

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 THE RESULTS OF THE FIRST GRANT 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 and (2) connected transaction – proposed grant under Incentive Scheme, and the Company’s announcement on the First Grant of Restricted Shares to Participants of the 2021 Restricted A Share Incentive Scheme dated 30 March 2022.

On 10 May 2022, the Company received the Securities Transfer Registration Certificate issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The registration of the first grant of the Company’s 2021 Restricted A Share Incentive Scheme (the “**Incentive Scheme**”) has been completed. The relevant details are hereby announced as follows:

I. DETAILS OF THE GRANT OF RESTRICTED SHARES

(1) Basic information of the grant of the Incentive Scheme

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 board of supervisors of the Company. According to the relevant provisions of the Administrative Measures on Incentive Scheme of Listed Companies, the 2021 Restricted A Share Incentive Scheme (Draft) of Maanshan Iron & Steel Company Limited and the authorization granted under the Company’s first extraordinary general meeting in 2021, it was confirmed that the grant conditions under the Incentive Scheme have been fulfilled. It was agreed that the grant date of the Company’s Restricted A Share Incentive Scheme was 30 March 2022,

and 75.93 million restricted shares will be granted to 262 participants at RMB2.29/share. The board of supervisors of the Company again reviewed the list of participants and expressed a concurring verification opinion. The independent directors expressed independent opinions of consent on the above resolutions. Dentons Beijing (Nanjing) Law Offices issued the Legal Opinion of Beijing Dentons Beijing (Nanjing) Law Offices on matters related to the First Grant of the 2021 Restricted A Share Incentive Scheme of Maanshan Iron & Steel Company Limited, whereas Shanghai Realize Investment Consulting Co., Ltd. issued the 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.

Considering that 2 participants are no longer involved in the Incentive Scheme, the Company reduced the number of grants, and the final grant registration of the Incentive Scheme is as follows:

1. Date of grant: 30 March 2022
2. Number of grant: 75.05 million shares
3. Number of participants being granted: 260
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. Explanation of the difference between the actual number of shares granted and the proposed number of shares to be granted: During the grant process, two participants ceased to participate in the Incentive Scheme due to change of duties or other personal reasons and waived the subscription of a total of 880,000 shares, and therefore, the actual participants of shares granted was changed from 262 to 260 and the actual number of restricted shares granted was changed to 75.05 million shares. The number of 850,000 reserved restricted shares remained unchanged.

(2) List of Participants and Details of Grant:

A total of 260 participants are involved in the grant of the restricted shares, 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	1.12%	0.011%
Mao Zhanhong	Deputy general manager	60	0.79%	0.008%
Ren Tianbao	Deputy general manager	60	0.79%	0.008%
Fu Ming	Deputy general manager	60	0.79%	0.008%
Zhang Maohan	Deputy general manager	60	0.79%	0.008%
He Hongyun	Secretary to the Board	28	0.37%	0.004%
Other core management, technical and skilled personnel (254 persons)		7,152	94.23%	0.929%
Total of First Grant (260 persons)		7,505	98.88	0.975%
Reserved		85	1.12%	0.011%
Total		7,590	100.00%	0.986%

(The above percentages are rounded. Any difference in mantissa between the sum of partial sums and the items is due to rounding)

II. VALIDITY PERIOD, LOCK-UP PERIOD AND UNLOCKING ARRANGEMENT OF THE INCENTIVE SCHEME

(1) The validity period of the Incentive Scheme

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 Incentive Scheme

The lock-up period of the restricted shares shall be 24 months, 36 months and 48 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 unlocking arrangement of the Incentive Scheme

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 registration of the grant is completed and ending on the last trading day of the 36-month period from the date of the registration of the grant is completed	33%
Second Unlocking Period	Commencing from the first trading day after expiry of the 36-month period from the date of the registration of the grant is completed and ending on the last trading day of the 48-month period from the date of the registration of the grant is completed	33%
Third Unlocking Period	Commencing from the first trading day after expiry of the 48-month period from the date of the registration of the grant is completed and ending on the last trading day of the 60-month period from the date of the registration of the grant is completed	34%

III. CAPITAL VERIFICATION OF RESTRICTED SHARES SUBSCRIPTION FUNDS

Ernst & Young Hua Ming LLP issued the Capital Verification Report of Maanshan Iron & Steel Company Limited (Ernst & Young Hua Ming (2022) Yanzi No. 60438514 L01) on 25 April 2022: as of 25 April 2022, the Company has received a total of RMB171,864,500.00 of capital contributions from 260 persons, among which RMB75,050,000.00 is included in the new additional registered capital and RMB96,814,500.00 is included in the capital reserve. The registered capital of the Company upon the change is RMB7,775,731,186.00.

IV. DETAILS OF THE REGISTRATION OF RESTRICTED SHARES

The total number of restricted shares granted for registration under the Incentive Scheme is 75.05 million. The Company has completed the registration formalities at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, and received the Securities Transfer Registration Certificate issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 10 May 2022. The registration date is 9 May 2022.

V. EFFECTS ON THE CONTROLLING SHAREHOLDER OF THE COMPANY BEFORE AND AFTER THE GRANT

Upon completion of the registration of the grant for the Incentive Scheme, the total share capital of the Company increased from 7,700,681,186 shares to 7,775,731,186 shares. As at the latest practicable date, i.e. 10 May 2022, the shareholding percentage of Magang (Group) Holding Company Limited (hereinafter referred to as “**Magang Group**”), the direct controlling shareholder of the Company, decreased from 45.535% to 45.095%, and the shareholding percentage of Magang Group Investment Co., Ltd., a wholly-owned subsidiary of Magang Group, decreased from 2.055% to 2.036%; the shareholding percentage of Baosteel Hong Kong Investment Company Limited, a wholly-owned subsidiary of China Baowu Steel Group Corporation Limited (hereinafter referred to as “**China Baowu**”), the indirect controlling shareholder of the Company, decreased from 7.012% to 6.945%. Upon completion of the grant, the direct controlling shareholder of the Company remains to be Magang Group and the indirect controlling shareholder remains to be China Baowu, which will not result in any changes in the controlling shareholders and de facto controllers of the Company.

VI. CHANGES IN THE SHAREHOLDING STRUCTURE

Unit: share

Class	Before the Change	Change	After the Change
Shares not subject to selling restrictions (A Shares)	5,967,751,186	0	5,967,751,186
Shares subject to selling restrictions (A Shares)	0	75,050,000	75,050,000
H Shares	<u>1,732,930,000</u>	<u>0</u>	<u>1,732,930,000</u>
Total	<u><u>7,700,681,186</u></u>	<u><u>75,050,000</u></u>	<u><u>7,775,731,186</u></u>

VII. PLAN ON THE USE OF PROCEEDS

The total amount of the proceeds under the Incentive Scheme is RMB171.8645 million, which will be used to replenish the working capital of the Company.

VIII. IMPACT OF THE GRANT OF RESTRICTED SHARES ON THE FINANCIAL POSITION OF THE COMPANY

According to the relevant requirements on the determination of fair value in Accounting Standards for Enterprises No. 11 – Share-based Payments and Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the grant of restricted shares under the Company’s Incentive Scheme will have a certain impact on the Company’s financial position and operating results in the relevant years.

The Board has determined that the first grant date of the Incentive Scheme is 30 March 2022, and the incentive cost is recognized according to the fair value of the restricted shares on the grant date. It is estimated that the incentive cost of the first grant of restricted shares is RMB121.581 million. The amortization of the cost of restricted shares from 2021 to 2025 is shown in the following table:

Unit: RMB0’ 000

2022	2023	2024	2025	2026
3,282.69	4,376.92	2,872.35	1,367.79	258.36

The cost of restricted shares will be charged as 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. Apart from 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.

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

10 May 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.