馬鞍山鋼鐵股份有限公司

Maanshan Iron & Steel Company Limited

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

(Stock Code: 00323)

CONNECTED TRANSACTION
CAPITAL REDUCTION AGREEMENT

On 22 September 2025, Magang Limited, Baowu Water and its eighteen other shareholders jointly entered into the Capital Reduction Agreement. Pursuant to the Capital Reduction Agreement, three shareholders including Magang Limited shall undergo capital reduction, while the remaining sixteen shareholders shall not. Magang Limited reduced its capital contribution to Baowu Water by RMB538,382,200 (tax inclusive) at a consideration of the circulating water assets of Baowu Water associated with it. The shareholding of Magang Limited in Baowu Water shall decrease from 14.977% to 3.151%.

As at the date of this announcement, Magang Group is interested in approximately 48.20% of the issued share capital of the Company and is the controlling shareholder of the Company, and China Baowu is the controlling Shareholder of Magang Group, indirectly holding a total of approximately 52.999% of the Company's shares. Therefore, under Chapter 14A of the Listing Rules, Magang Group and China Baowu are connected persons of the Company. As China Baowu is the ultimate beneficial owner of Magang Limited, Baowu Water and its other sixteen shareholders prior to the capital reduction, they are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transaction under the Capital Reduction Agreement would constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio of the Capital Reduction Agreement exceeds 0.1% but falls below 5%, such connected transaction is only subject to the reporting and announcement requirements under the Listing Rules but is exempt from independent shareholders' approval requirement under the Listing Rules.

PRINCIPAL TERMS OF CAPITAL REDUCTION AGREEMENT

Date

22 September 2025

Parties

(1) Baowu Water

(2) All shareholders of Baowu Water (for details, please refer to the section headed "**Registered Capital and Shareholding Structure of Baowu Water prior to the Capital Reduction**" in this announcement)

Share Capital and Reduction

Pursuant to the terms and conditions stipulated in the Capital Reduction Agreement, the capital reduction initiators shall reduce their capital contributions to Baowu Water by a total consideration of RMB737,669,177 in kind, cash and other forms. The parties agreed that, based on the consideration for capital reduction, Baowu Water shall correspondingly reduce its registered capital by RMB543,676,503, thereby decreasing its registered capital from RMB3,210,456,559 to RMB2,666,780,056; and reduce its capital reserve by RMB193,992,674.

The three shareholders of Baowu Water (i.e. Magang Limited, Nanjiang Steel and Yili Steel) shall undertake non-pro rata targeted capital reduction by agreement, and its other sixteen shareholders shall not participate in the capital reduction.

Nanjiang Steel reduced its capital by RMB164,046,960 (comprising RMB150,956,126 in kind and RMB13,090,834 in cash), and Yili Steel reduced its capital by RMB35,240,040 (comprising RMB32,588,629 in kind and RMB2,651,411 in cash). All figures are based on a valuation conducted by Shanghai Orient with 30 November 2024 as the valuation reference date.

After the capital reduction, Nanjiang Steel and Yili Steel shall no longer hold any equity interest in Baowu Water.

Registered Capital and Shareholding Structure of Baowu Water prior to the Capital Reduction

Name of shareholder	Registered capital *(RMB'0,000)*	Shareholding ratio *(%)*
China Baowu	50,000.0000	15.574
Magang Group	23,035.5424	7.175
Baowu Carbon	12,329.4106	3.840
Baosteel Chemical Zhanjiang	4,134.2776	1.288
WISCO	2,479.4803	0.772
Magang Limited	48,084.1875	14.977
Baosteel Engineering	2,419.4762	0.754
Baoshan Iron & Steel	50,734.2886	15.803
Wuhan Iron & Steel	30,910.4300	9.628
Zhanjiang Steel	21,466.3723	6.686
Meishan Iron & Steel	4,258.9744	1.327
ZNGF	2,751.1687	0.857
Echeng Steel	5,105.0755	1.590
Chongqing Iron & Steel	4,281.1702	1.334
TISCO	31,566.7458	9.832
Baosteel Desheng	3,415.7395	1.064
Bayi Iron & Steel	9,385.9433	2.924
Yili Steel	2,595.6670	0.809
Nanjiang Steel	12,091.7060	3.766
Total	**321,045.6559**	**100.000**

Registered Capital and Shareholding Structure of Baowu Water after the Capital Reduction

Name of shareholder	Registered capital *(RMB'0,000)*	Shareholding ratio *(%)*
China Baowu	50,000.0000	18.7490
Magang Group	23,035.5424	8.6380
Baowu Carbon	12,329.4106	4.6230
Baosteel Chemical Zhanjiang	4,134.2776	1.5500
WISCO	2,479.4803	0.9300
Magang Limited	8,403.9102	3.1510
Baosteel Engineering	2,419.4762	0.9070
Baoshan Iron & Steel	50,734.2886	19.0250
Wuhan Iron & Steel	30,910.4300	11.5910
Zhanjiang Steel	21,466.3723	8.0500
Meishan Iron & Steel	4,258.9744	1.5970
ZNGF	2,751.1687	1.0320
Echeng Steel	5,105.0755	1.9140
Chongqing Iron & Steel	4,281.1702	1.6050
TISCO	31,566.7458	11.8370
Baosteel Desheng	3,415.7395	1.2810
Bayi Iron & Steel	9,385.9433	3.5200
Total	**266,678.0056**	**100.0000**

(Figures are subject to final valuation filing)

Consideration

Taking 30 November 2024 as the valuation reference date, the shareholders' total equity value of Baowu Water, based on a valuation conducted by Shanghai Orient adopting the income approach, amounted to RMB4,356 million, representing an increase of RMB255.7906 million, or 6.24%, over the book value of net assets.

Magang Limited reduced its capital contribution to Baowu Water at a consideration of the circulating water assets of Baowu Water associated with it. Taking 30 November 2024 as the valuation reference date, the assessed value of the aforementioned circulating water assets, based on a valuation conducted by Shanghai Orient adopting the cost approach, amounted to RMB538,382,200 (tax inclusive), representing an increase of RMB7,756,100, or 1.46%, over the net book value.

Based on the assessed value, Magang Limited reduced its capital contribution to Baowu Water by RMB538,382,200 (tax inclusive), and Baowu Water shall pay the consideration to Magang Limited using the aforementioned circulating water assets. After the capital reduction, the shareholding of Magang Limited in Baowu Water shall decrease from 14.977% to 3.151%.

The profits and losses incurred during the transitional period between the valuation reference date and the completion date of the capital reduction by Baowu Water shall be shared by the shareholders after the capital reduction in proportion to their respective shareholdings. Any depreciation of related circulating water assets arising during the transitional period shall be settled in cash by Baowu Water.

Reasons for and Benefits of the Capital Reduction Agreement

The capital reduction is undertaken to enhance the operational efficiency and profitability of Magang Limited, and will not have a material impact on its daily operations or financial position. Through the capital reduction, Magang Limited shall acquire circulating water assets closely associated with its production processes, facilitating a reduction in Magang Limited's operating costs, promoting the synergy and adherence of its production and operation, and enhancing the stability of its production activities.

The Directors (including independent non-executive Directors) are of the view that the terms of the Capital Reduction Agreement are entered into on normal commercial terms, are fair and reasonable, and are in the interest of the Company and its shareholders as a whole.

INFORMATION ON BAOWU WATER

Baowu Water is principally engaged in general projects: technical service, technical development, technical consultation, technical exchange, technology transfer and technology promotion; intelligent water system development; water pollution prevention and control services; air pollution prevention and control services; environmental consultation services; engineering management services; manufacturing of specialty instruments for environmental monitoring; sales of specialty instruments for environmental monitoring; manufacturing of water pollution monitoring and testing instruments; sales of water pollution monitoring and testing instruments; manufacturing of air pollution monitoring and detection instruments; sales of air pollution monitoring and detection instruments; sales of chemical products (excluding licensed chemical products); sales of non-edible salt; residents' daily life services; maintenance of electronic and mechanical equipment (excluding special equipment); heat production and supply; import and export of goods; technology import and export. (Save for projects subject to approval in accordance with the laws, operating activities can be independently carried out as set out in the business license in accordance with the laws); licensed projects: construction works; construction engineering design; production and supply of tap water. (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation, and the actual business projects are subject to the approval documents or license documents granted by the relevant authorities)

The ultimate beneficial owner of Baowu Water is China Baowu.

The key financial data of Baowu Water is as follows:

Item	**For the year ended 31 December 2023** *(RMB'0,000)*	**For the year ended 31 December 2024** *(RMB'0,000)*	**For the six months ended 30 June 2025 (Unaudited)** *(RMB'0,000)*
Total assets	762,066.08	759,675.12	741,502.24
Total liabilities	344,206.31	342,429.66	335,492.81
Net assets	417,859.77	417,245.46	406,009.43
Revenue	438,749.48	392,104.40	158,990.33
Total profit	5,587.95	1,743.83	-11,236.02
Net profit	6,000.48	2,595.17	-11,236.02

INFORMATION ON THE COMPANY

The Company is one of the largest iron and steel producers and marketers in the PRC and is principally engaged in the manufacture and sale of iron and steel products.

INFORMATION ON MAGANG LIMITED

Magang Limited is a subsidiary of the Company and is principally engaged in the manufacture and sale of iron and steel.

INFORMATION ON MAGANG GROUP

Magang Group is principally engaged in capital management; mining and selection of mineral products; construction of construction projects; building materials, machinery manufacturing, maintenance and design; foreign trade; domestic trade (except for projects restricted by the state); supply, marketing and storage of materials; property management; advisory services; leasing; agroforestry. (Limited to subordinate branches) (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation).

The ultimate beneficial owner of Magang Group is China Baowu.

INFORMATION ON CHINA BAOWU

China Baowu is principally engaged in operating state-owned assets within the scope authorised by the State Council, as well as carrying out relevant state-owned capital investment and operation. (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation).

China Baowu is owned by the State-owned Assets Supervision and Administration Commission of the State Council.

INFORMATION ON THE OTHER SIXTEEN SHAREHOLDERS OF BAOWU WATER PRIOR TO THE CAPITAL REDUCTION

The ultimate beneficial owner of the other sixteen shareholders of Baowu Water prior to the capital reduction is China Baowu.

LISTING RULE IMPLICATIONS

As at the date of this announcement, Magang Group is interested in approximately 48.20% of the issued share capital of the Company and is the controlling shareholder of the Company, and China Baowu is the controlling Shareholder of Magang Group, indirectly holding a total of approximately 52.999% of the Company's shares. Therefore, under Chapter 14A of the Listing Rules, Magang Group and China Baowu are connected persons of the Company. As China Baowu is the ultimate beneficial owner of Magang Limited, Baowu Water and its other sixteen shareholders prior to the capital reduction, they are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transaction under the Capital Reduction Agreement would constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio of the Capital Reduction Agreement exceeds 0.1% but falls below 5%, such connected transaction is only subject to the reporting and announcement requirements under the Listing Rules but is exempt from independent shareholders' approval requirement under the Listing Rules.

APPROVAL BY THE BOARD

On 22 September 2025, at the 45th meeting of the tenth session of the Board of the Company, Mr. Jiang Yuxiang, a connected Director, has abstained from voting as required. Four independent Directors voted to approve the capital reduction.

APPROVAL BY THE SUPERVISORY COMMITTEE

The Company convened the 31st meeting of the tenth session of the Supervisory Committee on 22 September 2025, at which the Supervisory Committee considered and approved the capital reduction.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below:

"Baoshan Iron & Steel"	Baoshan Iron & Steel Co., Ltd. (寶山鋼鐵股份有限公司), a joint stock limited company established in the PRC
"Baosteel Chemical Zhanjiang"	Baosteel Chemical Zhanjiang Co., Ltd. (寶鋼化工湛江有限公司), a company established in the PRC with limited liability
"Baosteel Desheng"	Baosteel Desheng Stainless Steel Co., Ltd. (寶鋼德盛不銹鋼有限公司), a company established in the PRC with limited liability

"Baosteel Engineering"	Baosteel Engineering & Technology Group Co., Ltd. (寶鋼工程技術集團有限公司), a company established in the PRC with limited liability
"Baowu Carbon"	Baowu Carbon Technology Co., Ltd. (寶武碳業科技股份有限公司), a joint stock limited company established in the PRC
"Baowu Water"	Baowu Water Technology Co., Ltd. (寶武水務科技有限公司), a company established in the PRC with limited liability
"Bayi Iron & Steel"	Xinjiang Bayi Iron and Steel Co., Ltd. (新疆八一鋼鐵股份有限公司), a joint stock limited company incorporated in the PRC
"Board"	the board of the Directors of the Company
"Capital Reduction Agreement"	Capital Reduction Agreement of Baowu Water Technology Co., Ltd. jointly entered into by Magang Limited, Baowu Water and its eighteen other shareholders on 22 September 2025
"China Baowu"	China Baowu Steel Group Corporation Limited, a company established in the PRC with limited liability
"Chongqing Iron & Steel"	Chongqing Iron & Steel Company Limited (重慶鋼鐵股份有限公司), a joint stock limited company established in the PRC
"Company"	Maanshan Iron & Steel Company Limited (馬鞍山鋼鐵股份有限公司), a joint stock limited company incorporated in the PRC, shares of which are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Echeng Steel"	Baowu Group Echeng Iron and Steel Co., Ltd. (寶武集團鄂城鋼鐵有限公司), a company incorporated in the PRC with limited liability

"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Magang Group"	Magang (Group) Holding Company Limited, a state-owned enterprise with limited liability, formerly known as Maanshan Magang Holding Company, and was approved by the government to restructure into Magang (Group) Holding Company Limited in September 1998
"Magang Limited"	Maanshan Iron & Steel Limited Company (馬鞍山鋼鐵有限公司), a joint stock limited company incorporated in the PRC, and is a subsidiary of the Company as of the date of this announcement
"Meishan Iron & Steel"	Shanghai Meishan Iron & Steel Co., Ltd., (上海梅山鋼鐵股份有限公司), a joint stock limited company incorporated in the PRC
"Nanjiang Steel"	Xinjiang Bagang Nanjiang Steel Baicheng Co., Ltd.(新疆八鋼南疆鋼鐵拜城有限公司), a joint stock limited company incorporated in the PRC
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Orient"	Shanghai Orient Appraisal Co., Ltd.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisory Committee"	the supervisory committee of the Company
"TISCO"	Shanxi Taigang Stainless Steel Co., Ltd. (山西太鋼不銹鋼股份有限公司), a joint stock limited company incorporated in the PRC
"WISCO"	Wuhan Iron and Steel (Group) Corp. (武鋼集團有限公司), a company incorporated in the PRC with limited liability
"Wuhan Iron & Steel"	Wuhan Iron and Steel Company Limited (武漢鋼鐵有限公司), a company incorporated in the PRC with limited liability

"Yili Steel"	Xinjiang Yili Iron and Steel Co., Ltd. (新疆伊犁鋼鐵有限責任公司), a company incorporated in the PRC with limited liability
"Zhanjiang Steel"	Baogang Zhanjiang Iron and Steel Co., Ltd. (寶鋼湛江鋼鐵有限公司), a company incorporated in the PRC with limited liability
"ZNGF"	Guangdong Zhongnan Iron & Steel Co., Ltd. (廣東中南鋼鐵股份有限公司), a joint stock limited company established in the PRC
"%"	per cent

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

22 September 2025
Maanshan City, Anhui Province, the PRC

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