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

(Stock Code: 00323)

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

**SUPPLEMENTAL AGREEMENT TO 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 announcement, the transaction amounts under the Existing Sale and Purchase of Products Agreement have not exceeded the existing annual caps.

LISTING RULES IMPLICATIONS

As of the date of this announcement, 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 announcement, 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.

As the applicable percentage ratios under the Listing Rules in respect of the Proposed Revised Annual Caps for the Supplemental Agreement and the transactions contemplated thereunder calculated on an annual basis are expected to be more than 25%, the relevant Continuing Connected Transactions and adoption of the Proposed Revised Annual Caps therefore constitute major transactions of the Company under Chapter 14 of the Listing Rules, and are subject to requirements including reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

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.

A circular containing, among other things, (i) details of the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the relevant terms of the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps; and (iv) the notice of convening of the extraordinary general meeting, will be dispatched to the Shareholders in due course.

SUPPLEMENTAL AGREEMENT TO THE EXISTING SALE AND PURCHASE OF PRODUCTS AGREEMENT

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The Company confirms that, as at the date of this announcement, 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 to the Agreement

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

Subject matter

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

China Baowu 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.

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 is 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.

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.

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

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 five months ended 31 May 2025 and 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:

RMB

		For the five month 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

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 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.)	38,301,245,112	39,332,282,483	39,994,340,676
Total	<u>65,943,035,629</u>	<u>79,293,051,022</u>	<u>80,195,465,303</u>

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; (iii) the Group's anticipated capacity to supply products to China Baowu Group and the Group's anticipated demand for China Baowu Group's products to meet its production plan; (iv) China Baowu Group's anticipated demand for the Group's products and China Baowu Group's anticipated capacity to supply products to the Group; and (v) 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.

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

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.

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.

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.

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 as well as the adoption of the Proposed Revised Annual Caps. The Directors attending the Board meeting regarding the Supplemental Agreement consider that the Supplemental Agreement and the transactions contemplated thereunder as well as 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 Supplemental Agreement and the transactions contemplated thereunder as well as 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 announcement, 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 announcement, 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.

As the applicable percentage ratios under the Listing Rules in respect of the Proposed Revised Annual Caps for the Supplemental Agreement and the transactions contemplated thereunder calculated on an annual basis are expected to be more than 25%, the relevant Continuing Connected Transactions and adoption of the Proposed Revised Annual Caps therefore constitute major transactions of the Company under Chapter 14 of the Listing Rules, and are subject to requirements including reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

General

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.

A circular containing, among other things, (i) details of the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the relevant terms of the Continuing Connected Transactions and the adoption of the Proposed Revised Annual Caps; and (iv) the notice of convening of the extraordinary general meeting, will be dispatched to the Shareholders in due course.

Definitions

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

“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, 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 are 90% controlled and owned by the State-owned Assets Supervision and Administration Commission of the State Council
“China Baowu Group”	China Baowu and its subsidiaries (excluding the Group)
“Company”	Maanshan Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	Supplemental Agreement and the transactions contemplated thereunder
“Directors”	the directors of the Company
“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
“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
“Equity Transfer”	the Company transferred 35.42% of its equity interest in the Magang Limited to Baosteel in accordance with the equity transfer agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a board committee comprising all the Independent Non-executive Directors, which will, among others, consider and advise the Independent Shareholders on the 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 Securities and Futures Ordinance, has been appointed as an independent financial adviser and will advise the Independent Board Committee and the Independent Shareholders on the 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

“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
“Magang Limited”	Maanshan Iron & Steel Limited Company, a limited company incorporated in the PRC and, as at the date of this announcement, a wholly-owned subsidiary of the Company
“Original Sale and Purchase of Products Agreement”	the sale and purchase of products agreement entered into between the Company and China Baowu on 29 September 2021
“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
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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

20 June 2025
Maanshan City, Anhui Province, the PRC

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