

The cost of restricted shares will be charged to administrative expenses. The above impact on the financial position and operating results of the Company is only an estimate and does not represent the final accounting cost. In addition to the actual grant date, grant price and grant number, the actual accounting cost also relates to the number of restricted shares which actually take effect and lapse. The final results of the impact on the operation results of the Company is subject to the annual audit report to be issued by the accountant firm.

6. Conclusive Opinion of Legal Opinion

The legal opinion issued by Zhong Lun Law Firm is that the grant date of the Incentive Scheme complies with the relevant provisions of the Incentive Scheme on grant date; the conditions for the grant of restricted shares under the Incentive Scheme have been fulfilled and the grant of the restricted shares by the Company to the participants is legal and valid.

7. Review Opinion of Financial Advisers

The review opinion of Shanghai Realize Investment Consulting Co., Ltd. on the grant related matters is that the grant has obtained the necessary approvals and authorisations, and the grant date and the participants being granted are in compliance with the relevant provisions of the Incentive Scheme. The grant is legal and valid.

8. Documents Available for Inspection

1. Resolutions of the Board;
2. Resolutions of the supervisory committee;
3. Independent opinions of independent directors;
4. Financial Adviser's Report of Shanghai Realize Investment Consulting Co., Ltd. on the grant under the 2021 Restricted A Share Incentive Scheme of Maanshan Iron & Steel Company Limited;
5. Legal opinion of Zhong Lun Law Firm on the grant under the 2021 Restricted A Share Incentive Scheme of Maanshan Iron & Steel Company Limited.

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

30 March 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.