

*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 IN RELATION TO IMPLEMENTATION OF REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES UNDER THE 2021 A SHARE INCENTIVE SCHEME**

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 respectively 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, the announcements respectively dated 5 December 2022, 10 March 2023 and 28 July 2024 in relation to repurchase and cancellation of certain restricted shares, and the circulars respectively dated 14 March 2023 and 4 August 2023. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meaning as defined in the above announcements and circulars.

At the 30<sup>th</sup> meeting of the tenth session of the board of directors and the 19<sup>th</sup> meeting of the tenth session of the supervisory committee of the Company convened on 8 October 2024, 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 55<sup>th</sup> meeting of the ninth session of the board of directors and the 45<sup>th</sup> 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 SASAC 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 59<sup>th</sup> meeting of the ninth session of the board of directors and the 49<sup>th</sup> 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 2<sup>nd</sup> meeting of the tenth session of the board of directors and the 2<sup>nd</sup> meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting on 29 December 2022 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 5<sup>th</sup> meeting of the tenth session of the board of directors and the 5<sup>th</sup> meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting on 29 March 2023 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 9<sup>th</sup> meeting of the tenth session of the board of directors and the 9<sup>th</sup> meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting on 29 August 2023 and the repurchase and cancellation of shares were completed.

9. On 8 October 2024, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 30<sup>th</sup> meeting of the tenth session of the board of directors and the 19<sup>th</sup> 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 CURRENT REPURCHASE AND CANCELLATION OF RESTRICTED SHARES

### (i) Reasons for the Current Repurchase and Cancellation

#### 1. *Repurchase triggered by performance not achieved*

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 second unlocking period are as follows:

Cash return on net assets for 2023 shall not be less than 24% and shall not be less than 75 percentile of benchmark enterprise; the compound growth rate of gross profit (after deduction of non-recurring gain or loss) (based on benchmark year 2020) for 2023 shall not be less than 7%, and shall not be less than 75 percentile of benchmark enterprise; the annual EVA appraisal target set by the board of directors of the Company for 2023 shall be achieved, and meanwhile the improved EVA value (compared with 2020) shall not be less than RMB350 million.

The Company’s actual performance indicators for 2023 are as follows: the cash return on net assets was 7%; the gross profit (after deduction of non-recurring gain or loss) was RMB-1,989 million; the annual EVA appraisal target set by the board of directors of the Company was not achieved, and meanwhile the improved EVA value (compared with 2020) was negative.

Accordingly, the performance appraisal targets for 2023 specified in the Incentive Scheme were not achieved, and all Restricted Shares of the corresponding appraisal year of 2023 shall be repurchased at the lower of the grant price or the market price.

## **2. *Repurchase triggered by personnel changes***

16 persons including Wang Guangya and others are Participants of the 2021 Restricted Share Incentive Scheme of the Company, and are not working in the Company currently, of which 15 Participants have reached the statutory retirement age and one Participant has been transferred to another position. According to the relevant requirements of the Administrative Measures for the Share Incentive, the Restricted Shares of the above 16 Participants which have not yet met the conditions for unlocking the restrictions on sales shall be repurchased and cancelled by the Company.

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

#### **1. *Repurchase triggered by performance not achieved***

According to the Performance Appraisal Measures for the Share Incentive, 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 grant price of the Incentive Scheme was RMB2.29/share, and the average trading price of the Company's share on the trading day (30 September 2024) before consideration of the repurchase by the board of directors was RMB2.32/share. Therefore, the repurchase price was RMB2.29/share.

#### **2. *Repurchase triggered by personnel changes***

According to the Administrative Measures for the Share Incentive, the Participants who have terminated or cancelled labour relationship with the Company due to death, retirement, arrangement of positions beyond their control, the original time and conditions of unlocking the restrictions on sales remain unchanged, and the ratio of unlocking the restrictions on sales shall be determined in accordance with the term of the Participants in the corresponding performance years. The remaining Restricted Shares which have yet to arrive time limit of unlocking the restrictions on sales and the performance appraisal conditions are no longer unlocked, and are repurchased by the Company based on the sum of grant price plus the interests on fixed deposit in bank for the same period. Based on the holding period of the shares to be repurchased by the Participants, the repurchase price shall be adjusted to RMB2.45/share.

<b>Reasons for the Repurchase</b>	<b>Number of persons involved</b>	<b>Price for the Repurchase (RMB/share)</b>	<b>Number of Shares involved in the Repurchase (shares)</b>	<b>Repurchase amount (RMB)</b>
Performance not achieved	241	2.29	22,783,200	52,173,528
Personnel changes	16	2.45	2,050,200	5,022,990
<b>Total</b>			<b>24,833,400</b>	<b>57,196,518</b>

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

The Company will use its own funds to repurchase the Restricted Shares held by the above personnel which have been granted but not yet unlocked, and the total repurchase amount is RMB57,196,518. The source of funds is the Company's own funds.

**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 current repurchase and cancellation are as follows:

<b>Category</b>	<i>Unit: shares</i>		
	<b>Before the changes</b>	<b>Current changes</b>	<b>After the changes</b>
Shares subject to selling restrictions	46,256,800	-24,833,400	21,423,400
Shares not subject to selling restrictions	7,700,681,186	0	7,700,681,186
<b>Total</b>	<b>7,746,937,986</b>	<b>-24,833,400</b>	<b>7,722,104,586</b>

*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 current repurchase and cancellation.*

#### **IV. IMPACT ON THE RESULTS OF THE COMPANY**

The current 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 CURRENT REPURCHASE AND CANCELLATION PLAN**

Subject to the consideration and approval of the current 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, handle the relevant procedures such as the repurchase and cancellation and the corresponding registration of the change of registered capital, and perform its information disclosure obligations in a timely manner.

#### **VI. VIEWS OF SUPERVISORY COMMITTEE**

The repurchase and cancellation of part of the remaining Restricted Shares of the Company which have been granted but not yet been unlocked the restrictions on sales 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 this time and the repurchase price are 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 current repurchase and cancellation of Restricted Shares.

## VII. CONCLUSIONS OF LEGAL OPINIONS

Zhong Lun (Shanghai) Law Firm, Beijing issued a legal opinion that: the reasons for the current 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 current 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 current 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 such as reduction in registered capital and shares cancellation registration in accordance with the provisions of Company Law and other laws and regulations in respect of the current repurchase and cancellation of the Incentive Shares.

## VIII. DOCUMENTS AVAILABLE FOR INSPECTION

1. The resolution of the board of directors;
2. The resolution of the supervisory committee;
3. The resolution of the remuneration committee under the board of 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**  
**Jiang Yuxiang**  
*Chairman*

8 October 2024  
Maanshan City, Anhui Province, the PRC

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