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If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Maanshan Iron & Steel Company Limited, you should at once hand this circular and the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) CONTINUING CONNECTED TRANSACTIONS –
REVISION OF THE ANNUAL CAPS OF THE
EXISTING SALE AND PURCHASE OF PRODUCTS AGREEMENT;
(2) REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES;
AND
(3) NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



TC CAPITAL

TC Capital International Limited

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 1 to 22 of this circular. A letter from the Independent Board Committee is set out on page 23 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 36 of this circular.

Notice for convening the 2025 second extraordinary general meeting (the “EGM”) of Maanshan Iron & Steel Company Limited (the “Company”) to be held at the Magang Office Building, No.8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC, at 30 July 2025 was issued on 10 July 2025.

Whether or not you intend to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company’s registered office (in the case of holders or proxies of domestic shares) at No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC or to the H Share registrar and transfer office Computershare Hong Kong Investor Services Limited (in the case of holders or proxies of H shares) at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in any event not later than 24 hours before the time appointed for such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the said meeting or any adjournment thereof.

10 July 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Baosteel”	Baoshan Iron & Steel Co., Ltd.*, a joint stock limited company incorporated in the PRC and a subsidiary of China Baowu
“Board”	the board of the Directors of the Company
“Capital Increase”	Baosteel increased its capital in the Magang Limited by RMB3.861 billion in accordance with the capital increase agreement dated 17 April 2025, of which RMB266 million was used as the Magang Limited’s additional registered capital and RMB3.595 billion was used as the Magang Limited’ s capital reserve
“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 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
“Continuing Connected Transactions”	Supplemental Agreement and the transactions contemplated thereunder
“Directors”	the directors of the Company
“EGM” or “2025 Second Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on 30 July 2025 to approve, among other things, Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps
“Existing Sale and Purchase of Products Agreement”	the sale and purchase of products agreement entered into between the Company and China Baowu on 30 October 2024

DEFINITIONS

“Equity Transfer”	the Company transferred 35.42% of its equity interest in the Magang Limited to Baosteel in accordance with the equity transfer agreement dated 17 April 2025
“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 Continuing Connected Transactions and the adoption of the Proposed Revised 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 SFO, has been appointed as an independent financial adviser and will advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions and the adoption of the Proposed Revised 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
“Latest Practicable Date”	3 July 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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

DEFINITIONS

“Magang Limited”	Maanshan Iron & Steel Limited Company, a limited company incorporated in the PRC and, as at the date of this circular, a non wholly-owned subsidiary of the Company which has completed the change of industrial and commercial registration on 27 June 2025
“Original Sale and Purchase of Products Agreement”	the sale and purchase of products agreement entered into between the Company and China Baowu on 30 October 2024
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Proposed Revised Annual Caps”	proposed revised annual caps in relation to the Supplemental Agreement and the transactions contemplated thereunder for three years ending 31 December 2027
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of shares of the Company
“state prescribed price(s)”	the price(s) that are set by or with reference to the relevant laws, regulations, determination, orders or policies issued by the relevant departments of the PRC government
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Existing Sale and Purchase of Products Agreement entered into between the Company and China Baowu on 20 June 2025
“Supplemental Agreement to the Sale and Purchase of Products Agreement for the years 2025–2027 entered into between the Company and China Baowu Steel Group Corporation Limited”	the resolution in relation to Supplemental Agreement to 2025–2027 Sale and Purchase of Products Agreement entered into between the Company and China Baowu Steel Group Corporation Limited and the transactions contemplated thereunder, as well as adoption of the Proposed Revised Annual Caps
“%”	percentage

LETTER FROM THE BOARD



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)

Executive Directors:

Jiang Yuxiang (*Chairman*)
Mao Zhanhong (*Vice Chairman*)
Zhang Wenyang

Registered office:

No. 8 Jiu Hua Xi Road
Maanshan City
Anhui Province
the PRC

Independent Non-executive Directors:

Guan Bingchun
He Anrui
Qiu Shengtao
Zeng Xiangfei

Office address:

No.8 Jiu Hua Xi Road
Maanshan City
Anhui Province
the PRC

10 July 2025

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS –
REVISION OF THE ANNUAL CAPS OF THE
EXISTING SALE AND PURCHASE OF PRODUCTS AGREEMENT;
(2) REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES ;
AND
(3) NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the announcements of the Company both dated 20 June 2025 in relation to the continuing connected transactions – revision of the annual caps of the Existing Sale and Purchase of Products Agreement, and implementation of repurchase and cancellation of certain restricted shares under the 2021 A share incentive scheme.

The purpose of this circular is to give you with, among other things, (i) the details of Supplemental Agreement and the transactions contemplated thereunder (being Continuing Connected Transactions), the adoption of the Proposed Revised Annual Caps as well as other information as required by the Listing Rules; (ii) details of repurchase and cancellation of certain restricted shares; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders; and (v) a notice convening the EGM, to enable you to make an informed decision on whether to vote for or against those resolutions at the EGM.

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2. CONTINUING CONNECTED TRANSACTIONS – REVISION OF THE ANNUAL CAPS OF THE EXISTING SALE AND PURCHASE OF PRODUCTS AGREEMENT

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

Due to the upward demand, the annual caps for the Existing Sale and Purchase of Products Agreement are insufficient to meet the expected demand. On 20 June 2025, the Company and China Baowu entered into a Supplemental Agreement to increase the annual cap for the sale of products by the Group to China Baowu (i) for the year 2025 from RMB10,415,741,829 by RMB17,226,048,688; and the adjusted annual cap for 2025 is RMB27,641,790,517; (ii) for the year 2026 from RMB10,834,947,348 by RMB29,125,821,191; and the adjusted annual cap for 2026 is RMB39,960,768,539; and (iii) for the year 2027 from RMB11,075,303,436 by RMB29,125,821,191; and the adjusted annual cap for 2027 is RMB40,201,124,627. All existing principal terms and conditions under the Existing Sale and Purchase of Products Agreement shall remain unchanged.

The Company confirms that, as at the date of this circular, the transaction amounts under the Existing Sale and Purchase of Products Agreement have not exceeded the existing annual caps.

The principal terms of relevant Supplemental Agreement are set out below:

Date

20 June 2025

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..

LETTER FROM THE BOARD

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 Supplemental 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 Supplemental 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 Supplemental 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.

LETTER FROM THE BOARD

In accordance with the current price standards, the price basis adopted in the transactions relating to the products sold by the Group to China Baowu Group under the Supplemental 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.

Pricing of products sold by the Group to China Baowu

The electricity prices stipulated by the state are determined with reference to the monthly price notices issued by the Development and Reform Commission of Anhui Province. As of October 2024, the state-prescribed industrial and commercial electricity consumption rate was approximately RMB1.1267 per kilowatt-hour during peak seasons and approximately RMB0.6844 per kilowatt-hour during normal periods. For details, please refer to the “Notice of Anhui Province Development and Reform Commission on Adjusting Matters Related to Electricity Sales in October in the Province*” (《安徽省發展改革委關於調整我省10月銷售電有關事項的通知皖發改價格》) issued and implemented on 30 September 2024 (<https://fzggw.ah.gov.cn/ywdt/tzgg/149630951.html>).

The water price stipulated by the state is determined with reference to the price notice issued by the Development and Reform Commission of Maanshan City. As of October 2024, the price of non-residential water stipulated by the Maanshan Municipal People’s Government was RMB3.12 per tonne, including sewage treatment fees, was approximately RMB1.4 per tonne. For details, please refer to “Notice of Maanshan Municipal People’s Government on Adjusting Water Resources Fees and Sewage Treatment Fees*” (《馬鞍山市人民政府關於調整水資源費和污水處理費標準的通知》) implemented by Maanshan Municipal People’s Government on 1 January 2017 (<http://zwgk.mas.gov.cn/openness/detail/content/613b29e6d1da9b24178b4567.html>).

The market price of coal gas is adjusted synchronously according to the frequency of government pricing of natural gas and approved according to the calorific value per cubic meter of natural gas and various types of gas. Other types of gas are priced against the prices published by third party website (e.g. Baichuan website (<http://www.baiinfo.com>)).

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The market price of materials such as stainless steel belts, cables, tools, etc., labour protection appliance, office supplies etc. are determined at a fair bidding price, with reference to the relevant comparable market prices of the products of similar types, qualities and quantities of the products provided by at least 2 independent third-parties.

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.

Condition precedent

The Supplemental Agreement is conditional upon the Independent Shareholders' approval at the EGM.

Duration

Subject to the fulfilment of the aforementioned condition precedent, the term of Supplemental Agreement commences from 1 August 2025 and ends on 31 December 2027.

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Original annual caps and historical transaction amounts

The original annual caps (tax exclusive) relating to the products sold by the Group to China Baowu Group under the Original Sale and Purchase of Products Agreement for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 and the historical transaction amounts (tax exclusive) relating to the products sold by the Group to China Baowu Group for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 are set out as follows:

RMB

		For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024
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.	Original annual caps	13,859,277,400	15,149,577,600	15,952,495,300
	Historical transaction amounts	6,412,768,877	8,773,354,650	7,576,009,915

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Existing annual caps and historical transaction amounts

Pursuant to the Existing Sale and Purchase of Products Agreement, the existing annual caps (tax exclusive) relating to the products sold by the Group to China Baowu Group for the years ending 31 December 2025, 31 December 2026, and 31 December 2027, and the historical transaction amounts (tax exclusive) relating to the products sold by the Group to China Baowu Group for the five months ended 31 May 2025 are set out below:

		<i>RMB</i>			
		For the five months ended 31 May 2025	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
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	10,415,741,829	10,415,741,829	10,834,947,348	11,075,303,436
	Historical transaction amounts	2,897,995,377	N/A	N/A	N/A

LETTER FROM THE BOARD

Proposed Revised Annual Caps of the Supplemental Agreement to the Existing Sale and Purchase of Products Agreement

The Proposed Revised Annual Caps (tax exclusive) relating to the products sold by the Group to China Baowu Group, the unrevised existing annual caps (tax exclusive) relating to the products purchased by the Group from China Baowu Group under the Supplemental Agreement, and total Proposed Revised Annual Caps (tax exclusive) after adding the unrevised existing annual caps (tax exclusive) relating to the products purchased by the Group from China Baowu Group under the Supplemental 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.	27,641,790,517	39,960,768,539	40,201,124,627
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.)	<u>38,301,245,112</u>	<u>39,332,282,483</u>	<u>39,994,340,676</u>
Total	<u>65,943,035,629</u>	<u>79,293,051,022</u>	<u>80,195,465,303</u>

LETTER FROM THE BOARD

Basis for the Proposed Revised Annual Caps of the Supplemental Agreement to the Existing Sale and Purchase of Products Agreement

The Proposed Revised Annual Caps of the Supplemental 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; and (iii) the expected increase in connected transactions between the Group and Baosteel (a subsidiary of China Baowu) due to the introduction to invest in the shares of Magang Limited through the Equity Transfer and the Capital Increase.

The originally expected transaction amounts of the sales of steel products by the Group to the China Baowu Group for the three years ending 31 December 2027 under the existing annual caps as determined based on the factors no. (i) to (ii) above, were approximately RMB7,018 million, RMB7,374 million and RMB7,586 million respectively. The originally expected price of steel products was determined based on the average sales price of the steel products for the five months ended 31 May 2024. The originally expected sales volumes of steel products to the China Baowu Group for the three years ending 31 December 2027 were approximately 2.0 million tonnes, 2.1 million tonnes and 2.1 million tonnes respectively, which were determined based on the China Baowu Group's estimated demand for steel products for the three years ending 31 December 2027 and the historical or then expected sales volumes of steel products to the China Baowu Group for financial years of 2022, 2023 and 2024, indicating the sharp increase in demand for the steel products from the China Baowu Group. The China Baowu Group proposed to enhance the synergistic effect among all the members of the China Baowu Group and between the China Baowu Group and its strategic cooperative partners, which is expected to lead to the increase in the China Baowu Group's estimated demand for steel products from the Group after considering the quality of steel products and the steel production advantages of the Group.

Regarding to the factor no. (iii) above, the expected increase in the transaction amounts of the sales of steel products by the Group to Baosteel for the three years ending 31 December 2027 were approximately RMB17,226 million, RMB29,126 million and RMB29,126 million respectively. The expected increase in sales volumes of steel products from the Group to Baosteel for the three years ending 31 December 2027 were determined based on the discussion with Baosteel regarding its expected demand for steel products for the three years ending 31 December 2027.

The Group determined the basis for the Proposed Revised Annual Caps under factor (iii) by projecting the increased connected transaction amount, calculated as follows:

LETTER FROM THE BOARD

(estimated increase in connected transaction volume) $\times$ (estimated increase in price of products), each as shown below:

- (1) the estimated increase in the volume of connected transactions with Baosteel originates from the Company's current production line capacity and the 2025 operating plan that has been formulated (assuming no major national economic policy adjustments), uses this foundation to calculate maximum producible supply capacity for various categories of products that the Company can provide, and sets this capacity as the 2025 connected transaction volume upper limit; and then formulates 2026–2027 production plans based on this ceiling, and determine annual caps of the subsequent connected transactions through negotiation between both parties. Therefore, the Company expects that the transaction volume of the Group's products sold to China Baowu Group from 2025 to 2027 will increase by 264.9%, 427.5% and 430.6% respectively compared with the relevant historical transaction amount for the year ended 2024, showing an overall upward trend;
- (2) the estimated decrease in the price of products sold under connected transactions is derived from the Company's historical average selling price of each category from 2021 to 2024, combined with the price fluctuation situations from 2025 to 2027, and comprehensively calculated to obtain the estimated values of the selling prices for each product category. Therefore, the Company expects that the average selling price of each category from 2025 to 2027 will decrease by 9.1%, 8.1%, and 8.1% respectively compared with the historical average selling price of each category from 2021 to 2024, and the overall trend will be bottomed out and stabilized; and
- (3) after Baosteel invest in the shares of Magang Limited, China Baowu Group will strengthen cooperation with the Company. Magang Limited is negotiating with Baosteel on a marketing collaboration project, and both parties intend to utilize Baosteel's comprehensive marketing network to collaboratively sell the Group's products. Baosteel is expected to increase demand for the Group's products. Therefore, the Company expects the transaction volume of products sold by the Group to the China Baowu Group from 2025 to 2027 to show an upward trend.

Baosteel is a globally leading modernised steel enterprise with a nationwide and worldwide marketing and processing service network. Baosteel demonstrates synergies with Magang Limited in terms of both products and geographical coverage. The Equity Transfer and the Capital Increase will enable the full utilisation of Baosteel's systemic advantages, market influence, technological leadership, talent resources and synergistic expertise to drive innovation in Magang Limited's management, business and other models. Due to its in Magang Limited through the Equity Transfer and the Capital Increase, Baosteel proposes further increasing its purchase of the steel products from the Group in order to make full use of the available synergies. According to the annual report of Baosteel for financial year of 2024, Baosteel will focus on promoting system-wide integration

LETTER FROM THE BOARD

and synergy to maximise integration benefits. Fully utilising the advantages of the system, Baosteel will plan a system-wide synergistic support programme for purchasing, production, marketing, research and information technology, and is promoting resource integration and synergistic enhancement in an orderly manner.

After considering the above basis for determining Proposed Revised Annual Caps, the Board is of the view that the Proposed Revised Annual Caps pursuant to the Supplemental Agreement are determined with reference to reasonable estimation and after due and careful consideration and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Reasons for and Benefits of the Supplemental Agreement to the Existing Sale and Purchase of Products Agreement

The sales of products by the Group to the China Baowu Group can enhance the business opportunities of the Group and broaden the revenue base of the Group. The Directors considered that the Continuing Connected Transactions will have a positive impact on the Group.

Due to the upward demand, the annual caps for the Existing Sale and Purchase of Products Agreement are insufficient to meet the expected demand. The entering into of the Supplemental Agreement between the Company and China Baowu will increase the upper limit of the relevant transactions. The Company can expand its product sales channels, optimize end users and improve service quality by leveraging China Baowu's marketing channels and processing network, which will help it improve production line efficiency and enhance product competitiveness. The Group will also form a marketing alliance with China Baowu Group, which will be conducive to fully taking advantage of the strengths of both parties and striving to achieve a double improvement in commercial value and operational efficiency.

Besides, the Continuing Connected Transactions do not restrict the Group to sell products to the corresponding contractual parties only. The Group retains discretion to make its selection according to its business needs and therefore the Continuing Connected Transactions offer additional sales options to the Group.

The terms and pricing of the Supplementary Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Information on the Company, the Parent Company and China Baowu

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.

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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.

Internal Management of Such Agreement

To ensure effective execution and implementation of the pricing of the transactions under the agreement, 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 agreement. 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 agreement 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.

LETTER FROM THE BOARD

Approval by the Board

In the fortieth meeting of the tenth session of the Board held on 20 June 2025, the Board approved the Supplemental Agreement and the transactions contemplated thereunder (being Continuing Connected Transactions) as well as the adoption of the Proposed Revised Annual Caps. The Directors attending the Board meeting regarding the Supplemental Agreement consider that the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps in respect thereof have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof and adoption of the Proposed Revised Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole and such agreement is entered into in the ordinary and usual course of business of the Group.

Among the Directors attending the aforesaid Board meeting, Mr. Jiang Yuxiang and Mr. Mao Zhanhong were considered to have material interests in the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps 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 agreement and the Proposed Revised Annual Caps. Save as disclosed above, none of the Directors attended the aforesaid Board meeting has a material interest in such agreement.

Listing Rules Implications

As of the date of this circular, China Baowu is the controlling shareholder of the Parent Company and indirectly holds approximately 53.00% equity interests of the Company in aggregate, whereas the Parent Company holds approximately 48.35% 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 circular, China Baowu and the Parent Company are connected persons of the Company. The Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

General Information

The EGM will be convened to consider and, if thought fit, to approve the Supplemental Agreement and the transactions contemplated thereunder (being Continuing Connected Transactions) as well as the adoption of the Proposed Revised Annual Caps. In accordance with the Listing Rules, the vote of the Independent Shareholders taken at the EGM to approve the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps, will be taken by poll. Any Shareholder with a material interest in the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps and his/her associates will abstain from voting at the EGM. As at the Latest Practicable Date, the Parent Company, Baosteel Hong Kong Investment Company Limited* (寶鋼香港投資有限公司), and their respective associates are all connected persons of the Company, whereas Mr. Jiang Yuxiang, a Director of the Company, is also a senior management of China Baowu and its subsidiaries, and Mr. Mao Zhanhong is also a senior management of a subsidiary of China Baowu. In view of the good corporate governance, they are deemed to have material interests in the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps. Accordingly, the Parent Company, Baosteel Hong Kong Investment Company Limited* (寶鋼香港投資有限公司) and their respective associates, as well as Mr. Jiang Yuxiang and Mr. Mao Zhanhong, Directors of the Company, will abstain from voting at the EGM. The result of the vote will be announced after the EGM.

The Independent Board Committee will advise the Independent Shareholders as to the relevant terms of the Continuing Connected Transactions and the adoption of the Proposed Revised 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.

3. REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES

References are made to the announcement dated 24 December 2021 and the circular dated 9 February 2022 of the Company in relation to (1) proposed adoption of the 2021 Restricted A Share Incentive Scheme and (2) connected transaction – proposed grant under Incentive Scheme, the announcements respectively dated 30 March 2022 and 10 May 2022 of the Company in relation to the First Grant of Restricted Shares to Participants of the 2021 Restricted A Share Incentive Scheme of the Company, the announcements respectively dated 5 December 2022, 10 March 2023, 28 July 2023, 8 October 2024 and 20 June 2025 in relation to Repurchase and Cancellation of Certain Restricted Shares, the circulars respectively dated 9 December 2022, 14 March 2023, 4 August 2023 and 27 November 2024, and the announcements respectively dated 6 March 2023, 30 May 2023, 24 October 2023 and 12 February 2025 of the Company in relation to the Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2021 A Share Incentive Scheme.

LETTER FROM THE BOARD

Due to the failure to meet the third performance appraisal conditions for unlocking the restrictions on sales in the Company's "2021 Restricted A Share Incentive Scheme "and the retirement of some incentive Participants, in accordance with the Company's "Performance Appraisal Measures for 2021 Restricted A Share Incentive Scheme" and "Administrative Measures for the Share Incentive", the Company must repurchase and cancel this part of the restricted shares.

At the 40th meeting of the tenth session of the board of directors and the 29th meeting of the tenth session of the supervisory committee of the Company convened on 20 June 2025, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved, pursuant to which, the Company intended to repurchase and cancel certain Restricted Shares which have not been unlocked. The relevant matters are hereby announced as follows:

I. RELEVANT CONSIDERATION PROCEDURES WHICH HAVE BEEN PERFORMED IN RELATION TO THE INCENTIVE SCHEME

1. On 24 December 2021, the Resolution on the 2021 Restricted A Share Incentive Scheme (Draft) and its Summary and other relevant resolutions were considered and approved at the 55th meeting of the ninth session of the board of directors and the 45th meeting of the ninth session of the supervisory committee of the Company.
2. On 9 March 2022, the Company received the Approval for the Restricted Share Incentive Scheme of Maanshan Iron & Steel Company Limited (Guo Zi Kao Fen [2022] No. 80) from the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC"), forwarded by China Baowu Steel Group Corporation Limited (an indirect controlling Shareholder of the Company), which SASAC approved in principle the implementation of the Share Incentive Scheme by the Company.
3. On 10 March 2022, the Resolution on the 2021 Restricted A Share Incentive Scheme (Draft) and its Summary and other relevant resolutions were considered and approved at the 2022 first extraordinary general meeting, first class meeting of the holders of A Shares and first class meeting of the holders of H Shares of the Company.
4. On 30 March 2022, the Resolution on the First Grant of Restricted Shares to Participants of the 2021 Restricted A Share Incentive Scheme was considered and approved at the 59th meeting of the ninth session of the board of directors and the 49th meeting of the ninth session of the supervisory committee of the Company.
5. On 10 May 2022, the Company completed the registration of the first grant under the 2021 Restricted A Share Incentive Scheme, and a total of 75.05 million Restricted Shares had been granted to 260 persons in total.

LETTER FROM THE BOARD

6. On 5 December 2022, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 2nd meeting of the tenth session of the board of directors and the 2nd meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting on 29 December 2022 and the repurchase and cancellation of shares were completed.
7. On 10 March 2023, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 5th meeting of the tenth session of the board of directors and the 5th meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting on 29 March 2023 and the repurchase and cancellation of shares were completed.
8. On 28 July 2023, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 9th meeting of the tenth session of the board of directors and the 9th meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting on 29 August 2023 and the repurchase and cancellation of shares were completed.
9. On 8 October 2024, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 30th meeting of the tenth session of the board of directors and the 19th meeting of the tenth session of the supervisory committee of the Company. The resolution was approved at the general meeting on 27 November 2024 and the repurchase and cancellation of shares were completed.
10. On 20 June 2025, the Resolution in Relation to Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 40th meeting of the tenth session of the board of directors and the 29th meeting of the tenth session of the supervisory committee of the Company. The resolution is subject to the approval of the general meeting.

LETTER FROM THE BOARD

II. REASONS FOR, NUMBER OF SHARES INVOLVED IN AND PRICE FOR THE CURRENT REPURCHASE AND CANCELLATION OF RESTRICTED SHARES

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

1. *Repurchase triggered by performance not achieved*

According to the 2021 Restricted A Share Incentive Scheme (the “**Incentive Scheme**”), in case of failure to pass the performance appraisal objectives of the unlocking period in any appraisal year, all Restricted Shares of the corresponding performance appraisal year shall be repurchased by the Company at the lower of the grant price or the market price. The market price is the average trading price of the Company’s share on the trading day before consideration of the repurchase by the board of directors. The assessment conditions corresponding to the third unlocking period are as follows:

Cash return on net assets for 2024 shall not be less than 28% and shall not be less than 75 percentile of benchmark enterprise; the compound growth rate of gross profit (after deduction of non-recurring gain or loss) (based on benchmark year) for 2024 shall not be less than 10%, and shall not be less than 75 percentile of benchmark enterprise; the annual EVA appraisal target set by the board of directors of the Company for 2024 shall be achieved, and meanwhile the improved EVA value (compared with 2020) shall not be less than RMB600 million.

The Company’s actual performance indicators for 2024 are as follows: the cash return on net assets was 10.04%; the gross profit (after deduction of non-recurring gain or loss) was RMB-4,508 million; the annual EVA appraisal target set by the board of directors of the Company was not achieved, and meanwhile the improved EVA value (compared with 2020) was negative.

Accordingly, the performance appraisal targets for 2024 specified in the Incentive Scheme were not achieved, and all Restricted Shares of the corresponding appraisal year of 2024 shall be repurchased at the lower of the grant price or the market price.

2. *Repurchase triggered by personnel changes*

3 persons including Wang Wenzhong and others, who are the Participants of the 2021 Restricted Share Incentive Scheme of the Company, have reached the statutory retirement age in 2024 and are no longer in the employment of the Company. According to the relevant provisions of the Administrative Measures for the Share Incentive, the Restricted Shares of the aforesaid three persons for which the unlocking conditions have not been met shall be repurchased and cancelled by the Company.

LETTER FROM THE BOARD

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

1. Repurchase triggered by performance not achieved

According to the Performance Appraisal Measures for the Share Incentive, in case of failure to pass the performance appraisal objectives of the unlocking period in any appraisal year under the Incentive Scheme, all Restricted Shares of the corresponding performance appraisal year shall be repurchased by the Company at the lower of the grant price or the market price. The market price is the average trading price of the Company's share on the trading day before consideration of the repurchase by the board of directors. The grant price of the Incentive Scheme was RMB2.29/share, and the average trading price of the Company's share on the trading day (19 June 2025) before consideration of the repurchase by the board of directors was RMB3.48/share. Therefore, the repurchase price was RMB2.29/share.

2. Repurchase triggered by personnel changes

According to the Administrative Measures for the Share Incentive, the Participants who have terminated or cancelled labour relationship with the Company due to death, retirement, arrangement of positions beyond their control, the original time and conditions of unlocking the restrictions on sales remain unchanged, and the ratio of unlocking the restrictions on sales shall be determined in accordance with the term of the Participants in the corresponding performance years. The remaining Restricted Shares which have yet to arrive time limit of unlocking the restrictions on sales and the performance appraisal conditions are no longer unlocked, and are repurchased by the Company based on the sum of grant price plus the interests on fixed deposit in bank for the same period. Based on the holding period of the shares to be repurchased by the Participants, the repurchase price shall be adjusted to RMB2.48/share.

Reasons for the Repurchase	Number of persons involved	Price for the Repurchase (RMB/share)	Number of Shares involved in the Repurchase (shares)	Repurchase Amount (RMB)
Performance not achieved	222	2.29	21,025,600	48,148,624
Personnel changes	3	2.48	397,800	986,544
Total			21,423,400	49,135,168

LETTER FROM THE BOARD

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

The Company will repurchase the Restricted Shares held by the above personnel which have been granted but not yet unlocked, and the total repurchase amount is RMB49,135,168. The source of funds is the Company's own funds.

III. TABLE OF EXPECTED CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY AFTER THE CURRENT REPURCHASE AND CANCELLATION

The changes in the share capital structure of the Company after the current repurchase and cancellation are as follows:

Unit: shares

Category	Before the changes	Changes	After the changes
Shares subject to selling restrictions	21,423,400	-21,423,400	0
Shares not subject to selling restrictions	<u>7,700,681,186</u>	<u>0</u>	<u>7,700,681,186</u>
Total	<u><u>7,722,104,586</u></u>	<u><u>-21,423,400</u></u>	<u><u>7,700,681,186</u></u>

Note: The above changes in share capital structure are subject to the share capital structure table issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon completion of the current repurchase and cancellation.

IV. IMPACT ON THE RESULTS OF THE COMPANY

The current repurchase and cancellation of certain Restricted Shares will not have any material impact on the financial position and results of operations of the Company, nor will it affect the diligence of the management team of the Company, which will continue to perform its work duties conscientiously and strive to create value for the Shareholders.

LETTER FROM THE BOARD

V. SUBSEQUENT WORK ARRANGEMENTS FOR THE CURRENT REPURCHASE AND CANCELLATION PLAN

Subject to the consideration and approval of the current repurchase and cancellation of certain Restricted Shares of the Shareholders at this general meeting, the Company will, in accordance with the Company Law and the regulations of the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, handle the relevant procedures such as the current repurchase and cancellation and the corresponding registration of the change of registered capital, and the Company will perform its information disclosure obligations in a timely manner.

VI. VIEWS OF SUPERVISORY COMMITTEE

The repurchase and cancellation of part of the remaining Restricted Shares of the Company which have been granted but not yet been unlocked the restriction on sales have been made in accordance with the relevant provisions of the Administrative Measures for Share Incentive of Listed Companies and other relevant laws, regulations and normative documents and the Incentive Scheme, and the procedures for the adjustments to the number of Restricted Shares repurchased and the repurchase price were in compliance with the relevant regulations, which will not prejudice the interests of the Shareholders of the Company and will not have any material impact on the financial position and the results of the operation of the Company. The supervisory committee agrees to the current repurchase and cancellation of Restricted Shares and to the shareholders' meeting for consideration.

VII. CONCLUSIONS OF LEGAL OPINIONS

Zhong Lun (Shanghai) Law Firm, Beijing issued a legal opinion that: the reasons for the current repurchase and cancellation of the Company are in compliance with the relevant requirements of the Company Law, the Securities Law, the Administrative Measures for Share Incentive of the Company (the “**Administrative Measures**”) and the Incentive Scheme; the current repurchase and cancellation have been approved and authorised as necessary, and the relevant procedures have been performed in compliance with the requirements of the Company Law, the Securities Law, the Administrative Measures and the Incentive Scheme; the adjustment bases of the repurchase quantity and price, as well as the repurchase quantity and price for the current repurchase and cancellation are in compliance with the requirements of the Incentive Scheme. The Company shall perform information disclosure obligation in a timely manner and handle the procedures such as reduction in registered capital and shares cancellation registration in accordance with the provisions of the Company Law and other laws and regulations in respect of the current repurchase and cancellation of the Incentive Shares.

LETTER FROM THE BOARD

VIII. DOCUMENTS AVAILABLE FOR INSPECTION

1. The resolution of the board of directors;
2. The resolution of the supervisory committee;
3. The resolution of the remuneration committee of the board of directors;
4. Legal opinion of Zhong Lun (Shanghai) Law Firm, Beijing in relation to the repurchase and cancellation of certain Restricted Shares under the Share Incentive Scheme of Maanshan Iron & Steel Company Limited.

4. EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 43 to 44 of this circular. At the EGM, various resolutions will be proposed to approve, among others, (i) Supplemental Agreement and the transactions contemplated thereunder (being Continuing Connected Transactions) as well as the adoption of the Proposed Revised Annual Caps; and (ii) repurchase and cancellation of certain restricted shares.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the HKEXnews of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.magang.com.hk). Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, other than the Parent Company and its associates who shall abstain from voting at the EGM in respect of the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps, none of the Directors or Shareholders has a material interest in those resolutions to be proposed at the EGM and no Shareholder is required to abstain from voting on any of those resolutions at the EGM.

5. PROCEDURES FOR VOTING AT THE EGM

According to Rule 13.39(4) of the Listing Rules, any vote at the EGM must be taken by poll.

LETTER FROM THE BOARD

6. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 23 of this circular. The Independent Board Committee, having considered the advice of the Independent Financial Adviser (the full text is set out on pages 24 to 36 of this circular), is of the view that the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps are in the interests of the Company and the Shareholders as a whole, and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps.

The Directors consider that all resolutions to be proposed for consideration and approval by the Shareholders at the EGM are in the best interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the resolutions to be proposed at the EGM as set out in the notice of the EGM.

7. YOUR ATTENTION IS ALSO DRAWN TO THE ADDITIONAL INFORMATION SET OUT IN THE APPENDICES TO THIS CIRCULAR.

Yours faithfully,

By Order of the Board

Maanshan Iron & Steel Company Limited

Jiang Yuxiang

Chairman



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

(Stock Code: 00323)

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

10 July 2025

To the Independent Shareholders

Dear Sir or Madam,

Reference is made to the circular issued by the Company to the Shareholders dated 10 July 2025 (the “**Circular**”) of which this letter forms a part. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise you on the Supplemental Agreement and the transactions contemplated thereunder (being Continuing Connected Transactions) as well as the adoption of the Proposed Revised Annual Caps, and to advise the Independent Shareholders in this regard. TC Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders and us in respect of the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out on pages 24 to 36 of the Circular and the additional information is set out in the appendices thereto.

Having considered the terms and conditions of the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps, and taking into account the independent advice of TC Capital International Limited, in particular the principal factors, reasons and recommendations set out in its letter on pages 1 to 22 of the Circular, we consider that (i) the Continuing Connected Transactions are entered into in the ordinary course of business of the Group; (ii) the terms of the Continuing Connected Transactions are normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole; and (iii) the Proposed Revised Annual Caps under the Supplemental Agreement, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM as set out in the notice of the EGM.

Yours faithfully,

The Independent Board Committee

Guan Bingchun
*Independent Non-
executive Director*

He Anrui
*Independent Non-
executive Director*

Qiu Shengtao
*Independent Non-
executive Director*

Zeng Xiangfei
*Independent Non-
executive Director*

Set out below is the text of a letter received from TC Capital International Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for the purpose of inclusion in this circular.



10 July 2025

The Independent Board Committee and the Independent Shareholders
Maanshan Iron & Steel Company Limited

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS –
REVISION OF THE ANNUAL CAPS OF THE EXISTING SALE
AND PURCHASE OF PRODUCTS AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of annual caps for the three years ending 31 December 2027 for the sales of products by the Group to the China Baowu Group under the Existing Sale and Purchase of Products Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 10 July 2025 issued to the Shareholders (the “**Circular**”). Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As at the Latest Practicable Date, China Baowu was an indirect controlling shareholder of the Company. As such, China Baowu is a connected person of the Company. The Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Guan Bingchun, He Anrui, Qiu Shengtao and Zeng Xiangfei (all being Independent Non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Supplemental Agreement (including the Proposed Revised Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in

respect of the relevant resolution to approve the Supplemental Agreement at the EGM. We, TC Capital International Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of us. In the last two years, we have acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to an occasion as detailed in the circular of the Company dated 2 December 2024. Given (i) our independent role in the abovementioned engagement; and (ii) our fees for the abovementioned engagement represented an insignificant percentage of our revenue, we consider that the abovementioned engagement would not affect our independence to form our opinion in respect of the Continuing Connected Transactions.

BASIS OF OPINION

In putting forth our recommendation, we have relied on the information, opinions, facts and representations supplied to us by the Directors and/or the representatives of the Company. We have reviewed, among other things, (i) the Existing Sale and Purchase of Products Agreement and the Supplemental Agreement; (ii) the annual reports of the Company for the years ended 31 December 2023 and 2024 (the “**2023 Annual Report**” and the “**2024 Annual Report**” respectively) and the first quarterly report of the Company for the three months ended 31 March 2025 (the “**2025 First Quarterly Report**”); (iii) other information as set out in the Circular; and (iv) relevant market data and information available from public sources.

We have assumed that all such information, opinions, facts and representations provided to us by the Directors and/or the representatives of the Company, for which they are fully responsible, are true, accurate and complete in all respects. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the representatives of the Company. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld or is misleading.

We consider that we have sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group, China Baowu and any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Continuing Connected Transactions, we have taken into account the following principal factors and reasons:

A. Background information of the parties

1. Information on the Group

As stated in the Letter from the Board, 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.

Set out below is certain financial information of the Group for the three years ended 31 December 2024 (“FY2022”, “FY2023” and “FY2024” respectively) and the three months ended 31 March 2024 and 2025 (“1Q2024” and “1Q2025” respectively) as extracted from the 2023 Annual Report, the 2024 Annual Report and the 2025 First Quarterly Report:

	For the three months ended				
	31 March		For the year ended 31 December		
	2025	2024	2024	2023	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	19,425	20,392	81,817	98,938	102,154
Operating loss	(75)	(261)	(4,722)	(1,594)	(484)
Net loss attributable to owners of the parent	(144)	(311)	(4,659)	(1,327)	(858)

	As at		As at 31 December	
	31 March		2024	
	2025	2024	2023	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Total assets	78,535	78,963	84,552	96,892
Total liabilities	51,313	51,642	52,273	63,561
Equity attributable to owners of the parent	23,120	23,257	27,769	29,200

As illustrated in the above table, the revenue of the Group for FY2023 decreased slightly by approximately 3% as compared to that for FY2022. As stated in the 2023 Annual Report, such decrease was mainly due to the decrease in steel prices as a result of the impact of the downward trend in the market environment. The operating loss of the Group and the net loss attributable to owners of the parent for FY2023 increased by approximately RMB1,110 million and RMB469 million as compared to those corresponding figures for FY2022 respectively, which were mainly due to the steel prices dropping more than the raw material prices, resulting in a decrease in gross profit of steel products compared to the previous year.

The revenue of the Group for FY2024 decreased by approximately 17% as compared to that for FY2023. As stated in the 2024 Annual Report, such decrease was mainly due to the year-on-year decrease in steel product sales as compared to last year, coupled with the fall in steel prices during the year as compared to last year resulting from the impact of the weak demand of downstream industries. The operating loss of the Group and the net loss attributable to owners of the parent for FY2024 increased by approximately RMB3,128 million and RMB3,332 million as compared to those corresponding figures for FY2023 respectively, which were mainly due to the steel prices dropping more than the raw material prices during the year, the increase in gross loss of steel, the disposal of scrapped fixed assets at the end of the year and other profit-reducing events.

The revenue of the Group for 1Q2025 decreased by approximately 5% as compared to that for 1Q2024. As advised by the representatives of the Company, such decrease was mainly due to the decrease in steel prices for 1Q2025 as compared to those for 1Q2024 as a result of the weak demand from downstream industries. The operating loss of the Group and the net loss attributable to owners of the parent for 1Q2025 decreased by approximately RMB186 million and RMB167 million as compared to those corresponding figures for 1Q2024 respectively, which were mainly due to the decrease in prices of raw materials and fuels being greater than the decrease in steel prices during the period and internal cost reductions by the Company.

The equity attributable to owners of the parent experienced a downward trend during FY2023, FY2024 and 1Q2025. The representatives of the Company advised us that such movement in the equity attributable to owners of the parent was mainly due to the net loss of the Group during FY2023, FY2024 and 1Q2025.

2. Information on China Baowu

As stated in the Letter from the Board, 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 authorised by the State Council, as well as carrying out relevant state-owned capital investment and operation.

B. Reasons for and benefits of entering into the Supplemental Agreement

We have discussed with the representatives of the Company in relation to the reasons for entering into the Supplemental Agreement and noted that due to part of the overlapping market, the competition between Baosteel, a subsidiary of China Baowu, and the Group may result in the decrease in prices of steel products in the overlapping market, which is not conducive to improving the Group's business performance. Consequently, the new sales model of the Group, whereby Baosteel purchases products of the Group and subsequently sells those products under the Group's brand to its end users, is likely to reduce the price competition between Baosteel and the Group, thereby maintaining the stability of steel product prices in the overlapping market.

Under such new sales model, the expected transaction amounts of the sales of steel products by the Group to the China Baowu Group is expected to increase and the annual caps for the Existing Sale and Purchase of Products Agreement are insufficient to meet the expected demand. The entering into of the Supplemental Agreement between the Company and China Baowu will increase the upper limit of the relevant transactions.

We have conducted our research and noted that in the 2025 first quarterly information session of the China Iron and Steel Association (the “**Association**”) held on 29 April 2025, it was announced that (i) the steel prices continued to decline, and the supply continued to exceed demand in the market, just as it did before; and (ii) the government is taking action to rein the current ‘race-to-the-bottom’ vicious competition in the PRC. On 2 April 2025, the General Office of the Communist Party of China Central Committee and the General Office of the State Council of the PRC unveiled a guideline aimed at improving the price governance mechanism. This guideline stipulates that, among other, (i) operators are prohibited from engaging in vicious competitive practices which involve offering prices below cost; and (ii) industrial associations are required to establish price watchdogs. The Association would recently issue a reminder to six enterprises as their crude steel production increased in FY2024 and 1Q2025 while their cash flows from steel business for the corresponding period were negative. The Association also emphasised that all steel enterprises should stick to the “three rules, three don’ts” operating principles and stop the vicious competition. The “three rules, three don’ts” operating principles are that production should be determined by sales, cash should not be turned into inventory, production should be determined by efficiency, operational ‘blood loss’ should be avoided, sales should be determined by cash, and do not turn cash into receivables.

As further advised by the representatives of the Company, the sales of products by the Group to the China Baowu Group can enhance the business opportunities of the Group and broaden the revenue base of the Group. The Group can expand its product sales channels, optimise end users and improve service quality by leveraging China Baowu's marketing channels and processing network, which will help it improve production line efficiency and enhance product competitiveness. The Group will also form a marketing alliance with the China Baowu Group, which will be conducive to fully taking advantage of the strengths of both parties and striving to achieve a double improvement in commercial value and operational efficiency.

According to the website of Baosteel, by the end of December 2024, Shanghai Baosteel International Economic Trade Company Limited* (上海寶鋼國際經濟貿易有限公司) ("**Baosteel International**"), a subsidiary of Baosteel, had established 81 marketing and service networks in 43 large and medium-sized cities across the PRC, and four regional headquarters with 25 branches, three processing centres and 16 laser welding plants in the overseas markets, and had the widest geographic distribution and the largest network of steel service sales in the PRC. As advised by the representatives of the Company, the numbers of sales networks of Baosteel International in the PRC and the overseas markets are much more than the numbers of sales networks of the Group in these regions. As compared with the Group, Baosteel has significant sales advantage over the Group.

Besides, the Continuing Connected Transactions do not restrict the Group to sell products to the corresponding contractual parties only. The Group retains discretion to make its selection according to its business needs and therefore the Continuing Connected Transactions offer additional sales options to the Group.

Given that (i) the new sales model is likely to reduce the price competition between Baosteel and the Group in the overlapping market; (ii) Baosteel has sales advantage over the Group; and (iii) the Continuing Connected Transactions provide the Group with additional sales options, we concur with the Directors that the Continuing Connected Transactions and the entering into of the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

C. Principal terms of the Supplemental Agreement

1. *Principal terms of the Supplemental Agreement*

On 20 June 2025, the Company and China Baowu entered into the Supplemental Agreement to increase the annual caps for the sale of products by the Group to the China Baowu Group for the three years ending 31 December 2027. All existing principal terms and conditions under the Existing Sale and Purchase of Products Agreement shall remain unchanged.

Further details of the Supplemental Agreement and the pricing principle in relation to the Continuing Connected Transactions are set out in the Letter from the Board.

According to the quarterly reports on the connected transactions of the Group for FY2024 and 1Q2025, which were prepared by the operation and accounting department of the Company, the products sold by the Group to the China Baowu Group were broadly classified into steel products, power and energy medium, and by-products and others. The aggregate amounts of steel products and power and energy medium for FY2024 and the aggregate amounts of steel products and by-products and others for 1Q2025 accounted for approximately 94% and 84% of the historical transaction amounts of the products sold by the Group to the China Baowu Group for FY2024 and 1Q2025, respectively. Therefore, we have requested, on a random basis, for the record (i.e. invoices and the respective contracts) of a selected transaction for (a) each of the steel products and power and energy medium for each month of FY2024; and (b) each of the steel products and by-products and others for each month of 1Q2025. We consider the samples to be fair and representative for the purpose of assessing the pricing policies of the sales of products by the Group to the China Baowu Group, in particular, (i) the selected transactions covered each type of the aforementioned products sold by the Group to the China Baowu Group; and (ii) we have selected the samples on a random basis for each month of FY2024 and 1Q2025 and the 30 samples covered the whole period of FY2024 and 1Q2025.

For the steel products, we have obtained and reviewed 15 invoices and the respective contracts for FY2024 and 1Q2025. We have checked the unit prices of steel products sold to the China Baowu Group against the unit prices of steel products sold to independent third parties. We noted that the unit prices of steel products sold to the China Baowu Group were not less favourable than those sold to independent third parties.

For the power and energy medium, we have obtained and reviewed 12 invoices and the respective contracts for FY2024, which involved the sales of electricity, gas products, industrial purification water and steam. For the electricity, we have compared the unit prices of electricity sold to the China Baowu Group against the state prices of electricity of the corresponding month published on the website of the Development and Reform Commission of Anhui Province. We noted that the unit prices of electricity sold to the China Baowu Group were not less favourable than the state prices. For the gas products, we noted that the unit prices of gas products sold to the China Baowu Group were not less favourable than the prices of similar gas products quoted by independent third parties. For the industrial purification water, we noted that the unit prices of the industrial purification water sold to the China Baowu Group were determined with reference to the unit prices of non-residential water stated in the “Notice of Maanshan Municipal People’s Government on Adjusting Water Resources Fees and Sewage Treatment Fees*” (《馬鞍山市人民政府關於調整水資源費和污水處理費標準的通知》) implemented by the People’s Government of Ma’anshan

Municipality on 1 January 2017. We have also compared the unit prices of industrial purification water sold to the China Baowu Group against those sold to independent third parties. We noted that the unit prices of industrial purification water sold to the China Baowu Group were not less favourable than those sold to independent third parties. For the steam, we have compared the unit prices of steam sold to the China Baowu Group against those sold to independent third parties. We noted that the unit prices of steam sold to the China Baowu Group were not less favourable than those sold to independent third parties.

For the by-products and others, we have obtained and reviewed three invoices and the respective contracts for 1Q2025, which involved the sales of chemical products and water slag. We have checked the unit prices of chemical products sold to the China Baowu Group against the unit prices of chemical products offered by independent third parties. We noted that the unit prices of chemical products sold to the China Baowu Group were not less favourable than those offered by independent third parties. For the water slag, we have compared the unit prices of water slag sold to the China Baowu Group against the unit prices of water slag offered by independent third-party suppliers and we noted that the unit prices of water slag sold to the China Baowu Group were not less favourable than those offered by third-party suppliers of the corresponding month.

Therefore, we are of the view that the pricing principle for the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

2. *The Proposed Revised Annual Caps and basis of determination*

The following table sets out the historical transaction amounts of the sales of products by the Group to the China Baowu Group for the three years ended 31 December 2024 and the five months ended 31 May 2025, and the Proposed Revised Annual Caps for the three years ending 31 December 2027 (“FY2025”, “FY2026” and “FY2027” respectively):

	Historical transaction amounts				Proposed Revised Annual Caps		
	For the year ended 31 December			For the five months ended 31	For the year ending 31 December		
	2022	2023	2024	May 2025	2025	2026	2027
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Sales of products by the Group	6,413	8,773	7,576	2,898	27,642	39,961	40,201

As advised by the representatives of the Company, the Proposed Revised Annual Caps mainly comprise steel products. The revised expected transaction amounts of the sales of steel products by the Group to the China Baowu Group for the three years ending 31 December 2027 are approximately RMB24,244 million, RMB36,500 million and RMB36,712 million respectively, accounting for approximately 88%, 91% and 91% of the Proposed Revised Annual Caps for the three years ending 31 December 2027 respectively. Such revised expected transaction amounts refer to (i) the originally expected transaction amounts of the sales of steel products under the existing annual caps as well as (ii) the expected increase in the transaction amounts of the sales of steel products by the Group to Baosteel, a subsidiary of China Baowu, for the three years ending 31 December 2027.

As disclosed in the circular of the Company dated 2 December 2024, the originally expected transaction amounts of the sales of steel products by the Group to the China Baowu Group for the three years ending 31 December 2027 under the existing annual caps were approximately RMB7,018 million, RMB7,374 million and RMB7,586 million respectively. The originally expected price of steel products was determined based on the average sales price of the steel products for the five months ended 31 May 2024. The originally expected sales volumes of steel products to the China Baowu Group for the three years ending 31 December 2027 were approximately 2.0 million tonnes, 2.1 million tonnes and 2.1 million tonnes respectively, which were determined based on the China Baowu Group's estimated demand for steel products for the three years ending 31 December 2027 and the historical or then expected sales volumes of steel products to the China Baowu Group for FY2022, FY2023 and FY2024 of approximately 0.2 million tonnes, 1.1 million tonnes and 1.36 million tonnes (historical figure for FY2024: 1.88 million tonnes), indicating the sharp increase in demand for the steel products from the China Baowu Group. The China Baowu Group proposed to enhance the synergistic effect among all the members of the China Baowu Group and between the China Baowu Group and its strategic cooperative partners, which is expected to lead to the increase in the China Baowu Group's estimated demand for steel products from the Group after considering the quality of steel products and the steel production advantages of the Group.

The expected increase in the transaction amounts of the sales of steel products by the Group to Baosteel for the three years ending 31 December 2027 were approximately RMB17,226 million, RMB29,126 million and RMB29,126 million respectively. The expected price of steel products was determined with reference to the Company's historical average selling price of each type of steel products for the three years ended 31 December 2023 and the ten months ended 31 October 2024, combined with a neutral forecast. We noted that the expected price for each type of steel products for FY2025 ranges from RMB3,383 per tonne to RMB4,322 per tonne. We have compared those expected prices against the transaction prices of the corresponding type of steel products for the ten months ended 31 October 2024 disclosed on www.mysteel.com, and noted that the expected price for each type of steel products is close to the average transaction price of the corresponding type of steel products

disclosed on www.mysteel.com. The expected increase in sales volumes of steel products from the Group to Baosteel for the three years ending 31 December 2027 of approximately 4.3 million tonnes, 7.2 million tonnes and 7.2 million tonnes respectively were determined based on (i) the maximum supply capacity of the Group to supply steel products to Baosteel within the operation plan of the Group for FY2025; and (ii) the discussion with Baosteel regarding its expected demand for steel products for the three years ending 31 December 2027. We have obtained the meeting records between the Company and Baosteel and noted the purchase plan of Baosteel for the steel products of the Group for the three years ending 31 December 2027. According to the annual report of Baosteel for FY2024, Baosteel has set a target to sell 52.2 million tonnes of commercial steel products in FY2025. The expected increase in sales volumes of steel products from the Group to Baosteel for the three years ending 31 December 2027 accounted for no more than 13.8% of such target sales volume of Baosteel. Considering that (i) the new sales model is likely to lead to the increase in the transaction amounts of the sales of steel products by the Group to the China Baowu Group as detailed in the section headed “B. Reasons for and benefits of entering into the Supplemental Agreement” above; (ii) the expected increase in sales volumes of steel products from the Group to Baosteel were determined based on the maximum supply capacity of the Group and the discussion with Baosteel; (iii) the expected increase in sales volumes of steel products from the Group to Baosteel accounted for no more than 13.8% of the aforesaid target sales volume of Baosteel for FY2025; and (iv) Baosteel has a wide geographic distribution and a large sales network as detailed in the section headed “B. Reasons for and benefits of entering into the Supplemental Agreement” above, we concur with the Directors that the increase of the Proposed Revised Annual Caps by more than threefold is fair and reasonable.

With reference to the circular of the Company dated 20 May 2025, it was proposed that the Company would transfer 35.42% of its equity interest in Magang Limited to Baosteel at a consideration of RMB5.139 billion and Baosteel would increase its capital in Magang Limited by RMB3.861 billion. The Equity Transfer and the Capital Increase were completed on 27 June 2025 and the Company and Baosteel held 51% and 49% equity interests in Magang Limited respectively thereafter. According to the circular of the Company dated 20 May 2025, Baosteel is a globally leading modernised steel enterprise with a nationwide and worldwide marketing and processing service network. Baosteel demonstrates synergies with Magang Limited in terms of both products and geographical coverage. The Equity Transfer and the Capital Increase will enable the full utilisation of Baosteel’s systemic advantages, market influence, technological leadership, talent resources and synergistic expertise to drive innovation in Magang Limited’s management, business and other models. As further advised by the representatives of the Company, due to its investment in Magang Limited through the Equity Transfer and the Capital Increase, Baosteel proposes further increasing its purchase of the steel products from the Group in order to make full use of the available synergies. According to the annual report of Baosteel for FY2024, Baosteel will focus on promoting system-wide integration and synergy to maximise integration benefits. Fully

utilising the advantages of the system, Baosteel will plan a system-wide synergistic support programme for purchasing, production, marketing, research and information technology, and is promoting resource integration and synergistic enhancement in an orderly manner.

Therefore, we are of the view that the Proposed Revised Annual Caps are determined based on reasonable estimation and after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned.

D. Internal control measures

The representatives of the Company advised us that the continuing connected transactions of the Group will be executed in accordance with the Internal Control Management Measures of Related Transactions (the “**Measures**”) to monitor and ensure that the pricing policies and annual caps of the continuing connected transactions are complied with. We have obtained the Measures and noted that the connected transaction management committee of the Company, which directly reports to the Board on quarterly basis, is responsible for the on-going monitoring of all the continuing connected transactions of the Company. The responsibilities of the connected transaction management committee include, among other things, managing and monitoring of continuing connected transactions including but not limited to the relevant annual caps and the pricing management aspect, and gathering information for disclosure of continuing connected transactions. The relevant functional departments, units and companies of the Group will provide actual trading situation to the operation and accounting department of the Company quarterly. The operation and accounting department of the Company and the relevant functional departments will report on a quarterly basis to the connected transaction management committee regarding the transaction amounts of the continuing connected transactions conducted during the previous quarter. Hence, we have obtained and reviewed the quarterly reports for FY2024 and 1Q2025 and noted that the transaction amounts, annual caps and utilisation rates for the continuing connected transactions for the corresponding year were recorded in the quarterly reports.

According to the Letter from the Board, 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.

To assess the effectiveness of the implementation of the internal control measures for the pricing policy and the annual caps of the Continuing Connected Transactions, we have obtained and reviewed the approval records for a selected transaction for (a) each of the steel products and power and energy medium for each month of FY2024; and (b) each of the steel products and by-products and others for each month of 1Q2025 (the “Samples”). We noted that the names and opinions of the approving officers of the responsible operating division were recorded in the approval records of the Samples, which represented that the approving officers of the responsible operating division have reviewed the Samples (including monitoring the pricing and the transaction amounts of the Samples).

Further details of the internal control measures of the Group are set out in the Letter from the Board.

As stated in the 2024 Annual Report, all Directors of the Board (including the Independent Non-executive Directors) who are not associated with China Baowu considered that the continuing connected transactions were carried out in the daily course of business under normal commercial terms and in accordance with the terms of the relevant sale and purchase of product agreement between the Company and China Baowu. The terms were fair and were in the best interest of the shareholders of the Company as a whole. During FY2024, the transaction amounts were under the annual caps for FY2024 for this agreement.

In addition, it is required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, that the continuing connected transactions contemplated under the Existing Sale and Purchase of Products Agreement (as supplemented by the Supplemental Agreement) are carried out in accordance with the pricing policies of the Group, and the annual caps are not being exceeded. In the event that the total amounts of the continuing connected transactions contemplated under the Existing Sale and Purchase of Products Agreement (as supplemented by the Supplemental Agreement) exceed the annual caps, or that there is any material amendment to the terms of this agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Taking into account of (i) the internal control measures as stated above; (ii) the quarterly reports on the connected transactions of the Group; (iii) the approval records of the Samples; and (iv) our assessment on the pricing of the Samples stated in the section headed “C. Principal terms of the Supplemental Agreement” above, we do not doubt the effectiveness of implementation of the internal control measures for the pricing policy and the annual caps of the Continuing Connected Transactions, and we concur with the Directors that there are adequate measures in place to monitor the Continuing Connected Transactions (including the Proposed Revised Annual Caps) and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Supplemental Agreement (including the Proposed Revised Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Supplemental Agreement.

Yours faithfully,

For and on behalf of

TC Capital International Limited

Edward Wu

Edith Lee

Chairman

Managing Director

Note: Mr. Edward Wu has been a responsible officer of type 6 (advising on corporate finance) regulated activities under the SFO since 2005. Ms. Edith Lee has been a responsible officer of type 6 (advising on corporate finance) regulated activities under the SFO since 2015. Both Mr. Wu and Ms. Lee have participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests or short positions of the Directors, chief executive, supervisors and senior management members of the Company, or their respective associates (as defined in the Listing Rules) in the shares or underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name	Capacity	Nature of interest	Total number of shares	Class of shares	Percentage in the total share capital of the Company
Mao Zhanhong	Director	Beneficial interest	204,100	A	0.0026%
Fu Ming	Deputy General Manager	Beneficial interest	204,000	A	0.0026%
He Hongyun	Joint Company Secretary	Beneficial interest	95,200	A	0.0012%

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors, chief executive, supervisors and senior management members of the Company, nor their respective associates (as defined in the Listing Rules) had any interests or short positions in the shares or underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, so far as was known to the Directors, the following Directors are also directors or employees of a company which has an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company	Position
Jiang Yuxiang	China Baowu	General Counsel and Chief Compliance Officer, General Representative of Maanshan headquarter
	Magang Group	Chairman
	Shanghai Baosight Software Co., Ltd.*	Chairman of the Supervisory Committee
	Xinjiang Tianshan Iron and Steel United Co., Ltd.*	Director
Mao Zhanhong	Magang Group	General Manager

Save as disclosed above, as the Latest Practicable Date, so far as was known to the Directors, none of the other Directors is also a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors and the supervisors of the Company had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2024, being the date to which the latest published audited accounts of the Company were made up.

None of the Directors and the supervisors of the Company were materially interested in any contract or arrangement entered into by the Company subsisting at the Latest Practicable Date which is significant in relation to the business of the Company.

4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which do not expire or are not terminable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective associates were interested in any business, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other members of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated accounts of the Group were made up.

8. EXPERT'S QUALIFICATION AND CONSENT

The qualification of the expert who has provided its advice which is contained in this circular is set out as follows:

Name	Qualification
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 SFO (Chapter 571 of the Laws of Hong Kong)

TC Capital International Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or opinions and/or the references to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, (i) TC Capital International Limited did not have any interest, either direct or indirect, in any assets which had been, since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) TC Capital International Limited did not have any shareholding interests, direct or indirect, in any member of the Group and it did not have any right, whether legally enforceable or not, to subscribe for or nominate persons to subscribe for securities of any members of the Group.

The letter given by TC Capital International Limited is given as of the date of this circular for incorporation herein.

9. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts were entered into by the Group not in the ordinary and usual course of business of the Group, which are or may be material:

- (a) The capital increase agreement dated 6 September 2023 entered into between the Company, Baowu Group Magang Rail Transit Material Technology Co., Ltd.* (**“Magang Transportation Material”**), a wholly-owned subsidiary of the Company, Eight Strategic Investors (hereinafter defined), and Four Employee Shareholding Platforms (hereinafter defined), pursuant to which, the registered capital of Magang Transportation Material will be increased to RMB2,117,237,941. Baowu Green Carbon Private Investment Fund (Shanghai) Partnership (Limited Partnership)* (寶武綠碳私募投資基金(上海)合夥企業(有限合夥)), Beijing CARS New Material Technology Co., Ltd.* (北京中鐵科新材料技術有限公司), Anhui Jiangdong Industrial Investment Group Company Limited* (安徽江東產業投資集團有限公司), Hubei Zhongjin Ruiwei Equity Investment Fund Partnership (Limited Partnership)* (湖北中金瑞為股權投資基金合夥企業(有限合夥)), Dongrong Yihao (Zhuhai Hengqin) Equity Investment Partnership (Limited Partnership)* (東融壹號(珠海橫琴)股權投資合夥企業(有限合夥)), Dahui Zhisheng (Qingdao) Private Equity Investment Fund Partnership (Limited Partnership)* (大慧智盛(青島)私募股權投資基金合夥企業(有限合夥)), Anhui Guokong Shiyue Emerging Industries Equity Investment Partnership (Limited Partnership)* (安徽國控十月新興產業股權投資合夥企業(有限合夥)), and Advanced Manufacturing Industry Investment Fund Phase II (Limited Partnership)* (先進製造產業投資基金二期(有限合夥)) (**“Eight Strategic Investors”**) made a total cash contribution of RMB786 million, subscribed for the new registered capital of RMB529,246,803, whereas the Hangzhou Feilianlun Enterprise Management Partnership (Limited Partnership)* (杭州飛廉輪企業管理合夥企業(有限合夥)), Hangzhou Shenzhou Enterprise Management Partnership (Limited Partnership)* (杭州神州輪企業管理合夥企業(有限合夥)), Hangzhou Yaolun Enterprise Management Partnership (Limited Partnership)* (杭州瑤輪企業管理合夥企業(有限合夥)), and Hangzhou Wulun Enterprise Management Partnership (Limited Partnership)* (杭州烏輪企業管理合夥企業(有限合夥)) (**“Four Employee Shareholding Platforms”**) made a total cash contribution of RMB151,470,040, subscribed for the new registered capital of RMB101,991,138. For details, please refer to the announcement of the Company dated 6 September 2023.

- (b) The capital injection agreement dated 24 January 2025 entered into between the Company and Magang Limited, pursuant to which the Company transferred the assets of the Company's iron and steel main business (excluding the suspended No. 3# blast furnace), liabilities, personnel, business, equity interests in 15 wholly-owned and controlling subsidiaries, as well as equity interests in three shareholding companies held, into Magang Limited as a whole in the form of a capital injection. For details, please refer to the announcements of the Company dated 31 December 2024 and 24 January 2025 and circular dated 7 February 2025.
- (c) The equity transfer agreement entered into between the Company, Baosteel and Magang Limited, pursuant to which the Company agreed to transfer 35.42% equity interests in the Magang Limited held by the Company to Baosteel, and Baosteel agreed to acquire 35.42% equity interests of the Magang Limited held by the Company at a consideration of RMB5.139 billion. On 17 April 2025, the Company entered into the capital increase agreement with Baosteel and the Magang Limited, pursuant to which Baosteel agreed to make a capital contribution of RMB3.861 billion in the Magang Limited, of which RMB266 million is used as the newly increased registered capital of the Magang Limited, and RMB3.595 billion is used as the capital reserve of the Magang Limited. Upon completion of the Equity Transfer and the Capital Increase, the Company and Baosteel will hold 51% and 49% equity interests in the Magang Limited, respectively, and the Magang Limited will become a non-wholly-owned subsidiary of the Company. For details, please refer to the announcement of the Company dated 17 April 2025 and circular dated 20 May 2025.

10. MISCELLANEOUS

- (i) The registered office and the principal place of business in the PRC of the Company are at No.8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC.
- (ii) The Company's H Share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (iii) The joint company secretaries of the Company are Ms. He Hongyun and Ms. Chiu Hoi Shan (who is a practising solicitor of the High Court of Hong Kong).
- (iv) Unless stated otherwise, in the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on the Stock Exchange's HKEXnews website (www.hkexnews.hk) and the Company's website (www.magang.com.hk) for a period of 14 days commencing from the date of this circular:

- (i) the letter from the Independent Board Committee to the Independent Shareholders, the full text of which is set out in page 23 of this circular;
- (ii) the written consent from TC Capital International Limited referred to in the paragraph headed "Expert's qualification and consent" in this Appendix III;
- (iii) the letter from TC Capital International Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 24 to 36 of this circular;
- (iv) a copy of the Existing Sale and Purchase of Products Agreement; and
- (v) a copy of the Supplemental Agreement.

* *For identification purposes only*



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

(Stock Code: 00323)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 second extraordinary general meeting (the “**EGM**”) of Maanshan Iron & Steel Company Limited (the “**Company**”) will be held at the Magang Office Building, No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the People's Republic of China (the “**PRC**”) at 1:30 p.m. on Wednesday, 30 July 2025.

The following resolutions will be considered at the EGM:

ORDINARY RESOLUTION

Resolution for non-cumulative voting

1. To consider and approve Supplemental Agreement to the Sale and Purchase of Products Agreement for the years 2025–2027 entered into between the Company and China Baowu Steel Group Corporation Limited

SPECIAL RESOLUTION

Resolution for non-cumulative voting

2. To consider and approve the resolution in relation to repurchase and cancellation of certain restricted shares

By Order of the Board

Maanshan Iron & Steel Company Limited

Jiang Yuxiang

Chairman

10 July 2025

Maanshan City, Anhui Province, the PRC

As at the date of this circular, 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.

Notes:

I. ELIGIBILITY FOR ATTENDING THE EGM

The Company's register of members for H shares will be closed from Friday, 25 July 2025 to Wednesday, 30 July 2025 (both days inclusive), during which period no transfer of H shares will be registered. Holders of H shares who wish to be entitled to attend the EGM must deliver their transfer documents together with the relevant share certificates to the H Share registrar and transfer office, Computershare Hong Kong Investor Services Limited, by no later than 4:30 p.m. on Thursday, 24 July 2025. The address of the H Share registrar and transfer office: Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Share registration date for holders of A shares will be announced separately.

II. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

1. Holders of H Shares shall deliver their copies of transfers for attending the EGM, share certificates or copies of receipts of share transfer and copies of their own identity cards to the Company by no later than Thursday, 24 July 2025. If proxies are appointed by shareholders to attend the EGM, they shall, in addition to the aforementioned documents, deliver the proxy forms and copies of their own identity cards to the Company.
2. Shareholders can deliver the necessary documents for registration to the Company in one of the following ways: in person, by post or by facsimile. Upon receipt of such documents, the Company will complete the registration procedures for attending the EGM.

III. APPOINTING PROXIES

1. A Shareholder who is entitled to attend and vote at the EGM is entitled to appoint in writing one or more proxies (whether being a shareholder or not) to attend the EGM and vote on his/her/its behalf.
2. The instrument of appointing a proxy must be signed in writing by the appointer or his attorney duly authorized in writing. If that instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other documents of authorisation must be notarially certified. The notarially certified power of attorney or other documents of authorisation and proxy forms must be delivered to the registered office of the Company or the H Share registrar and transfer office by not less than 24 hours before the time appointed for the holding of the EGM in order for such documents to be valid.

IV. SHAREHOLDERS OR THEIR PROXIES ATTENDING THE EGM SHALL BE RESPONSIBLE FOR THEIR OWN FOOD, ACCOMMODATION AND TRAVEL EXPENSES.

V. CONTACT METHODS OF THE COMPANY

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| 1. Registered address: | No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC |
| 2. Postal code: | 243003 |
| 3. Telephone: | 86-555-2888158 |
| 4. Fax: | 86-555-2887284 |
| 5. Contact person: | Mr. Xu Yayan, Mr. Li Wei |