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

(Stock Code: 00323)

POTENTIAL CONNECTED TRANSACTION CAPITAL INCREASE AGREEMENT

This announcement is made pursuant to Rule 13.10B of Listing Rules.

CAPITAL INCREASE AGREEMENT

On 27 May 2026, the 52nd meeting of the tenth session of the Board of the Company considered and approved the “Resolution on Capital Increase of Baowu Environmental Technology by Magang Limited with Equity Assets of Baowu Water held by it”. Magang Limited and the 15 Other Shareholders of Baowu Water (namely, China Baowu, Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Baosteel Engineering, Baosteel, WISCO Limited, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, Chongqing Iron & Steel, STSS and Baosteel Desheng), together with Baosteel Development, Baodi Nanjing, Bagang Company, Shanghai Huanwu, Zhongnan Iron & Steel and TISCO, intend to enter into the Capital Increase Agreement. Pursuant thereto, Magang Limited and the 15 Other Shareholders of Baowu Water will agree to make a capital contribution to Baowu Environmental Technology by way of contributing their respective equity interests in Baowu Water, representing 96.48% of its equity interest with total value of RMB3,490.6464 million, of which RMB332.6630 million will be credited to the registered capital of Baowu Environmental Technology and RMB3,157.9834 million will be credited to its capital reserve. Upon completion of the Capital Increase, Magang Limited and the 15 Other Shareholders of Baowu Water will become shareholders of Baowu Environmental Technology and will cease to hold any equity interest in Baowu Water. Magang Limited will hold approximately 1.04% of the equity interest in Baowu Environmental Technology.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Magang Limited is a subsidiary of the Company, whereas China Baowu and Magang Group are both Controlling Shareholders of the Company, with China Baowu indirectly holding a total of approximately 53.15% of the shares of the Company and Magang Group holding approximately 48.49% of the shares of the Company respectively. China Baowu, the Controlling Shareholder of the Company, is also the ultimate owner of all parties (other than China Baowu itself) to the Capital Increase Agreement. Under the definition of the Listing Rules, such companies are associates of the Company. Accordingly, all parties to the Capital Increase Agreement are connected persons of the Company, and the Capital Increase of Magang Limited constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Capital Increase Agreement and the transactions contemplated thereunder (namely, the Capital Increase of Magang Limited) are more than 0.1% but less than 5%, such connected transaction is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the requirement of approval by the Independent Shareholders under the Listing Rules.

The Capital Increase Agreement has not been formally executed. The Company will issue further announcement(s) in due course in respect of the connected transaction relating to the Capital Increase Agreement in compliance with the Listing Rules.

CAPITAL INCREASE AGREEMENT

Date

The Capital Increase Agreement is intended to be executed after all parties complete their internal approval procedures.

Parties to the Agreement

(1) China Baowu; (2) Baosteel Development; (3) Zhongnan Iron & Steel; (4) WISCO Limited; (5) TISCO; (6) Magang Group; (7) Shanghai Huanwu; (8) Baodi Nanjing; (9) Bagang Company; (10) Baowu Carbon; (11) Baosteel Chemical Zhanjiang; (12) WISCO; (13) Magang Limited; (14) Baosteel Engineering; (15) Baosteel; (16) Zhanjiang Steel; (17) Meishan Iron & Steel; (18) ZNGF; (19) Echeng Steel; (20) Chongqing Iron & Steel; (21) STSS; and (22) Baosteel Desheng

Capital and Contribution

On 27 May 2026, the 52nd meeting of the tenth session of the Board of the Company considered and approved the “Resolution on Capital Increase of Baowu Environmental Technology by Magang Limited with Equity Assets of Baowu Water held by it”. Magang Limited and the 15 Other Shareholders of Baowu Water (namely, China Baowu, Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Baosteel Engineering, Baosteel, WISCO Limited, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, Chongqing Iron & Steel, STSS and Baosteel Desheng), together with Baosteel Development, Baodi Nanjing, Bagang Company, Shanghai Huanwu, Zhongnan Iron & Steel and TISCO, intend to enter into the Capital Increase Agreement. Pursuant thereto, Magang Limited and the 15 Other Shareholders of Baowu Water will agree to make a capital contribution to Baowu Environmental Technology by way of contributing their respective equity interests in Baowu Water, representing 96.48% of its equity interest with total value of RMB3,490.6464 million, of which RMB332.6630 million will be credited to the registered capital of Baowu Environmental Technology and RMB3,157.9834 million will be credited to its capital reserve. Upon completion of the Capital Increase, Magang Limited and the 15 Other Shareholders of Baowu Water will become shareholders of Baowu Environmental Technology and will cease to hold any equity interest in Baowu Water. Magang Limited will hold approximately 1.04% of the equity interest in Baowu Environmental Technology.

Magang Limited contributed RMB114.00318 million to Baowu Environmental Technology by way of contributing its 3.151% equity interest in Baowu Water as consideration. In respect of the Consideration, RMB10.8598 million will be credited to the registered capital of Baowu Environmental Technology and RMB103.143380 million will be credited to its capital reserve.

Assets under the Capital Increase of Magang Limited

The details of equity interests in Baowu Water and Baowu Environmental Technology are set out in the sections headed “Information on Baowu Environmental Technology” and “Information on Baowu Water” in this announcement.

Consideration for the Capital Increase of Magang Limited

Pursuant to the Capital Increase Agreement, the Consideration is RMB114.00318 million, which was determined by the parties after arm’s length negotiation with reference to the following factors: (i) according to the Baowu Water Valuation Report, the equity interest in Baowu Water held by Magang Limited was calculated as Baowu Water’s net asset value of RMB3,618.0000 million appraised by the Independent Valuer as at the Valuation Reference Date, multiplied by the proposed capital reduction equity ratio (3.151%), resulting in an amount of RMB114.00318 million; (ii) RMB10.8598 million will be injected into the registered capital of Baowu Environmental Technology and RMB3,157.9834 million will be injected into the capital reserve of Baowu Environmental Technology; and (iii) appropriate rounding adjustments.

The final appraised values of Baowu Water and Baowu Environmental Technology shall be subject to the appraised values filed for record by China Baowu. The Consideration for the Capital Increase is subject to such final appraised values.

The Baowu Water Valuation Report and the Baowu Environmental Technology Valuation Report adopted the income approach after comparing common valuation methodologies, including the asset-based approach, income approach and market approach, for the following reasons:

- (1) the market approach determines the value of the subject equity interest by comparing it with comparable listed companies or comparable transaction cases, based on the market prices of such references. However, there are currently no listed companies or equity M&A cases comparable to Baowu Water in terms of scale, asset structure and operation stage. Among domestic listed companies operating in the same industry as Baowu Environmental Technology, only a few are comparable in respect of product types, business models, enterprise scale, asset allocation and future growth potential. In addition, there have been few equity transactions with similar industry characteristics and business models in the property rights transaction market recently. Even if a small number of such cases exist, relevant information including transaction background, operational and financial data of the transaction parties cannot be obtained from public sources due to incomplete information. Accordingly, the market approach is not the most applicable method;
- (2) the asset-based approach determines enterprise value by separately appraising each tangible and identifiable intangible asset and aggregating the results. As the asset-based approach cannot adequately reflect the contribution of intangible resources such as the advantages of the technology R&D team, business network, service capability, management efficiency and brand value to the overall enterprise value, it is unable to effectively capture the synergistic effects arising from the interplay and organic combination of different assets, and being based on a static point-in-time assessment, it is difficult to incorporate dynamic value elements such as expected improvements and future development potential. Accordingly, the asset-based approach is not the most appropriate method; and

- (3) the income approach determines the overall value by capitalizing or discounting the expected earnings of the subject equity interest. Its value coverage encompasses all value drivers, including the aforementioned various unidentifiable intangible resources, thereby providing a more complete reflection of the enterprise's overall profitability. In addition, considering that the core businesses of Baowu Water and Baowu Environmental Technology, which serve the steel industry, are currently under pressure due to cyclical downturns, their operating performance is affected. However, as industry conditions improve in the future, the enterprises are expected to regain profitability and growth potential. The income approach can more comprehensively, objectively and reasonably reflect the intrinsic value of Baowu Water, and its valuation results better capture the enterprise's core competitiveness and future development prospects. Accordingly, the income approach is considered by the Independent Valuer to be the most appropriate valuation method.

Based on the adoption of the income approach, the appraised values of Baowu Water and Baowu Environmental Technology fully reflect key intangible resources beyond their book values, including the advantages of the technology research and development team, customer resource network, integrated service capability and organizational management efficiency. Simultaneously, the income approach reasonably incorporates the enterprise's expectations regarding future market recovery and its own growth potential. Accordingly, the valuation results under the income approach indicate an appreciation over book value.

The principal assumptions adopted in this valuation include the following: (i) the equity interests in Baowu Water and Baowu Environmental Technology are assumed to be in a transaction process, and the Independent Valuer has estimated their values by simulating market conditions based on the transaction terms of the subject equity interests; (ii) whether or not the equity interests in Baowu Water and Baowu Environmental Technology have already entered the market or are intended to be transacted, they are presumed to be traded between parties of equal standing, with both sides having sufficient access to market information and adequate time, and acting voluntarily and rationally to assess the function, utility and transaction price of the subject equity interests; (iii) the equity interests in Baowu Water and Baowu Environmental Technology will continue to be used in their current manner and for their existing purposes; (iv) Baowu Water and Baowu Environmental Technology, as operating entities, will continue to maintain their existing business management models and operating objectives; and (v) no other material changes in factors or circumstances are anticipated.

Having reviewed the relevant pricing basis above, the Directors (including the independent non-executive Directors) are of the view that the Capital Increase of Magang Limited and the Consideration are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

EFFECTIVENESS OF THE CAPITAL INCREASE AGREEMENT AND PAYMENT OF THE CONSIDERATION

The Capital Increase Agreement shall become effective on the last day of the month in which it is executed. On the Completion Date, Baowu Environmental Technology shall obtain ownership of the equity interests in Baowu Water contributed by the Capital Contributors. The Capital Contributors shall, within twenty (20) working days after the Completion Date, cooperate with Baowu Environmental Technology to complete the registration of the contributed equity interests with the relevant administration for industry and commerce under the name of Baowu Environmental Technology.

During the Transition Period, all profits and losses shall be enjoyed or borne by the shareholders of Baowu Environmental Technology as if the Capital Increase is completed, in proportion to their respective shareholdings.

The parties to the Capital Increase Agreement have agreed that Baowu Environmental Technology shall increase its registered capital by RMB332.663 million, resulting in an increase of its registered capital from RMB711.5522 million to RMB1,044.2152 million. Pursuant to the Capital Increase Agreement, the Capital Contributors have agreed to contribute equity interests in Baowu Water with an appraised value of RMB3,490.6464 million to Baowu Environmental Technology, of which RMB332.663 million will be credited to the registered capital of Baowu Environmental Technology and RMB3,157.9834 million will be credited to its capital reserve. The specific details of the Capital Increase are as follows.

Shareholding Structure of Baowu Environmental Technology Before and After the Capital Increase

(Unit: million)

Shareholders of the Baowu Environmental Technology	Immediately before completion of Capital Increase		Immediately after completion of Capital Increase	
	Contribution	Shareholding (%)	Contribution	Shareholding (%)
China Baowu	245.00	34.432	309.6099	29.65
Baosteel Development	239.9842	33.727	239.9842	22.98
Zhongnan Iron & Steel	52.6931	7.405	52.6931	5.05
WISCO Limited	47.9238	6.735	87.9229	8.42
TISCO	43.4585	6.108	43.4585	4.16
Magang Group	42.6064	5.988	72.3641	6.93
Shanghai Huanwu	15.0158	2.110	15.0158	1.44
Baodi Nanjing	14.4551	2.031	14.4551	1.38
Bagang Company	10.4153	1.464	10.4153	1.00
Baowu Carbon	–	–	15.9765	1.53
Baosteel Chemical Zhanjiang	–	–	5.3255	0.51
WISCO	–	–	3.2371	0.31
Magang Limited	–	–	10.8598	1.04
Baosteel Engineering	–	–	3.1326	0.30
Baosteel	–	–	65.5767	6.28
Zhanjiang Steel	–	–	27.7761	2.66
Meishan Iron & Steel	–	–	5.5343	0.53
ZNGF	–	–	3.5503	0.34
Echeng Steel	–	–	6.5786	0.63
Chongqing Iron & Steel	–	–	5.5343	0.53
STSS	–	–	40.8288	3.91
Baosteel Desheng	–	–	4.3857	0.42
Total	711.5522	100	1,044.2152	100

Note: The percentage figures in the above table have been rounded and adjusted. Any discrepancies between the totals and the arithmetic sum of the numbers listed are due to rounding.

Shareholding Structure of Baowu Water Before and After the Capital Increase

Shareholders of Baowu Water	Immediately before completion of Capital Increase Shareholding (%)	Immediately after completion of Capital Increase Shareholding (%)
China Baowu	18.749	–
Magang Group	8.638	–
Baowu Carbon	4.623	–
Baosteel Chemical Zhanjiang	1.550	–
WISCO	0.930	–
Magang Limited	3.151	–
Baosteel Engineering	0.907	–
Baosteel	19.025	–
WISCO Limited	11.591	–
Zhanjiang Steel	8.050	–
Meishan Iron & Steel	1.597	–
ZNGF	1.032	–
Echeng Steel	1.914	–
Chongqing Iron & Steel	1.605	–
STSS	11.837	–
Baosteel Desheng	1.281	–
Bayi Iron & Steel	3.520	3.52
Baowu Environmental Technology	–	96.48
Total	100	100

Note: The percentage figures in the above table have been rounded and adjusted. Any discrepancies between the totals and the arithmetic sum of the numbers listed are due to rounding.

Information on Baowu Environmental Technology

Baowu Environmental Technology is a limited company incorporated in the PRC on 30 December 2016. As at the date of this announcement, it has a registered capital of RMB711.5522 million. The ultimate beneficial owner of Baowu Environmental Technology is China Baowu.

The audited financial information of Baowu Environmental Technology for the two financial years ended 31 December 2025, prepared in accordance with the PRC Accounting Standards for Business Enterprises, is set out below :

Unit: million

Item	For the financial year ended 31 December 2024 (audited)	For the financial year ended 31 December 2025 (audited)
Total asset value	11,549.2660	11,015.0867
Operating revenue	8,900.400	8,170.1277
Net profit before tax	190.8310	50.9675
Net profit after tax	207.8194	35.3958

According to the audited financial data of Baowu Environmental Technology prepared in accordance with the PRC Accounting Standards for Business Enterprises, as audited by the Auditor, as at 31 December 2025, the standalone total assets and standalone net assets of Baowu Environmental Technology stood at RMB6,080.4386 million and RMB4,939.1775 million respectively; while the consolidated total assets and net assets attributable to the parent company were RMB11,015.0867 million and RMB4,854.6708 million respectively.

Based on the income approach, the Independent Valuer assessed the appraised value of the entire shareholders' equity interests in Baowu Environmental Technology to be RMB7,467.0000 million, representing an appreciation of RMB2,527.8225 million over the standalone net assets with a value appreciation rate of 51.18%, and an appreciation of RMB2,612.3292 million over the consolidated net assets attributable to the parent company with a value appreciation rate of 53.81%.

Information on Baowu Water

Baowu Water is a limited company incorporated in the PRC on 30 August 2019. As at the date of this announcement, Magang Limited is a non-wholly-owned controlling subsidiary of the Company, and Magang Limited holds 3.151% equity interests in Baowu Water. The ultimate beneficial owner of Baowu Water is China Baowu.

The audited financial information of Baowu Water for the two financial years ended 31 December 2025, prepared in accordance with the PRC Accounting Standards for Business Enterprises, is set out below:

Unit: million

Item	For the financial year ended 31 December 2024 (audited)	For the financial year ended 31 December 2025 (audited)
Total asset value	9,585.9421	8,120.3547
Operating revenue	5,331.1010	4,575.2014
Net profit before tax	-42.1806	-45.6959
Net profit after tax	-40.6430	-46.7798

According to the audited financial data of Baowu Water prepared in accordance with the PRC Accounting Standards for Business Enterprises, as audited by the Auditor, as at 31 December 2025, the standalone total assets and standalone net assets of Baowu Water stood at RMB6,384.2863 million and RMB3,409.8638 million respectively; while the consolidated total assets and net assets attributable to the parent company were RMB8,120.3547 million and RMB3,409.5207 million respectively.

Based on the income approach, the Independent Valuer assessed the appraised value of the entire shareholders' equity interests in Baowu Water to be RMB3,618.0000 million, representing an appreciation of RMB208.1362 million over the standalone net assets with a value appreciation rate of 6.10%, and an appreciation of RMB208.4793 million over the consolidated net assets attributable to the parent company with a value appreciation rate of 6.11%.

Baowu Water is principally engaged in general projects: technical services, 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).

Taking into consideration the above, including reviewing such valuation reports and taking into account that (i) the Independent Valuer has prepared the valuation reports in accordance with the procedures, standards, laws and regulations of the PRC in relation to valuation; (ii) the Independent Valuer has conducted a review of the financial data, operating data and other relevant data relating to Baowu Water and Baowu Environmental Technology in order to gain a comprehensive understanding of the subject companies; and (iii) the reasons for adopting the income approach in the valuation, the underlying valuation methodology and assumptions, the scope of the valuation and valuation results, the Board considered that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on the Other Contracting Parties

China Baowu, a state-owned capital investment company controlled by the State-owned Assets Supervision and Administration Commission of the State Council, is mainly engaged in operating state-owned assets within the scope authorized by the State Council, as well as carrying out relevant state-owned capital investment and operation.

Magang Group is a Controlling Shareholder of the Company. It is mainly engaged in mining and sorting of mineral products, construction, manufacturing of construction materials, trading, storage and property management, as well as agriculture and forestry. The ultimate beneficial owner of Magang Group is China Baowu.

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

Baosteel is principally engaged in iron and steel industry, trading, shipping, coal chemical industry and information services. Baosteel is ultimately beneficially owned by China Baowu.

Other than China Baowu, the ultimate beneficial owner of each of Magang Limited, Magang Group, Baosteel and the other eighteen (18) shareholders of Baowu Environmental Technology upon completion of the Capital Increase is China Baowu.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE OF MAGANG LIMITED

The Capital Increase of Magang Limited is conducive to the establishment of a green industry platform for integrated environmental management of solid, water and gas, and provides more comprehensive and efficient environmental protection services to support the green and low carbon transformation of Magang Limited. In addition, upon becoming a shareholder of Baowu Environmental Technology, Magang Limited, through the capital linkage, will be able to share in the benefits arising from the development of the environmental protection industry and, by leveraging the “solid-water-gas integration” industry layout, benefit from the synergies brought by economies of scale.

Accordingly, the Directors (including the Independent Non-executive Directors) are of the view that the terms of the Capital Increase Agreement were entered into on normal commercial terms, and that the Capital Increase Agreement and the Capital Increase of Magang Limited are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE CAPITAL INCREASE OF MAGANG LIMITED ON THE GROUP AND USE OF PROCEEDS

Upon completion of the Capital Increase of Magang Limited, Magang Limited will continue to be a direct non-wholly-owned subsidiary of the Company, and its financial results will continue to be consolidated into the financial statements of the Company, whereas Magang Limited's equity interest in Baowu Environmental Technology will increase from 0% to 1.04%, and the registered capital of Baowu Environmental Technology will be increased from RMB711.5522 million to RMB1,044.2152 million.

Since Magang Limited will only directly hold 1.04% of the equity interests in Baowu Environmental Technology after the Capital Increase of Magang Limited, Baowu Environmental Technology will not constitute a subsidiary of the Company (or any of its subsidiaries). Accordingly, it will be accounted for as a financial asset measured at fair value with changes recognised in other comprehensive income and presented in the financial statements as only an investment in other equity instruments.

The Capital Increase of Magang Limited does not involve any cash transaction and will not have any material impact on the cash flow of the Company. Upon completion of the Capital Increase of Magang Limited, the Company will no longer indirectly hold equity interest in Baowu Water.

The Group expects that it will not recognise related gain at the consolidated statement level due to the Capital Increase of Magang Limited.

The Group will not receive any proceeds from the Capital Increase of Magang Limited.

APPROVAL BY THE BOARD

As at the date of this announcement, at the 52nd meeting of the tenth session of the Board of the Company on 27 May 2026, the Board of the Company approved the resolution in respect of Capital Increase Agreement and the transactions contemplated thereunder (namely, the Capital Increase of Magang Limited). The Capital Increase is still subject to further negotiations among relevant parties and the execution of the Capital Increase Agreement.

Among the Directors attending the above-mentioned Board meeting, Mr. Jiang Yuxiang and Mr. Tang Qiming, being connected Directors, are considered to have material interests in the Capital Increase Agreement and the Capital Increase of Magang Limited and shall abstain from voting on the relevant Board resolutions in respect of the Capital Increase Agreement and the Capital Increase of Magang Limited. Save as disclosed above, none of the other Directors attending the above-mentioned Board meeting have or are deemed to have any material interest in the Capital Increase of Magang Limited and are required to abstain from voting on the relevant Board resolutions approving the Capital Increase Agreement and the transactions contemplated thereunder (namely, the Capital Increase of Magang Limited).

LISTING RULES IMPLICATIONS

As of the date of this announcement, Magang Limited is a subsidiary of the Company, whereas China Baowu and Magang Group are both Controlling Shareholders of the Company, with China Baowu indirectly holding a total of approximately 53.15% of the shares of the Company and Magang Group holding approximately 48.49% of the shares of the Company respectively. China Baowu, the Controlling Shareholder of the Company, is also the ultimate owner of all parties (other than China Baowu itself) to the Capital Increase Agreement. Under the definition of the Listing Rules, such companies are associates of the Company. Accordingly, all parties to the Capital Increase Agreement are connected persons of the Company, and the Capital Increase of Magang Limited constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Capital Increase Agreement and the transactions contemplated thereunder (namely, the Capital Increase of Magang Limited) are more than 0.1% but less than 5%, such connected transaction is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the requirement of approval by the Independent Shareholders under the Listing Rules.

The Capital Increase Agreement has not been formally executed. The Company will issue further announcement(s) in due course in respect of the potential connected transaction relating to the Capital Increase Agreement in compliance with the Listing Rules.

Definitions

In this announcement, the following expressions have the following meaning:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Auditor”	China Audit Asia Pacific Certified Public Accountants LLP* (中審亞太會計師事務所(特殊普通合夥))
“Baodi Nanjing”	Nanjing Baodi Meishan Industry-City Development Co., Ltd.* (南京寶地梅山產城發展有限公司), a limited company established in the PRC
“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 limited company established in the PRC

“Baowu Water Valuation Report”	the valuation report prepared by the Independent Valuer in connection with the Capital Increase Agreement and the transaction contemplated thereunder pertaining to the Baowu Water with 31 December 2025 as the Valuation Reference Date
“Baosteel Chemical Zhanjiang”	Baosteel Chemical Zhanjiang Co., Ltd.* (寶鋼化工湛江有限公司), a limited company established in the PRC
“Baosteel Engineering”	Baosteel Engineering & Technology Group Co., Ltd.* (寶鋼工程技術集團有限公司), a limited company established in the PRC
“Baosteel Development”	Baosteel Development Co., Ltd.* (寶鋼發展有限公司), a limited company established in the PRC
“Baosteel Desheng”	Baosteel Desheng Stainless Steel Co., Ltd.* (寶鋼德盛不銹鋼有限公司), a limited company established in the PRC
“Baowu Environmental Technology”	Baowu Group Environmental Resources Technology Co., Ltd.* (寶武集團環境資源科技有限公司), a limited company established in the PRC
Baowu Environmental Technology Valuation Report”	the valuation report prepared by the Independent Valuer in connection with the Capital Increase Agreement and the transaction contemplated thereunder pertaining to Baowu Environmental Technology with 31 December 2025 as the Valuation Reference Date
“Baosteel”	Baoshan Iron & Steel Co., Ltd.* (寶山鋼鐵股份有限公司) a joint stock limited company established in the PRC, shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600019.SH)
“Bagang Company”	Xinjiang Bayi Iron & Steel Group Co., Ltd.* (新疆八一鋼鐵集團有限公司), a limited company established in the PRC
“Bayi Iron & Steel”	Xinjiang Bayi Iron & Steel Co., Ltd.* (新疆八一鋼鐵股份有限公司), a joint stock limited company incorporated in the PRC, shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600581.SH)
“Board”	the board of the Directors of the Company

Capital Increase	capital contribution to Baowu Environmental Technology, to be made by Magang Limited and the 15 Other Shareholders of Baowu Water, by way of contributing their respective equity interests in Baowu Water, representing 96.48% of its equity interest with total value of RMB3,490.6464 million, of which RMB332.6630 million will be credited to the registered capital of Baowu Environmental Technology and RMB3,157.9834 million will be credited to its capital reserve, pursuant to the Capital Increase Agreement
Capital Increase of Magang Limited	capital contribution to Baowu Environmental Technology, to be made by Magang Limited, by way of contributing its 3.151 % equity interests in Baowu Water, with total value of RMB114.00318 million pursuant to the Capital Increase Agreement, of which RMB10.8598 million will be credited to its registered capital and RMB103.143380 million will be credited to its capital reserve
Capital Increase Agreement	“Capital Increase Agreement of Baowu Group Environmental Resources Technology Co., Ltd.*” which is to be entered into by Capital Contributors, Baosteel Development, Baodi Nanjing, Bagang Company, Shanghai Huanwu, Zhongnan Iron & Steel and TISCO, pursuant to which, Magang Limited and the 15 Other Shareholders of Baowu Water will agree to make a capital contribution to Baowu Environmental Technology by way of contributing their respective equity interests in Baowu Water, representing 96.48% of its equity interest with total value of RMB3,490.6464 million
“Capital Contributor(s)”	China Baowu, WISCO Limited, Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Magang Limited, Baosteel Engineering, Baosteel, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, Chongqing Iron & Steel, STSS, and Baosteel Desheng
“China Baowu”	China Baowu Steel Group Corporation Limited, a limited company incorporated in the PRC and a pilot enterprise of state-owned capital investment company which is controlled and owned by the State-owned Assets Supervision and Administration Commission of the State Council

“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, of which its H shares are listed on the Stock Exchange (Stock Code: 1053) and its A shares are listed on the Shanghai Stock Exchange (Stock Code: 601005.SH)
“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, of which its H shares are listed on the Stock Exchange (Stock Code: 323) and its A shares are listed on the Shanghai Stock Exchange (Stock Code: 600808.SH)
“Completion Date”	the last day of the month in which the Capital Increase Agreement becomes effective
“Consideration”	the total consideration of RMB114.00318 million contributed by Magang Limited to Baowu Environmental Technology in respect of the Capital Increase of Magang Limited. The above consideration is ultimately subject to the appraised values filed for records by China Baowu
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder”	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 limited company established in the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Non-executive Directors”	independent non-executive Directors of the Company
“Independent Valuer”	Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司), an independent third party independent of the Group and its connected persons

“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
“Magang Limited”	Maanshan Iron & Steel Limited Company, a limited company incorporated in the PRC and, as at the date of this announcement, a non-wholly-owned subsidiary of the Company
“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 established in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Shanghai Huanwu”	Shanghai Huanwu Enterprise Consulting Partnership (Limited Partnership)* (上海環武企業諮詢合夥企業(有限合夥)), a partnership established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STSS”	Shanxi Taigang Stainless Steel Co., Ltd. * (山西太鋼不銹鋼股份有限公司), a joint stock limited company established in the PRC, shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000825.SZ)
“TISCO”	Taiyuan Iron & Steel (Group) Co., Ltd.* (太原鋼鐵(集團)有限公司), a limited company established in the PRC
“Transition Period”	the period from the Valuation Reference Date to the Completion Date
“Valuation Reference Date”	31 December 2025, the reference date for assessing the market value of the shareholders’ entire equity interest of the Baowu Water and Baowu Environmental Technology
“WISCO”	Wuhan Iron and Steel (Group) Corp. * (武鋼集團有限公司), a limited company established in the PRC

“WISCO Limited”	Wuhan Iron and Steel Company Limited* (武漢鋼鐵有限公司), a limited company established in the PRC
“Zhanjiang Steel”	Baosteel Zhanjiang Iron & Steel Co., Ltd.* (寶鋼湛江鋼鐵有限公司), a limited company established in the PRC
“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, shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000717.SZ)
“Zhongnan Iron & Steel”	Baowu Group Zhongnan Iron and Steel Co., Ltd.* (寶武集團中南鋼鐵有限公司), a limited company established in the PRC
“15 Other Shareholders of Baowu Water”	China Baowu, Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Baosteel Engineering, Baosteel, WISCO Limited, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, Chongqing Iron & Steel, STSS, and Baosteel Desheng
“%”	percentage

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

27 May 2026
Maanshan City, Anhui Province, the PRC

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

* *For identification purposes only*