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

(Stock Code: 00323)

**CONTINUING CONNECTED TRANSACTIONS
NEW SALE AND PURCHASE OF PRODUCTS AGREEMENT,
NEW PROVISION AND ACCEPTANCE OF SERVICES
AGREEMENT AND NEW FINANCIAL SERVICES AGREEMENT**

NEW SALE AND PURCHASE OF PRODUCTS AGREEMENT

The Existing Sale and Purchase of Products Agreement entered into between the Company and China Baowu will expire on 31 December 2024. On 30 October 2024, the Company entered into the New Sale and Purchase of Products Agreement with China Baowu, pursuant to which the Group has agreed to continue to sell products to China Baowu Group and China Baowu Group has agreed to continue to sell products to the Group during the period from 1 January 2025 to 31 December 2027.

NEW PROVISION AND ACCEPTANCE OF SERVICES AGREEMENT

The Existing Provision and Acceptance of Services Agreement entered into between the Company and China Baowu will expire on 31 December 2024. On 30 October 2024, the Company entered into the New Provision and Acceptance of Services Agreement with China Baowu, pursuant to which the Group has agreed to continue to provide services to China Baowu Group and China Baowu Group has agreed to continue to provide services to the Group during the period from 1 January 2025 to 31 December 2027.

NEW FINANCIAL SERVICES AGREEMENT

The Existing Financial Services Agreement for the years from 2022 to 2024 entered into between the Company and Baowu Finance on 15 November 2022 will expire on 31 December 2024. On 30 October 2024, the Company entered into the New Financial Services Agreement for the years from 2025 to 2027 with Baowu Finance, pursuant to which Baowu Finance has agreed to provide the Group with relevant financial services within its business scope approved by the NFRA in accordance with the law.

As of the date of this announcement, China Baowu is the controlling shareholder of the Parent Company and indirectly holds approximately 52.27% equity interests of the Company in aggregate, whereas the Parent Company holds approximately 47.65% equity interests of the share capital of the Company, being the controlling shareholder and a connected person of the Company. As at the date of this announcement, Baowu Finance is an approximately 56.48% owned subsidiary of China Baowu. Therefore, China Baowu, the Parent Company and Baowu Finance are connected persons of the Company. The New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the New Financial Services Agreement and the transactions contemplated thereunder constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the proposed annual caps for the New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the transactions contemplated thereunder, and the deposit services under the New Financial Services Agreement, calculated on an annual basis, are expected to be more than 5%, the relevant continuing connected transactions and proposed annual caps are subject to requirements including reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the provision of credit services to the Group by Baowu Finance constitutes financial assistance received by the Group from a connected person, and the transactions in relation to the loans to be obtained by the Group as contemplated under the New Financial Services Agreement is not secured by the Group's assets and are conducted on normal commercial or better terms, the relevant transactions are exempted from the reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

In addition, as the applicable ratios in respect of the service charges for the settlement services and the other financial services under the New Financial Services Agreement, are all more than 0.1% but less than 5%, the relevant transactions constitute exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules, but are exempted from the circular (including independent financial advice) and Independent Shareholders' approval requirements.

The Independent Board Committee will advise the Independent Shareholders as to the relevant terms of the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps. TC Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to this respect thereof.

A circular containing (i) details of the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the relevant terms of the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps; and (iv) the notice of convening of the extraordinary general meeting, will be dispatched to the Shareholders on or before 29 November 2024.

I. NEW SALE AND PURCHASE OF PRODUCTS AGREEMENT

The Existing Sale and Purchase of Products Agreement entered into between the Company and China Baowu will expire on 31 December 2024. On 30 October 2024, the Company entered into the New Sale and Purchase of Products Agreement with China Baowu, pursuant to which the Group has agreed to continue to sell products to China Baowu Group and China Baowu Group has agreed to continue to sell products to the Group during the period from 1 January 2025 to 31 December 2027. The principal terms of the relevant agreement are set out below:

Date

30 October 2024

Parties

- (1) The Company; and
- (2) China Baowu

Subject matter

The Company agreed to sell products to China Baowu Group through itself and the Group, including steel, steel ingots, coke fines, iron oxide, metallurgical accessories and materials (stainless steel belts, cables, tools, etc.) and other products (labour protection appliance, office supplies, etc.); electricity, domestic water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air, other gases and water slag, etc..

China Baowu itself agreed to sell products to the Group through itself and China Baowu Group, including ore, lime, scrap steel, steel billets, refractory materials, spare parts, complete equipment, non-standard spare parts and other commodities (coke, coal, alloy, oil, gas, etc.).

Both parties agreed to adopt an appropriate, reasonable and fair pricing method in accordance with the principle of fairness in formulating the transactions under the New Sale and Purchase of Products Agreement. The terms of the products (including but not limited to pricing and payment) to be sold by the Group to China Baowu Group shall not be more favourable than those to the independent third parties provided by the Group for similar categories of products. The terms of the products (including but not limited to pricing and payment) to be sold by China Baowu Group to the Group shall not be less favourable than those provided by the independent third parties to the Group for similar categories of products.

During the term of the New Sale and Purchase of Products Agreement, the Company has the right to decide whether to enter into transactions with any independent third parties in respect of the transactions contemplated under the New Sale and Purchase of Products Agreement.

Pricing

The price shall be based on state-prescribed price, if any. In the absence of state-prescribed price, the price shall be based on the market price, which shall be determined through open tenders, price comparison, arm's length negotiations between the parties, and shall be based on normal commercial terms.

Meanwhile, the price of the products to be sold by the Group to China Baowu Group shall not be lower than the price of products of the same categories sold by the Group to independent third parties.

The price of the products to be sold by China Baowu Group to the Group shall not be higher than the price of products of the same categories sold by the independent third parties to the Group.

In accordance with the current price standards, the price basis adopted in each of the transactions under the New Sale and Purchase of Products Agreement are as follows:

Category	Principle of Pricing	Items
Products sold by the Group to China Baowu Group	Government price	Electricity/domestic water/industrial treated water
	Market price	Blast furnace gas/coke oven gas/ converter gas/steam/compressed air/ other gases/water slag, etc.
	Market price	Steel/steel ingots/coke fines/iron oxide/ metallurgical accessories and others/ materials (stainless steel belts, cables, tools, etc.)/labour protection appliance, office supplies, etc.

Category	Principle of Pricing	Items
Products purchased by the Group from China Baowu Group	Market price	Ore/lime/scrap steel/steel billets/refractory materials/spare parts and complete equipment/non-standard spare parts, etc.
	Market price	Other commodities (coke, coal, alloy, oil, gas, etc.)

Payment

Regarding the payment of electricity, domestic water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air, other gases and water slag, etc. sold by the Group to China Baowu Group, the sum for the sales with respect to the previous month shall be paid by China Baowu Group to the Group at the beginning of each month and settlement will be done on a monthly basis. For the payment of steel, steel ingots, coke fines, iron oxide and other products (labour protection appliance, office supplies, etc.), China Baowu Group shall pay to the Group on schedule according to the corresponding agreed payment time and method. As for the payment of metallurgical accessories and other materials (stainless steel belts, cables, tools, etc.), the sum for the sales with respect to the previous month shall be paid by China Baowu Group to the Group and settlement shall be done on a monthly basis.

For the products sold by China Baowu Group to the Group, the Group shall pay for them within 30 business days after the Group has received and verified the quality of the relevant products.

Condition precedent

The New Sale and Purchase of Products Agreement is conditional upon the Independent Shareholders' approval at the EGM.

Duration

Subject to the fulfillment of the aforementioned condition precedent, the term of the New Sale and Purchase of Products Agreement commences from 1 January 2025 and ends on 31 December 2027.

Existing annual caps and historical transaction amounts of the Existing Sale and Purchase of Products Agreement

The existing annual caps (tax exclusive) for the relevant products under the Existing Sale and Purchase of Products Agreement for the years ended/ending 31 December 2022, 31 December 2023 and 31 December 2024 and the historical transaction amounts (tax exclusive) of the relevant products for the years ended 31 December 2022 and 31 December 2023, and the first six months ended 30 June 2024 are set out as follows:

RMB

		For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024	For the first six months ended 30 June 2024
1. Products sold by the Group to China Baowu Group, including steel, steel ingots, coke fines, iron oxide, metallurgical accessories and materials (stainless steel belts, cables, tools, etc.) and other products (labour protection appliance, office supplies, etc.); electricity, domestic water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air, other gases and water slag, etc.	Existing annual caps	13,859,277,400	15,149,577,600	15,952,495,300	N/A
	Historical transaction amounts	6,412,768,877	8,773,354,650	N/A	4,719,755,752
2. Products sold by China Baowu Group to the Group, including ore, lime, scrap steel, refractory materials, spare parts, complete equipment, non-standard spare parts and other commodities (coke, coal, alloy, oil, gas, etc.)	Existing annual caps	39,451,969,700	39,524,488,400	39,941,462,000	N/A
	Historical transaction amounts	29,103,863,013	27,770,195,099	N/A	13,121,504,576

Proposed annual caps of the New Sale and Purchase of Products Agreement

The relevant proposed annual caps (tax exclusive) for products under the New Sale and Purchase of Products Agreement for the years ending 31 December

2025, 31 December 2026 and 31 December 2027 are set out as follows:

RMB

	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
1. Products sold by the Group to China Baowu Group, including steel, steel ingots, coke fines, iron oxide, metallurgical accessories and materials (stainless steel belts, cables, tools, etc.) and other products (labour protection appliance, office supplies, etc.); electricity, domestic water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air, other gases and water slag, etc.	10,415,741,829	10,834,947,348	11,075,303,436
2. Products sold by China Baowu Group to the Group, including ore, lime, scrap steel, billets, refractory materials, spare parts, complete equipment, non-standard spare parts and other commodities (coke, coal, alloy, oil, gas, etc.)	38,301,245,112	39,332,282,483	39,994,340,676
Total	<u>48,716,986,941</u>	<u>50,167,229,831</u>	<u>51,069,644,112</u>

Basis for the proposed annual caps of the New Sale and Purchase of Products Agreement

The proposed annual caps of the New Sale and Purchase of Products Agreement for the term commencing 1 January 2025 and ending 31 December 2027 will be determined with reference to (i) the historical transaction amounts; (ii) the state-prescribed price or the market price for the continuing connected transactions; (iii) the Group's anticipated capacity to supply products to China Baowu Group and the Group's anticipated demand for China Baowu Group's products to meet its production plan; and (iv) China Baowu Group's anticipated demand for the Group's products and China Baowu Group's anticipated capacity to supply products to the Group.

Reasons for and benefits of the New Sale and Purchase of Products Agreement

It will be in the interest of the Group to obtain a reliable and uniquely skilled supply of products from China Baowu Group to ensure the Group's stable and continuous production. The terms and pricing of the New Sale and Purchase of Products Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

II. NEW PROVISION AND ACCEPTANCE OF SERVICES AGREEMENT

The Existing Provision and Acceptance of Services Agreement entered into between the Company and China Baowu will expire on 31 December 2024. On 30 October 2024, the Company entered into the New Provision and Acceptance of Services Agreement with China Baowu, pursuant to which the Group has agreed to continue to provide services to China Baowu Group and China Baowu Group has agreed to continue to provide services to the Group during the period from 1 January 2025 to 31 December 2027. The principal terms of the relevant agreement are set out below:

Date

30 October 2024

Parties

- (1) The Company; and
- (2) China Baowu

Subject matter

The Company agreed to provide services to China Baowu Group through itself and the Group, including entrusted steel billets processing, metering, inspection, rental services, railway transport, etc..

China Baowu agreed to provide services to the Group through itself and China Baowu Group, including infrastructural and technological renovation projects, energy conservation and environmental protection projects, contract energy management, custodial operations, major/medium maintenance of equipment, road transportation, waterway transportation, integrated port services, maintenance and preservation of equipment (facilities), automated/information operation and maintenance services and renovation; receiving inspection and repair services for electrical, electric and transformer works and other services (vehicle repair, monitoring and diagnostic services, etc.), wheel processing, scrap steel processing, waste water treatment, gas processing, warehousing/distribution services, etc.; receiving training, communication, printing, archiving, office rental, agency services and other specialized services.

Both parties agreed to adopt an appropriate, reasonable and fair pricing method in accordance with the principle of fairness to enter into the New Provision and Acceptance of Services Agreement and the transactions contemplated thereunder. The terms of the services (including but not limited to pricing and payment) to be provided by the Group to China Baowu Group shall not be more favourable

than those to the independent third parties provided by the Group for services of similar categories. The terms of the services (including but not limited to pricing and payment) to be provided by China Baowu Group to the Group shall not be less favourable than those provided by the independent third parties to the Group for services of similar categories.

During the term of the New Provision and Acceptance of Services Agreement, the Company has the right to decide whether to enter into transactions with any independent third parties in respect of the transactions contemplated under the New Provision and Acceptance of Services Agreement on its own.

Pricing

The price shall be based on state-prescribed price, if any. In the absence of state-prescribed price, the price shall be based on the market price, which shall be determined through open tenders, price comparison, arm's length negotiations between the parties, and shall be based on normal commercial terms.

Meanwhile, the price of the services to be provided by the Group to China Baowu Group shall not be lower than the price of services of the same categories provided by the Group to independent third parties.

The price of the services to be provided by China Baowu Group to the Group shall not be higher than the price of services of the same categories provided by the independent third parties to the Group.

In accordance with the current price standards, the price basis adopted in each of the other transactions under the New Provision and Acceptance of Services Agreement are as follows:

Category	Principle of Pricing	Items
Services provided by the Group to China Baowu Group	Market price	Provision of entrusted steel billets processing, metering, inspection, rental services, railway transport, etc.

Category	Principle of Pricing	Items
Services received by the Group from China Baowu Group	Market price	Infrastructural and technological renovation projects, energy conservation and environmental protection projects, contract energy management, custodial operations, major/medium maintenance of equipment, road transportation, waterway transportation, integrated port services, maintenance and preservation of equipment (facilities), automated/information operation and maintenance services and renovation; receiving inspection and repair services for electrical, electric and transformer works and other services (vehicle repair, monitoring and diagnostic services, etc.)/wheel processing/scrap steel processing/waste water treatment/gas processing/warehousing, distribution services, etc.
	Market price	Training/communication/printing/archiving/office rental/agency services/other specialized services, etc..

Payment

Regarding the payment of steel billets processing, metering, inspection services, etc., the sum for the sales with respect to the previous month shall be paid by China Baowu Group to the Group and settlement shall be done on a monthly basis.

Regarding the payment of infrastructure technical and renovation engineering services provided by China Baowu Group to the Group shall be made by the Group to China Baowu Group within 60 business days in accordance with the construction progress and by the Company's management department. As for the payment of water and land transportation and related services, the Group shall ascertain the payment amount in accordance with the service progress and pay China Baowu Group within 30 business days after the Group has verified the quality.

Condition precedent

The New Provision and Acceptance of Services Agreement is conditional upon the Independent Shareholders' approval at the EGM.

Duration

Subject to the fulfillment of the aforementioned condition precedent, the term of the New Provision and Acceptance of Services Agreement commences from 1 January 2025 and ends on 31 December 2027.

Existing annual caps and historical transaction amounts of the Existing Provision and Acceptance of Services Agreement

The existing annual caps (tax exclusive) for the relevant services under the Existing Provision and Acceptance of Services Agreement for the years ended/ending 31 December 2022, 31 December 2023 and 31 December 2024 and the historical transaction amounts (tax exclusive) for the relevant services for the years ended 31 December 2022 and 31 December 2023 and the first six months ended 30 June 2024 are set out as follows:

		<i>RMB</i>			
		For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024	For the first six months ended 30 June 2024
1. Services provided by the Group to China Baowu Group, including entrusted steel billets processing, metering, inspection, rental services, railway transport, etc.	Existing annual caps	272,589,100	311,487,100	331,972,900	N/A
	Historical transaction amounts	49,081,578	51,065,919	N/A	2,067,457

		For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024	For the first six months ended 30 June 2024
2. China Baowu Group provides services to the Group, including infrastructural and technological improvement projects, energy conservation and environmental protection projects, contract energy management, custodial operations, major/medium maintenance of equipment, road transportation, waterway transportation, integrated port services, maintenance and preservation of equipment (facilities), automated/information operation and maintenance services and renovation; receiving inspection and repair services for electrical, electric and transformer works and other services (vehicle repair, monitoring and diagnostic services, etc.), wheel processing, scrap steel processing, waste water treatment, gas processing, warehousing/distribution services, etc.; receiving training, communication, printing, archiving, office rental, agency services and other specialized services	Existing annual caps	11,694,097,000	12,032,859,300	12,036,864,500	N/A
	Historical transaction amounts	7,445,145,564	8,905,114,157	N/A	2,908,016,006

Proposed annual caps of the New Provision and Acceptance of Services Agreement

The relevant proposed annual caps (tax exclusive) of the services under the New Provision and Acceptance of Services Agreement for the years ending 31

December 2025, 31 December 2026 and 31 December 2027 are set out as follows:

RMB

	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
1. Services provided by the Group to China Baowu Group, including entrusted steel billets processing, metering, inspection, rental services, railway transport, etc.	169,579,832	169,611,977	169,646,190
2. China Baowu Group provides services to the Group, including acceptance of infrastructural and technological improvement projects, energy conservation and environmental protection projects, contract energy management, custodial operations, major/medium maintenance of equipment, road transportation, waterway transportation, integrated port services, maintenance and preservation of equipment (facilities), automated/information operation and maintenance services and renovation; receiving inspection and repair services for electrical, electric and transformer works and other services (vehicle repair, monitoring and diagnostic services, etc.), wheel processing, scrap steel processing, waste water treatment, gas processing, warehousing/distribution services, etc.; training, communication, printing, archiving, office rental, agency services and other specialized services	8,524,864,429	8,353,538,370	8,428,834,045
Total	<u>8,694,444,262</u>	<u>8,523,150,347</u>	<u>8,598,480,235</u>

Basis for the proposed annual caps of the New Provision and Acceptance of Services Agreement

The proposed annual caps of the New Provision and Acceptance of Services Agreement for the term commencing from 1 January 2025 and ending on 31 December 2027 will be determined with reference to (i) the historical transaction amounts; (ii) the state-prescribed price or the market price for the continuing connected transactions; (iii) the Group's anticipated capacity to provide the services to China Baowu Group and the Group's anticipated demand for China Baowu Group's services to meet its production plan; and (iv) China Baowu Group's anticipated demand for the Group's services and the China Baowu Group's anticipated capacity to provide the services to the Group.

Reasons for and benefits of the New Provision and Acceptance of Services Agreement

It will be in the interest of the Group to obtain a reliable and uniquely skilled supply of services from China Baowu Group to ensure the Group's stable

and continuous production. The terms and pricing of the New Provision and Acceptance of Services Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

III. NEW FINANCIAL SERVICES AGREEMENT

The Existing Financial Services Agreement for the years from 2022 to 2024 entered into between the Company and Baowu Finance on 15 November 2022 will expire on 31 December 2024. On 30 October 2024, Baowu Finance entered into the New Financial Services Agreement for the years from 2025 to 2027 with the Company, pursuant to which Baowu Finance has agreed to provide the Group with relevant financial services within its business scope approved by the NFRA in accordance with the law. The principal terms of the relevant agreement are set out below:

Date

30 October 2024

Parties

- (1) Baowu Finance; and
- (2) The Company

In the New Financial Services Agreement, Baowu Finance refers to Baowu Finance and/or its branches, and the Company refers to the Company and/or its subsidiaries.

Duration

The term of New Financial Services Agreement commences from 1 January 2025 and ends on 31 December 2027.

(a) Deposit services

The Group opens settlement accounts with Baowu Finance, and will deposit funds into the saving accounts opened at Baowu Finance under the principles of independent choice and free access.

Baowu Finance provides deposit services to the Group at the deposit interest rate determined in accordance with that of the same type and under the same terms promulgated by the PBOC, in principle, not lower than the deposit interest rate of the same type and under the same terms of the independent major commercial banks in the PRC.

During the term of the agreement, the maximum daily deposit balance of the Group with Baowu Finance, in principle, does not exceed RMB9.5 billion, and the total interest fee payable by Baowu Finance to the Group for deposit services shall not exceed the maximum of RMB190 million per year. The above estimation of the maximum deposit balance has been determined with reference to the Group's RMB monetary funds, notes receivable, accounts receivable within one year and accounts receivable financing amount as at 30 June 2024. The above estimation of the maximum total interest fee has been determined with reference to deposit interest rate of the longest term deposits that Baowu Finance has provided quotations to the Group.

(b) Credit services

Baowu Finance will, within the scope permitted by national laws, regulations and policies, in accordance with the requirements of the NFRA and in combination with its own operating principles and credit policies, support the Group's capital needs in business development, and provide comprehensive credit services for the Group. The Group may use the comprehensive credit extension provided by Baowu Finance to handle loans, bill acceptance, bill discounting and other types of financial services.

Baowu Finance provides preferential credit interest rates and rates for credit businesses such as loans, bill acceptance, bill discounting, etc. to the Group, in principle, not higher than the credit interest rates and rates of the same type, for same period and at the same level obtained by the Group from independent major commercial banks in the PRC.

During the effective term of the New Financial Services Agreement, the Group's daily credit service balance with Baowu Finance is, in principle, not more than RMB9.5 billion.

Under the current terms of the New Financial Services Agreement, the Group is not required to pledge its assets to secure the credit services to be obtained.

(c) Settlement services and other financial services

The Group opens settlement accounts with Baowu Finance. Baowu Finance provides collection services and payment services, as well as other ancillary services related to settlement business to the Group, according to its instructions.

The standard in respect of the fees to be charged by Baowu Finance for providing various settlement services to the Group, in principle, is not higher than those of the same type for the same period charged by independent major commercial banks in the PRC.

Baowu Finance may provide other financial services to the Group within the scope of its business, and the parties shall negotiate and sign a stand-alone agreement separately before the provision of other financial services by Baowu Finance to the Group. Baowu Finance shall follow the principles of fairness and reasonableness to provide other financial services to the Group, and charge the relevant fees not higher than the fair market prices obtained by the Group from independent major commercial banks in the PRC or the standards stipulated by the State.

During the effective term of the agreement, the maximum service fee paid by the Group to Baowu Finance for financial services shall not exceed RMB210 million. The above estimation of the maximum service fee has been determined with reference to the average daily credit service amount, interest rate and settlement, and other financial service fees provided by Baowu Finance to the Group.

Effectiveness of agreement

The agreement shall become effective after each party has performed their own necessary internal decision-making procedures, and that the approval of the Company's general meeting is obtained in accordance with the "Shanghai Stock Exchange Shares Listing Rules" and the Listing Rules.

Existing annual caps and historical transaction amounts for deposit services under the Existing Financial Services Agreement

The existing annual caps (tax exclusive) for the relevant deposit services under the Existing Financial Services Agreement for the years ended/ending 31 December 2023 and 31 December 2024 and the historical maximum daily deposit balance (accrued interest inclusive) (tax exclusive) for the Group's deposits with Baowu Finance (deposit services: category (a) of the financial services referred to above) for the year ended 31 December 2023 and the first six months ended 30 June 2024 are set out as follows:

		<i>RMB</i>		
		For the year ended 31 December 2023	For the year ending 31 December 2024	For the first six months ended 30 June 2024
Deposit services	Existing annual caps	10,000,000,000	10,000,000,000	N/A
	Historical figures	4,273,401,484	N/A	4,357,449,499.38
Interest	Existing annual caps	190,000,000	190,000,000	190,000,000
	Historical figures	26,763,406	N/A	18,208,105

Proposed annual caps for deposit services under the New Financial Services Agreement

The relevant proposed annual caps (tax exclusive) for deposit services under the New Financial Services Agreement for the years ending 31 December 2025, 31 December 2026 and 31 December 2027 are set out as follows:

	<i>RMB</i>		
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Deposit services	9,500,000,000	9,500,000,000	9,500,000,000
Interest	190,000,000	190,000,000	190,000,000

Basis for the proposed annual caps of deposit services under the New Financial Services Agreement

The proposed annual caps for the deposit services under the New Financial Services Agreement for the period commencing from 1 January 2025 and ending on 31 December 2027 will be determined with reference to the Group's RMB monetary funds, notes receivable, accounts receivable within one year and accounts receivable financing amount as at 30 June 2024.

Existing annual caps and historical transaction amounts of the Exempted Continuing Connected Transactions

The existing annual caps (tax exclusive) for the relevant settlement services and other financial services under the Existing Financial Services Agreement for the years ended/ending 31 December 2023 and 31 December 2024 and the historical figures (tax exclusive) for the total related service fees paid to Baowu Finance for the year ended 31 December 2023 and the first six months ended 30 June 2024 are set out as follows:

		<i>RMB</i>		
		For the year ended 31 December 2023	For the year ending 31 December 2024	For the first six months ended 30 June 2024
Settlement services and other financial services	Existing annual caps	210,000,000	210,000,000	N/A
	Historical figures	398,907	N/A	238,185

Proposed annual caps of the Exempted Continuing Connected Transactions

The relevant proposed annual caps (tax exclusive) for the settlement services and other financial services under the New Financial Services Agreement for the years ending 31 December 2025, 31 December 2026 and 31 December 2027 are set out as follows:

	<i>RMB</i>		
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Settlement services and other financial services	210,000,000	210,000,000	210,000,000

Basis for the proposed annual caps of the Exempted Continuing Connected Transactions

The proposed annual caps of the New Financial Services Agreement for the term commencing from 1 January 2025 and ending on 31 December 2027 will be determined by reference to (i) the historical figures of the total relevant service fees; (ii) the state-prescribed price or the market price for the continuing connected transactions; (iii) the anticipated demand for settlement services and other financial services in connection with the Group's expected growth in business; and (iv) the anticipated increase in the Group's use of other financial services provided by Baowu Finance. Considering that the terms offered by Baowu Finance to the Group are no less favorable than those provided by other commercial banks in the PRC and based on the Group's shareholding interests in Baowu Finance, the increase in the use of other financial services provided by Baowu Finance is conducive to the increase in profit of Baowu Finance, which is thereby conducive to increasing the profit of the Group.

Reasons for and benefits of the New Financial Services Agreement

The Company may continue to optimize its financial management, improve the efficiency of capital utilization, reduce financing costs, and obtain professional management and operation on a higher platform upon the effectiveness of the New Financial Services Agreement. The Directors (including the Independent Non-executive Directors) consider that the terms of the New Financial Services Agreement are entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Reasons for and benefits of entering into the Non-exempt Continuing Connected Transactions

The sales of products and services from China Baowu Group to the Group is conducive to the Company's use of China Baowu's brand, channels and resources advantages to ensure stable and reliable supply of products and services at a reasonable price, which is crucial to the Company's production stability, cost reduction and efficiency enhancement. The sales of products and services from the Group to China Baowu Group may increase the business opportunities and broaden the revenue base of the Group. In addition, Baowu Finance has been providing financial services to the Group for many years, through which it has gained a deeper understanding of the industry characteristics, capital structure, business operations, financing needs, capital flow models, and the entire financial management system of the Group. Therefore, the Directors are of the view that the entering into of the New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement, and the New Financial Services Agreement, has a positive impact on the Group.

In addition, the Non-exempt Continuing Connected Transactions do not restrict the Group from selling and/or purchasing products and/or services only to and/or from the corresponding contracting parties, nor do they prevent the Group from using deposit services and other financial services provided by other commercial banks or independent financial institutions in China. The Group reserves the right to make choices based on its business needs and the cost and quality of goods and services, thus providing the Group with an additional option.

Therefore, the Directors are of the view that conducting Non-exempt Continuing Connected Transactions is in the interests of the Company and its Shareholders as a whole.

Information on the Company, the Parent Company, China Baowu and Baowu Finance

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.

The Parent Company is a wholly state-owned enterprise with limited liability and 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.

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.

Baowu Finance is a non-banking institution established under the laws of the PRC in October 1992 with the approval of the NFRA (formerly known as the China Banking Regulatory Commission) and is subject to the supervision of the NFRA, with its principal business being the provision of financial services (including, but not limited to, deposit services, loan and entrusted credit services, discounting services and settlement services) to China Baowu Group and its members. Its ultimate beneficial owner is China Baowu.

Internal Management of Such Agreements

To ensure effective execution and implementation of the pricing of the transactions under the agreements, the Company has established “Internal Control Management Measures of Related Transactions” to regulate the pricing management of relevant related transactions.

The connected transaction management committee of the Company, which directly reports to the Board, is responsible for the on-going monitoring of all the continuing connected transactions of the Company, which include the continuing connected transactions contemplated under such agreements. The responsibilities of the connected transaction management committee include, among other things, approving and monitoring of continuing connected transactions, gathering information for disclosure of continuing connected transactions pursuant to the Listing Rules, and monitoring of pricing procedures for continuing connected transactions to ensure that prices are determined on normal commercial terms. For each relevant functional department of the continuing connected transaction agreements or relevant companies entering transactions shall provide actual

trading situation quarterly to the operation and accounting department of the Company. The operation and accounting department of the Company will report on quarterly basis to the connected transaction management committee regarding the actual amount of the continuing connected transactions conducted during the quarter and the estimated amount in the following quarter so as to facilitate the connected transaction management committee to (i) monitor the actual amount of continuing connected transactions carried out; and (ii) assess whether the annual cap of any continuing connected transactions will be exceeded. The continuing connected transaction management committee will then report to the Board on quarterly basis.

The marketing department of the Company will be responsible for the pricing management and will guide various departments and units to establish the procedures and mechanism of professional price management, so as to ensure that the pricing standard is fair and reasonable, and conform with the market principle. Market prices will be obtained through, among other things, open tenders/quotations from independent third party suppliers and service providers, recent transaction prices of the Group with independent third parties, pricing information obtained through subscription service and researches on industry websites. The market price information will be circulated by the department to other departments and companies of the Group to enable them to determine the prices for the continuing connected transactions.

Approval by the Board

In the thirty-first meeting of the tenth session of the Board held on 30 October 2024, the Board approved the New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the New Financial Services Agreement, and the adoption of the Non-exempt Proposed Annual Caps. The Directors attending the Board meeting regarding the New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the New Financial Services Agreement consider that such agreements and the proposed annual caps in respect thereof have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the agreements are entered into in the ordinary and usual course of business of the Group.

Among the Directors attending the Board meeting, Mr. Jiang Yuxiang and Mr. Mao Zhanhong were considered to have material interests in the New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the New Financial Services Agreement by virtue of being employed by the Parent Company or other reasons, and thus abstained from voting on the Board resolutions in respect of such relevant agreements and the proposed annual caps. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in such agreements.

Listing Rules Implications

As of the date of this announcement, China Baowu is the controlling shareholder of the Parent Company and indirectly holds approximately 52.27% equity interests of the Company in aggregate, whereas the Parent Company holds approximately 47.65% equity interests of the share capital of the Company, being the controlling shareholder and a connected person of the Company. As at the date of this announcement, Baowu Finance is an approximately 56.48% owned subsidiary of China Baowu. Therefore, China Baowu, the Parent Company and Baowu Finance are connected persons of the Company. The New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the New Financial Services Agreement and the transactions contemplated thereunder constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the proposed annual caps for the New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the transactions contemplated thereunder, and the deposit services under the New Financial Services Agreement, calculated on an annual basis, are expected to be more than 5%, the relevant continuing connected transactions and proposed annual caps are subject to requirements including reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the provision of credit services to the Group by Baowu Finance constitutes financial assistance received by the Group from a connected person, and the transactions in relation to the loans to be obtained by the Group as contemplated under the New Financial Services Agreement is not secured by the Group's assets and are conducted on normal commercial or better terms, the relevant transactions are exempted from the reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

In addition, as the applicable ratios in respect of the service charges for the settlement services and the other financial services under the New Financial Services Agreement, are all more than 0.1% but less than 5%, the relevant transactions constitute exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules, but are exempted from the circular (including independent financial advice) and Independent Shareholders' approval requirements.

The Independent Board Committee will advise the Independent Shareholders as to the relevant terms of the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps. TC Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to this respect thereof.

General

The Independent Board Committee will advise the Independent Shareholders as to the relevant terms of the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps. TC Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to this respect thereof.

A circular containing (i) details of the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the relevant terms of the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps; and (iv) the notice of convening of the extraordinary general meeting, will be dispatched to the Shareholders on or before 29 November 2024.

Definitions

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Baowu Finance”	Baowu Group Finance Co., Ltd., a limited liability company established in the PRC
“Board”	the board of the Directors of the Company
“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 are 90% controlled and owned by the State-owned Assets Supervision and Administration Commission of the State Council
“China Baowu Group”	China Baowu and its subsidiaries (excluding the Group)

“Company”	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Exempted Continuing Connected Transactions”	the transactions in settlement services and other financial services (settlement services and other financial services as described in paragraph (c) of the “New Financial Services Agreement” in this announcement) contemplated under the New Financial Services Agreement
“Existing Provision and Acceptance of Services Agreement”	the provision and acceptance of services agreement entered into between the Company and China Baowu on 29 September 2021
“Existing Financial Services Agreement”	the financial services agreement entered into between the Company and Baowu Finance on 15 November 2022
“Existing Sale and Purchase of Products Agreement”	the sale and purchase of products agreement entered into between the Company and China Baowu on 29 September 2021
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a board committee comprising all the Independent Non-executive Directors, which will, among others, consider and advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps
“Independent Financial Adviser”	TC Capital International Limited, a licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, has been appointed as an independent financial adviser and will advise the Independent Board Committee and the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the adoption of the Non-exempt Proposed Annual Caps

“Independent Non-executive Directors”	independent non-executive Directors of the Company
“Independent Shareholders”	shareholders of the Company other than the Parent Company and its associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Magang Group” or “Parent Company”	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
“New Provision and Acceptance of Services Agreement”	the new provision and acceptance of services agreement entered into between the Company and China Baowu on 30 October 2024
“New Financial Services Agreement”	the new financial services agreement entered into between the Company and Baowu Finance on 30 October 2024
“New Sale and Purchase of Products Agreement”	the new sale and purchase of products agreement entered into between the Company and China Baowu on 30 October 2024
“NFRA”	National Financial Regulatory Administration
“Non-exempt Continuing Connected Transactions”	the New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the transactions contemplated thereunder, and the New Financial Services Agreement and the transactions contemplated thereunder in relation to deposit services (category (a) of the financial services as described in the section headed “New Financial Services Agreement” in this announcement)

“Non-exempt Proposed Annual Caps”	the proposed annual caps for the Non-exempt Continuing Connected Transactions in respect of the New Sale and Purchase of Products Agreement, the New Provision and Acceptance of Services Agreement and the transactions contemplated thereunder, and the maximum daily deposit balance (accrued interest inclusive) to be placed by the Group with Baowu Finance pursuant to the New Financial Services Agreement (excluding categories (b) and (c) of the financial services as described in the section headed “New Financial Services Agreement” in this announcement) for the three years ending 31 December 2027
“PRC”	the People’s Republic of China
“PBOC”	the People’s Bank of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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

30 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.