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

IMPORTANT NOTICE:

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

I. INTRODUCTION OF THE TRANSACTION

Baowu Water is a wholly-owned subsidiary of China Baowu Steel Group Corporation Limited (“**China Baowu**”), the indirect controlling shareholder of the Company. This time, eight subsidiaries of China Baowu intend to make capital injection to Baowu Water with their respective assets related to water treatment. Since the Company has already made its capital injection to Baowu Water with water treatment assets in 2021, it will not make capital injection this time.

At the third meeting of the tenth session of the board of directors of the Company held on 29 December 2022, 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 OF SUBJECT MATTER OF THE TRANSACTION

Baowu Water Technology Co., Ltd.

1. Registered address: Building 1, No. 1508, Mudanjiang Road, Baoshan District, Shanghai
2. Legal representative: Yan Hua
3. Unified social credit code: 91310113MA1GNQ4X5A
4. Registered capital: RMB2,498.524399 million
5. Nature of enterprise: Other limited liability company
6. Principal scope of business: permitted projects: construction engineering work; construction engineering design. (For the projects requiring approval according to laws, the operating activities can only be carried out upon approval from relevant authority(ies), and specific licensed projects should be determined by approval documentations or licenses issued by relevant government agencies) general projects: engaged in technology development, technology transfer, technical consultation and technical services in the fields of water treatment equipment and environmental technology; development of intelligent water system; prevention and control service for water environment pollution; prevention and control service for atmospheric environment pollution; environmental protection consulting services; engineering management services; research and development (limited to branches), production (limited to branches) and sales of environmental protection special equipment; sales of chemical products (excluding permitted chemical products); manufacture (limited to branches) and sales of monitoring and detection instruments and meters for water pollution; manufacture (limited to branches) and sales of monitoring and detection instruments and meters for atmospheric pollution; processing and sales of non-edible salt (limited to branches); goods import and export; technology import and export. (Except for projects subject to the administrative approval, business activities shall be carried out independently with business licence according to the law)
7. Major financial data for 2021 (Unit: RMB): Total assets: RMB6,862.5833 million; equity attributable to the owners of the parent company: RMB3,218.7105 million; operating income: RMB5,002.7547 million; net profit attributable to owners of the parent company: RMB134.4165 million.

III. MAJOR CONTENT AND PRICING OF THE TRANSACTION

Eight subsidiaries of China Baowu, including Guangdong Zhongnan Iron & Steel Co., Ltd., will make capital injection to Baowu Water with their respective assets related to water treatment. The valuation benchmark date of the assets for the purpose of the capital injection was 30 April 2022, and the total amount of valuation was RMB1,019 million. The shareholding ratio of each party after the capital injection shall be calculated based on the appraised value of the net assets of each party. According to the calculation, upon completion of the capital injection, the registered capital of Baowu Water would be RMB3,214 million and the premium would be credited to the capital reserve. Baowu Water shall have a board of directors consisting of 7 members (one of them shall be a staff director), and one shall be recommended by the Company (which was the same before the capital injection). The shareholding structures of Baowu Water prior to and after the capital injection are as follows (subject to the final valuation information on file):

Shareholding structure prior to the capital injection

Unit: RMB '0,000

Name of shareholder	Method of capital contribution	Corresponding registered capital	Percentage of shareholding
China Baowu Steel Group Corporation Limited	Cash	50,000.0	20.011%
Magang (Group) Holdings Co., Ltd.	Cash	23,035.5	9.220%
Baowu Carbon Technology Co., Ltd.	In-kind and equity	12,329.4	4.935%
Baosteel Chemical Zhanjiang Co., Ltd.	In-kind	4,134.3	1.655%
Wuhan Iron and Steel (Group) Corp.	Equity	2,479.5	0.992%
The Company	In-kind	48,084.2	19.245%
Baosteel Engineering & Technology Group Co., Ltd.	Cash	2,419.5	0.968%
Baoshan Iron & Steel Co., Ltd.	In-kind	50,734.3	20.306%
Wuhan Iron & Steel Company Limited	In-kind	30,910.4	12.371%
Baosteel Zhanjiang Iron & Steel Co., Ltd.	In-kind	21,466.4	8.592%
Shanghai Meishan Iron & Steel Co., Ltd.	In-kind	4,259.0	1.705%
Total		249,852.4	100%

Shareholding structure after the capital injection

Unit: RMB '0,000

Name of shareholder	Method of capital contribution	Corresponding registered capital	Percentage of shareholding
China Baowu Steel Group Corporation Limited	Cash	50,000.0	15.558%
Magang (Group) Holdings Co., Ltd.	Cash	23,035.5	7.168%
Baowu Carbon Technology Co., Ltd.	In-kind and equity	12,329.4	3.836%
Baosteel Chemical Zhanjiang Co., Ltd.	In-kind	4,134.3	1.286%
Wuhan Iron and Steel (Group) Corp.	Equity	2,479.5	0.772%
The Company	In-kind	48,084.2	14.962%
Baosteel Engineering & Technology Group Co., Ltd.	Cash	2,419.5	0.753%
Baoshan Iron & Steel Co., Ltd.	In-kind	50,734.3	15.786%
Wuhan Iron & Steel Company Limited	In-kind	30,910.4	9.618%
Baosteel Zhanjiang Iron & Steel Co., Ltd.	In-kind	21,466.4	6.679%
Shanghai Meishan Iron & Steel Co., Ltd.	In-kind	4,259.0	1.325%
Guangdong Zhongnan Iron & Steel Co., Ltd.	In-kind	2,909.1	0.905%
Baowu Group Echeng Iron and Steel Co., Ltd.	In-kind	5,090.8	1.5840%
Chongqing Iron & Steel Company Limited	In-kind	4,541.3	1.413%
Baosteel Desheng Stainless Steel Co., Ltd.	In-kind	3,563.6	1.109%
Xinjiang Bayi Iron and Steel Co., Ltd.	In-kind	9,866.2	3.070%
Xinjiang Yili Iron and Steel Co., Ltd.	In-kind	2,595.7	0.808%

Name of shareholder	Method of capital contribution	Corresponding registered capital	Percentage of shareholding
Xinjiang Bagang Nanjiang Steel Baicheng Co., Ltd.	In-kind	12,559.7	3.908%
Shanxi Taigang Stainless Steel Co., Ltd.	In-kind	30,402.2	9.460%
Total		321,380.9	100%

IV. 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, exit non-main business assets and businesses in an orderly manner, and allocate resources to investment in main business. Baowu Water belongs to the water treatment business, 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.

Since Baowu Water is not a subsidiary of the Company, as far as the Company is concerned, the capital injection to Baowu Water and the issuance of shares to the aforesaid new shareholders do not constitute a transaction referred to in Chapter 14 and Chapter 14A of the Securities Listing Rules of The Stock Exchange of Hong Kong Limited.

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

29 December 2022
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.