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

**(Stock Code: 00323)**

## **2024 “QUALITY IMPROVEMENT, EFFICIENCY ENHANCEMENT AND RETURN MAXIMIZATION” SPECIAL ACTION PLAN**

In order to fully implement the spirit of the 20<sup>th</sup> National Congress of the Communist Party of China and the Central Financial Work Conference, and to fulfill the requirements outlined in the State Council's Opinions on Further Improving the Quality of Listed Companies (《關於進一步提高上市公司質量的意見》), Maanshan Iron & Steel Company Limited (the “**Company**”) proactively responds to the Initiative on Carrying Out the Special Action of “Quality Improvement, Efficiency Enhancement and Return Maximization” for SSE Listed Companies (《關於開展滬市上市公司「提質增效重回報」專項行動的倡議》) of the Shanghai Stock Exchange to promote the Company's high-quality development, enhance its investment value, and better safeguard the rights and interests of all shareholders. The Company has formulated the 2024 “Quality Improvement, Efficiency Enhancement and Return Maximization” Special Action Plan, the details of which are set out as follows:

### **I. FOCUSING ON THE MAIN STEEL BUSINESS TO IMPROVE THE QUALITY OF OPERATIONS**

In 2023, facing a challenging and complex market environment, the Company actively responded by adhering to the “Four directions of development” (High-end orientation, intelligentization, greenization and high efficiency), and the guiding principle of the “Four-with” (production with orders, production volume with margins, revenue with profits, and profits with cash), focusing on the main steel business, and striving to enhance its operating efficiency and profitability. We have continuously been advancing benchmarking efforts, resulting in substantial improvement in operational performance during the second half of the year compared to the first half; made significant strides in promoting the “Four directions of development” to strengthen the foundation for high-quality development; deepened the adjustment of the product structure, and promoted project construction in an orderly and effective way; comprehensively deepened reform and management, and promoted the modernization of governance capabilities.

In 2024, the Company will continue to implement the “Four directions of development” and “Four-with” in depth, adhere to the innovation drive, strengthen the accounting operation, and strive to enhance profitability by focusing on improving ROE and gross profit per tonne of steel, and creating the optimal operational responsibility system; concentrate on improving the product structure to increase gross profit, optimizing cost indicators, and enhancing efficiency to maximize benefits.

**(I) Optimizing product structure and implementing differentiated competition.** The Company will deepen the adjustment of the product structure. The Company will leverage the comparative advantages of key products and regional strengths, segment the product market, strengthen the integration of products, technology and services, and adopt a combination marketing approach to expand market share, with a focus on achieving steel sales of over 4.2 million tonnes for key product categories throughout the year. The Company will cultivate 24 core product families, aiming for a core product proportion of over 20%, supporting an efficiency increase in per tonne of steel of the same caliber by more than RMB41.7.

**(II) Seizing the development opportunities in the global rail transportation industry and enhancing the global competitive advantage of the wheel and axle industry.** The Company will promote the specialized integration of the wheel and axle industry and advance the industrialization of elastic wheels while expanding into overseas markets; provide “integrated comprehensive solutions” for wheels and axles to global users. In 2024, the Company targets to achieve an annual sales volume of over 600,000 wheels (including those used in wheelsets). The Company will also initiate assessments for the application of wheel fabrication on the CRH trainsets and the South Korean KTX trainsets with a speed of 320 kilometers per hour.

**(III) Leveraging the advantages of the integrated development in the Yangtze River Delta region, the Company will accelerate the transformation of constructional steels to industrial steels.** The Company will expedite the transition of its section steel variety structure from constructional steels to industrial steels, with focus on expanding and extending into sectors such as railways, construction machinery, photovoltaics, shipbuilding, and others, and continuously enhance its competitive advantages in terms of high-end, green and differentiated products to consolidate its leading position in the domestic industry. By 2024, the target is to achieve a production capacity of 250,000 tonnes for heavy-duty H-beams with unique specifications.

- (IV) Leveraging the strengths of automotive sheet products, the Company will actively integrate into Anhui Province’s industrial supply chain initiative, with a focus on developing the automotive industry as a top priority.** Through customized production and differentiated services, the Company aims to lead the optimization and upgrading of its products towards the mid-to-high-end market segment. The Company will accelerate breakthroughs in product structure, channel structure and customer structure, aiming to enhance product quality, expand product functionality, and significantly improve profitability and core competitiveness. By 2024, the goal is to expand the customer base by three high-end customers in the automotive sheet sector and achieve a production volume of 3 million tonnes of automotive sheets.
- (V) Driving the value-added growth of special steel products.** The Company will expand the marketing channels for special steel, complete the testing and development of over 20 new varieties of special steel, accomplish 30 certifications for new special steel products and expand the customer base by 15 for new special steel; accelerate the development of medium-and high-end customers for special steel, enhance brand premium capabilities, and expand the certification and bulk supply of products such as axle steel and high-end steel for wind power through convertor lines; implement a simulated operational model for special steel, focusing on leveraging strengths to solve problems, seeking breakthroughs, and driving rapid improvement in the operational performance of special steel.
- (VI) Promoting cost reduction throughout the entire process and exploring the potential for cost reduction and efficiency improvement.** The Company will strengthen market analysis and judgment, dynamically optimize procurement strategies, actively expand resource channels, and strive to outperform the market in terms of procurement costs. The Company will adhere to low inventory operation, improve procurement planning capabilities, and promote cost reduction in bulk raw fuel procurement. The Company will maintain long cycles of stable and efficient operation in blast furnaces and improve the inspection and early warning mechanisms for blast furnaces; optimize the production mode to achieve maximum efficiency and fully utilize the capacity of advantageous production lines, and continue to improve the key technical and economic indicators; persistently optimize the equipment maintenance model, improve equipment functionality precision, strengthen flexible maintenance and opportunistic maintenance, reduce equipment failure rates, and lower the maintenance expenses per tonne of steel.

**(VII) Enhancing efficiency and promoting interior development.** The Company will optimize order allocation and production line division of labor, dynamically balance resources, improve production line operational efficiency, and drive a 1–3% year-on-year increase in output of advantageous units; focus on “industry-finance integration” to invigorate fund management, reduce occupation of funds, effectively and fully take advantage of capital coordination, and enhance capital operational efficiency; strengthen internal and external collaboration to maximize synergistic effects and create value to the greatest extent possible.

## **II. STRENGTHENING TECHNOLOGICAL INNOVATION AND ACCELERATING THE DEVELOPMENT OF NEW QUALITY PRODUCTIVITY**

Grasping a thorough understanding and proceeding with implementation of the important speech of General Secretary Xi Jinping on the development of new quality productivity, the Company will adhere to the cultivation and application of new quality productivity to promote high-quality development and lead the transformation and upgrading of industries.

To strengthen the role of technological innovation to support. The Company will actively undertake projects under national mission, accelerate the independent application of high-speed wheels and axles for CRUs, and support the implementation of major national high-speed rail projects; strengthen the R&D of and strive to make breakthroughs in materials used in core equipment, continuously improve the quality of high-performance special steels for energy use, and support the localisation of materials for high-end energy equipment. Focusing on “high strength, high corrosion resistance and high efficiency”, the Company will accelerate the development and iteration of high-end products such as special steel, section steel and automotive plates. Aiming at key industries such as transport, marine engineering and energy, the Company will accelerate the research and development of new products such as profiled steel for rail transit, near-final section steel for ships, special steel for wind power generators and high-end cold-rolled coated steel plates, to develop a number of products that are to be rolled out first with global influence.

To stick to being empowered by green intelligence, promote the transformation and upgrading of traditional industries and accelerate the application of integrated digitalisation and intelligence. The Company will deepen the application of CE system, accelerate data connection and sharing, forming refined, precise and time-sensitive support for operational decision-making, promoting whole-chain and whole-process accounting, and realising lean management and efficiency enhancement. The Company will accelerate the application of intelligent equipment, model control technology and intelligent technology to continuously improve manufacturing efficiency, further stabilise production and achieve

intrinsic safety. The Company will strengthen green development which serves as the “basic color”, and take “building the Company into a benchmark in energy efficiency” as an effective means, to pursue ultimate energy efficiency, reduce the comprehensive energy consumption per tonne of steel, continue to improve the carbon reduction programmes for low-carbon wheels, low-carbon section steel, low-carbon automotive plates and low-carbon wire rods, increase efforts in the development of near-final products, and accelerate the full coverage of the EPD for our product categories.

### **III. FOCUSING ON RETURN TO SHAREHOLDERS AND SHARING THE ACHIEVEMENTS IN DEVELOPMENT**

The Company attaches great importance to rewarding investors, practising the value of “sharing” and actively demonstrating a responsible attitude towards shareholders. Since its listing, the Company has prioritised the distribution of dividends in the form of cash in line with the principle of attaching importance to offering the shareholders reasonable return on investment and meanwhile taking into account the Company’s reasonable capital requirements, with 22 times of cash dividend distributions having been made amounting to approximately RMB15.5 billion in total, accounting for approximately 56% of the cumulative net profit achieved.

In 2024, in order to further improve the profit distribution policy, the board of directors of the Company, on the basis that the Articles of Association of the Company has clearly stipulated that “the profit to be distributed shall not be less than 50% of the distributable profit” and in accordance with the latest Supervisory Guidelines for Listed Companies No. 3 – Cash Dividends for Listed Companies issued by the CSRC, considered and approved the plan on amendments to the Articles of Association and its annexes on 16 April, which provides that “When the Company holds an annual general meeting to review the annual profit distribution plan, it may also consider and approve the conditions for and the proportion cap and amount cap of cash dividends for the interim period of the next year”, “The board of directors shall formulate a specific interim dividend plan in accordance with the resolutions of the general meeting and subject to the conditions of profit distribution” and “After the Company’s general meeting has resolved on the proposal for annual profit distribution of the Company, or after the board of directors of the Company has formulated a specific plan in line with the interim dividend conditions and caps for the next year reviewed and approved at the annual general meeting, the distribution of dividends (or shares) shall be completed within two months.” Such amendments have been approved at the general meeting of the Company.

#### **IV. ACTIVELY COMMUNICATING WITH RELEVANT PARTIES TO ENHANCE THE TRANSPARENCY OF THE COMPANY**

The Company attaches great importance to information disclosure and investor relations management and endeavours to enhance its transparency. Regarding information disclosure, the Company will conscientiously fulfil its information disclosure obligations, ensure that the information disclosed is true, accurate and complete, ensure that there are no false records, misleading statements or material omissions, and endeavour to ensure that the content of the announcements is concise, clear and easy to understand. After comprehensive evaluation, the Shanghai Stock Exchange has given the Company an “A” rating (the highest rating) for its information disclosure work for the years 2022 to 2023. Regarding investor relations, the Company will actively safeguard the legitimate rights and interests of investors, especially minority investors, and endeavour to establish and maintain positive interactions with investors through the establishment of multi-channels and multi-level channels for communication with investors to maintain good investor relations and enhance investor value recognition. In 2023, the Company held an online bilingual live streaming of annual results presentation, semi-annual and third-quarterly results presentations, of which the annual results presentation had secured more than 167,000 views, and at the same time, the Company participated in the collective reception day event for listed companies in Anhui jurisdiction in 2023; and organised and participated in the “I am a Shareholder” special programme on visiting the listed companies controlled by the central government produced by Shanghai Stock Exchange jointly with CCTV Finance and Economics Channel, which presented a good image of the Company to investors and the public. The Company was awarded with the title of “Best Practice Case” in the event of creating “Best Practice Cases of Annual Results Presentation of Listed Companies” by China Association for Public Companies.

In 2024, in order to further enhance its transparency, the Company intends to take the following measures: to carry out information disclosure work in strict accordance with relevant laws and regulations, to continuously improve the quality of its information disclosure, and to strengthen the basis of communication between the Company and investors; the Company will carefully study the development trend of the industry, deeply explore and consolidate the Company’s competitive advantages, and strive to enhance investors’ understanding and recognition of the Company through multi-channels including “attracting inbound” and “going global”; make full use of professional platforms, organise and hold results presentations on a regular basis, interpret regular reports, and improve the readability of such reports; pay close attention to the dynamics of the securities market, collect and collate issues of concern to investors, and report them on a regular basis, so as to continue to smoothen feedback channels of market information and issues.

## V REGULATING MARKET-ORIENTED OPERATIONS TO OPTIMIZE CORPORATE GOVERNANCE

In accordance with the requirements of relevant laws and regulations, the Company has set up a check-and-balance corporate governance structure, consisting of the general meeting, the Board, the Supervisory Committee and the General Manager. The general meeting, the Board, the Supervisory Committee and the General Manager perform their respective duties, take their respective responsibilities and coordinate operations with effective check and balance.

The Board is committed to continuously improving the level of corporate governance and of the view that good corporate governance is essential to the Company's operations and sustainable development. In 2023, the Board further improved the corporate governance system, strengthened the construction of the Board in order to improve the level of corporate governance. The Board amended the Working Rules of the Strategic and Sustainable Development Committee, the Working Rules of the Audit and Compliance Committee, the Working Rules of the Nomination Committee, the Working Rules of the Remuneration Committee, Administrative Measures on Information Disclosure, the Investor Relations Management System and the Working System of the Independent Directors, and newly formulated the Compliance Management System, involving the working rules of special committee of the Board of the Company, information disclosure, investor relations, compliance management and other aspects. Meanwhile, to the best knowledge of the Board, the Company complied with the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange in 2023, and where appropriate, endeavored to adopt the recommended best practices contained in the Code.

In 2024, the Company will further promote corporate culture construction based on the rule of law, strengthen compliance management, and systematically review and amend the Articles of Association and basic systems including the Administrative Measures on Information Disclosure and the Measures for the Management of Social Responsibility in light of the newly promulgated Company Law and the latest policies regarding sustainable development or ESG from the Hong Kong Stock Exchange and the Shanghai Stock Exchange, which will provide the Company with a standardized and highly-efficient governance guarantee to realize its high-quality development.

## **VI. STRENGTHENING THE RESPONSIBILITY OF THE “KEY MINORITIES” TO PROMOTE THE LONG-TERM STABLE DEVELOPMENT OF THE COMPANY**

The Company attaches great importance to communication and exchange of information with the controlling shareholders and directors, supervisors, senior management and other “key minorities” of the Company, enhance the ability of the key minorities and strengthen their commitment and responsibility when performing their duties, as well as give full play to their role, thereby endeavoring to improve the quality of its operations. Benefitting from the beneficial communication maintained with Magang Group, a controlling shareholder of the Company, Magang Group will continue to provide robust support for the Company in aspects such as asset structure optimization, product structure adjustment and transformation and development, as well as deepening reform. The Company will deeply implement the concept of new management responsibility system, strengthen the performance of duties and responsibilities, and solidify accountability. Following the full complementation of the tenure system and contractual management relating to the operation and management team, the Company entered into annual operating performance responsibility letters with all senior management, stipulating that their remuneration and income will be determined and target tasks will be undertaken on the basis of their annual operating performance and results of individual performance evaluation, encouraging them to place greater emphasis on the development of its business and realization of its objectives in their decision-making. By means of carrying out the restricted share scheme, maximizing the role of equity incentives will closely bundle the interests of the Company’s core employees including senior management and the Company, constitute a common interest, motivate the management team to strive to maximize shareholders’ value, stimulate the motivation of the senior management and outstanding talents in core key positions, therefore better protecting its interests and all shareholders, and promoting its long-term stable development.

The plan is prepared based on the current actual situation of the Company and does not constitute a substantive commitment by the Company to investors. The plan may be affected by domestic and foreign market environment, policy adjustment and other factors in the future, and has certain uncertainties. Investors are advised to be rational and pay attention to investment risks.

By Order of the Board  
**Maanshan Iron & Steel Company Limited**  
**Jiang Yuxiang**  
*Chairman*

23 July 2024  
Maanshan City, Anhui Province, the PRC

*As at the date of this announcement, the directors of the Company include executive directors Jiang Yuxiang and Mao Zhanhong; and independent non-executive directors Guan Bingchun, He Anrui, Liao Weiquan and Qiu Shengtao.*