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

(Stock Code: 00323)

ANNOUNCEMENT ON REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES

References are 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, the announcements dated 30 March 2022 and 10 May 2022 of the Company in relation to the First Grant of Restricted Shares to Participants of the 2021 Restricted A Share Incentive Scheme of the Company and the announcements dated 5 December 2022 and 10 March 2023 in relation to repurchase and cancellation of certain restricted shares.

At the 9th meeting of the tenth session of the board of directors and the 9th meeting of the tenth session of the supervisory committee of the Company convened on 28 July 2023, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved, pursuant to which, the Company intended to repurchase and cancel certain Restricted Shares which have not been unlocked. The relevant matters are hereby announced as follows:

I. RELEVANT CONSIDERATION PROCEDURES WHICH HAVE BEEN PERFORMED IN RELATION TO THE INCENTIVE SCHEME

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 of directors and the 45th 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 from the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), forwarded by 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 Resolution on 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, first class meeting of the holders of A Shares and 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 of directors and the 49th meeting of the ninth session of the supervisory committee of the Company.
5. On 10 May 2022, the Company completed the registration of the first grant under the 2021 Restricted A Share Incentive Scheme, and a total of 75.05 million Restricted Shares had been granted to 260 persons in total.
6. On 5 December 2022, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 2nd meeting of the tenth session of the board of directors and the 2nd meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting and the repurchase and cancellation of shares were completed.
7. On 10 March 2023, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 5th meeting of the tenth session of the board of directors and the 5th meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting and the repurchase and cancellation of shares were completed.
8. On 28 July 2023, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 9th meeting of the tenth session of the board of directors and the 9th meeting of the tenth session of the supervisory committee of the Company. The resolution is subject to the approval of the general meeting.

II. REASONS FOR, NUMBER OF SHARES INVOLVED IN AND PRICE FOR THE REPURCHASE AND CANCELLATION OF RESTRICTED SHARES

(i) Reasons for the Repurchase and Cancellation

According to the 2021 Restricted A Share Incentive Scheme (the “**Incentive Scheme**”), in case of failure to pass the performance appraisal objectives of the unlocking period in any appraisal year under the Incentive Scheme, all Restricted Shares of the corresponding performance appraisal year shall be repurchased by the Company at the lower of the grant price or the market price. The market price is the average trading price of the Company’s share on the trading day before consideration of the repurchase by the board of directors. The assessment conditions corresponding to the first unlocking period are as follows:

Cash return on net assets for 2022 shall not be less than 22% and shall not be less than 75 fractiles of benchmark enterprise; the compound growth rate of gross profit (after deduction of any extraordinary gain or loss) (based on benchmark year) for 2022 shall not be less than 7%, and shall not be less than 75 fractiles of benchmark enterprise; the annual EVA appraisal target set by the board of directors of the Company for 2022 shall be achieved, and meanwhile the improved EVA value (compared with 2020) shall not be less than RMB250 million;

The Company’s actual performance indicators for 2022 are as follows: the cash return on net assets was 9%; the gross profit (after deduction of any extraordinary gain or loss) was RMB-813 million; the annual EVA appraisal target set by the board of directors for 2022 was not achieved, and meanwhile the improved EVA value (compared with 2020) was negative.

Accordingly, the performance appraisal targets for 2022 specified in the Incentive Scheme were not achieved, and all Restricted Shares of the corresponding appraisal year of 2022 shall be repurchased by the Company at the lower of the grant price or the market price.

(ii) Number of Shares involved in and Price for the Repurchase and Cancellation

Reasons for the Repurchase	Number of persons involved	Price for the Repurchase (RMB/share)	Number of Shares involved in the Repurchase (shares)	Amount (RMB)
Performance not achieved	242	2.29	22,849,200	52,324,668
Total			<u>22,849,200</u>	<u>52,324,668</u>

(iii) Total Amount and Source of Funds for the Repurchase

The Company will repurchase all the Restricted Shares of the corresponding appraisal year of 2022 with its own funds, and the total repurchase payment will be RMB52,324,668.

III. TABLE OF EXPECTED CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY AFTER REPURCHASE AND CANCELLATION

The changes in the share capital structure of the Company after the repurchase and cancellation are as follows:

Category	<i>Unit: shares</i>		
	Before the changes	Changes	After the changes
Shares subject to locking-up	69,106,000	-22,849,200	46,256,800
Shares not subject to locking-up	<u>7,700,681,186</u>	<u>0</u>	<u>7,700,681,186</u>
Total	<u>7,769,787,186</u>	<u>-22,849,200</u>	<u>7,746,937,986</u>

Note: The above changes in share capital structure are subject to the share capital structure table issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon completion of the repurchase and cancellation.

IV. IMPACT ON THE RESULTS OF THE COMPANY

The repurchase and cancellation of certain Restricted Shares will not have any material impact on the financial position and results of operations of the Company, nor will it affect the diligence of the management team of the Company, which will continue to perform its work duties conscientiously and strive to create value for the Shareholders.

V. SUBSEQUENT WORK ARRANGEMENTS FOR THE REPURCHASE AND CANCELLATION PLAN

Subject to the consideration and approval of repurchase and cancellation of certain Restricted Shares of the Shareholders at the general meeting, the Company will, in accordance with the Company Law and the regulations of the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, complete the relevant procedures for the repurchase and cancellation and the corresponding registration of the change of registered capital and amendments to the Articles of Association of the Company, and the Company will perform its information disclosure obligations in a timely manner.

VI. VIEWS OF INDEPENDENT DIRECTORS

The repurchase and cancellation of the Restricted Shares of the Company which have not yet been unlocked has been made in accordance with the relevant provisions of the Incentive Scheme, which is in the interests of all Shareholders and participants of the Company and in compliance with the relevant provisions of relevant laws, regulations and normative documents such as the Administrative Measures for Share Incentive of Listed Companies, the number of repurchased shares and the repurchase price are lawful and compliant, will not prejudice the interests of the Company and all Shareholders and will not have any material impact on the daily operation of the Company. Independent directors unanimously agree to the above-mentioned repurchase and cancellation of Restricted Shares.

VII. VIEWS OF SUPERVISORY COMMITTEE

The repurchase and cancellation of the remaining Restricted Shares of the Company which have been granted but not yet been unlocked have been made in accordance with the relevant provisions of the Administrative Measures for Share Incentive of Listed Companies and other relevant laws, regulations and normative documents and the Incentive Scheme, and the procedures for the adjustments to the number of Restricted Shares repurchased and the repurchase price were in compliance with the relevant regulations, which will not prejudice the interests of the Shareholders of the Company and will not have any material impact on the financial position and the results of the operation of the Company. The supervisory committee agrees to the repurchase and cancellation of Restricted Shares.

VIII. CONCLUSIONS OF LEGAL OPINIONS

Zhong Lun (Shanghai) Law Firm, Beijing issued a legal opinion that: the reasons for the repurchase and cancellation of the Company are in compliance with the relevant requirements of the Company Law, the Securities Law, the Administrative Measures for Share Incentive of the Company (the “**Administrative Measures**”) and the Incentive Scheme; the repurchase and cancellation have been approved and authorised as necessary, and the relevant procedures have been performed in compliance with the requirements of the Company Law, the Securities Law, the Administrative Measures and the Incentive Scheme; the adjustment bases of the repurchase quantity and price, as well as the repurchase quantity and price for the repurchase and cancellation are in compliance with the requirements of the Incentive Scheme. The Company shall perform information disclosure obligation in a timely manner and handle the procedures for reduction in registered capital and shares cancellation registration in accordance with the Company Law and other laws and regulations in respect of the repurchase and cancellation of the Incentive Shares.

IX. DOCUMENTS AVAILABLE FOR INSPECTION

1. The resolution of the board of directors signed by the directors;
2. The resolution of the supervisory committee signed by the supervisors;
3. Independent opinion on the repurchase and cancellation of certain restricted shares signed and confirmed by the independent directors;
4. Legal opinion of Zhong Lun (Shanghai) Law Firm, Beijing in relation to the repurchase and cancellation of certain restricted shares under the Share Incentive Scheme of Maanshan Iron & Steel Company Limited.

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; Independent non-executive directors Zhang Chunxia, Zhu Shaofang, Guan Bingchun and He Anrui.