



# 馬鞍山鋼鐵股份有限公司

## Maanshan Iron & Steel Company Limited

(在中華人民共和國註冊成立之股份有限公司)

(股票代號：00323)

### 獨立董事委員會函件

敬啟者：

茲提述本公司於2021年11月12日向股東發出的通函(「通函」)，本函件構成其中的一部分。除文意另有所指外，本函件中所使用的詞語與通函內所定義者具有相同涵義。

吾等已獲董事會委任就持續關連交易補充協議、產品購銷協議、接受及提供服務協議及新金融服務協議以及協議項下擬進行之交易(包括年度建議金額上限)(「標的交易」)向閣下提供意見。鎧盛資本有限公司已獲委任為獨立財務顧問，就此方面向閣下及吾等提供意見。其意見詳情連同其達致該等意見經考慮的主要因素及理由，載於通函第69頁至149頁，其他資料載於通函附錄。

經考慮持續關連交易補充協議、產品購銷協議、接受及提供服務協議及新金融服務協議並計及鎧盛資本有限公司的獨立意見，特別是其於通函第69頁至第149頁的函件中所載主要因素、理由及推薦意見，吾等認為(i)標的交易乃於本集團之一般業務過程中訂立；(ii)標的交易之條款屬一般商業條款，屬公平合理及符合本公司及股東之整體利益；及(iii)持續關連交易補充協議、產品購銷協議、接受及提供服務協議及新金融服務協議項下的年度建議金額上限乃屬公平合理及符合本公司及股東之整體利益。因此，吾等建議閣下贊成將於臨時股東大會上提呈之普通決議案。

獨立董事委員會

張春霞

朱少芳

王先柱

謹啟

2021年11月12日



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張春霞

朱少芳  
謹啟

王先柱

2021 年 11 月 12 日



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獨立董事委員會

張春霞

朱少芳

王先柱

謹啟

2021年11月12日

12 November 2021

**Maanshan Iron & Steel Company Limited**

No.8 Jiu Hua Xi Road

Maanshan City

Anhui Province

PRC

Attn: Board of Directors

Dear Sirs,

**(1) CONTINUING CONNECTED TRANSACTIONS  
AMENDMENTS TO TERMS OF CCT AGREEMENTS; AND  
(2) CONTINUING CONNECTED TRANSACTIONS  
SALE AND PURCHASE OF SERVICES AGREEMENT, ACCEPTANCE AND  
PROVISION OF SERVICES AGREEMENT AND NEW FINANCIAL SERVICES  
AGREEMENT**

We refer to the circular in relation to the captioned subject dated 12 November 2021 (the “**Circular**”) issued by Maanshan Iron & Steel Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Capitalised terms used herein shall have the same meanings as defined in the Circular.

We hereby confirm that:

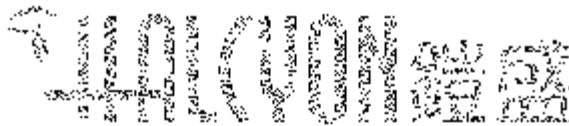
- (a) we have given and have not withdrawn our consent to the issue of the Circular, with the inclusion of our letter dated 12 November 2021 (the “**Letter**”) in the Circular or references to our name in the form and context in which they appear; and
- (b) as at the Latest Practicable Date, we (i) were not beneficially interested in the share capital of any member of the Group nor have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group (ii) have not, or have not had direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2020, the date to which the latest published audited financial statement of the Group was made up.

Yours faithfully,  
For and on behalf of  
Halcyon Capital Limited



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Terry Chu  
Managing Director



HALCYON CAPITAL LIMITED

銳盛資本有限公司

11/F, 8 Wyndham Street, Central, Hong Kong

香港中環雲咸街8號11樓

12 November 2021

*To: the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

**(1) CONTINUING CONNECTED TRANSACTIONS  
AMENDMENTS TO TERMS OF CCT AGREEMENTS; AND  
(2) CONTINUING CONNECTED TRANSACTIONS  
SALE AND PURCHASE OF SERVICES AGREEMENT, ACCEPTANCE AND  
PROVISION OF SERVICES AGREEMENT AND NEW FINANCIAL SERVICES  
AGREEMENT**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the revision of the annual caps (the “**Adjusted Annual Caps**”) for the financial year ended 31 December 2021 (“**FY2021**”) stipulated under (i) the New Ouye Lianjin Supplemental Agreement; (ii) the New Magang Group Supplemental Agreement; (iii) the New China Baowu Supplemental Agreement; and (iv) the Supplemental Energy Saving and Environmental Protection Agreement (together the “**CCT Supplemental Agreements**”); and the streamlining and renewal of continuing connected transactions expiring by the end of 2021 stipulated under (v) the Sale and Purchase of Product Agreement; (vi) the Acceptance and Provision of Services Agreement; and (vii) the New Financial Services Agreement (together the “**CCT Renewal Agreements**”) (the “**Proposed Transactions**”), 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 12 November 2021 (the “**Circular**”) of which this letter forms part. 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, the Parent Company is interested in approximately 47.59% of the Company's share capital and is a controlling shareholder and therefore a connected person of the Company. The Parent Company also holds 69.83% equity interests of Ouye Lianjin, meaning that Ouye Lianjin is a subsidiary of the Parent Company. China Baowu is the controlling shareholder of the Parent Company, and via the Parent Company in aggregate holds 57.19% equity interests of the Company. Anhui Xinchuang is a company controlled by the Parent Company. According to Rule 14A of the Listing Rules, the Parent Company, Ouye Lianjin, China Baowu and Anhui Xinchuang are connected persons of the Company, and therefore the transactions under the CCT Supplemental Agreements and the CCT Renewal Agreements constitutes continuing connected transactions under Chapter 14A of the Listing Rules. As the applicable percentage ratios under the Listing Rules in respect of (i) the Adjusted Annual Caps for the transactions contemplated under the CCT Supplemental Agreements; and (ii) the proposed annual caps stipulated under the CCT Renewal Agreements (the "**Renewal Annual Caps**") (together, the "**Proposed Annual Caps**") are more than 5%, such continuing connected transactions, the Proposed Annual Caps are subject to requirements including reporting, announcements, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all three Independent Non-executive Directors, namely Ms. Zhang Chunxia, Ms. Zhu Shaofang and Mr. Wang Xianzhu, has been established to consider and make a recommendation to the Independent Shareholders on whether (i) the continuing connected transactions contemplated under the CCT Supplemental Agreements and the CCT Renewal Agreements are entered into in the ordinary course of business of the Group; (ii) the terms of the CCT Supplemental Agreements and the CCT Renewal Agreements 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 Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Halcyon Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.



## **BASIS OF OUR OPINION**

Except for this appointment as the Independent Financial Adviser and normal professional fees paid or payable to us in connection therewith, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. We are hence independent from the Company pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion and recommendation, we have relied on the information, financial information and facts included in the Circular and supplied to us, and the representations expressed by the Directors and/or management of the Group (the “**Management**”), and have assumed that all such information, financial information, facts and any representations made to us, or referred to in the Circular, in all material aspects, were true, accurate and complete as at the time they were made and as at the Latest Practicable Date, have been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the Management. The Directors and/or the Management have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and representations provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Group including the announcements of the Company dated 29 September 2021 (the “**Announcements**”), financial reports of the Company and the Circular. We have also discussed with the Directors and/or the Management with respect to the terms of and reasons for the transactions contemplated under the CCT Supplemental Agreements (including the Adjusted Annual Caps) and the CCT Renewal Agreements (including the Renewal Annual Caps) and considered that we have reviewed sufficient information to reach an informed view and to justify reliance on the information provided and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and supplied to us by the Directors and/or the Management nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position, profitability or prospects of the Group (including the Finance Company), the Parent Company, Ouye Lianjin, China Baowu, K. Wah Company, and Anhui Xinchuang and each of their respective associates, and the parties involved in the transactions contemplated under the CCT Supplemental Agreements and the CCT Renewal Agreement.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the CCT Supplemental Agreements and the CCT Renewal Agreements including the Adjusted Annual Caps, the Renewal Annual Caps and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

### I. BACKGROUND OF THE GROUP

The principal activities of the Company involve manufacturing and sale of iron and steel products with its main business operation in the PRC. The Company is one of the largest irons and steel manufacturer in the PRC in terms of steel production capacity.

During the year ended 31 December 2020 ("FY2020"), despite the impacts of COVID-19 on the global economy, the production volume of the Group recorded a stable increase and produced 18.55 million tonnes of pig iron, 20.97 million tonnes of crude steel and 19.86 million tonnes of steel, representing a year-on-year increase of 2.49%, 5.70% and 5.81%, respectively. During the six months ended 30 June 2021 ("HY2021"), amidst the recovery of the PRC economy and in turn the steel market, the Group produced 9.41 million tons of pig iron, 11.21 million tons of crude steel, and 10.75 million tons of steel, representing increases of 1.62%, 9.90%, and 11.05% respectively on a year-on-year basis.

#### i. Financial performance of the Group

Set out below is the summary of consolidated income statement of the Group for (i) each of the three years ended 31 December 2020, which are extracted from the annual reports of the Group; and (ii) the six months ended 30 June 2020 and 2021, which are extracted from the interim report of the Group:

|  | For the year<br>ended 31 December |                                  |                                  | For the six months<br>ended 30 June |                                    |
|--|-----------------------------------|----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
|  | 2020                              | 2019                             | 2018                             | 2020                                | 2021                               |
|  | <i>RMB' million</i><br>(audited)  | <i>RMB' million</i><br>(audited) | <i>RMB' million</i><br>(audited) | <i>RMB' million</i><br>(unaudited)  | <i>RMB' million</i><br>(unaudited) |
| Revenue                                  | 81,614.15                         | 78,262.85                        | 81,951.81                        | 37,429.04                           | 56,863.61                          |
| Profit before tax                        | 3,080.86                          | 2,297.76                         | 8,238.92                         | 1,220.59                            | 6,283.61                           |
| Net profit                               | 2,577.98                          | 1,713.92                         | 7,057.99                         | 997.52                              | 5,037.84                           |
| Net profit attributable to<br>the owners | 1,982.64                          | 1,128.15                         | 5,943.29                         | 812.34                              | 4,643.79                           |



*For the year ended 31 December 2020*

During FY2020, the Group recorded an increase in revenue from RMB78,262.85 million for the financial year ended 31 December 2019 (“FY2019”) to RMB81,614.15 million, representing an increase of approximately 4.28%. The growth was mainly due to the rise in steel sales. The net profit of the Group for FY2020 also increased by approximately 50.4% from RMB1,713.92 million to RMB2,577.98 million, which was attributable to (i) the stable and efficient production and a year-on-year increase in the sales and output volume of the Group; (ii) the implementation of cost-efficient measures; and (iii) receiving government subsidies for land purchasing and storage. Net profit attributable to non-controlling interests on the other hand increased by 112.68% as compared to the corresponding period last year, mainly due to the increase in the profitability of certain non-wholly owned subsidiaries from the corresponding period in FY2019.

*For the year ended 31 December 2019*

For FY2019, the Group recorded a revenue of RMB78,262.85 million, which decreased by approximately 4.5% as compared to the revenue of the financial year ended 31 December 2018 (“FY2018”) of RMB81,951.81 million due to a drop in steel price. For FY2019, the Group recorded a net profit of RMB1,713.92 million, representing a 75.7% drop compared to RMB7,057.99 million in FY2018. Net profit attributable to non-controlling interests also recorded a decrease of 81.0% as compared to that of FY2018. Such decreases were resulted from the rapid rising raw material price (including fuels) and the decrease in steel price and gross margin of steel products in FY2019 which brought on a decrease in the Group’s profitability.

## **II. NEW OUYE LIANJIN SUPPLEMENTAL AGREEMENT**

### **1. Background to and reasons for the entering into the New Ouye Lianjin Supplemental Agreement**

On 15 August 2018, the Company entered into the Original Ouye Lianjin CCT Agreement with Ouye Lianjin, agreeing that, from 1 January 2019 to 31 December 2021, the Group would continue to sell or provide products and services to Ouye Lianjin and Ouye Lianjin would continue to sell or provide products and services to the Group.

Due to the encouragement of green transformation of the iron and steel industry by the PRC government, the Group has pledged to use more scrap metals which release lower levels of emission compared to iron ore products. Therefore scrap products purchased by the Group increased substantially in early 2020 and as such, on 7 May 2020, the Company entered into the Existing Ouye Lianjin Supplemental Agreement with Ouye Lianjin, proposing to increase the annual cap of 2020 and 2021 for the products to be sold by Ouye Lianjin (including steel scrap products) to the Group.

As set out in the annual report of the Company for FY2020 (the “**2020 Annual Report**”), the Group intends to complete its ultra-low emission transformation in 2021 and has been increasing the utilisation of scrap metals. Coupled with the development of the steel production business of the Group, the demand for scrap products during the first six months of 2021 has exceeded the expected level as stipulated in the relevant annual cap for 2021. Furthermore, the pricing of scrap materials has been recording a continuous upward trend for the past year. It is expected that as a result of the continuous demand of scrap products and price increase for the remaining of 2021, the annual caps under the Existing Ouye Lianjin Supplemental Agreement will not meet the original expectation.

Taking into consideration the long term relationship between Ouye Lianjin and the Group, and according to the Management, the Group had been able to obtain reliable products and services from Ouye Lianjin at terms no less favourable to the Group, to govern the on-going purchase from Ouye Lianjin for the remaining months in 2021, on 29 September 2021, the Company entered into the New Ouye Lianjin Supplemental Agreement with Ouye Lianjin, proposing to increase the annual cap for the products sold by Ouye Lianjin to the Group for 2021.

#### ***Information of Ouye Lianjin***

Ouye Lianjin is a specialised supplier in steel scrap metals with over 10 years of experience in the industry. It is a state-owned holding enterprise and is mainly engaged in recycling, processing and sales of scrap metal, sales and storage of raw iron and domestic trade agency services. As at the Latest Practicable Date, the Parent Company holds approximately 69.83% equity interest in Ouye Lianjin.

The Directors considered that the New Ouye Lianjin Supplemental Agreement provides flexibility but not an obligation to the Group to purchase products from Ouye Lianjin whenever appropriate in the remaining period of 2021. Furthermore, having considered that the transactions between the Group and Ouye Lianjin have been carried out in their respective ordinary and usual course of businesses and the continuing business relationship between the Group and Ouye Lianjin, we considered that the entering into of the New Ouye Lianjin Supplemental Agreement is in the ordinary and usual course of business of the Group.

## **2. Principal terms of the New Ouye Lianjin Supplemental Agreement**

The principal terms of the New Ouye Lianjin Supplemental Agreement are summarised as follows:

Subject Matter: Ouye Lianjin agreed to, inter alia, sell or provide products to the Group including steel scrap products.

Both parties agreed to adopt an appropriate, reasonable and fair pricing in accordance with the principal of fairness in formulating the transactions under the New Ouye Lianjin Supplemental Agreement. The terms of the products and services (including but not limited to pricing and payment) to be provided by Ouye Lianjin to the Group shall not be less favourable than those provided by the independent third parties to the Group for similar categories of products and services.

During the term of the implementation of New Ouye Lianjin Supplemental Agreement, the Company may decide, at its discretion, whether to enter into agreement with any independent third parties in respect of the transactions contemplated under the Ouye Lianjin Supplemental Agreement.

Consideration: Based on current pricing standards, the sales of products from Ouye Lianjin to the Group shall be based on the pricing of market price, which shall be determined through open tenders, price comparisons, arm's length negotiations between the parties, based on normal commercial terms and comparable market. In practice, steel scrap products will be priced with reference to market price obtained through market research on industry websites including "SteelHome" (<http://www.steelhome.cn>) and "MySteel" ([www.mysteel.com](http://www.mysteel.com)) which are commonly recognised sources of data for the iron and steel industry.

The pricing regarding the services and products to be provided by Ouye Lianjin to the Group shall not be higher than the pricing of the same categories of products and services provided by the independent third parties to the Group.

Payment: For the payment of products or services provided by Ouye Lianjin to the Group, the Group shall pay for such products or services within 10 business days after the Group shall have received such products or services and completed the procedures of financial settlement.

Duration: For the period from the approval of the Independent Shareholders at the EGM to be convened and expires on 31 December 2021.

Condition precedent: The New Ouye Lianjin Supplemental Agreement is conditional upon the Independent Shareholders approving the New Ouye Lianjin Supplemental Agreement and the relevant proposed annual caps at the EGM.

Principal terms of the New Ouye Lianjin Supplemental Agreement are set out in the section headed "New Ouye Lianjin Supplemental Agreement" in the "Letter from the Board" contained in the Circular.

For internal control policies governing the on-going continuing connected transactions stipulated under the New Ouye Lianjin Supplemental Agreement, please refer to section headed "Internal control measures and review of continuing connected transactions" below.

### 3. Comparison of terms with independent third parties

As set out in the Circular and in the terms of the New Ouye Lianjin Supplemental Agreement above, according to the current pricing principles of the Group, in practice, scrap products will be priced with reference to market price obtained through market research on industry websites including “SteelHome” and “Mysteel”.

We understand that the Company publishes a monthly internal price guide of different types of scrap metals at the beginning of each month. The Management advised that the prices in the relevant internal price guide are derived from the average monthly prices of benchmark scrap materials in the proximate area of the Group’s operations extracted from public domains such as [www.steelhome.cn](http://www.steelhome.cn) and [mysteelhome.cn](http://mysteelhome.cn) (the “Websites”) with adjustments of including but not limited to certain transportation fees and storage fees of not more than 3%. The Websites which the Management refer to as mentioned above, are research platform for the steel industry in the PRC which provide commonly recognised sources of data for the iron and steel industry (including pricing) and are subscribed by global steel manufacturers. The market data quoted in the two research platforms are updated daily with latest market data. We further understand from the Management that the prices of scrap materials purchased from both independent third parties and Ouye Lianjin are determined by referencing to the price guide.

We have also randomly reviewed certain transaction documents with monthly coverage during the 1 January 2019 to 30 June 2021 (the “Review Period”). We noted that the prices stipulated in the relevant guide during the Review Period are at par with that of the then market prices quoted in the Websites. Furthermore, the transaction prices for purchasing scrap materials from both Ouye Lianjin and independent suppliers were both comparable to the relevant internal price guide. Based on the review of the sample documents, we noted that the prices and payment terms of those sample transactions were in accordance to the pricing policies of the Group and are no less favourable than those transactions with independent third parties.

For payment terms, we noted that the normal credit terms of the Group’s trade payables are within three months as stated in the 2020 Annual Report. As such, the credit terms for the transactions contemplated under the New Ouye Lianjin Supplemental Agreement of within 10 business days after the Group shall have received such products or services and completed the procedures of financial settlement which according to Management normally around 5-10 days is within range of the Group’s normal credit terms and are no less favourable to the Group.

#### 4. Basis of the Ouye Cap

The transactions contemplated under the New Ouye Lianjin Supplemental Agreement are subject to the Listing Rules' requirements and conditions as further discussed under the section headed "Reporting requirements and conditions of the Proposed Transactions" below. In particular, the Proposed Transactions are also subject to the annual cap as discussed below.

In assessing the reasonableness of the annual cap for transaction continued the New Ouye Lianjin Supplemental Agreement (the "Ouye Cap"), we have discussed with the Management the basis and assumptions underlying the projections pursuant to the New Ouye Lianjin Supplemental Agreement entered into between the Company and Ouye Lianjin for the purpose of determining the relevant annual cap.

##### (i) Review of the historical figures

Set out below are the existing annual caps (tax exclusive) (the "Existing Ouye Caps") for FY2019, FY2020 and FY2021 and the actual transaction amount (tax exclusive) in respect of the products provided by Ouye Lianjin to the Group under the Original Ouye Lianjin CCT Agreement and Existing Ouye Lianjin Supplemental Agreement for FY2019 and FY2020.

##### *Products provided by Ouye Lianjin to the Group*

|                            | For the year<br>ended<br>31 December<br>2019<br>RMB ('000) | For the year<br>ended<br>31 December<br>2020<br>RMB ('000) | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|----------------------------|--|--|---|
| Existing annual caps       | 5,282,400  | 7,508,500  | 9,592,500   |
| Actual Transaction amounts | 5,075,590  | 5,499,820  | N/A   |
| Utilisation Rate           | 93.70%   | 73.25%   | N/A   |

The Existing Ouye Cap for FY2020 and FY2019 had also record a high utilisation rate of 93.70% and 73.25%, respectively. Furthermore, the Company had also increased its annual cap for FY2020 under the Existing Ouye Lianjin Supplemental Agreement in May 2020. We also note that the actual transaction amounts generated in HY2021 amounted to RMB6,598.4 million, which has already utilised 68.7% of the Existing Ouye Cap for FY2021. The utilisation rates as mentioned above indicated that the Company has been taking a prudent approach in the estimation of the transaction amounts and there is a need to increase the annual cap for FY2021. During HY2021, we understand from the Management that the Company already purchased 2.22 million tonnes of scrap metal amounting to RMB6,598.4 million which represented an increase of 19.97% in purchase value as compared to RMB5,499.8 million for the whole of FY2020.

*(ii) Assessment of the Ouye Cap*

When assessing the reasonableness of the Ouye Cap, we have discussed with the Management the basis and assumptions underlying the projection of the Ouye Cap. Set out below is the Ouye Cap being proposed for the transactions contemplated under the New Ouye Lianjin Supplemental Agreement for FY2021:

*Products provided by Ouye Lianjin to the Group*

|                      | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|----------------------|---|
| Existing annual caps | 9,592,500   |
| Proposed Ouye Cap    | 12,513,900  |

The proposed Ouye Cap in respect of the New Ouye Lianjin Supplemental Agreement for the FY2021 are determined with reference to (i) the market price of scrap metals; (ii) the Group's anticipated demand for Ouye Lianjin's products to meet its production plan; and (iii) Ouye Lianjin's anticipated capacity to provide the products to the Group.



We understand from the Management that based on the Company's internal procurement plan of each department, the Group intends to purchase 290,000 tonnes of scrap metals for the remaining period in 2021 to facilitate the development of the Group's steel production business. By taking into account such procurement amounts and the market price of each types of scrap metals, the Management estimated the proposed Ouye Cup would have to be increased to RMB10,513.9 million in order to satisfy the demand of scrap metals for the remaining period in 2021.

For the estimated prices of the scrap material in the range of RMB3,161 and RMB3,369 depending on its required specifications adopted by the Management, we noted that they are determined with reference to the latest price of scrap metals before the date of the Announcements as set out in the monthly internal price guides compiled by the Group's purchasing department with reference to the recent market transactions of benchmark scrap materials on the Websites.

We have also checked the estimated price adopted by the Management against industry websites "www.steelhome.cn" and noted that the estimated prices ranging from RMB3,161 per tonne to RMB3,369 per tonne adopted are lower than the market price range quoted from industry websites "www.steelhome.cn" of RMB3,773 per tonne and RMB3,834 per tonne one month before the date of the Announcements of the Company.

Given estimated purchasing prices of the scrap material adopted by the Management are lower than the market price range and have taken into account, the actual demand of scrap material for December 2021, we consider the estimate of the proposed Ouye Cap to be acceptable.

### **III. NEW MAGANG GROUP SUPPLEMENTAL AGREEMENT**

#### **1. Background to and reasons for the entering into the New Magang Group Supplemental Agreement**

On 15 August 2018, the Company entered into the Original Magang Group CCT Agreement with the Parent Company, agreeing that, from 1 January 2019 to 31 December 2021, the Group would continue to sell or provide products and services to the Parent Group, and the Parent Group would continue to sell or provide products and services to the Group.

In 2020, due to the impact of (i) the postponement of construction period of certain projects and the addition of other projects, the caps in relation to the infrastructure technical and renovation engineering services provided by the Parent Group under the Original Magang Group CCT Agreement could not meet the expectation; (ii) the delay in construction progress resulting in the contract amount expected to be incurred in 2019 originally would be incurred in 2020; and (iii) the latest regulatory requirements on environmental protection imposed by the PRC government, which resulted in more infrastructure technical and renovation engineering services would be required to upgrade the existing production facilities of the Group, the annual cap in relation to the Original Magang Group CCT Agreement became insufficient and on 7 May 2020, the Company entered into the Existing Magang Group Supplemental Agreement with the Parent Company to adjust the annual cap for the year 2020 and 2021.

As a result of the increase in demand for services and the surge in prices for product and services, the annual caps for 2021 under the Existing Magang Group Supplemental Agreement will not be sufficient to cater for (i) sales of product to the Parent Group by the Group; and (ii) obtaining of services from the Parent Group, thus the Group entered into the New Magang Group Supplemental Agreement with the Parent Company to increase the annual caps for 2021 to govern the on-going transactions as mentioned above with the Parent Group for December 2021.

## **2. Principal terms of the New Magang Group Supplemental Agreement**

The principal terms of the New Magang Group Supplemental Agreement are summarised as follows:

|                 |   |
|-----------------|---|
| Subject Matter: | The Company through itself and the Group) agreed to sell or provide products to the Parent Group including (i) finished products and relevant commodities, such as steel, steel ingot, accessories, materials (stainless steel band, cable, tool, etc.), coke powder, iron scales and other products (labour protection and office supplies, etc.); and (ii) water, electricity and gas, including electricity, living water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air and other gases. |
|-----------------|---|

The Parent Company through itself or the Parent Group agreed to sell or provide services to the Group, including water and land transportation and related services, including highway transport, waterway transport, integrated port services (including cargo loading and unloading, storage, lump ore screening, transfer and short distance handling, weighing, pickup and delivery, etc.), storage and delivery services, equipment (facility) maintenance services for production support, overhaul and medium maintenance of equipment, project and maintenance services for electrical, motor and transformer, operation and maintenance service and modification regarding automation and informatization, wheel processing services, agency services and automobile repair, monitoring and diagnostic services and related services.

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

During the term of the New Magang Group Supplemental Agreement, the Company may decide, at its discretion, whether to enter into agreement with any independent third parties in respect of the transactions contemplated under the New Magang Group Supplemental Agreement.

Consideration:

The pricing shall be determined based on the state-prescribed price. In the absence of the state-prescribed price, the pricing shall be determined based on the market price, which shall be agreed through open tender, price comparison and arm's length negotiations by both parties under normal commercial terms.

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

The pricing regarding the services and products to be provided by the Parent Group to the Group shall not be higher than the pricing of the same categories of products and services provided by the independent third parties to the Group.

According to the current pricing standards, the pricing principle for each of the transactions under the New Magang Group Supplemental Agreement is as follows:

| Category   | Pricing principle                          | Items   |
|--|--|---|
| Products to be sold by the Group to Parent Group           | State-prescribed price<br><br>Market price | Electricity/living water/industrial treated water<br><br>Blast furnace gas/coke oven gas/converter gas/blast furnace gas/compressor air/after gases/steelfining/coke/furnace oxide/metallurgical accessories/materials (stainless steel belt, cable, tools, etc.)/labor insurance, office supplies, etc.  |
| Subject services provided by the Parent Group to the Group | Market price                               | Water and land transportation and related services, including highway transportation, waterway transportation, integrated port services (including cargo loading and unloading, storage, heap ore screening, transfer and short-distance handling, weighing, pickup and delivery, etc.), storage and delivery services, equipment (facilities) maintenance services for production support, overhaul and medium maintenance of equipment, project and maintenance services for electrical, motor and transformer, operation and maintenance service and modification regarding automation and informatization, wheel processing services, agency services and automobile repair, monitoring and diagnostic services and related services. |

Please refer to the Letter from the Board for further details on the pricing of the products to be sold by the Group to the Parent Group and for the subject services provided by the Parent Group to the Group.

Payment:

***Payment by the Parent Group to the Group***

Regarding the payment of electricity, living water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air, other gases, etc. to be sold by the Group to the Parent Group, the amount of the sales in the previous month shall be paid by the Parent Group to the Group at the beginning of each month on a monthly basis. For the payment of steel, ingot, coke, iron oxide and other products (labour insurance, office supplies, etc.), the Parent Group shall pay to the Group the estimated amount in advance for the sales of the following month on a monthly basis. As for the payment of accessories and materials (stainless steel belts, cables, tools, etc.), the amount of the sales in the previous month shall be paid by the Parent Group to the Group on a monthly basis.

***Payment by the Group to the Parent Group***

As for the payment of subject services, the Group shall ascertain the fee in accordance with the service progress and pay the Parent Group within 30 business days after the Group has verified the quality.

Term:

For the period from the approval of the Independent Shareholders at the EGM to be convened and expires on 31 December 2021.

Condition precedent:

The New Magang Group Supplemental Agreement is conditional upon the Independent Shareholders approving the New Magang Group Supplemental Agreement and the relevant proposed annual caps at the EGM.

Principal terms of New Magang Group Supplemental Agreement are set out in the section headed “New Magang Group Supplemental Agreement” in the “Letter from the Board” contained in the Circular.

For internal control policies governing the on-going continuing connected transactions stipulated under the New Magang Group Supplemental Agreement, please refer to section headed “Internal control measures and review of continuing connected transactions” below.

### 3. Comparison of terms with independent third parties

We have discussed with the Management, and reviewed sample documents obtained from the Company with respect to transactions under the Existing Magang Group Supplemental Agreement during the Review Period conducted with the Parent Group and comparable transactions conducted with independent third parties during a similar period.

#### *Obtaining of services*

The obtaining of services (mainly logistic services) mainly comprises mostly of (i) sales transportation of finished steel products from the Group's production plant to its customers; (ii) purchase transportation of raw materials from the Group's suppliers; and (iii) internal transportation within the production facilities.

Regarding the obtaining of services, from FY2019 up until July 2020, the logistic services were obtained from independent third parties for each project, and from August 2020 onwards, for better cost control, the Group decided to subcontract all transportation services to one logistic service provider. According to the Management and as noted from relevant documents regarding engaging a logistic services provider, only the Parent Group shown interest for such sub-contracting work. As such, by comparing the price offered by the Parent Group to the average logistic cost in previous periods, the price offered by the Parent Group was more favourable.

Upon entering into the subcontracting agreements in FY2020 and FY2021, we understand from the Management that the pricing adopted in FY2020 was RMB46.2 per tonne which was determined based on the historical average transportation cost in FY2019 of RMB47.86 per tonne and application of a 3% discount. The pricing adopted for FY2021 was RMB44.34 which was determined by applying a further 3% discount on the FY2020 price. We have reviewed the month end statement for the transportation fees covering each month during the Review Period and note that the transportation services obtained from the Parent Group are charged according to the terms of the subcontracting agreement. We also noted from records of the Management, that the Management and the Parent Group will periodically compare the logistic pricing adopted with pricing obtained by the China Baowu Group from independent third parties in ensuring the logistic price adopted is no less favourable to the then market price.

In relation to the purchase transportation services, we understand that the Group identified service providers through tender process during the Review Period. We have randomly reviewed the tender documents of certain project covering each month of the Review Period and note that the price and payment terms quoted by the Parent Group for projects awarded to them, are more favourable to the Group than that quoted by independent third parties.



It was advised by the Management that the Group did not engage independent third parties for the provision of internal transportation during the Review Period, however as also noted from records of the Management, the Management and the Parent Group will periodically compare the logistic pricing adopted with pricing obtained by the China Baowu Group from independent third parties in ensuring the logistic price adopted is no less favourable to the then market price.

In view of the above, we concur with the Management that, the price offered by the Parent Group were no less favourable than those offered by independent third parties.

### ***Sales of products***

In relation to the sales of products to the Parent Group, which mainly comprise of steel products, according to the pricing policy of the Group on its steel products, the prices of steel products are determined with reference to the arithmetic average price of monthly average daily transaction on the Websites.

We note that the Group will issue a monthly price guide of its major steel products at the beginning of each month. The prices are determined with reference to average monthly market pricing of benchmark steel products produced in the same region as the Group's production plants extracted from the Websites. The price of steel products sold by the Group to both independent third parties and the Parent Group are then determined according to the internal price guide.

We have also randomly reviewed certain transaction documents covering each month of the Review Period and note that the prices of the major steel products stipulated in the price guide during the Review Period are close to the then market prices. In addition, the steel products sold by the Group to both independent third parties and the Parent Group were priced according to the same internal price guide.

Based on the review of sample documents in which pricing and payment terms details were shown and as confirmed by the Company, we note that the prices and payment terms of those sample transactions were no less favourable than those of the transactions with independent third parties (for both (i) obtaining services from Parent Group; and (ii) sales of products by the Group to the Parent Group).

#### 4. Basis of the Magang Caps

The transactions contemplated under the New Magang Group Supplemental Agreement are subject to the Listing Rules' requirements and conditions as further discussed under the section headed "Reporting requirements and conditions of the Proposed Transactions" below. In particular, the Proposed Transactions are also subject to the annual caps as discussed below.

In assessing the reasonableness of the annual caps for the New Magang Group Supplemental Agreement (the "Magang Caps"), we have discussed with the Management the basis and assumptions underlying the projections pursuant to the New Magang Group Supplemental Agreement entered into between the Company and the Parent Group for the purpose of determining the relevant annual cap.

##### (i) Review of the historical figures

Set out below are the existing annual caps (tax exclusive) (the "Existing Magang Caps") for FY2019, FY2020 and FY2021 and the actual transaction amount (tax exclusive) in respect of the products provided by the Group to the Parent Group under the Original Magang Group CCT Agreement and the Existing Magang Group Supplemental Agreement for FY2019, FY2020 and HY2021:

##### (a) Obtain of services from the Parent Group

|                            | For the year<br>ended<br>31 December<br>2019<br>RMB ('000) | For the year<br>ended<br>31 December<br>2020<br>RMB ('000) | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|----------------------------|--|--|---|
| Existing annual caps       | 2,744,340.8  | 2,902,740.1  | 3,010,140.3   |
| Actual transaction amounts | 2,010,303.0  | 2,420,420.0  | N/A   |
| Utilization rate           | 73.25%   | 83.38%   | N/A   |

As shown above, for the annual cap for obtaining services from the Parent Group, during FY2019 and FY2020, the actual transaction had also recorded a high utilisation rate of 73.25% and 83.38%, of the Existing Magang Cap for FY2019 and FY2020 respectively. Furthermore, the actual transaction amount of RMB1,538.7 million for HY2021 already recorded a utilisation rate of 51.1% over the Existing Magang Caps for FY2021. Taking into account the increase in need for services obtained from the Parent Group, it is necessary to increase the annual cap for FY2021.

*(b) Sale of goods to the Parent Group*

|                            | For the year<br>ended<br>31 December<br>2019<br>RMB ('000) | For the year<br>ended<br>31 December<br>2020<br>RMB ('000) | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|----------------------------|--|--|---|
| Existing annual caps       | 965,297.0  | 1,061,345.7  | 1,165,371.4   |
| Actual transaction amounts | 475,750.0  | 472,030.0  | N/A   |
| Utilization rate           | 49.29%   | 44.47%   | N/A   |

In relation to the sales of good, we note that the actual transaction amount for FY2019 and FY2020 recorded a utilisation rate of 49.29% and 44.47% of the Existing Magang Cap, respectively. We also note that the actual transaction amount for FY2021 was RMB439 million, which represents 37.7% of the Existing Magang Cap for FY2021.

*(ii) Assessment of the Magang Caps*

When assessing the reasonableness of the Magang Caps, we have discussed with the Management the basis and assumptions underlying the projection of the Magang Caps.

According to the Management, the Magang Caps for 2021 are determined by reference to (i) the historical transaction amounts; (ii) the market price for the continuing connected transactions; (iii) the Group's anticipated capacity to provide the services and products to the Parent Group and the Group's anticipated demand for the Parent Group's services and products to meet its production plan; and (iv) the Parent Group's anticipated demand for the Group's services and products and the Parent Group's anticipated capacity to provide the services and products to the Group.

Set out below is the Magang Cap regarding obtaining of services from the Parent Group being proposed for the transactions contemplated under the New Magang Group Supplemental Agreement for FY2021:

(a) *Obtain of services from the Parent Group*

|   | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|---|---|
| Existing annual cap for obtaining of services from the Parent Group       | 3,010,140.3   |
| Proposed Magang Cap regarding obtaining of services from the Parent Group | 3,402,970.3   |

The proposed Magang Cap regarding obtaining services from Parent Group for FY2021 estimated by the Directors represented an increase of 13.05% as compared to the Existing Magang Cap for obtaining services from Parent Group. By applying the actual transaction amount in the HY2021, the proposed Magang Cap for sales of products to Parent Group for FY2021 have been utilised by 45.22%.

The transportation services obtained from the Parent Group mainly comprise of (i) sales transportation of finished steel products from the Group's production plant to its customers; (ii) purchase transportation of raw materials from the Group's suppliers; and (iii) internal transportation within the area of the Group's facilities. The increase in the proposed Magang Cap for FY2021 is mainly attributable to the demand in transportation for sales of finished steel products.

When estimating the proposed Magang Cap regarding obtaining services from Parent Group, the Directors took into account (i) the services demanded from each department and member companies of the Group for December 2021; (ii) estimated price for transportation services of which was estimated to be around RMB44.10 per tonne according to the latest agreement after negotiation between the Parent Group and the Group. According to the Management, when estimating the price of RMB44.10 per tonne, the Management took into account the average fee paid for all transportation channels (i.e. waterway, land route, airway) in the previous year which was amounted to RMB46.42 per tonne); and (iii) by applying a 3% discount of the average fee of RMB46.42 per tonne, and came up with price of around RMB44.10 per tonne.

The anticipated increase in the proposed Magang Cap regarding obtaining services from Parent Group was mainly contributed by (i) the increase in services demand in FY2021 of two additional subsidiaries of the Group which commenced obtaining logistic services from the Parent Group from FY2021 onwards; and; (ii) the transition in co-operation model of Parent Group as subcontractor for the Group's required logistic services. Taking into account the above, the Management was of the view that obtaining logistic services from the Parent Group would be reasonable.

Set out below is the Magang Cap regarding sales of products to the Parent Group being proposed for the transactions contemplated under the New Magang Group Supplemental Agreement for FY2021:

*(b) Sales of Products to the Parent Group*

|   | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|---|---|
| Existing annual cap regarding sales of products to Parent Group | 1,165,371.4   |
| Proposed Magang Cap regarding sales of products to Parent Group | 1,550,371.4   |

The proposed Magang Cap regarding sales of products to Parent Group for FY2021 estimated by the Directors represented an increase of 33.04% as compared to the Existing Magang Cap regarding sales of products to Parent Group. By applying the actual transaction amount for HY2021, the proposed Magang Cap regarding sales of products to Parent Group for FY2021 have been utilised by approximately 28.3%.

We understand from the Management, that based on their discussion with the Parent Group, they have successfully tendered for four construction projects which will require approximately 70,000 tonnes of steel products including but not limited to H beam steel, hot rolled plats and rebars which will be required to be delivered on or before December 2021. Based on the anticipated demand, and the Management's estimated pricing of the steel products at an average price of RMB5,500 per tonne, the proposed Magang Cap in relation to the sales of products to the Parent Group will be required to increase by RMB385 million to RMB1,550 million.

In relation to the price of the steel products, we note that the price is arrived based on the latest internal price guide for various type of steel products produced and sold by the Group before the Announcements. As discussed above, the guide is compiled by the purchase department of the Group monthly based on recent market transactions of the month. We understand from the Management that the sale price of steel products to all parties including connected and independent third parties are required to adhere to the price guide. We have reviewed the pricing of relevant steel products on the internal price guide against the recent transaction on the industry website [www.steelhome.cn](http://www.steelhome.cn) and note that the price for steel products sold is ranged from RMB5,280 to RMB5,931 per tonne based on its specification during the month prior to the date of the Announcements. As such the estimated average price of RMB5,500 is within the range of the market prices.

#### **IV. NEW CHINA BAOWU SUPPLEMENTAL AGREEMENT**

##### **1. Background to and reasons for the entering into the New China Baowu Supplemental Agreement**

The PRC has been pushing for the mergers and acquisitions of iron and steel enterprises to promote consolidation of the steel industry in China. Such consolidation aims to eliminate the overcapacity of PRC's steel mills and at the same time create globally competitive conglomerates. The PRC government also issued a guided opinion in 2016 to prompt the reform of the industry by developing PRC's top ten iron and steel enterprise to achieve a total concentration capacity of the PRC's iron and steel industry by 60% by the end of 2025.

On 30 December 2019, the Company entered into the Original Ordinary Related Transaction Agreement with China Baowu, agreeing that, from 1 January 2020 to 31 December 2020, the Group continued to sell or provide products and services to China Baowu Group, and China Baowu Group would sell or provide products and services to the Group. Due to the continuous increase in demand of products and services between the Company and China Baowu, on 7 May 2020, the Company entered into the Existing China Baowu Supplemental Agreement with China Baowu to increase the annual caps for FY2020 and to set the annual cap of the products and services for FY2021.

As the Company continued to actively develop its business, its production capacity has grown during FY2021 and was able to meet the increased demand of China Baowu Group. At the same time, to support its production scale, the Group's demand for raw materials has also increased accordingly. As such, it is expected that the annual caps for FY2021 under the Existing China Baowu Supplemental Agreement will be insufficient in respect of (i) the sales of steel products to China Baowu Group by the Group; and (ii) the purchase of products by the Group for the China Baowu Group. In view of the above, on 29 September 2021, the Company entered into the New China Baowu Supplemental Agreement, proposing to increase the cap of FY2021(i) for the products sold by China Baowu Group to the Group; and (ii) for the products sold by the Group the China Baowu Group.

#### ***Information of China Baowu***

China Baowu is a state-owned capital investment company controlled and held by the State-owned Assets Supervision and Administration Commission of the State Council. It is mainly engaged in operating state-owned assets within the scope authorized by the State Council. China Baowu Group is also one of the largest steel suppliers in the PRC. As at the Latest Practicable Date, China Baowu is the controlling shareholder and indirectly holds 57.19% equity interest of the Company.

Taking into account that (i) the terms of transactions entered into between China Baowu Group and the Group are no less favourable than that provided by independent third parties; and (ii) engaging China Baowu Group as one of the Group's suppliers will ensure a stable supply of products or spare parts for the Group's operation, the Directors are of the view that entering into the New China Baowu Supplemental Agreement will be beneficial to the Group as a whole. Furthermore, having considered that the transactions between the Group and China Baowu have been carried out in their respective ordinary and usual course of businesses and the continuing business relationship between the Group and China Baowu, we considered that the entering into of the New China Baowu Supplemental Agreement is in the ordinary and usual course of business of the Group.



## **2. Principal terms of the New China Baowu Supplemental Agreement**

The New China Baowu Supplemental Agreement was entered into on 29 September 2021. The principal terms of the New China Baowu Supplemental Agreement are summarised as follows:

- Subject Matter:
- (i) The Group agrees to sell products to China Baowu Group, among others, including steel products, billet, energy, spare parts and related products, etc; and
  - (ii) China Baowu Group agrees to sell products to the Group, among others, including iron ores, limestones, scraps, spare parts, auxiliary materials, etc.

The spare parts provided by China Baowu Group to the Group are currently spare parts for rolls and cold rolling equipment, while there was not any sale of spare parts by the Group to China Baowu Group currently. However, in case China Baowu Group has urgent needs for certain spare parts which the Group could provide, the Group could arrange the sale of such products to China Baowu Group as part of the collaboration and cooperation between the Group and China Baowu Group.

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

During the term of the New China Baowu Supplemental Agreement, the Company may decide, at its discretion, whether to enter into agreement with any independent third parties in respect of similar transactions contemplated under the New China Baowu Supplemental Agreement.

Consideration:

The pricing for energy medium (i.e. electricity, living water, industrial treated water and natural gas) shall be based on the state-prescribed price. For other products and services and in the absence of the state-prescribed price, the pricing shall be based on the market price, agreed through open tender, price comparison and arm's length negotiations under normal commercial terms. The Company will also obtain the market price through quotations from independent third-party suppliers and service providers, recent transaction prices of the Group with independent third parties, price enquiry and comparison with industry players and researches on industry websites.

Meanwhile, the price regarding the products to be provided by the Group to China Baowu Group shall not be lower than the price of the same categories of products provided by the Group to independent third parties. The terms of the sale of energy medium by the Group to independent third parties would be based on state-prescribed price, while that of other products and services sold by the Group to independent third parties would be based on market price.

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

In accordance with the current pricing standards, the pricing principle for each of the transactions under the New China Baowu Supplemental Agreement are as follows:

| Category   | Pricing principle        | Items   |
|--|--------------------------|---|
| Products sold by the Group to China Baowu Group        | Market pricing           | Steel products, billet, spare parts and related products, etc.        |
|  | State-prescribed pricing | Energy  |
| Products purchased by the Group from China Baowu Group | Market pricing           | Iron ores, limestones, scraps, spare parts, auxiliary materials, etc. |

Please refer to the “Letter from the Board” for further details on the pricing of the products to be sold by the Group to China Baowu Group and for products purchased by the Group from China Baowu Group.

**Payment terms:**

The payment and settlement will be based on two-party or three-party agreements executed by different parties of the transactions; control of the procedures and settlement of finances will be conducted in accordance with the respective agreements.

The payment method for each of the items under the New China Baowu Supplemental Agreement is as follows:

| Category  | Payment method   |
|---|--|
| <b>Products provided by the Group to China Baowu Group</b>  |  |
| Energy medium provided 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                             |
| Steel products, Silect, spare parts and related products, etc. provided by the Group to China Baowu Group | At the end of each month, China Baowu Group shall pay to the Group the estimated sum in advance for the sales with respect to the following month and settlement will be done on a monthly basis                   |
| <b>Products provided by China Baowu Group to the Group</b>  |  |
| Products provided by China Baowu Group to the Group   | For the payment of products sold or provided by the China Baowu Group to the Group, the Group shall pay for them within 30 business days after the Group shall have received and verified the quality of the goods |

**Condition precedent:** The New China Baowu Supplemental Agreement is conditional upon the Independent Shareholders approving the New China Baowu Supplemental Agreement and the relevant proposed annual cap at the EGM.

**Duration:** For the period from the approval of Independent Shareholders at the EGM to be convened and expires on 31 December 2021.

Principal terms of the New China Baowu Supplemental Agreement are set out in the section headed “New China Baowu Supplemental Agreement” in the “Letter from the Board” contained in the Circular.

For internal control policies governing the on-going continuing connected transactions stipulated under the New China Baowu Supplemental Agreement, please refer to the sections headed “Internal control measures and review of continuing connected transactions” below.

### 3. Comparison of terms with independent third parties

#### *Sales of steel products*

The sales of products from the Group to China Baowu Group comprise mainly of steel. We have discussed with the Management and randomly obtained sample documents from the Company with respect to the transactions under the Existing China Baowu Supplemental Agreement covering each month during the Review Period conducted with China Baowu Group as well as independent third parties. Please refer to the section “Comparison of terms with independent third parties” under the New Magang Group Supplemental Agreement for our analysis on the historical sales of steel products during the Review Period.

#### *Purchase of goods*

We understand that the purchase of goods by the Group from China Baowu Group comprise mostly of slabs, iron ore products, pellets and small amount of auxiliary materials and spare parts.

#### *Slabs*

In relation to the purchase of slab, we understand that the Group and China Baowu Group negotiated the pricing by referring to recent transaction prices on the market which was obtained through tender or transactions with independent third parties. As the Group does not purchase slabs every month, we have randomly obtained sample transaction documents covering each quarter where the Group has made purchases during the Review Period. Based on our review, we note that pricing of slabs purchased from China Baowu Group is more favourable than those offered by independent third parties during the Review Period.

#### *Iron Ore products*

We note that the Group would identify its imported ore supplier through a tender process. We have randomly obtained sample documents which covered each month of the Review Period and note that (i) the Group would award the tender to the bidder which can offer the most favourable pricing and terms to the Group; and (ii) the pricing offered by China Baowu Group in tenders which are awarded to them are the most favourable to the Group.

Based on the review of sample documents which set out the pricing and payment terms of the transactions and were confirmed by the Company, we note that the prices and payment terms of those sample transactions with China Baowu Group were priced no less favourable than that with independent third parties.

### *Pellets*

Regarding the purchase of pellets from China Baowu Group, we have discussed with the Management and understand that the Group did not identify other suitable independent third-party suppliers in the proximity of the Group's production plants, which are able to produce pellets up to standards required by the Group. We further understand that the Management will obtain terms of transactions entered into between China Baowu Group and its independent customers to compare pricing offered to both independent third-party customers and the Group. It is noted that that the pricing offered by China Baowu Group is derived from the Platts index and further adjusted by the exchange rate and certain fixed pelletizing and transportation cost, and that the pelletizing and transportation cost charged to the Group is lower than that charged to independent third parties.

We understand that Group only purchased pellets in January 2020 during FY2020 and certain months in FY2021. We have randomly reviewed the sample documents for January 2020 and those covering each quarter of FY2021, and note that the pricing of pellets during the said period is calculated based on the Platts index with adjustments of exchange rate and fixed pelletizing and transportation costs. Furthermore, we note that transactions between China Baowu Group and both the Group and independent third parties are derived from the same formula, but the fixed pelletizing and transportation costs offered to the Group is lower. As such the terms offered by China Baowu Group to the Group is more favourable than that offered to independent third parties.

Regarding the payment terms, we note that the normal credit terms of the Group's trade receivables were within thirty to ninety days and the normal credit terms of the Group's trade payables were within three months as stated in the annual report of the Group for FY2020. As such, the credit terms for the transactions contemplated under the New China Baowu Supplemental Agreement were within range of the Group's normal credit terms and are no less favourable to the Group.

#### **4. Basis of the Baowu Caps**

The transactions contemplated under the New China Baowu Supplemental Agreement are subject to the Listing Rules' requirements and conditions as further discussed under the section "Reporting requirements and conditions of the Proposed Transactions" below. In particular, the Proposed Transactions are also subject to the annual cap as discussed below.

In assessing the reasonableness of the annual cap for the New China Baowu Supplemental Agreement, we have discussed with the Management the basis and assumption underlying the projections pursuant to the New China Baowu Supplemental Agreement into between the Company and China Baowu for the purpose of determining the relevant caps:

*(i) Review of historical figures*

Set out below are (i) the existing annual caps (tax exclusive) for FY2019, FY2020 and FY2021 and the actual transaction amount (tax exclusive) in respect of the products sold by Group to China Baowu Group the (“Existing Baowu Sales Cap”) and the products purchased by Group from China Baowu Group the (“Existing Baowu Purchase Cap”) under the Original Ordinary Related Transaction Agreement and Existing China Baowu Supplemental Agreement for FY2019, FY2020 and FY2021:

*(a) Sales of products to China Baowu Group*

|                      | For the<br>period from<br>9 September<br>2019 to<br>31 December<br>2019<br>RMB ('000) | For the year<br>ended<br>31 December<br>2020<br>RMB ('000) | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|----------------------|---|--|---|
| Existing Baowu Sales |   |  |   |
| annual caps          | 30,800  | 448,120  | 232,920   |
| Actual transaction   |   |  |   |
| amounts              | 12,158  | 194,240  | N/A   |
| Utilisation Rate     | 40.53%  | 43.35%   | N/A   |

We note that the Existing Baowu Sales Cap for FY2021 was smaller than that of FY2020. It was advised by the Management that at the time of determining the Existing Baowu Sales Cap for FY2021, the management of China Baowu Group estimated that there would be fewer numbers of projects carried out during 2021, hence a smaller cap was obtained. However, as it turned out, the demand in the steel industry during FY2021 was strong and both the Group and China Baowu Group has actively increased their production scale, as such, there was an increase in China Baowu Group's demand of the Group's steel products and at the same time the Group possess sufficient production capacity to meet the increased demand. It is also worth noting that the Company has increased its annual caps for FY2020 and FY2021 under the Existing China Baowu Supplemental Agreement in May 2020. Furthermore, the actual transaction amount for HY2021 was RMB162.8 million, which already recorded a utilisation rate of almost 70% of the Existing Baowu Sales Cap for FY2021. Taking into account China Baowu Group's increased demand, there is a need to obtain a larger annual cap for FY2021.



(b) *Purchase of products from China Baowu Group*

|  | For the<br>period from<br>9 September<br>2019 to<br>31 December<br>2019<br>RMB ('000) | For the year<br>ended<br>31 December<br>2020<br>RMB ('000) | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|--|---|--|---|
| Existing Baowu Purchase<br>annual caps | 220,000   | 7,241,650  | 14,784,450  |
| Actual transaction amounts             | 142,473   | 1,944,900  | N/A   |
| Utilisation Rate                       | 64.76%  | 26.86%   | N/A   |

Regarding the purchase of products by the Group from China Baowu, as illustrated in the table above, the utilisation rate for the Existing Baowu Purchase Cap for FY2020 was 26.86%. We understand from the Management that during the calculation of the Existing Baowu Purchase Cap for FY2020, the Management expected that there will be an increased demand for the products due to a new tentative project and upward adjusted the annual caps in 2020, however such projects were subsequently cancelled. The utilisation rate for first half of FY2021 represents 28.3% of the Existing Baowu Purchase Cap for FY2021 and was already higher than the utilisation rate of that in FY2020.

*Assessment of the Baowu Cap*

*Products sold by the Group to China Baowu Group*

When assessing the reasonableness of the Baowu Cap in relation to the products provided by the Group to China Baowu Group (the “Baowu Sales Cap”), we have discussed with the Management the basis and assumptions underlying the projection of the Baowu Sales Cap.

Set out below is the Baowu Sales Cap being proposed contemplated under the New China Supplemental Agreement for FY2021:

**For the year  
ending  
31 December 2021  
RMB ('000)**

|                      |           |
|----------------------|-----------|
| Existing annual caps | 232,920   |
| Baowu Sales Cap      | 1,176,530 |

Baowu Sales Cap are determined with reference to (i) the state-prescribed price or in its absence, the market price regarding the continuing connected transactions; (ii) China Baowu Group's anticipated demand for products to meet its production plan; and (iii) the anticipated capacity in providing products to the China Baowu Group.

Through our discussion with the Management, we understand that based on the purchase plan provided by China Baowu, the China Baowu Group intend to take on certain new projects which will commence in latter November or December 2021 and will require at least approximately 130,000 tonnes of different types of steel metals in the remaining month of 2021. Having considered the purchase amount pursuant to the purchase plan and the market price of each type of steel metal, the Management estimated that the Baowu Sales Cap in relation to the sales of products by the Group to China Baowu Group will amount for FY2021, plus a 10% buffer, to RMB1,176.53 million.

We note that the Management has derived the estimated price of the relevant steel materials in the range of RMB5,000 per tonne to RMB9,550 per tonne depending on the specifications of the steel products required based on the latest internal price guide prior to the date of the Announcements as mentioned above. We have compared the relevant estimated steel prices set out in the internal price guide with the recent transaction prices on [www.steelhome.cn](http://www.steelhome.cn) and noted that the prices were comparable. We also note that prices of transactions conducted with both independent third parties and connected parties of the Group were determined with reference to the same price guide.

**Products sold by China Baowu Group to the Group**

Set out below is the Baowu Cap being proposed for transactions relating to the products provided by the Group to China Baowu Group (the "**Baowu Purchase Cap**") contemplated under the New China Supplemental Agreement for FY2021:

|                           | <b>For the year<br/>ending<br/>31 December 2021<br/>RMB ('000)</b> |
|---------------------------|--|
| Existing annual cap       | 14,784,450   |
| <b>Baowu Purchase Cap</b> | <b>13,764,450</b>  |

The proposed annual caps of the products sold by China Baowu Group to the Group are determined after taking into account (i) the state-prescribed price or in its absence the market price regarding the continuing connected transactions; (ii) the Group's anticipated demand for products from China Baowu Group to meet its production plan; and (iii) the anticipated capacity of China Baowu Group in providing products to the Group.

We have obtained a procurement plan for December 2021 from the Management and understand that the Company intends to purchase approximately 140,000 tonnes of slabs and approximately 2.04 million tonnes of iron ore products and various auxiliary materials and spare parts which are required for the production process to support the Group's rapid development of steel business. Taking into account of the purchase amount according to the Company's procurement plan and the market price of each type of product, the Management estimated that the Baowu Purchase Cap would amount to approximately RMB13,764.5 million for FY2021.

## Slab

In relation to the estimated price of slab, the Management has derived the price based on the recent market pricing and took into reference the price trend of the semis price index on [www.steelhome.cn](http://www.steelhome.cn) before the date of the Announcements. We have checked the estimated price against the said semis price index during the month prior to the date of the Announcements and note that the Management's estimated price of RMB5,500 per tonne to RMB6,000 per tonne is slightly above range of the market prices quoted on [www.steelhome.cn](http://www.steelhome.cn) of RMB5,359 per tonne to RMB5,467 per tonne during the month prior to the date of the Announcements. We have further discussed with the Management regarding the reason for marking a higher price per tonne. We understand that due to the fact that slab price may differ depending on its specification and can be volatile and has rose to RMB5,885 per tonne during May 2021, the Management believes that it is crucial to account for such potential pricing movements when estimating price.

## Imported Ores

The Group intends to purchase 1.84 million of imported ores. The Management has estimated that the price shall be RMB1,200 per tonne (equivalent to approximately USD185.8 per tonne) which is arrived at having considered the market price of iron ore products on [www.steelhome.cn](http://www.steelhome.cn) and the movement of the Platts Index from the start of 2021 to the date of the Announcements. We have checked the price trend of the Platts Index from the start of 2021 to the date of the Announcements and noted that the average price for the period was RMB1,200 per tonne. The prices recorded a significant rise from USD163 per tonne in April 2021 to USD218 per tonne in May 2021 but dropped rapidly to USD119 per tonne in the recent weeks before the date of the Announcements. We discussed with the Management and understood that as the price of iron ore products are volatile, they are of the view that RMB1,200 per tonne which is the average price of iron ore products from the start of 2021 to the date of the Announcements would be the best available estimate for determining the Baowu Purchase Cap for 2021 to allow certain buffer should the price soar again in the remaining period of 2021.

## Pellets

As for pellets, they are produced from iron ore products and their prices are linked to the same price trend. The Group intends to purchase approximately 200,000 tonnes of pellets. The estimated price of approximately RMB1,300 per tonne is derived from the Platts index and further adjusted by the exchange rate and certain fixed pelletizing and transportation cost. Please refer to the paragraph “Comparison of terms with independent third parties” in this section for our consideration on the terms of the price estimation of pellets.

Regarding the purchase of auxiliary items and various auxiliary materials and spare parts, we note that due to the increase in anticipated production volume, the Group will require an increased amount of miscellaneous equipment and materials to support its production.

## V. SUPPLEMENTAL ENERGY SAVING AND ENVIRONMENT PROTECTION AGREEMENT

### 1. Background to and reasons for entering into the Supplemental Energy Saving and Environmental Protection Agreement

The Company has been attempting to reduce the impact of its activities on the environment since 2017 and is committed to create a “Green Magang”. As such, on 30 December 2018, the Company and Anhui Xinchuang entered into the Existing Energy Saving and Environmental Protection Agreement, agreeing that from 1 January 2019 to 31 December 2021, Anhui Xinchuang shall provide energy saving and environmental protection construction and services to the Group to reduce emissions from the Group’s production activities and in turn the Group shall sell power, energy medium and finished products to Anhui Xinchuang to facilitate their services.

The Company has continued to adhere to its environmental protection goal and as set out in the annual report of the Company for FY2020, it was one of the strategic missions of the Company for 2021 to fully promote green and low-carbon actions. One of the ways to reduce emissions is through desulphurization and denitrification of waste and power mediums are key components to facilitate process. Anhui Xinchuang currently manages 16 systems out of 45 environmental systems of the Group and may manage more systems commencing from December 2021 and 2022. As the requirement for the desulphurization and the denitrification services has increased, the demand of power medium from the Group has also soared accordingly.

Anhui Xinchuang has been cooperating with the Company for renovation and management of the Group's system since 2013. Taking into consideration that Anhui Xinchuang is familiar with the Group's operations, possess expertise and has provided satisfactory services to the Group at a competitive pricing, the Board is of the view that it is in the interest of the Group to continue to engage the services of Anhui Xinchuang in relation to the management of its facilities and in turn provide power mediums for their operations.

In view of the factors mentioned above resulting in the increase in demand of power medium, the cap for sales of gas by the Group to Anhui Xinchuang under the Existing Energy Saving and Environmental Protection Agreement could not meet the expected increase in transaction value. As such, the Company and Anhui Xinchuang entered into the Supplemental Energy Saving and Environmental Protection Agreement, proposing to adjust the annual cap for FY2021 for power, energy medium and finished products to be sold by the Group to Anhui Xinchuang.

#### ***Information of Anhui Xinchuang***

Anhui Xinchuang is a state-owned holding enterprise and mainly engaged in energy saving and environmental protection engineering and operation, industrial water treatment and operation, production of energy saving and environmental protection equipment, energy management under contract, environmental monitoring and comprehensive utilization of solid waste resources. It possesses 8 years of experience in the industry. As at the Latest Practicable Date, Anhui Xinchuang is controlled by the Parent Company and the Company is also interested in 16.34% of Anhui Xinchuang's share capital.

## **2. Principal terms of the Supplemental Energy Saving and Environment Protection Agreement**

The principal terms of the Supplemental Energy Saving and Environment Protection Agreement are summarised as follows:

|                 |  |
|-----------------|--|
| Subject Matter: | The Group shall sell power, energy medium and finished products to Anhui Xinchuang, including lime, energy medium, etc. The terms (including but not limited to pricing and payment) regarding sale of power, energy medium and finished products are agreed after arm's length negotiations and under normal commercial terms between the parties and the terms (including but not limited to pricing and payment) shall not be more favourable than those offered by the Group to independent third parties for the sales of similar power, energy medium and finished products. |
|-----------------|--|

Consideration: The parties agreed to adopt an appropriate, reasonable and fair pricing method in accordance with the principle of fairness in formulating the transactions under the Energy Saving and Environmental Protection Agreement. The pricing shall be based on state-prescribed price, if any. In the absence of the state-prescribed price, the pricing shall be based on the market price, determined through open tender, price comparison and arm's length negotiation under normal commercial terms and by reference to comparable transaction prices in the market.

Meanwhile, the price regarding the sales of power, energy medium, finished product shall not be lower than the price of same categories of power, energy medium and finished product sold by the Group to independent third parties.

Payment terms: The payment in respect of power, energy medium and finished product shall be paid by the Company on monthly basis by the end of each month.

Condition precedent: The New Energy Saving and Environmental Protection Agreement is conditional upon the Independent Shareholders approving the New Energy Saving and Environmental Protection Agreement and the relevant proposed annual caps at the EGM.

Duration: For the period from the approval of the Independent Shareholders at the EGM to be convened and expires on 31 December 2021.

Principal terms of the Supplemental Energy Saving and Environment Protection Agreement are set out in the section headed "Supplemental Energy Saving and Environment Protection Agreement" in the "Letter from the Board" contained in the Circular.

For internal control policies governing the on-going continuing connected transactions stipulated under the Supplemental Energy Saving and Environment Protection Agreement, please refer to the sections headed "Internal control measures and review of continuing connected transactions" below.

### 3. Comparison of terms with independent third parties

Regarding the sales of power to Anhui Xinchuang, we have randomly reviewed sample documents obtained from the Company with respect to transactions under the Energy Saving and Environment Protection Agreement conducted with Anhui Xinchuang and independent third parties covering each month of the Review Period. We understand from the Management that price of energy medium is determined according to state prescribed price as set out below:

|             |  |   |
|-------------|--|---|
| Water       | 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)   | <a href="http://zwgk.mas.gov.cn/openness/detail/content/613b29e6d1da9b24178b4557.html">http://zwgk.mas.gov.cn/openness/detail/content/613b29e6d1da9b24178b4557.html</a> |
| Electricity | Anhui Province Development and Reform Commission on Adjusting the Price of Electricity Sales in the Province (Anhui Province Development and Reform Commission on Adjusting the Price of Electricity Sales in the Province (安徽省發展改革委關於調整我省銷售電價有關事項的通知皖發改價格)) | <a href="https://www.wnhu.gov.cn/openness/public/6604551/23704691.html">https://www.wnhu.gov.cn/openness/public/6604551/23704691.html</a>                               |
| Gas         | Notice on Adjusting the Sales Price of Natural Gas for Non-Residential Use in the City (關於調整我市非居民用天然氣銷售價格的通知)  | <a href="http://zwgk.mas.gov.cn/openness/detail/content/61302485d1da9ba1468b4557.html">http://zwgk.mas.gov.cn/openness/detail/content/61302485d1da9ba1468b4557.html</a> |

Based on the review of sample documents in which pricing and payment terms details are shown and as confirmed by the Company, we note that the prices and payment terms of those sample transactions with both independent third parties and connected parties were based on state prescribed prices and transactions with connected parties were no less favourable than those of the transactions with independent third parties.



Regarding the payment terms, we note that the normal credit terms of the Group's trade receivables is within thirty to ninety days and the normal credit terms of the Group's trade payables is within three months as stated in the annual report of the Group for FY2020. As such, the credit terms for the transactions contemplated under Energy Saving and Environment Protection Agreement is within range of the Group's normal credit terms and are no less favourable to the Group.

#### 4. Basis of the Xinchuang Cap

The transactions contemplated under the Supplemental Energy Saving and Environment Protection Agreement are subject to the Listing Rules' requirements and conditions as further discussed under the section "Reporting requirements and conditions of the Proposed Transactions" below. In particular, the Proposed Transactions are also subject to the annual cap as discussed below.

In assessing the reasonableness of the annual cap for the Supplemental Energy Saving and Environment Protection Agreement (the "**Xinchuang Cap**"), we have discussed with the Management the basis and assumption underlying the projections pursuant to the Supplemental Energy Saving and Environment Protection Agreement entered into between the Company and Anhui Xinchuang for the purpose of determining the relevant cap:

##### (i) Review of the historical figures

Set out below are the existing annual caps (tax exclusive) (the "**Existing Xinchuang Cap**") for FY2019, FY2020 and FY2021 and the actual transaction amount (tax exclusive) in respect of power, energy medium, and finished product provided by the Group to Anhui Xinchuang under the Existing Energy Saving and Environmental Protection Agreement for FY2019, FY2020 and FY2021:

##### *Products sold by the Group to Anhui Xinchuang*

|                            | For the year<br>ended<br>31 December<br>2019<br>RMB ('000) | For the year<br>ended<br>31 December<br>2020<br>RMB ('000) | For the year<br>ending<br>31 December<br>2021<br>RMB ('000) |
|----------------------------|--|--|---|
| Existing annual caps       | 79,000   | 80,000   | 81,000  |
| Actual transaction amounts | 55,990   | 67,390   | N/A   |
| Utilization rate           | 70.87%   | 84.24%   | N/A   |

As shown above, the Existing Xinchuang Cap for the sale of products to Anhui Xinchuang has a high utilisation rate of 70.87% and 84.24% for FY2019 and FY2020, respectively. Furthermore, the actual transaction amount of approximately RMB62.7 million for HY2021 has recorded an utilisation rate of 77% of the Existing Xinchuang Cap for FY2021. The above utilisation rate indicated that the Company has previously taken a prudent approach in the calculation of the Existing Xinchuang Cap which had been insufficient to meet the increase in demand for 2021.

**(ii) Assessment of the Xinchuang Cap**

When assessing the reasonableness of the Xinchuang Cap, we have discussed with the Management the basis and assumptions underlying the projection of the Xinchuang Cap.

Set out below is the Xinchuang Cap regarding sales of products to Anhui Xinchuang being proposed for the transactions contemplated under the Supplemental Energy Saving and Environment Protection Agreement for FY2021:

*Products sold by the Group to Anhui Xinchuang*

|   | <b>For the year<br/>ending<br/>31 December 2021<br/>RMB ('000)</b> |
|---|--|
| Existing Xinchuang Cap for sales of products to Anhui Xinchuang       | 81,000   |
| Proposed Xinchuang Cap regarding sales of products to Anhui Xinchuang | 190,460  |

The proposed Xinchuang Cap regarding sales of products to Anhui Xinchuang for FY2021 estimated by the Directors represented an increase of 135% as compared to the Existing Xinchuang Cap. As discussed in the section “Background to and reasons for entering into the Supplemental Energy Saving and Environmental Protection Agreement” above we understand that the sales of power medium to Anhui Xinchuang is to facilitate Anhui Xinchuang’s management of the Group’s environmental system. The National 14th Five-Year Plan published by the PRC government in March 2021 encouraged, among others, steel industries, to push forward their green transformation and upgrade of facilities, thus increasing requirements to adhere to more stringent emission standards since 2021. It was not possible back in 2018 to foresee the increase in need for power mediums to facilitate the desulphurisation and denitrification process when determining the Existing Xinchuang Cap.

The Xinchuang Cap in relation to the sale of products to Anhui Xinchuang is determined after taking into account the demand of power mediums from Anhui Xinchuang and their relevant state prescribed price. After taking into account the latest demand estimates, the Management is of the view that an upward adjustment of the annual cap in relation to the sale of products to Anhui Xinchuang of approximately RMB109.45 million would be required for December 2021.

The estimated demand of power mediums was arrived based on (i) the possible engagement of Anhui Xinchuang for additional environmental facilities; (ii) the increased demand for power medium for the remaining period in 2021; and (iii) a 10% buffer in the event of extreme weather conditions or any possible pricing adjustment which would occurred in 2021.

We understand from the Management, that considering the increased requirement to meet environmental regulations, the Group are negotiating with Anhui Xinchuang for the possible engagement for management of four additional environmental systems in December 2021 which will require additional usage of power mediums. Furthermore, an increase in demand for energy mediums have also been brought on by the wider utilisation of the existing systems managed by Anhui Xinchuang during the remaining months of FY2021, which together with the estimated 10% buffer made up the estimated increase amount of annual cap for sale of products to Anhui Xinchuang of RMB109.5 million in the coming December 2021.

In determining the price of power mediums, the Management made reference to the state prescribed price stated in (i) the “Notice of Anhui Provincial Development and Reform Commission on Adjusting Electricity Sales Price in Our Province” and Market-based Pricing Principles” (2020 654 號文《安徽省發展改革委關於調整我省銷售電價有關通知》及市場化定價原則) which came into on 1 January 2021 for the pricing of gas and electricity and; (ii) the Notice of the People’s Government of Ma An Shan City on Adjusting the Standards of Water Source Fees and Sewage Treatment Fees (《馬鞍山市人民政府關於調整水源地費和污水處理費標準通知》) for pricing of water, details of which is set out previously on page 108.

## **VI. SALE AND PURCHASE OF PRODUCT AGREEMENT**

### **1. Background to and reasons for entering into the Sale and Purchase of Product Agreement**

China Baowu and a number of members of China Baowu Group had entered into a number of sales and purchase of products agreements in the past to govern the on-going supply and procurement of products between members of the Group and members of China Baowu Group. As most of the sales and purchase of products agreements constituted continuing connected transaction of the Company will expire by end of 2021, to streamline and better govern the ongoing supply and procurement of products transaction between members of the Group and member of China Baowu Group, the Group and the China Baowu Group decided to enter into a consolidated Sale and Purchase of Products Agreement to govern all on-going supply and procurement of products transactions between members of the Group and members of China Baowu Group.

Upon the entering into of the Sale and Purchase of Product Agreement, (i) the Original Magang Group CCT Agreement (as amended by the Existing Magang Group Supplemental Agreement and the New Magang Group Supplemental Agreement); (ii) the Previous Ordinary Related Transaction Agreement and the Original Ordinary Related Transaction Agreement (as amended by the Existing China Baowu Supplementary Agreement and the New China Baowu Supplementary Agreement), (iii) the Original Ouye Lianjin CCT Agreement (as amended by the Existing Ouye Lianjin Supplemental Agreement and the New Ouye Lianjin CCT Agreement), (iv) the Chemical Energy Company Continuing Connected Transaction Agreement; (v) the K. Wah Company Continuing Connected Transaction Agreement; (vi) the Existing Energy Saving and Environmental Protection Agreement (as amended by the Energy Saving and Environmental Protection Supplementary Agreement); (vii) the Sale and Purchase of Ore Agreement; and (viii) the Integrated Support Services Agreement which had been expired or will expire by end of 2021 (the “**Previous CCT Agreements**”), would not be renewed and all the sales and purchaser of products transaction contemplated under the above mentioned agreements will be consolidated to the Sale and Purchase of Product Agreement.

The Directors are of the view that, given members of the Group and members of China Baowu Group has provided products to each other for several years, therefore, both parties were able to fully understand the business and operating needs of each other.

For product sales, the Company believes that by maintaining a stable products sale channel is of utmost importance to the Group's current and future production and operations. The price of products provided by the members of the Group to members of China Baowu Group are no less favorable than the price of products provided to independent third parties by us. In view of such, the Directors considered that the supply of products to members of China Baowu Group is beneficial to the Company.

For product procurement, members of the Group have from time to time procured various products from a number of suppliers including members of China Baowu Group and members of China Baowu Group had been supplying products to the Group for a number of years. Given the price of products provided by members of China Baowu Group were no less favorable than the price of products provided by independent third parties to the Group, the Directors considered that the steady supply of products from members of China Baowu Group would be beneficial to the Group's operation.

The Directors considered that the Sale and Purchase of Product Agreement provides flexibility, but not an obligation, to the Group or China Baowu Group to engage each other in their respective business operation whenever their respective directors considered appropriate and necessary. Furthermore, considering the long-term co-operation between the Group and China Baowu Group, the Directors are of the view that the entering into the Sale and Purchase of Product Agreement provided an opportunity to the Group to continue the collaboration with China Baowu Group as and when necessary.

## **2. Principal terms of the Sale and Purchase of Product Agreement**

Subject Matter: The Company agreed to sell products to China Baowu Group through itself and the Group, including steel, ingot, coke, iron oxide, metallurgical accessories and materials (stainless steel belt, cable, tools, etc.) and other products (labor insurance, office supplies, etc.), electricity, domestic water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air, other gases and slag, etc.

China Baowu itself agreed to sell products to the Company 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 Sale and Purchase of Product 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 Sale and Purchase of Product 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 Sale and Purchase of Product Agreement.

Consideration:

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

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

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

In accordance with the current price standards, the price benchmarks adopted in other transactions under the Sale and Purchase of Product 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         | Flux, furnace gas/coke oven gas/converter gas/stand compressed air/oxygen gases, etc.   |
|  | Market price         | Steel/ingot/coke/iron oxide/mineralurgical accessories/ materials (stainless steel belt, cable, tools, etc.) labor insurance, office supplies |
| Products purchased by the Group from China Baowu Group | Market price         | Ore/directly scrap steel/steel billets/factory materials/ spare parts and complete equipment/non-standard spare parts, etc.                   |
|  | Market price         | Other commodities (coke, coal, oil, etc.)   |

Please refer to the Letter from the Board for further details on the pricing of products sold by the Group to China Baowu Group and products purchased by the Group from China Baowu Group.

**Payment terms:** Regarding the payment of electricity, domestic water, industrial treated water, blast furnace gas, coke oven gas, converter gas, steam, compressed air, other gases and 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, ingot, coke, iron oxide and other products (labour insurance, office supplies, etc.), at the end of each month, China Baowu Group shall pay to the Group the estimated sum in advance for the sales with respect to the following month and settlement will be done on a monthly basis. As for the payment of metallurgical accessories and other materials (stainless steel belts, cables, tools, etc.), the sum for the sales with respect to the previous month shall be paid by China Baowu Group to the Group and settlement shall be done on a monthly basis.

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

**Condition precedent:** The Sale and Purchase of Product Agreement is conditional upon the Independent Shareholders approving the Sale and Purchase of Product Agreement and respective proposed annual caps at the EGM.

**Duration:** Subject to the fulfillment of the aforementioned condition precedent, the Sale and Purchase of Product Agreement shall be for a term of three years commencing 1 January 2022 and ending 31 December 2024.

Principal terms of the Sale and Purchase of Product Agreement are set out in the section headed “Sale and Purchase of Product Agreement” in the “Letter from the Board” contained in the Circular.

For internal control policies governing the on-going continuing connected transactions stipulated under the Sale and Purchase of Product Agreement, please refer to the sections headed “Internal control measures and review of continuing connected transactions” below and in the “Letter from the Board” contained in the Circular.



### **3. Comparison of terms with independent third parties**

As most of the historical transactions of the Sale and Purchase of Product Agreement were carried out pursuant to the terms of the Previous CCT Agreements, we have discussed with the Management, and reviewed sample documents obtained from the Company with respect to transactions under certain Previous CCT Agreements, for details please refer to sections II, III, IV and V above. In relation to transactions which have not been discussed above, set out below is the comparison of terms for the sales of slag and purchase of auxiliary products and domestic iron ore products:

#### ***Sales of Water Slag***

We understand from the Management that there were no sales of water slag to independent third parties during the Review Period as other steel production companies located near by the Group has their own supply of water slag from its own production plant. We further understand that the Group will conduct research by obtaining pricing of water slag set by various water slag suppliers in the China Baowu Group sold to independent third parties monthly to ensure the price of water slag is comparable to the market price and is not less favourable to the Group.

We have reviewed the research documents updated monthly for sales of water slag conducted by the Group and reviewed randomly certain transaction documents in relation to the sales of slag covering each month during the Review Period. We note that the pricing of water slag set by the Group is higher than or in the top range of the pricing set by other water slag suppliers and as such, we are of the view that the pricing of water slag is above the market.

#### ***Purchase of Auxiliary products***

Regarding the purchase of auxiliary products, we understand the Group did not make a purchase each month during the Review Period. As such, we have randomly reviewed certain transaction documents covering each quarter of the Review Period and note that the pricing of auxiliary products purchased from China Baowu Group is comparable to that quoted by independent third parties.

#### ***Purchase of domestic iron ore***

The Group did not conduct transactions in relation to the purchase of domestic iron ore products with independent third parties during the Review Period.

As such, we understand from the Management that the purchase department will reference the market price by obtaining quotations from independent third parties suppliers which are not within such close proximity of the Group's facilities or in its absence, refer to benchmark market pricing of similar ore products produced by larger independent third party mines situated farther away as extracted from the Websites in respect of similar or comparable products to compare the terms with those offered by China Baowu Group.

We have randomly reviewed certain transaction documents in this regard covering each month of the Review Period. We note that it is beneficial to the Group to purchase from China Baowu Group as (i) the pricing offered by China Baowu Group is lower than market prices; and (ii) it is more cost efficient to purchase from a supplier within close proximity to avoid transportation costs. Having considered the above, we are of the view that the terms offered by China Baowu Group are no less favourable to the Group than those offered by independent third parties.

#### 4. Basis of the Product Caps

The transactions contemplated under the Sale and Purchase of Product Agreement are subject to the Listing Rules' requirements and conditions as further discussed under the section "Reporting requirements and conditions of the Proposed Transactions" below. In particular, the Proposed Transactions are also subject to the annual cap as discussed below.

In assessing the reasonableness of the annual cap for the Sale and Purchase of Product Agreement (the "**Product Caps**"), we have discussed with the Management the basis and assumption underlying the projections pursuant to the Sale and Purchase of Product Agreement entered into between the Company and China Baowu Group for the purpose of determining the relevant cap:

##### (i) Review of the historical figures

Set out below are actual transaction amount (tax exclusive) in respect of sales and purchase of products between the Group and China Baowu Group for FY2019, F2Y2020 and HY2021:

|                            | For the year ended<br>31 December |              | For the six<br>months ended |
|----------------------------|-----------------------------------|--------------|-----------------------------|
|                            | 2019                              | 2020         | 30 June<br>2021             |
|                            | RMB ('000)                        | RMB ('000)   | RMB ('000)                  |
| Sales of products to China |                                   |              |                             |
| Baowu Group                | 3,038,488.4                       | 2,931,084.0  | 1,916,944.6                 |
| Purchase of product from   |                                   |              |                             |
| China Baowu Group          | 10,158,629.8                      | 14,629,872.1 | 15,595,211.8                |

Sales of products to China Baowu Group recorded a slight decrease of 3.5% for FY2020 as compared to that in FY2019 mainly attributable to the expiry of K. Wah Company Continuing Connected Transaction Agreement in which no electricity and water slag were sold to K. Wah Company for FY2020. Transaction value for HY2021 already reached 65% of the total transaction value for FY2020 and the Management anticipated that the transaction value will be larger as compared to that of in FY2020 due to expansion of the Group's production scale.

Purchase of products from China Baowu Group increased substantially by 44.0% from 2019 to 2020, due to increase in purchase of scrap steel as the Group transits to ultra-low emission. As the Group aims to complete its transformation in 2021, there was an increase in purchase of additional scrap metals during the year. During HY2021, the actual transaction value for purchase of products from China Baowu Group reached approximately RMB15.6 billion which exceeded the full year actual purchase amount in from China Baowu Group in FY2020.

**(ii) Assessment of the Products Caps**

When assessing the reasonableness of the Products Caps, we have discussed with the Management the basis and assumptions underlying the projection of the Products Caps.

| Product Caps                   | For the years ending 31 December |            |            |
|--------------------------------|----------------------------------|------------|------------|
|                                | 2022                             | 2023       | 2024       |
|                                | RMB ('000)                       | RMB ('000) | RMB ('000) |
| Sales of products to China     |                                  |            |            |
| Baowu Group                    | 13,859,277                       | 15,149,577 | 15,952,495 |
| Purchase of product from China |                                  |            |            |
| Baowu Group                    | 39,451,969                       | 39,524,488 | 39,941,462 |

***Sales of products to China Baowu Group***

The Products Cap for sales of product from the Group to China Baowu Group comprise mainly of (i) energy mediums (power, electricity and gas); (ii) steel products; and (iii) water slag, and in total account for over 90% of the Products Cap for the sales of products for the FY2022, FY2023 and FY2024. The remaining cap is made up of by-products from the production of steel. Their demand for FY2022, FY2023 and FY2024 is similar to their historical demand during the Review Period.

## Energy mediums

We understand from the Management that in relation to the calculation of the estimated transaction amount of energy mediums, it was determined after taking into account (i) the Company's anticipated production capacity for such power; (ii) the estimated demand from China Baowu Group; and (iii) the anticipated state prescribed price for such energy mediums. The estimated amounts were RMB4,365 million, RMB5,021 million and RMB5,261 million for FY2022, FY2023 and FY2024 respectively, accounting for approximately 31% of the Product Cap for the sales of products for FY2022 and 33% of the Product Cap for the sales of products for FY2023 and FY2024 respectively. The Company has its own water and electricity generator and produces gas as a by-product during its steel production process. The energy mediums can be sold to other users and generate a profit.

The demand for the said energy medium were estimated between the Management and China Baowu Group taking into account the expected demand of China Baowu Group. The sales of energy mediums for FY2022, FY2023 and FY2024 was estimated to increase comparing to FY2020, due to the expected rise in demand driven by the increase in number of environmental facilities as discussed in the section "Background to and reasons for entering into the Supplemental Energy Saving and Environmental Protection Agreement" above to be operated by China Baowu Group for the Group in the coming years. The estimated price of the energy mediums was determined according to the latest state prescribed price before the date of the Announcements.

## Steel products

In relation to the calculation of estimated transaction amount of steel products, the Management considered that the (i) China Baowu Group's anticipated demand of 1.24 million tonnes to 1.36 million tonnes and (ii) the estimated price of steel products in the coming three years in the range of RMB6,173 to RMB6,306 per tonne. The estimated amounts are RMB7,647 million, RMB8,137 million and RMB8,599 million for FY2022, FY2023 and FY2024, respectively, making up approximately 55% of the Products Cap for FY2022 and 54% of the Products Cap for FY2023 and FY2024. The demand was derived based on the business plan of China Baowu Group to develop new markets leading to additional needs for steel products.

In relation to the price of steel materials, we note that the price is arrived based on the latest internal price guide for all types of steel products produced by the Group before the date of the Announcements. The price guide is compiled by the purchase department of the Group monthly based on recent market transactions of the month. We understand from the Management that the sale price of steel products to all parties including connected and independent third parties are required to adhere to the price guide and are determined according their specifications. We have compared the estimated prices with prices on industry websites and note that they are comparable.

#### Water slag

Water slag is a by-product generated during the steel production process. Regarding the estimated transaction amount of water slag, the Company has considered the demand of China Baowu Group to be 5.2 million tonnes for FY2022 to 5.5 million tonnes for FY2023 and FY2024 and the pricing of the water slag of RMB165 per tonne. The estimated transaction amount was RMB858 million for, RMB908 million and RMB908 million, respectively, representing approximately 6% of the annual caps for FY2022, FY2023 and FY2024. The demand was estimated having considered (i) the historical demand for water slag from China Baowu Group of around 5 million tonnes from FY2019 to FY2021; and (ii) the slight buffer for any anticipated rise in demand from China Baowu Group.

In relation to the calculation of the estimated price of water slag, we understand from the Management that the pricing is reviewed monthly after taking into consideration the price of cement and mineral power during the month and the prices of neighbouring water slag providers charged to independent third parties. The price of RMB165 per tonne was determined in accordance to average of the monthly price of water slag from January 2021 to August 2021 with a buffer of around 5%.

Considering that the determination of the above estimation has taken into account (i) the recent historical demand of China Baowu Group; (ii) the respective production capacities of the Group; and (iii) the recent market price (with certain buffer for upward price adjustment, if applicable), we are of the view that the estimated transaction amount mentioned above of Product Cap for sales of products to China Baowu Group is acceptable.

#### *Purchase of product from China Baowu Group*

The Products Cap for purchase of product from China Baowu Group comprise mainly purchase of (i) auxiliary materials for steel production; (ii) scrap metals; (iii) slabs; and (iv) ore products which amount to in total around 84% of the Products Cap for each of FY2022, FY2023 and FY2024.

## Scrap metals

Regarding the estimated transaction amount of scrap metals, we understand it was determined with reference to the increase in demand of the Group and the estimated price of scrap metals for the coming three years. The estimated amount was approximately RMB11,352 million, RMB11,920 million, and RMB12,278 million, respectively, amounting to 29%, 30% and 31% of the Products Cap for purchase of products for FY2022 and FY2023 and FY2024. The estimated demand from the Group was around 3.2 million tonnes for each of 2022 to 2024, which was similar as that in FY2020.

The price of scrap metals was estimated at approximately RMB3,530 per tonne for FY2022, RMB3,706 per tonne for FY2023 and RMB3,891 per tonne for FY2024. The price was arrived at having considered (i) the latest price of scrap metals before the date of the Announcements as set out in the monthly internal price guides compiled by the Group's purchasing department with reference to the recent market transactions on public domain such as [www.steelhome.cn](http://www.steelhome.cn) and (ii) a slight growth rate of up to 5% in price for scrap materials in FY2023 and FY2024. We have noted from the price index of scrap materials on [www.steelhome.cn](http://www.steelhome.cn) that market price during the month before the date of the Announcements was in the range of RMB3,773 to RMB3,834 per tonne, which is higher than the estimated price of RMB3,530 per tonne for FY2022. Given we noted an increasing trend in 2021, we consider factoring in a 5% increase for scrap material price in FY2022 and FY2023 is acceptable.

## Auxiliary products

In relation to the estimated price of auxiliary products, it was arrived based on the historical transaction amount of the Group. We understand that from the Management, the Group previously purchased less than one fifth of required auxiliary products from China Baowu Group during FY2019 amounting to approximately RMB700 million and the remaining demand of auxiliary products were fulfilled by independent third-party suppliers and amounted to RMB4,151 million for FY2019 and RMB3,817 million for FY2020. As advised from the Management, in FY2020, China Baowu Group established a subsidiary for the purpose of centralizing procurement of auxiliary products for its group companies to obtain better terms via commercial negotiation for purchase of bulk volume. In view of such, the Management anticipated that pricing offered by China Baowu Group for auxiliary products would be more favourable compared to direct purchasing from independent third parties by the Group. Taking into account its previous demand from both through China Baowu Group and independent third parties during the FY2019 and FY2020, the Management estimated that the transaction amount for FY2022, FY2023 and FY2024 shall amount to approximately RMB5,121 million, RMB5,311 million and RMB5,322 million, respectively, accounting for approximately 13% of the annual cap for each of FY2022, FY2023 and FY2024.

## Slab

Regarding the estimated transaction price for slab, we understand that it was determined having considered the Company's demand and estimated price for slab in the coming FY2022 to FY2024. The demand for slab is around 960,000 tonnes for each of FY2022 to FY2024. We understand from the Management that slab is a semi metal which through processing can be developed into steel products. The Group has planned to fully utilise their steel production line, however the slab product capacity of the Group has yet to meet to required slab volume needed to maximize the steel production of the Group. As such, the Company had to reach out to source slab from other parties. According to the Management, as the Group did not identify suitable slab from independent third parties from FY2022 to FY2024, the Management after considering their production capacity, decided to procure slab from China Baowu Group and estimated that around 1 million tonnes of slab would be available to fulfil the Group's demand. The estimated slab price was approximately RMB5,386 million to RMB5,482 million for FY2022, FY2023 and FY2024 which was based on the recent market price of slabs before the date of the Announcements. We have checked the estimated price against the said semis price index and note that the Management's estimated price of is within or slightly higher than the range of the market prices quoted on [www.steelhome.cn](http://www.steelhome.cn) of RMB5,347 per tonne to RMB5,467 per tonne within the month before the date of the Announcements. The estimated transaction amount of RMB5,171 million, RMB5,228 million and RMB5,263 million for FY2022, FY2023 and FY2024, respectively and representing approximately 13% of the Products Cap for all three years.

## Iron ore products

### *Imported Ores*

In determining the estimated transaction amounts for imported iron ore products, the Management took into account the estimated demand of approximately 4.5 million tonnes of imported iron ore products for each of the FY2022, FY2023 and FY2024 and estimated price of RMB1,144, RMB1,071 and RMB1,064 per tonne for FY2022, FY2023 and FY2024, respectively. The transaction amounts of RMB5,150 million, RMB5,229 million and RMB5,482 million respectively account for approximately 13% of the Product Caps for FY2022 and 12% of the Product Caps for FY2023 and FY2024 of the for purchasing products.

In relation to the demand of imported iron ore products, the Group expects they will require 18 million tonnes of imported iron ore products to support its annual steel production for the coming three years. The Company had identified a stable supply of approximately 14 million tonnes from its own subsidiaries, but would require an additional of around 4.5 million tonnes to ensure a stable production. The Group intends to identify suppliers for the said addition iron ore products through tendering process and expects that China Baowu Group will be one of the suppliers to submit tender for the project. Although the award of the tender to China Baowu Group will depends on the final result of the tendering process, the Management is of the view that it is necessary to ensure there is sufficient annual cap to award the project to China Baowu Group should China Baowu Group be selected in the tendering process.

The estimated price of iron ore products of FY2022 of RMB1,144 per tonne is calculated by applying an approximately 10% discount on the historical average price of iron ore products in FY2021 up to the date of the Announcements, while the price estimated for FY2023 of RMB1,071 per tonne and FY2024 of RMB1,064 per tonne were based on further discount of approximately 6% on the estimated price of FY2022. We have discussed with the Management and noted from the iron ore price index on [www.steelhome.cn](http://www.steelhome.cn) that starting from mid-July 2021, iron ore price decrease from around RMB1,500 per tonne to RMB937 per tonne before the date of the Announcements in late September 2021. With such fluctuation and decreasing iron ore prices in recent months coupled with market speculation that the prices will continue to drop, the Management expected that prices will gradually return to a lower level in the coming three years.

#### *Domestic Ores*

In addition to the above, the Group also procures domestic iron ore products in the nearby Ma An Shan region to facilitate its production process. In determining the estimated transaction amounts for domestic iron ore products, the Management took into account the estimated demand of domestic iron ores and ore prices. The transaction amount of RMB6,220 million, RMB6,129 million and RMB6,081 million accounts for approximately 16% for each of FY2022 and FY2023 and 15% for FY2024 of the Product Caps for purchasing products.



As the ore mines of China Baowu Group is located next to the production centre of the Group, the Group may from time-to-time procure domestic iron ore products from the China Baowu Group for ease of logistic arrangements. When deciding the expected demand for domestic ores, the Company took into account its production plan for the next three years and the existing demand for domestic ore and predicts 6.7 million tonnes, 6.8 million tonnes and 7.0 million tonnes of domestic iron ores required for FY2022, FY2023 and FY2024, respectively. The pricing is determined by referring to the pricing trend of domestic ore products from January 2021 up to the date of the Announcements and is estimated to price at around RMB928, RMB900, RMB866 per tonne for FY2022, FY2023 and FY2024. As at the date of the Announcements, the average price for domestic iron ore products is around RMB990 per tonne. The price trend of domestic iron ore products are similar to imported ore products. As the pricing of ores were unusually volatile in 2021 and has started to decrease in mid-July 2021, the Management is of the view that it is fair to predict a continuing decreasing price trend of domestic iron ore products for the coming years.

Having considered that the Product Caps for purchasing of products have taken into account the estimated procurement demand and the recent market price and pricing trend of products, we consider that the estimated transaction amount mentioned above of Product Cap for purchasing of products from China Baowu Group are acceptable.

## **VII. ACCEPTANCE AND PROVISION OF SERVICES AGREEMENT**

### **1. Background to and reasons for entering into the Acceptance and Provision of Services Agreement**

China Baowu and a number of members of China Baowu Group had entered into a number of provisions of services agreement in the past to govern on the on-going acceptance and provision of services between members of the Group and members of China Baowu Group. As most of the provisions of services agreements which constituted continuing connected transaction of the Company will expire by end of 2021, to streamline and better govern the ongoing acceptance and provision of services between members of the Group and members of China Baowu Group, the Group and the China Baowu Group decided to enter into a consolidated Acceptance and Provision of Services Agreement to govern all the going acceptance and provision of services transactions between members of the Group and members of China Baowu Group.

Upon the entering into of the Acceptance and Provision of Services Agreement, (i) the Original Magang Group CCT Agreement (as amended by Existing Magang Group Supplemental Agreement and New Magang Group Supplemental Agreement); (ii) Original Ordinary Related Transaction Agreement as amended by the Existing China Baowu Supplemental Agreement and the New China Baowu Supplemental Agreement, (iii) the Original Ouye Lianjin CCT Agreement (as amended by the Existing Ouye Lianjin Supplemental Agreement and the Existing Original Ouye Lianjin CCT Agreement), (iv) the Chemical Energy Company Continuing Connected Transaction Agreement; (v) the Existing Energy Saving and Environmental Protection Agreement (as amended by the Energy Saving and Environmental Protection Supplementary Agreement) and (vi) the Integrated Support Services Agreement which had been expired or will be expired by end of 2021 (i.e. the Previous CCT Agreements), would not be renewed and all the provision and obtaining of services transactions contemplated under the above mentioned agreements will be consolidated to the Acceptance and Provision of Services Agreement.

The Directors are of the view that, given members of the Group and members of China Baowu Group have provided services to each other for several years, therefore, both parties are able to fully understand the business and operating needs of each other.

The Directors considered that the Acceptance and Provision of Services Agreement provides flexibility, but not an obligation, to the Group or China Baowu Group to engage each other in their respective business operation whenever their respective directors considered appropriate. Furthermore, taking into account the long-term co-operation between the Group and China Baowu Group, the Directors are of the view that the entering into the Acceptance and Provision of Services Agreement provided an opportunity to the Group to continue the collaboration with China Baowu Group as and when necessary.

## **2. Principal terms of the Acceptance and Provision of Services Agreement**

Subject Matter: The Company agreed to provide services to China Baowu, including entrusted steel billets processing, metering, inspection, rental services, railway transport, etc

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

Both parties agreed to adopt an appropriate, reasonable and fair pricing method in accordance with the principle of fairness in formulating the transactions under the Acceptance and Provision of Services Agreement. The terms of products (including but not limited to pricing and payment) to be provided by the Group to China Baowu 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 provided by China Baowu 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 Acceptance and Provision of Services Agreement, the Company has the right to decide whether to enter into transactions with any independent third parties in respect of the transactions contemplated under the Acceptance and Provision of Services Agreement.

Consideration:

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

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

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

In accordance with the current price standards, the price benchmarks adopted in other transactions under the Acceptance and Provision of Services Agreement are all subject to market price.

| Category  | Principle of Pricing | Items   |
|---|----------------------|---|
| Services provided by the Group to China Baowu   | Market price         | Provide entrained steel billets processing, provide metering, inspection services, etc.   |
| Services received by the Group from China Baowu | Market price         | Infrastructure technical and renovation engineering services/overhaul and medium maintenance of equipment/highway transport/waterway transport/integrated port services/equipment (facility) maintenance services for production support/operation and maintenance service and modification regarding automation and informatized equipment and maintenance services for electrical, motor and transformer/etc services (automobile repair, monitoring and diagnostic services etc./wheel processing etc. |
|   | Market price         | Warehousing, distribution services/agency services, etc.  |

Please refer to the Letter from the Board for further information on the pricing of services provided by the Group to China Baowu and services received by the Group from China Baowu.

**Payment terms:** Regarding the payment of entrusted steel billets processing, metering, inspection services, etc., it shall be paid by China Baowu Group to the Group and settlement will be done on a monthly basis.

The payment of Infrastructure Technical and Renovation Engineering Services provided by China Baowu Group to the Group shall be made by the Group to the Parent Group within 30 business days in accordance with the construction progress after confirmation by the Company's management department. As for the payment of water and land transportation and related services, the Group shall ascertain the fee in accordance with the service progress and pay China Baowu Group within 30 business days after the Group shall have verified the quality.

**Condition precedent:** Acceptance and Provision of Services Agreement is conditional upon the Independent Shareholders approving the Acceptance and Provision of Services Agreement and respective Proposed Annual Caps at the EGM.

**Duration:** Subject to the fulfillment of the aforementioned condition precedent, the Acceptance and Provision of Services Agreement shall be for a term of three years commencing 1 January 2022 and ending 31 December 2024.

### **3. Comparison of terms with independent third parties**

As the historical transactions of the Acceptance and Provision of Services Agreement were carried out pursuant to the terms of the Previous CCT Agreements, we have discussed with the Management, and reviewed sample documents obtained from the Company with respect to transactions under certain Previous CCT Agreements. For services obtained or provided to China Baowu Group not covered in the previous sections, the following comparisons had been carried out:

### ***Provision of processing services***

We understand that the Group commenced its processing business in FY2021 and only provides such services to members in the China Baowu Group. We further noted from our discussion with the Management that the processing fee during FY2021 is calculated on a cost-plus profit margin approach as there were no comparable transaction with independent third parties. We have reviewed randomly certain transaction documents covering each month during Review Period and note from the calculation stipulated in the transaction documents and as confirmed by the Management, that the minimum gross profit margin for processing services during FY2021 noted was at least 22%, which is higher than the profit margin of the Group of 9% and 10% during FY2019 to FY2021.

### ***Provision of OEM services***

As for provision of OEM services, we understand that the OEM services are provided in accordance with the internal guide “OEM Management Measures for Steel Products” (鋼材產品代工管理辦法) of the Company. We have randomly reviewed the transaction documents covering each month of the Review Period in relation to OEM services provided to both connected and independent parties and note that the price, payment and service terms stipulated in the documents were no less favourable than those transactions with independent third parties.

### ***Obtaining construction services***

Regarding the procurement of construction services for production facilities and upgrade services of environmental facilities from the China Baowu Group, we understand that the Company had conducted tender process in selecting units in the China Baowu Group in its previous projects. We have randomly reviewed the tender documents covering each quarter during the Review Period and note that the price and payment terms quoted by China Baowu Group for projects awarded to them are more favourable to the Group than that quoted by independent third parties.

### ***Obtaining management services of environmental systems***

In relation to obtaining management services of environmental systems we understand that that the management fees comprise of (i) energy costs; (ii) labour costs; (iii) management fee; and (iv) certain mark-up. Energy costs are mostly from demand of power mediums, which will be calculated according to state-prescribed price. We have reviewed sample transactions documents of the Group and note that the power mediums were determined in accordance with state-prescribed prices.

Regarding the comparison of services fees, we understand that the Group only engaged China Baowu Group for obtaining management services in the past three years. The Group did identify an independent supplier situated in the proximity of the Group's facilities which possesses speciality required for management of the environment systems to obtain quotation. From our discussion with the Management and as noted in the quotation, we understand that the labour costs, management fees and mark-ups of China Baowu Group are lower than those noted in the quotation from the independent third party. As such, the terms provided by China Baowu Group was more favourable than that quoted by the independent third-party supplier. We have randomly reviewed sample transaction documents covering each quarter during the Review Period and note that the labour costs, management fees and mark-ups offered by China Baowu Group are lower than those quoted by independent third-party suppliers.

#### ***Obtaining Repair and Maintenance Services***

##### ***(i) Maintenance Services***

As advised by the Management, the maintenance fees are charged according to industry guide price stipulated in the "Pricing Guide for Maintenance Services for Iron and Steel Enterprises" (鋼鐵企業檢修工程預算定額) issued by the China and Steel Association, a regulator of the PRC steel industry with effect from 2019. We have randomly reviewed certain transaction documents covering each quarter of the Review Period and note that the pricing of maintenance fees adopted by China Baowu Group and independent third parties are in accordance with the industry guide price and the term of the maintenance services offered by China Baowu Group is not less favourable than that offered by independent third parties.

##### ***(ii) Repair Services***

Repair fees comprise of labour costs and supply costs. We understand that the Group only engaged China Baowu Group as they offered a more competitive pricing compared to independent service providers. We have randomly obtained certain transaction documents covering each quarter of the Review Period in relation to repair services provided by China Baowu Group to the Group and their independent customers and note that the pricing terms offered by China Baowu Group to the Group is lower than the price offered to their independent customers. As such, the terms offered by China Baowu Group to the Group is more favourable than that offered to independent third parties.

#### 4. Basis of the Services Caps

The transactions contemplated under the Acceptance and Provision of Services Agreement are subject to the Listing Rules' requirements and conditions as further discussed under the section "Reporting requirements and conditions of the Proposed Transactions" below. In particular, the Proposed Transactions are also subject to the annual cap as discussed below.

In assessing the reasonableness of the annual cap for the Acceptance and Provision of Services Agreement (the "Services Caps"), we have discussed with the Management the basis and assumption underlying the projections pursuant to the Acceptance and Provision of Services Agreement into between the Company and China Baowu Group for the purpose of determining the relevant cap:

##### (i) Review of the historical figures

Set out below are actual transaction amount (tax exclusive) in respect of the provision and acceptance of services between the Group and China Baowu Group for FY2019, FY2020 and FY2021:

|                                | For the year ended<br>31 December |             | For the<br>six months<br>ended<br>30 June |
|--------------------------------|-----------------------------------|-------------|---|
|                                | 2019                              | 2020        | 2021                                      |
|                                | RMB ('000)                        | RMB ('000)  | RMB ('000)                                |
| Actual transaction amounts     |                                   |             |   |
| Provision of services to China |                                   |             |   |
| Baowu Group                    | 14,716.5                          | 34,791.7    | 5,038.9                                   |
| Obtain services to China Baowu |                                   |             |   |
| Group                          | 4,079,872.7                       | 5,578,090.0 | 2,740,887.1                               |

The provision of services to China Baowu Group increased by 136.4% from RMB14.7 million for FY2019 to RMB34.8 million for FY2020. The increase was primarily due to provision of OEM services and processing services to additional numbers of production units in the China Baowu Group which required such services from the Group. For obtaining of services from China Baowu Group, it increased by 36.7% from RMB4,079.9 million for FY2019 to RMB5,578.1 million for FY2020. The increase was due to (i) construction services for the upgrade of a number of environmental systems to expedite the Group's ultra-low emission transformation; (ii) the increased logistic services provided by the Parent Group to the Group; and (iii) a larger repair and maintenance fee from the regular maintenance of the blast furnace of the Group which occurs every three to four years.



**(ii) Assessment of the Services Caps**

When assessing the reasonableness of the Services Caps, we have discussed with the Management the basis and assumptions underlying the projection of the Services Caps.

Set out below is the Services Cap regarding the provision and acceptance of services between the Group and China Baowu Group being proposed for the transactions contemplated under the Acceptance and Provision of Services Agreement for the three years ending 31 December 2022, 2023 and 2024:

|  | For the years ending 31 December |              |              |
|--|----------------------------------|--------------|--------------|
|  | 2022                             | 2023         | 2024         |
| Service Caps                               | RMB ('000)                       | RMB ('000)   | RMB ('000)   |
| Provision of services to China Baowu Group | 272,589.1                        | 311,487.1    | 331,972.9    |
| Obtain services to China Baowu Group       | 11,694,097.0                     | 12,032,859.3 | 12,036,864.5 |

***Provision of services to China Baowu Group***

The Services Cap in relation to obtaining services from China Baowu Group is comprise mainly of provision of (i) entrusted steel billets processing services; and (ii) OCM services, which in total make up approximately 84% of the Services Cap for each of FY2022, FY2023 and FY2024. The increase in the service cap from FY2022 to FY2023 and FY2024 is mainly attributable to the increase in demand of OCM services which will be discussed below.

***Entrusted steel billets processing services***

In relation to the processing services, the Group will process slabs of other steelmakers and produce steel products on their behalf and obtain a processing fee. The estimated amount of the processing services is RMB173 million for FY2022 and RMB174 million for FY2023 and FY2024 make up 63%, 55% and 52% of the Service Cap or FY2022, FY2023 and FY2024, respectively.

As set out in above in the section “Assessment of the Products Caps” under the Sales and Purchase of Product Agreement, the Group aims to fully utilize its production capacity. We understand from the Management that should there be any remaining steel production capacity, the Group will also provide processing services for steel productions for other steel manufacturers including China Baowu Group. As such, having taken into account (i) China Baowu Group anticipated demand for such processing services; and (ii) in the Group’s remaining steel production capacity for providing processing services, in order to fully utilize the Group’s production line, the Management expects it has the capacity to process approximately 260,000 tonnes to 263,000 tonnes of slab for each of FY2022, FY2023 and FY2024 for China Baowu Group.

In terms of pricing for processing services, according to the Group’s latest pricing before the date of the Announcements, steel processing which are subject to more complicated processing procedure due to more stringent specifications will be charged at a fixed price of RMB3,000 per tonne, whereas products requiring simple processing procedure will be charged at a fixed price of RMB300 per tonne. The estimated annual caps in respect of processing services took into account the estimated demand volume of both types of processing required by China Baowu Group. We understand that the processing fee was estimated based on a cost-plus margin basis. The margin adopted for FY2022 to FY2024 is estimated to be above 15%, depending on the complexity of the processing procedure. We also note that the gross profit margin of the Group recorded during FY2019 and FY2020 was approximately 9% and 10%, respectively. Taking into account that the profit margin estimated to be adopted for future processing services is higher than the gross profit margin of the Group during FY2019 and FY2020, we are of the view that the estimation of the processing fees to be acceptable.

#### *OEM services*

The OEM services are demanded by certain production units in the China Baowu Group which have the ability to produce steel products up to standards of the Group and possess presence in markets which the Group have not yet entered into. The Group would provide OEM services by which steel products of the production units upon passing the relevant quality control procedures will be sold under the Group’s brand to leverage on the Group’s reputation in the industry. The OEM services will (i) allow the Group to utilize the market channels of the production units; and (ii) generate additional profit for the Group. We understand from the Management that such arrangements are industry norms as the arrangements would also increase the Group’s market share in the industry and generate extra profit for the Group. The Management has also confirmed that OEM products will not be sold to existing clients of the Group or in markets which the Group has sales networks.

As China Baowu Group has an increased number of production units which would require such services, the Management expects that the demand of the OEM services would be approximately 3 million to 6 million tonnes. The estimated amount is RMB53 million, RMB88 million and RMB106 million and makes up 19%, 28% and 32% of the Services Cap for FY2022, FY2023 and FY2024. The pricing of the OEM services of approximately RMB18 per tonne was determined as the ball park estimated figure having considered the historical pricing of OEM contracts entered into during FY2020, which were in the range of RMB15 to RMB20 per tonne.

#### ***Obtain services from China Baowu Group***

The Services Cap in relation to obtaining services from China Baowu Group comprised mainly of obtaining (i) construction services; (ii) transportation service; (iii) environmental services; and (iv) repair and maintenance services, which in total make up approximately almost 90% of the annual Services Cap.

#### ***Construction Services***

The construction services are related to the upgrade and modification of the Groups' infrastructural and technological renovation projects and energy conservation and environmental protection projects. The estimated transaction amount is RMB2,908 million, RMB2,690 million and RMB2,378 million and accounts for 25%, 22% and 20% of the Services Cap for FY2022, FY2023 and FY2024, respectively.

When estimating the transaction amount for construction services for FY2022, the Group took into account (i) the transaction values of construction services to be carried out in FY2022 for projects that have commenced prior to FY2022 and will be continued in FY2022 amounted to RMB446 million; and (ii) the estimated transaction amount for projects intended to invite tender and kick-start in FY2022 which in aggregate amounted to RMB2,908 million. As certain project period may stretch over one financial year, the remaining estimated transaction amount was made up of progress fees for projects which have commenced in the prior years yet still on-going will have to be accounted for in the coming years. We understand from the Management that for FY2022, it is estimated that progress fees of approximately RMB446 million will be payable for projects which have commenced in FY2021 but with on-going work to be carried out in FY2022.

For FY2023 and FY2024, the estimated transaction amounts will take into consideration the estimated intention to invite tender in FY2022 (for construction period estimated to last for more than one financial year), FY2023 and FY2024 with an aggregate sum of approximately RMB16,000 million.

The estimated transaction value for FY2022 to FY2024 also take into account a 25% winning rate of China Baowu Group participating in the tendering process. We understand from the Management that between FY2019 to FY2021, approximately 25% of construction works were awarded to connected parties via tendering process, as such the Group also took into account such success rate in estimating the transaction values of construction services to be provided by China Baowu Group.

Although the award of the tender to China Baowu Group will depend on the final result of the tendering process, the Management is of the view that it is necessary to ensure there is sufficient annual cap to award the projects to China Baowu Group, should China Baowu Group be selected in the tendering process.

#### *Transportation Services*

The transportation services are obtained from China Baowu Group mostly comprise (i) the transportation of steel products from the Group's production plants to their end users; (ii) the transportation of raw materials; and (iii) internal transportation within the production plants. The estimated amounts are RMB2,251 million, RMB2,300 million and RMB2,341 million for FY2022, FY2023 and FY2024, respectively, making up approximately 19% of the Services Cap for each year.

When calculating the estimated transaction amount for sales transportation, the Directors took into account (i) logistic services demanded from and the anticipated production capacity of each department and member companies of the Group or FY2022, FY2023 and FY2024; and (ii) estimated prices for transportation services of which was arrived by application of a 3% discount to the services fee charged at RMB44.10 per tonne during FY2021 which is calculated as the average fee paid for all transportation channels (i.e. waterway, land route, airway) in the previous year. We understand from the Management that they were of the view that the Group was capable of obtaining a competitive pricing by paying a unified fee for all types of transportation channel by way of sub-contracting the Group's logistics services to the Parent Group. Considering the above, the Management considered that obtaining logistic services from the Parent Group would be reasonable and appropriate.

In relation to the purchase transportation, the Company considered (i) the historical demand and growth trend each year during the Review Period; and (ii) the average pricing during the Review Period when calculating the estimated demand and transaction amount for FY2022 to FY2024. We understand that the Group intends to identify suppliers for such transportation services through tendering process and expects that China Baowu Group will be one of the service providers to submit tender for the project. As for the obtaining of internal transportation services, when calculating the estimated transaction amount for FY2022 to FY2024, the Management expects that the anticipated transaction amount for FY2022 to FY2024 will be similar with that during the Review Period as the historical and pricing has remained constant in the past.

#### *Environmental Services*

The environmental services are obtained from Anhui Xinchuang, a company controlled by China Baowu for the management of the Group's desulphurization and denitrification systems. The estimated amounts are RMB2,208 million, RMB2,407 million and RMB2,411 million for FY2022, FY2023 and FY2024, accounting for approximately 19% to 20% of the Services Cap for each year.

The increase in services provided by Anhui Xinchuang is due to the environmental guidelines issued by the PRC which require ultra-low emissions from waste as discussed in the section "Background to and reason for entering into of the Energy Saving and Environmental Protection Agreement" on page 105. Currently, the Group has set up 45 projects and 16 projects are managed by Anhui Xinchuang. As the requirements are getting more stringent, the Group intends to allocate more facilities to Anhui Xinchuang for their management. We understand that the management fees comprise of energy costs and service fees. The energy costs are mostly from demand of various power mediums such as water, electricity, and gas, which will be calculated according to state-prescribed price. The estimated service fees are determined by a cost-plus profit margin approach by applying a 5% margin on the labour cost and maintenance fees in respect of the services provided. As advised by the Management, the labour costs are estimated to be RMB75,000 per person per year for FY2022 to FY2024 and the maintenance fees will be charged at 4-6% of the environmental system's construction fees. We have compared the terms of labour costs and maintenance fees determined by the Group with a recent quotation obtained from the independent supplier and note that their calculation is same with that of the Group and the estimated labour cost and maintenance fees adopted by the China Baowu Group will be lower than that quoted by the independent supplier.

#### *Repair and maintenance services*

Regarding the repair and maintenance services, it is related to the regular repair and maintenance of the Group's production plants and its estimated amounts are RMB2,959 million, RMB3,459 million and RMB3,722 million for FY2022, FY2023 and FY2024, respectively, representing approximately 25% to 31% of the Service Cap for each year. The estimated amount is determined in accordance with the historical transaction amount of the Group. During FY2019 and FY2020, the Group recorded repair and maintenance works amounting to RMB2,766 million and RMB3,026 million.

As the repair and maintenance works are regularly required by the Group, the Management's estimation of the transaction amount for each of coming three years are similar to the preceding years. We note that the annual cap for FY2023 and FY2024 is larger than that of FY2022, we have discussed with the Management and understand that the Company may undergo a larger scale of repair of the blast furnace every 3 years. As the previous repair works were conducted in FY2020, the recurring works may fall on FY2023 or FY2024 depending on the usage of the production plants.

As advised by the Management, maintenance fees are charged according to industry guide price stipulated in the "Pricing Guide for Maintenance Services for Iron and Steel Enterprises" (鋼鐵企業檢修工保費導定額) issued by the China and Steel Association, a regulator of the PRC steel industry with effect from 2019, while repair fees comprise of labour fees and a supply cost. We note that the composition of the repair fees is same from the independent third-party's quotation. Having considered that the maintenance fee is set according to an industry guide price and the repair fee is lower than that quoted by independent customers, we note that the terms offered by China Baowu Group to the Group is more favourable than that offered to independent third parties.

## VIII. NEW FINANCIAL SERVICES AGREEMENT

### 1. Background to and reasons for entering into the New Financial Services Agreement

Magang Group Finance Company Limited (the “**Finance Company**”) is owned as to 91% by the Company and is a non-banking institution established under the PRC laws in October 2011 with the approval of the CBRC and is subject to the supervision of the CBRC. It is mainly engaged in providing financial services including but not limited to deposit services, loan and entrusted loan services, discounting services and settlement services to the Parent Group. Further details of the services provided by the Finance Company are set out in the section headed “New Financial Services Agreement” in the “Letter from the Board” contained in the Circular. Among all the services provided by the Finance Company, as the applicable percentage ratios in respect of the provision of loan services under the Financial Services Agreement, on annual basis, is expected to exceed 5%, the loan services and Daily Loan Cap (as defined below) in respect of the provision of loan services by the Finance Company to the Parent Group are subject to, among other things, independent shareholders’ approval under the Listing Rules.

Since 2017, the Finance Company and the Parent Group entered into a number of financial services agreements to govern and regulate the financial services to be provided by the Finance Company to the Parent Group from time-to-time.

The financial services agreement which was effective as at the Latest Practicable Date, was entered into on 15 August 2018, which will expire on 31 December 2021. As such on 29 September 2021, the Finance Company and the Parent Group entered into the New Financial Services Agreement for the years from 2022 to 2024, pursuant to which, the Finance Company agrees to provide the Parent Group and its subsidiaries with deposit services, loan services and other financial services subject to the terms and conditions provided therein.

The Directors considered that through the provision of financial services by the Finance Company to the Parent Group and its subsidiaries, the Company can utilize part of its available funds to enhance its capital utilization efficiency and benefit from the net interests and services fees received by the Finance Company. Meanwhile, according to the transaction principles and the risk control system in relation to the connected transactions between the Finance Company and the Parent Group as set out below, the provision of financial services to the Parent Group will not cause any adverse impact to the Company.

**2. Principal terms of the New Financial Services Agreement in relation to the provision of loan services**

**Duration:** The New Financial Services Agreement shall be for a term commencing from 1 January 2022 to 31 December 2024.

**Loan Services:** When the Finance Company provides loan services to the Parent Group and its subsidiaries, the loan interests charged shall refer to the range of interest rates set by the PBOC, and according to the principle of marketization, it must not be lower than the interest rates for loans of similar nature and under similar terms charged on the Parent Group and its subsidiaries by other independent commercial banks or financial institutions in the PRC.

The Parent Group and its subsidiaries can apply for the provision of loan services from the Finance Company anytime when necessary, and the Finance Company shall provide the Parent Group with loan services according to the terms and amounts of the applications and in accordance with law. During the term of the New Financial Services Agreement, the daily cap of the loans to be provided by the Finance Company to the Parent Group and its subsidiaries shall be RMB4.9 billion (interest payment included). The Parent Group and its subsidiaries shall provide security or guarantee for the loan services as required by the Finance Company.

The total amount of loan provided by the Finance Company to the Parent Group and its subsidiaries and interest payable at the end of each day shall not be higher than the total amount of deposits and accrued interests of the Parent Group and its subsidiaries with the Finance Company.

Regarding the loan services, the interest is calculated with reference to the benchmark interest rates for loans and the floating range set by the PBOC.



Other terms:

In the event that the Parent Company or its subsidiaries are in breach of the New Financial Services Agreement or its credit rating is downgraded, the Finance Company has the right to request the deposited funds to be increased or demand early loan repayment, or cease to payout any unutilized loan facility, and can utilise the deposited funds maintained with it to offset the outstanding loan amount due from the borrower; and

The Parent Company undertakes that it shall repay any outstanding loan amount owed to the Finance Company in the event that its wholly-owned subsidiaries fail to make its repayment obligations. The Finance Company undertakes that the loan amount to be provided to any non-wholly owned subsidiaries of the Parent Company shall not exceed RMB2,500 million.

Having considered that (i) the loan interests charged are determined with reference to the base interest rates quoted by the PBOC and not lower than interest rates for loans of similar nature with borrower of similar credit risk under similar term charged to the Parent Group by other independent commercial banks or financial institutions in the PRC; and (ii) other terms contained in the New Financial Services Agreement which offers protection to the Finance Company as lender as set out above, we are of the view that the terms as regards the provision of loan services under the New Financial Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

### **3. Comparison of terms with independent third parties**

We have noted from sample borrowing agreements of the Parent Group entered into with independent third party banks during FY2019, FY2020 and HY2021, that the borrowing rates offered to the Parent Group by the Finance Company were higher than those offered by the independent third party banks.

### **4. Basis of the Daily Loan Cap**

The transactions contemplated under the New Financial Services Agreement are subject to the Listing Rules' requirements and conditions as further discussed under the section "Reporting requirements and conditions of the Proposed Transactions" below. In particular, the Proposed Transactions are also subject to the annual cap as discussed below.

In assessing the reasonableness of the annual cap for the New Financial Services Agreement (the “Daily Loan Cap”), we have discussed with the Management the basis and assumption underlying the projections pursuant to the New Financial Services Agreement into between the Finance Company and the Parent Group for the purpose of determining the relevant cap:

*(i) Review of the historical figures*

Set out below are actual highest daily loan outstanding balance in respect of the provision of loans to the Parent Group by the Finance Company for FY2019, FY2020 and HY2021:

|   | For the year ended 31 December |            | For the six months ended 30 June |
|---|--------------------------------|------------|----------------------------------|
|   | 2019                           | 2020       | 2021                             |
|   | RMB ('000)                     | RMB ('000) | RMB ('000)                       |
| Maximum day-end balance of loan amount (including interest) | 3,170,000                      | 3,170,000  | 3,170,000                        |
| Highest day end balance of loan amount                      | 2,700,870                      | 2,921,000  | 2,875,000                        |
| Highest utilization rate                                    | 85.2%                          | 92.1%      | 90.7%                            |

The highest total borrowing of the Parent Group had reached 85.2% of the maximum day-end balance of loan amount for FY2019 and continued to increase to over 90% for FY2020 and for HY2021. Nevertheless, according to the Directors, the day-end balance of the loan amounts was still within the maximum day-end limit and less than the deposit placed by the Parent Group at the Finance Company.

*(ii) Assessment of the Daily Loan Cap*

When assessing the reasonableness of the Daily Loan Cap, we have discussed with the Management the basis and assumptions underlying the projection of the Daily Loan Cap.

Set out below is the Daily Loan Cap regarding the provision of loan by the Finance Company to the Parent Group being proposed for the transactions contemplated under the New Financial Services Agreement for the three years ending 31 December 2022, 2023 and 2024:

|   | For the years ending 31 December |                   |                   |
|---|----------------------------------|-------------------|-------------------|
|   | 2022                             | 2023              | 2024              |
|   | <i>RMB ('000)</i>                | <i>RMB ('000)</i> | <i>RMB ('000)</i> |
| Maximum day-end balance<br>of loan amount (including<br>interest) | 4,900,000                        | 4,900,000         | 4,900,000         |

When determining the Daily Loan Cap for the three years ending 31 December 2024, which represent a maximum day-end balance of loan amount together with associated interests, the Directors have considered the funding capacity of the Finance Company and the possible demand for loan services from the Parent Group. As advised by the Management, the cash balance of the Finance Company was amounted to approximately RMB87.95 billion as at 30 June 2021. According to the information provided by the Management, the monthly average daily deposit amount from the Parent Group maintained with the Finance Company was approximately RMB7.4 billion, RMB10.9 billion and RMB8.7 billion for FY2019, FY2020 and HY2021, respectively. The Directors understand from the management of the Parent Group that the Parent Group will continue to develop and expand other operating segments. It is expected that more cash will be generated from the future operation of companies of the Parent Group. Having considered the growth in the actual deposit amount from the Parent Group in the past few years and the expected increase in cash balances generated from the future operation of the Parent Group, the Management estimated that the maximum daily deposit amount to be placed by the Parent Group for the three years ending 31 December 2024 to be approximately RMB4.9 billion. According to the Management, from their understanding of the Parent Group's internal policy, surplus cash of the Parent Group must be deposited in the Finance Company. Given the deposit balance of the Parent Group at the Finance Company exceeded the RMB4.9 billion Daily Loan Cap amount, the Directors are of the view that the Finance Company will have sufficient funding capacity to cover the proposed loans to be provided to the Parent Group.

## **IX. INTERNAL CONTROL MEASURES AND REVIEW OF CONTINUING CONNECTED TRANSACTIONS**

### **1. Internal control measures**

To ensure effective execution and implementation of the pricing of the transactions under the CCT Supplemental Agreements, the Company has established “Internal Control Management Measures of Connected Transactions” to regulate the pricing management of relevant connected transactions.

As confirmed by the Directors, the scope of the “Internal Control Management Measures of Connected Transactions” covers all the transactions contemplated under the CCT Supplemental Agreements and CCT Renewal Agreements.

A connected transaction management committee, led by the chairman of the Company, is responsible for the on-going monitoring of all the continuing connected transactions of the Company. The connected transaction management committee reports directly to the Board. We understand from the Management that the connected transaction management committee involves managers and staff from working levels of different departments including, among others, the legal department, finance department and marketing department. The connected transaction management committee is responsible for, among other things, approval 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 prices to be determined on normal commercial terms. In order to facilitate the connected transaction management committee to (i) monitor the actual amount of continuing connected transactions carried out; and (ii) prevent the annual cap of any continuing connected transactions being exceeded, the finance department of the Company is responsible for (a) the counting and monitoring of the actual amount of continuing connected transactions at the end of each month; and (b) reporting to the Board on behalf of the connected transaction management committee regarding, among other things, implementation of the continuing connected transactions and the actual monetary amount of the continuing connected transactions conducted during each quarter (or more frequently if necessary). The continuing connected transaction management committee, after receiving the actual monetary amount for the preceding quarter, would compare such amount with the annual cap under the agreement. For example, as to transactions of amount which is normally stable on monthly basis, if it is discovered that the actual transaction amount of the first quarter, the first to second quarter or the first to third quarter exceeds 25%, 50% and 75% of the annual cap respectively, the continuing connected transaction

committee would discuss with the relevant operation department regarding (i) the expected transaction amount for the rest of the year and (ii) possible implementation of alternative measures, such as increasing the transaction with independent third parties instead of with the relevant connected persons.

In the event where state-prescribed prices are not available, a pricing management process will be carried out centrally by the marketing department. The marketing department will coordinate with other departments to conduct research on market prices for the continuing connected transactions. Market prices will be obtained through, among other things, (i) open tenders/quotations from suppliers and service providers who are independent third parties; (ii) recent transaction prices of the Group with independent third parties; (iii) pricing information obtained through subscription service; (iv) price enquiry and comparison with industry players; (v) researches on industry websites; and (vi) attending events and gatherings organised by industrial associations. The marketing department will circulate the market price information to other departments and companies of the Group to facilitate them to determine prices for the continuing connected transactions.

For market prices obtained through quotations, quotations are obtained from suppliers for the requested services or products, the Group will compare and negotiate the terms of quotations with suppliers and service providers and determine the selection of suppliers and service providers by considering various factors. These factors include, among others, price quotations, quality of the products and services, ability of the suppliers and service providers in meeting technical specifications and delivery schedules, and qualification and relevant experiences of the suppliers and service providers. The contract will be awarded to the supplier and service provider who offers the best commercial and technical terms to the Company. Other than obtaining of quotations, the Group may award a contract through a tender process. The contract will be awarded to the supplier and service provider after assessment based on the same criteria as set out above.

We consider that the above-mentioned measures are in the interests of the Independent Shareholders as their interests are safeguarded by (a) obtaining and comparing independent third-party quotations and market prices; (b) awarding contracts by tendering process; and (c) the setup of connected transactions management committee.

## **2. Internal control measures in respect of provision of loan services to the Parent Group**

The Parent Group can apply for the provision of loan services from the Finance Company anytime when necessary, and the Finance Company shall provide such loan services in accordance to the terms and amounts of the applications and in accordance with applicable laws. We have obtained and reviewed the risk management policy for transactions between the Finance Company and the Parent Group provided by the management of the Company. According to the policy, the Finance Company's board of directors and the Directors will review and approve credit facility to be granted to each potential borrower. Before providing loan services to the Parent Group, due diligence works should be conducted to understand the potential borrower's background information, operating and financial status. Further assessments on the potential borrower's financials should be carried out in order to assess the loan applicant's credit risk and repayment ability. An internal rating system is used to reflect each potential loan's risk profile. The Finance Company will only accept the loan application if the loan's risk rating is within an acceptable level. After the credit facility is approved, details of the credit facility and the borrower will be inputted into a credit risk prediction model. Based on financial statements provided by the borrower on a monthly basis and other industry specific indicators, the credit risk prediction model will provide ongoing risk assessment on the borrower. In addition, the Finance Company will perform assessment on credit risk of each borrower and report to the board of directors of the Finance Company on a yearly basis. The Finance Company will provide monthly reports (or upon request) to the Company on (i) the total amount of loans provided by the Finance Company to the Parent Group and accrued interests receivable and (ii) the total amount of deposits placed by the Parent Group and accrued interests payable.

Having considered the above, we consider that the measures are in place to safeguard the credit risk level of the Finance Company.

### **3. Review of the continuing connected transactions by auditors**

The auditors of the Company were engaged to report on the Group's continuing connected transactions as set out in the 2019 and 2020 annual report (the "**Past Transactions**") in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. We understood from the Directors that the auditors were of the conclusion that (a) nothing had come to their attention that caused them to believe that the Past Transactions had not been approved by the Board; (b) for the Past Transactions involving the provision of goods or services by the Group, nothing had come to their attention that caused them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company; (c) nothing had come to their attention that caused them to believe that the Past Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) with respect to the aggregate amount of each of the Past Transactions, nothing had come to their attention that caused them to believe that the Past Transactions had exceeded the annual cap as set by the Company.

Based on the obligations of the Directors to comply with the Listing Rules to conduct the continuing connected transactions on normal commercial terms, we consider that the continuing connected transactions will be conducted on normal commercial terms.

### **4. Reporting requirements and conditions of the Proposed Transactions**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Proposed Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Proposed Transactions and confirm in the annual report and accounts that the Proposed Transactions have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

- (b) each year the auditors of the Company (currently, Ernst & Young) must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to the Board's attention that causes them to believe that the Proposed Transactions:
  - (i) have not been received the approval of the Board;
  - (ii) are not in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
  - (iii) have not been entered into in accordance with the relevant agreements governing the Proposed Transactions; and
  - (iv) have exceeded the Annual Cap;
- (c) the Company must allow, and ensure that counterparties to the Proposed Transactions to allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Proposed Transactions as set out in paragraph (b); and
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) respectively.

In light of the reporting requirements attached to the Proposed Transactions, in particular, (i) the limit of the value of the Proposed Transactions by way of the Annual Caps; and (ii) the on-going review by the independent non-executive Directors; and (iii) auditors of the Company of the terms of the Proposed Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to monitor the conduct of the Proposed Transactions and assist to safeguard the interests of the Independent Shareholders.



## RECOMMENDATION

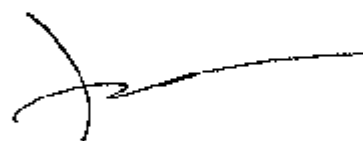
Having considered the above principal factors and reasons, we consider that (i) the terms of the CCT Supplemental Agreements, the terms of the CCT Renewal Agreements and the transactions contemplated thereunder, including the respective proposed annual caps are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the CCT Supplemental Agreements (including the Adjusted Annual Caps), the CCT Renewal Agreements (including the Renewal Annual Caps) and the transactions contemplated thereunder at the ECM.

Yours faithfully,

For and on behalf of

**HALCYON CAPITAL LIMITED**



**Terry Chu**

*Managing Director*

Mr. Terry Chu is a person licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Halcyon Capital Limited and has over 20 years of experience in corporate finance industry.

马鞍山钢铁股份有限公司

与

欧冶链金再生资源有限公司

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持续关联交易补充协议

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2021 年 9 月 29 日

## 持续关联交易补充协议

本《持续关联交易补充协议》(以下简称“本协议”)由以下双方于 2021 年 9 月 29 日在中华人民共和国(以下简称“中国”，为本协议之目的，不包括香港特别行政区、澳门特别行政区和台湾地区)马鞍山市签订：

**甲方：** 马鞍山钢铁股份有限公司，是中外合资股份有限公司(统一社会信用代码 91340000610400837Y)，其办公地址为中国安徽省马鞍山市九华西路 8 号，注册地址为安徽省马鞍山市九华西路 8 号(以下简称“甲方”)；

**乙方：** 欧冶链金再生资源有限公司(前称马鞍山马钢废钢有限责任公司)(统一社会信用代码 91340500574402383D)，其办公地址为安徽省马鞍山市雨山经济开发区雨翠路与九华路东南角，注册地址为安徽省马鞍山市雨山经济开发区雨翠路与九华路东南角(以下简称“乙方”)。

(本协议中，甲、乙双方合称“双方”，单称“一方”)

### 鉴于：

- A. 甲方为上海证券交易所(以下简称“上交所”)和香港联合交易所有限公司(以下简称“联交所”)之上市公司。乙方由甲方控股股东马钢(集团)控股有限公司控制。
- B. 甲方和乙方于 2018 年 8 月 15 日自愿签署了一份《持续关联交易协议》(以下简称“原协议”) 及于 2020 年 5 月 7 日自愿签署了一份《持续关联交易补充协议》(以下称“补充协议”，与原协议统称“该等协议”)，根据该等协议约定，由甲方及其附属公司继续向乙方销售产品，和乙方继续向甲方及其附属公司销售或提供产品与服务，自 2019 年 1 月 1 日起生效，并于 2021 年 12 月 31 日到期届满。
- C. 有鉴于双方最新之业务状况，双方同意签订本协议，以更新补充协议中 2021 年之交易额度。

因此，双方就服务、产品提供及接受事宜，根据《中华人民共和国合同法》、联交所与

上交所的有关上市规则，以及中国现行其它有关法律、法规的规定，达成协议如下：

## 第 1 条

### 原协议的修订内容

- 1.1 原协议第 1.2(1)条有关 2021 年度发生之交易条款修订如下（修订部分以下横线表示）：

“按照交易项目的内容和性质，甲方将于 2019 年 1 月 1 日至 2021 年 12 月 31 日期间，向乙方采购/接受下述服务、产品等项目：

- (1) 采购产品，包括采购废钢成品，各年度金额上限(不含税)分别为：2019 年人民币 3,282,400,000 元，2020 年人民币 7,508,500,000 元，2021 年人民币 10,513,900,000 元。”

- 1.2 原协议第 1.3 条有关 2021 年度发生之交易条款修订如下（修订部分以下横线表示）：

“以上第 1.1 条及 1.2 条所列共计三大类项目各年度金额上限(不含税)分别为：2019 年人民币 3,347,163,400 元、2020 年人民币 7,582,880,400 元、2021 年人民币 10,599,662,300 元。”

- 1.3 除以上第 1.1 及 1.2 条所载，原协议及补充协议的所有其他条款维持不变。

## 第 2 条

### 协议生效、期限和终止

- 2.1 本协议经双方法定代表人或授权代表签字并加盖双方公章且满足以下所有条件之后生效，至 2021 年 12 月 31 日终止。

- (1) 本协议应当于甲方将召开的股东大会中获得独立股东(即非关联股东)批准方为生效。

## 第 3 条



## **其它规定**

- 3.1 本协议各条款之标题仅为方便查阅而设,不具有法律效力或影响本协议的解释。
- 3.2 除本协议另有规定外, 未经另一方书面同意, 任何一方不得转让其在本协议项下的任何权利或义务。
- 3.3 本协议取代双方以前就该等事项而达成的全部口头或书面的协议、合约、理解和通讯。
- 3.4 本协议任一条款成为非法、无效或不可强制执行并不影响本协议其它条款的效力及可强制执行性。
- 3.5 本协议的修订仅可通过经双方法定代表人或授权代表签字并双方采取适当的法人行动批准的书面协议而作出, 且如果该修订构成对本协议的实质性的重大修改, 则该修订在通知或取得上交所、联交所同意及/或遵守上交所《股票上市规则》、联交所《证券上市规则》的有关规定(视届时有效的上交所《股票上市规则》、联交所《证券上市规则》及上交所、联交所的要求而定)方才生效。
- 3.6 除非另有规定, 一方未行使或延迟行使其在本协议下的权利、权力或特权并不构成对这些权利、权力或特权的放弃, 而单一或部分行使这些权利、权力或特权并不排除任何其它权利、权力或特权的行使。
- 3.7 任何本协议项下双方之间的通知, 应以书面形式送达至收件方的法定地址。通知可以专人递送或以邮递或传真送达, 以专人递送的, 于收件方签署收条时视为送达; 以邮递送达的, 应以挂号形式, 于邮件寄出七日后视为送达; 以传真送达的, 于收到确定传送代码时视为送达。
- 3.8 本协议项下之条文, 受限于适时有效的上交所、联交所规则及法规。

## **第 4 条**

### **适用法律和争议解决**

- 4.1 本协议适用中国法律并应根据中国(香港、澳门、台湾地区除外)法律解释。
- 4.2 凡因本协议引起的或与本协议有关的任何争议, 应由双方友好协商解决。

4.3 在争议友好协商期间,除争议事项外,双方应继续履行本协议规定的其它条款。

双方已于文首载明的日期和地点签署本协议。

甲方: 马鞍山钢铁股份有限公司(盖章)

法定代表人或授权代表(签字):

章 戎 顺

乙方: 欧冶链金再生资源有限公司(盖章)

法定代表人或授权代表(签字):



马鞍山钢铁股份有限公司

与

马钢(集团)控股有限公司

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持续关联交易补充协议

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2021年9月29日



## 持续关联交易补充协议

本《持续关联交易补充协议》(以下简称“本协议”)由以下双方于 2021 年 9 月 29 日在中华人民共和国(以下简称“中国”，为本协议之目的，不包括香港特别行政区、澳门特别行政区和台湾地区)马鞍山市签订：

**甲方：** 马鞍山钢铁股份有限公司，是中外合资股份有限公司(统一社会信用代码 91340000610400837Y)，其办公地址为中国安徽省马鞍山市九华西路 8 号，注册地址为安徽省马鞍山市九华西路 8 号(以下简称“甲方”)；

**乙方：** 马钢(集团)控股有限公司，是国有独资有限责任公司(统一社会信用代码 91340500150509144U)，其办公地址为中国安徽省马鞍山市九华西路 8 号，注册地址为马鞍山市九华西路 8 号(以下简称“乙方”)。

(本协议中，甲、乙双方合称“双方”，单称“一方”)

### 鉴于：

- A. 甲方为上海证券交易所(以下简称“上交所”)和香港联合交易所有限公司(以下简称“联交所”)之上市公司。
- B. 甲方和乙方于 2018 年 8 月 15 日自愿签署了一份《持续关联交易协议》(以下简称“原协议”)及于 2020 年 5 月 7 日自愿签署了一份《持续关联交易补充协议》(以下称“补充协议”，与原协议统称“该等协议”)，根据该等协议约定，由甲方及其附属公司继续向乙方及其附属公司销售或提供产品与服务，和乙方及其附属公司继续向甲方及其附属公司销售或提供产品与服务，自 2019 年 1 月 1 日起生效，并于 2021 年 12 月 31 日到期届满。
- C. 有鉴于双方最新之业务状况，双方同意签订本协议，以更新补充协议中 2021 年之交易额度。

因此，双方就服务、产品提供及接受事宜，根据《中华人民共和国合同法》、联交所与上交所的有关上市规则，以及中国现行其它有关法律、法规的规定，达成协议如下：



## 第 1 条

### 原协议的修订内容

- 1.1 双方同意调整(1) 甲方向乙方销售产品的金额上限, 2021 年的其他服务金额上限由 1,165,371,400 元增加至人民币 1,550,371,400 元; (2) 甲方接受乙方基建技改工程服务以外的其他服务的金额上限, 2021 年的其他服务金额上限由 3,010,140,300 元增加至人民币 3,402,970,300 元。故此,原协议第 1.1(1) 条、1.2(2)条及 1.3 条有关 2021 年度发生之交易条款修订如下(修订部分以下横线表示):

“1.1 按照交易项目的内容和性质,甲方将于 2019 年 1 月 1 日至 2021 年 12 月 31 日期间,每个自然年度即每年的 1 月 1 日至 12 月 31 日向乙方销售/提供下述产品、服务等项目:

(1) 销售产品,包括销售钢材、钢锭、辅料、材料(不锈钢带、电缆、工具等)、焦粉、氧化铁皮及其他产品(劳保、办公用品等);销售电、生活水、工业净水、高炉煤气、焦炉煤气、转炉煤气、蒸汽、压缩空气及其他气体等,各年度金额上限(不含税)分别为:2019 年人民币 965,297,000 元,2020 年人民币 1,061,345,700 元,2021 年人民币 1,550,371,400 元。

...

1.2 按照交易项目的内容和性质,甲方将于 2019 年 1 月 1 日至 2021 年 12 月 31 日期间,每个自然年度即每年的 1 月 1 日至 12 月 31 日向乙方采购/接受下述服务、产品等项目:

...

(2) 接受服务,包括接受基建技改工程服务、接受水陆运输及相关服务,包括公路运输、水路运输、港口综合服务(含货物装卸、存储、块矿筛分、中转短倒、过磅、取送等综合服务)、仓储和配送服务、设备(设施)维修保产服务、设备大、中型修理、电气、电机、变压器工程及检修服务、自动化、信息化运维服务

及改造、车轮加工、委托代理及汽车修理、监测、诊断等相关服务，各年度金额上限(不含税)分别为：2019 年人民币 4,094,340,800 元，2020 年人民币 5,602,740,100 元，2021 年人民币 5,302,970,300 元(其中 2021 年基建技改工程服务以外的其他服务金额上限由 3,010,140,300 元增加至人民币 3,402,970,300 元)。

1.3 以上第 1.1 条及 1.2 条所列共计四大类项目各年度金额上限(不含税)分别为：2019 年 7,176,638,200 元、2020 年 8,853,394,700 元、2021 年 9,063,038,300 元。”

1.2 除以上第 1.1 条所载，原协议及补充协议的所有其他条款维持不变。

## **第 2 条**

### **协议生效、期限和终止**

2.1 本协议经双方法定代表人或授权代表签字并加盖双方公章且满足以下所有条件之后生效，至 2021 年 12 月 31 日终止。

(1) 本协议应当于甲方将召开的股东大会中获得独立股东(即非关联股东)批准方为生效。

## **第 3 条**

### **其它规定**

3.1 本协议各条款之标题仅为方便查阅而设，不具有法律效力或影响本协议的解释。

3.2 除本协议另有规定外，未经另一方书面同意，任何一方不得转让其在本协议项下的任何权利或义务。

3.3 本协议取代双方以前就该等事项而达成的全部口头或书面的协议、合约、理解和通讯。

3.4 本协议任一条款成为非法、无效或不可强制执行并不影响本协议其它条款的效力及可强制执行性。



- 3.5 本协议的修订仅可通过经双方法定代表人或授权代表签字并双方采取适当的法人行动批准的书面协议而作出，且如果该修订构成对本协议的实质性的重大修改，则该修订在通知或取得上交所、联交所同意及/或遵守上交所《股票上市规则》、联交所《证券上市规则》的有关规定(视届时有效的上交所《股票上市规则》、联交所《证券上市规则》及上交所、联交所的要求而定)方才生效。
- 3.6 除非另有规定，一方未行使或延迟行使其在本协议下的权利、权力或特权并不构成对这些权利、权力或特权的放弃，而单一或部分行使这些权利、权力或特权并不排除任何其它权利、权力或特权的行使。
- 3.7 任何本协议项下双方之间的通知，应以书面形式送达至收件方的法定地址。通知可以专人递送或以邮递或传真送达，以专人递送的，于收件方签署收条时视为送达；以邮递送达的，应以挂号形式，于邮件寄出七日后视为送达；以传真送达的，于收到确定传送代码时视为送达。
- 3.8 本协议项下之条文，受限于适时有效的上交所、联交所规则及法规。

## **第4条**

### **适用法律和争议解决**

- 4.1 本协议适用中国法律并应根据中国(香港、澳门、台湾地区除外)法律解释。
- 4.2 凡因本协议引起的或与本协议有关的任何争议，应由双方友好协商解决。
- 4.3 在争议友好协商期间，除争议事项外，双方应继续履行本协议规定的其它条款。

双方已于文首载明的日期和地点签署本协议。

甲方：马鞍山钢铁股份有限公司(盖章)



先庚亮

法定代表人或授权代表(签字):

乙方：马钢(集团)控股有限公司(盖章)



丁勇

法定代表人或授权代表(签字):

中国宝武钢铁集团有限公司

与

马鞍山钢铁股份有限公司

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日常关联交易补充协议

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2021 年 9 月 29 日



## 日常关联交易补充协议

本《日常关联交易补充协议》(以下简称“本协议”)由以下双方于 2021 年 9 月 29 日在中华人民共和国(以下简称“中国”)马鞍山市签订:

**甲方:** 中国宝武钢铁集团有限公司, 是国有独资有限责任公司(统一社会信用代码 91310000132200821H), 其办公地址为中国(上海)自由贸易试验区世博大道 1859 号, 注册地址为中国(上海)自由贸易试验区世博大道 1859 号(以下简称“甲方”);

**乙方:** 马鞍山钢铁股份有限公司, 是中外合资股份有限公司(统一社会信用代码 91340000610400837Y), 其办公地址为中国安徽省马鞍山市九华西路 8 号, 注册地址为中国安徽省马鞍山市九华西路 8 号以下简称“乙方”)。

(以上甲、乙双方合称“双方”, 单称“一方”)

**鉴于:**

- A. 乙方为香港联合交易所有限公司(以下简称“港交所”)和上海证券交易所(以下简称“上交所”)之上市公司。甲方为乙方控股股东马钢(集团)控股有限公司之控股股东。
- B. 《关联交易内部控制管理办法》。
- C. 双方于 2019 年 12 月 30 日自愿签署了一份《日常关联交易协议》(以下称“原协议”)及于 2020 年 5 月 7 日自愿签署了一份《日常关联交易补充协议》(以下称“补充协议”, 与原协议统称“该等协议”), 根据该等协议约定, 双方及其附属公司接受/提供原协议规定的服务、产品。
- D. 有鉴于双方最新之业务状况, 双方同意签订本协议, 以更新补充协议中 2021 年之交易额度。

因此, 双方就服务、产品提供及接受事宜, 根据《中华人民共和国合同法》及中国现行其它有关法律、法规的规定, 达成协议如下:

## 第 1 条

### 原协议的修订内容

#### 1.1 原协议第 1.1 条修订如下（修订部分以下横线表示）：

“按照交易项目的内容和性质，乙方或乙方附属公司将于 2020 年 1 月 1 日至 2021 年 12 月 31 日期间，向甲方或甲方附属公司（为免歧义，不包括乙方或乙方附属公司）销售/提供下述产品、服务等项目：

- (1) 销售产品，包括钢材，钢坯、能源、备件及相关产品等，年度金额上限分别为：2020 年人民币 44,812 万元(不含税)，2021 年人民币 117,653 万元(不含税)。
- (2) 提供服务，包括提供技术服务、检测服务等，年度金额上限分别为：2020 年人民币 8,181 万元(不含税)，2021 年人民币 12,216 万元(不含税)。”

#### 1.2 原协议第 1.2 条修订如下（修订部分以下横线表示）：

“按照交易项目的内容和性质，乙方或乙方附属公司将于 2020 年 1 月 1 日至 2021 年 12 月 31 日期间，向甲方或甲方附属公司（为免歧义，不包括乙方或乙方附属公司）采购/接受下述产品、服务等项目：

- (1) 采购产品，包括铁矿石、石灰石、废钢、备件、辅材等，年度金额上限分别为：2020 年人民币 724,165 万元(不含税)，2021 年人民币 1,876,445 万元(不含税)。
- (2) 接受服务，包括接受基建技改工程服务、委托代理、运输、检修、委托加工、运输装卸、培训、通讯、印刷、档案、报纸、电视专题片制作、办公楼租用、单身公寓租用及其他相关服务等，年度金额上限分别为：(i) 2020 年人民币 335,012 万元(不含税)，当中基建技改工程服务的年度金额上限为人民币 234,355 万元(不含税)，及接受水陆运输及其他服务的年度金额上限为人民币 100,657 万元(不含税)；(ii) 2021 年人民币 475,356 万元(不含税)，当中基建技改工程服务的年度金额上限为人民币 360,088 万元(不含税)，



及 2021 年接受水陆运输及其他服务的年度金额上限为人民币 115,268 万元(不含税)。”

1.3 原协议第 1.3 条修订如下(修订部分以下横线表示)：

“以上四大类项目合计计划额度分别为：2020 年人民币 1,112,170 万元(不含税)，2021 年人民币 2,481,670 万元(不含税)。”

1.4 除以上第 1.1 条至第 1.3 条所载，原协议及补充协议的所有其他条款维持不变。

## **第 2 条**

### **协议生效、期限和终止**

2.1 本协议经双方法定代表人或授权代表签字并加盖双方公章且满足以下所有条件之后生效，至 2021 年 12 月 31 日终止。

(1) 本协议应当于乙方将召开的股东大会中获得独立股东(即非关联股东)批准方为生效。

## **第 3 条**

### **其它规定**

3.1 本协议各条款之标题仅为方便查阅而设，不具有法律效力或影响本协议的解释。

3.2 除本协议另有规定外，未经另一方书面同意，任何一方不得转让其在本协议项下的任何权利或义务。

3.3 本协议取代双方以前就该等事项而达成的全部口头或书面的协议、合约、理解和通讯。

3.4 本协议任一条款成为非法、无效或不可强制执行并不影响本协议其它条款的效力及可强制执行性。

3.5 本协议的修订仅可经书面协议并经双方法定代表人或授权代表签字且须经双方采取适当的法人行动批准而作出，且如果该修订构成对本协议的实质性的重大



修改,则该修订在通知或取得上交所、港交所同意及/或遵守上交所《股票上市规则》、港交所《证券上市规则》的有关规定(视当时有效的上交所《股票上市规则》、港交所《证券上市规则》及上交所、港交所的要求而定)方才生效。

- 3.6 除非另有规定,一方未行使或延迟行使其在本协议下的权利、权力或特权并不构成对这些权利、权力或特权的放弃,而单一或部分行使这些权利、权力或特权并不排除任何其它权利、权力或特权的行使。
- 3.7 任何本协议项下双方之间的通知,应以书面形式送达至收件方的法定地址。通知可以专人递送或以邮递或传真送达,以专人递送的,于收件方签署收条时视为送达;以邮递送达的,应以挂号形式,于邮件寄出七日后视为送达;以传真送达的,于收到确定传送代码时视为送达。
- 3.8 本协议项下之条文,受限于适时有效的上交所、港交所规则及法规。

## **第4条**

### **适用法律和争议解决**

- 4.1 本协议适用中国法律并应根据中国(香港、澳门、台湾地区除外)法律解释。
- 4.2 凡因本协议引起的或与本协议有关的任何争议,应由双方友好协商解决。
- 4.3 在争议友好协商期间,除争议事项外,双方应继续履行本协议规定的其它条款。

双方已于文首载明的日期和地点签署本协议,兹此为证。

(本页无正文,为中国宝武钢铁集团有限公司与马鞍山钢铁股份有限公司日常关联交易补充协议之签字盖章页)



甲方:中国宝武钢铁集团有限公司

法定代表人或授权代表(签字):

陈德荣

(本页无正文,为中国宝武钢铁集团有限公司与马鞍山钢铁股份有限公司日常关联交易补充协议之签字盖章页)

乙方: 马鞍山钢铁股份有限公司

法定代表人或授权代表(签字):



毛展宏

马鞍山钢铁股份有限公司

与

安徽欣创节能环保科技股份有限公司

## 节能环保补充协议

2021 年 9 月 29 日



## 节能环保补充协议

本《节能环保补充协议》(以下简称“本协议”)由以下双方于 2021 年 9 月 29 日在中华人民共和国(以下简称“中国”,为本协议之目的,不包括香港特别行政区、澳门特别行政区和台湾地区)马鞍山市签订:

**甲方:** 马鞍山钢铁股份有限公司,是中外合资股份有限公司(统一社会信用代码:91340000610400837Y),其办公地址及注册地址均为安徽省马鞍山市九华西路 8 号(以下简称“甲方”);

**乙方:** 安徽欣创节能环保科技股份有限公司,是于中国成立的股份有限公司(统一社会信用代码:913405005815375344),其办公地址及注册地址均为马鞍山市经济技术开发区湖西南路 665 号(以下简称“乙方”)。

(以上甲、乙双方合称“双方”,单称“一方”)

**鉴于:**

- A. 甲方为香港联合交易所有限公司(以下简称“港交所”)和上海证券交易所(以下简称“上交所”)之上市公司。甲方是乙方的重要股东。
- B. 根据港交所及上交所的有关上市规则,乙方为甲方的关联方。本协议构成关联交易,应当遵守有关上述上市规则并应当于甲方将召开的临时股东大会由独立股东(即非关联股东,下同)批准方为生效。
- C. 甲方和乙方于 2018 年 8 月 15 日自愿签署了一份《节能环保协议》(以下称“原协议”),根据约定,双方提供/接受节能环保工程及服务及销售/购买废弃物。有鉴于双方最新之业务状况,双方同意签订本补充协议,以更新原协议中 2021 年之交易额度。

因此,双方就提供/接受节能环保工程及服务及销售/购买废弃物事宜,根据《中华人民共和国合同法》及中国现行其它有关法律、法规的规定,按公平原则达成协议如下:

## 第1条

### 原协议的修订内容

- 1.1 原协议第2.3条有关2021年度发生之交易条款修订如下（修订部分以下横线表示）：

“销售动力、能源介质及产成品等于2019, 2020及2021各年度的金额上限（不含税）分别为人民币79,000,000元，人民币80,000,000元和人民币190,460,000元。”

- 1.2 除以上第1.1条所载，原协议的所有其他条款维持不变。

## 第2条

### 协议生效、期限和终止

- 2.1 本协议应当经双方法定代表人或授权代表签字并加盖双方公章，并应当于甲方将召开的临时股东大会中获得独立股东批准方为生效，至2021年12月31日终止。

## 第3条

### 其它规定

- 3.1 本协议各条款之标题仅为方便查阅而设，不具有法律效力或影响本协议的解释。
- 3.2 除本协议另有规定外，未经另一方书面同意，任何一方不得转让其在本协议项下的任何权利或义务。
- 3.3 本协议取代双方以前就该等事项而达成的全部口头或书面的协议、合约、理解和通讯。
- 3.4 本协议任一条款成为非法、无效或不可强制执行并不影响本协议其它条款的效力及可强制执行性。
- 3.5 本协议的修订仅可通过经双方法定代表人或授权代表签字并经双方采取适当的法人行动批准的书面协议而作出，且如果该修订构成对本协议的实质性的重大修改，则该修订在通知或取得上交所、港交所同意及/或遵守上交所《股票上市规则》、港交所《证券上市规则》的有关规定（视届时有效的上交所《股票上市



规则》、港交所《证券上市规则》及上交所、港交所的要求而定）方才生效。

- 3.6 除非另有规定，一方未行使或延迟行使其在本协议下的权利、权力或特权并不构成对这些权利、权力或特权的放弃，而单一或部分行使这些权利、权力或特权并不排除任何其它权利、权力或特权的行使。
- 3.7 任何本协议项下双方之间的通知，应以书面形式送达至收件方的法定地址。通知可以专人递送或以邮递或传真送达，以专人递送的，于收件方签署收条时视为送达；以邮递送达的，应以挂号形式，于邮件寄出七日后视为送达；以传真送达的，于收到确定传送代码时视为送达。
- 3.8 本协议项下之条文，受限于适时有效的上交所、港交所规则及法规。

#### **第4条**

##### **适用法律和争议解决**

- 4.1 本协议适用中国法律并应根据中国（香港、澳门、台湾地区除外）法律解释。
- 4.2 凡因本协议引起的或与本协议有关的任何争议，应由双方友好协商解决
- 4.3 在争议友好协商期间，除争议事项外，双方应继续履行本协议规定的其它条款。

（以下无正文，下页为签署页）

(本页为《马鞍山钢铁股份有限公司与安徽欣创节能环保科技股份有限公司节能环保补充协议》的签署盖章页)

双方已于文首载明的日期和地点签署本协议，兹此为证。

甲方：马鞍山钢铁股份有限公司（盖章）



先展亮

法定代表人或授权代表（签字）：

乙方：安徽欣创节能环保科技股份有限公司（盖章）



杨书

法定代表人或授权代表（签字）：

安徽欣创节能环保科技股份有限公司



中国宝武钢铁集团有限公司

与

马鞍山钢铁股份有限公司

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产品购销协议

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2021 年 9 月 29 日

## 产品购销协议

本《产品购销协议》(以下简称“本协议”)由以下双方于 2021 年 9 月 29 日在中华人民共和国(以下简称“中国”，为本协议之目的，不包括香港特别行政区、澳门特别行政区和台湾地区)马鞍山市签订：

**甲方：** 中国宝武钢铁集团有限公司，是国有独资有限责任公司(统一社会信用代码 91310000132200821H)，其办公地址为中国(上海)自由贸易试验区世博大道 1859 号，注册地址为中国(上海)自由贸易试验区世博大道 1859 号(以下简称“甲方”)；

**乙方：** 马鞍山钢铁股份有限公司，是中外合资股份有限公司(统一社会信用代码 91340000610400837Y)，其办公地址为中国安徽省马鞍山市九华西路 8 号，注册地址为安徽省马鞍山市九华西路 8 号(以下简称“乙方”)。

(本协议中，甲、乙双方合称“双方”，单称“一方”)

**鉴于：**

- A. 乙方为上海证券交易所(以下简称“上交所”)和香港联合交易所有限公司(以下简称“联交所”)之上市公司。
- B. 甲方和乙方于 2019 年 12 月 30 日签署了一份《日常关联交易协议》，及于 2020 年 5 月 7 日自愿签署了一份《日常关联交易补充协议》，将于 2021 年 12 月 31 日到期届满。
- C. 为维持双方经营业务稳定，双方拟由甲方及其附属公司继续向乙方及其附属公司销售产品，和乙方及其附属公司继续向甲方及其附属公司销售产品，自 2022 年 1 月 1 日起生效，并于 2024 年 12 月 31 日到期届满。
- D. 甲方和乙方按照交易内容对 2022 年、2023 年和 2024 年预计可能发生的持续关联交易项目进行了分类统计，共同制订了持续关联交易分类计划。
- E. 在此基础之上，双方自愿签订本协议并按其约定从事持续关联交易。



因此，双方就产品购销事宜，根据《中华人民共和国合同法》、联交所与上交所的有关上市规则，以及中国现行其它有关法律、法规的规定，达成协议如下：

## 第1条

### 本协议的主要内容及交易原则

1.1 按照交易项目的内容和性质，乙方将于2022年1月1日至2024年12月31日期间，每个自然年度即每年的1月1日至12月31日向甲方销售下述产品等项目：

(1) 销售产品，包括销售钢材、钢锭、焦粉、氧化铁皮、冶金辅料、材料（不锈钢带、电缆、工具等）及其他产品（劳保、办公用品等）；销售电、生活水、工业净水、高炉煤气、焦炉煤气、转炉煤气、蒸汽、压缩空气、其他气体及水渣等，各年度金额上限（不含税）分别为：2022年人民币[13,859,277,400]元，2023年人民币[15,149,577,600]元，2024年人民币[15,952,495,300]元。

1.2 按照交易项目的内容和性质，乙方将于2022年1月1日至2024年12月31日期间，每个自然年度即每年的1月1日至12月31日向甲方采购下述产品等项目：

(1) 采购产品，包括采购矿石、石灰、废钢、钢坯、耐火材料、备件、成套设备、非标准备件及其他商品采购（焦炭、煤炭、合金、油品、煤气等），各年度金额上限（不含税）分别为：2022年人民币[39,451,969,700]元，2023年人民币[39,524,488,400]元，2024年人民币[39,941,462,000]元。

1.3 以上第1.1条及1.2条所列共计两大类项目各年度金额上限（不含税）分别为：2022年[53,311,247,100]元、2023年[54,674,066,000]元、2024年[55,893,957,300]元。

1.4 本协议项下之产品交易条款（包括但不限于价格及付款）应通过甲乙双方公平协商及按照一般商业条款订立。

1.5 第1.1条项下产品之交易条款（包括但不限于价格及付款）亦不得优于乙方及其

附属公司向独立第三方销售类似产品交易之交易条款。

- 1.6 第 1.2 条项下产品之交易条款(包括但不限于价格及付款) 亦不得逊于独立第三方向乙方及其附属公司销售类似产品交易之交易条款。
- 1.7 双方一致同意, 本协议生效后的履行期内, 乙方有权自行选择与任何独立第三方就上述第 1.1 条和第 1.2 条列明的任何一项产品发生交易。
- 1.8 乙方在此同意并保证促使其附属公司按照本协议的条款和精神, 提供及接受本协议规定的产品; 甲方在此同意并保证促使其附属公司按照本协议的条款和精神, 提供及接受本协议规定的产品。
- 1.9 有关乙方及其附属公司向甲方及其附属公司销售的电、生活水、工业净水、高炉煤气、焦炉煤气、转炉煤气、蒸汽、压缩空气、其他气体及水渣等的付款, 须由乙方或其附属公司按月于每月月初把上月的销售款支付予甲方或其附属公司。钢材、钢锭、焦粉、氧化铁皮及其他产品(劳保、办公用品等)的付款, 须由甲方或其附属公司按月于每月月末预先把下月的预计销售款支付予乙方或其附属公司; 冶金辅料、材料(不锈钢带、电缆、工具等)的付款, 须由甲方或其附属公司按月支付上月的销售款予乙方或其附属公司。

有关甲方及其附属公司向乙方及其附属公司销售或提供之产品, 在乙方及其附属公司在接收有关产品并验明质量无误后, 乙方及其附属公司须于 30 个工作日内支付有关产品的货款。

## **第 2 条**

### **定价原则**

- 2.1 双方确定, 按公平原则, 采取恰当、合理及公允的计价方法订立关联交易协议。
- 2.2 双方进一步确认遵循市场规则的原则, 计价体现公允、客观。有国家指导价的按照国家指导价; 没有国家指导价的按照市场价, 市场价应通过招标、比价、及双方公平公正协商, 按照一般商业条款定价及参照可比的市场交易价确定价格。



第 1.1 条项下产品之价格，不可低于乙方及其附属公司向独立第三方销售同类别产品之价格。

第 1.2 条项下产品之价格，不可超过独立第三方向乙方及其附属公司提供同类别产品的市场价。

| 类别   | 定价原则 | 项目   |
|------|------|--|
| 销售产品 | 政府定价 | 电/生活水/工业净水等                                  |
|      | 市场定价 | 高炉煤气/焦炉煤气/转炉煤气/蒸汽/压缩空气/其他气体/水渣等              |
|      | 市场定价 | 钢材/钢锭/焦粉/氧化铁皮/冶金辅料等/材料（不锈钢带、电缆、工具等）/劳保、办公用品等 |
| 采购产品 | 市场定价 | 矿石/石灰/废钢/钢坯/耐火材料/备件及成套设备/非标准备件等              |
|      | 市场定价 | 其他商品采购（焦炭、煤炭、合金、油品、煤气等）                      |

### 第 3 条

#### 协议生效、期限和终止

3.1 本协议经双方法定代表人或授权代表签字并加盖双方公章且满足以下所有条件之后生效，至 2024 年 12 月 31 日终止。

(1) 本协议应当于乙方将召开的临时股东大会中获得独立股东（即非关联股东，下同）批准方为生效。

3.2 在本协议的生效期间，本协议任何一方可向另一方以书面通知提出终止本协议或本协议中部分产品的提供/接受，但终止协议的书面通知应当在不少于一个月前送达另一方，书面通知中应当说明何种类别的提供/接受将会终止及何时终止。若有任何产品根据本条款终止提供/接受，该终止不影响双方在本协议项下其它的权利或义务，也不影响按本协议签订的相关书面确认文件（如有）的任何一方在相关书面确认文件项下的其它权利或义务。

- 3.3 如任何一方违反本协议之任何条款(以下简称“违约方”), 另一方(以下简称“守约方”)可向其发出书面通知, 告知其构成违约行为, 并要求违约方在指定的合理期限内作出补救, 如违约方未于上述期限内对此等违约行为作出补救, 则守约方可立即终止本协议及其项下相关服务的提供/接受, 守约方保留向违约方要求赔偿和其它任何法律允许主张的权利。
- 3.4 如果一方破产、资不抵债、在进行清算解散的司法程序或停止经营业务, 本协议可在一方向发生上述情形的另一方发出书面通知后终止。
- 3.5 若本协议项下与所有各项交易有关的履行均按本协议第 5.3 条终止, 则本协议终止。
- 3.6 本协议的终止不应影响任何一方根据本协议已经产生的权利或义务, 包括支付已到期及应支付价款的责任, 或就违反本协议应支付违约金及赔偿金的责任。

## **第 4 条**

### **双方的陈述和保证**

#### **4.1 甲方的陈述和保证:**

- (1) 甲方是依法成立并有效存续的股份有限责任公司, 具有独立的法人资格;
- (2) 甲方根据本协议自乙方接受及向乙方提供产品, 并未超出甲方经批准和核准的营业范围;
- (3) 甲方已获得为签署本协议及履行一切本协议项下的义务所需的一切政府批准(如需要)及内部授权, 签署本协议的是甲方的法定代表人或授权代表;
- (4) 甲方签署本协议或履行其在本协议项下的义务并不违反其订立的任何其它协议或其公司章程, 也不会与其订立的其它协议或其公司章程存在任何法律上的冲突;
- (5) 根据中国法律法规, 一旦出现违法违规情况, 甲方应该立即通知乙方, 并确定善后处理方案。

#### **4.2 乙方的陈述和保证:**



- (1) 乙方是依法成立并有效存续的有限公司，具有独立的法人资格；
- (2) 乙方根据本协议自甲方接受及向甲方提供产品，并未超出乙方经批准和核准的营业范围；
- (3) 乙方已获得为签署本协议及履行一切本协议项下的义务所需的一切政府批准(如需要)及授权，签署本协议的是乙方的法定代表人或授权代表；
- (4) 乙方签署本协议或履行其在本协议项下的义务并不违反其订立的任何其它协议或其公司章程，也不会与其订立的其它协议或其公司章程发生任何法律上的冲突；
- (5) 根据中国法律法规，一旦出现违法违规情况，乙方应该立即通知甲方，并确定善后处理方案。

## **第 5 条**

### **协议的履行**

- 5.1 由于本协议项下的任何交易以及本协议的修改、变更、撤消或重新签订需按上交所《股票上市规则》、联交所《证券上市规则》的规定进行。如本协议项下有任何条款与上交所《股票上市规则》、联交所《证券上市规则》(包括今后不时修改的上交所《股票上市规则》、联交所《证券上市规则》)有冲突，甲乙双方承诺及时修改、变更、撤销或另行签署本协议。
- 5.2 若上交所及/或联交所关于本协议及其项下之交易的豁免(如有)是附带条件的，则本协议应按所附条件予以履行。
- 5.3 若上交所及/或联交所对本协议项下的某一项关联交易的豁免失效、收回或撤销，且该项交易未能符合联交所《证券上市规则》及/或上交所《股票上市规则》有关关联交易适用的要求(包括披露及/或乙方独立股东批准等)，则本协议项下与该项交易有关的履行终止。

## **第 6 条**

### **日常关联管理**

- 6.1 根据乙方制定的《关联交易内部控制管理办法》及其不时修订(如有)的相关规定,乙方各相关职能部门应当依据职责分工做好关联交易内部控制管理工作。

## **第7条**

### **违约责任**

- 7.1 双方均应该按照本协议的约定履行各自的义务,未按照本协议约定条款而给对方造成损失的一方应该向对方承担赔偿责任等违约责任。

## **第8条**

### **不可抗力**

- 8.1 本协议任何一方因受不可抗力事件(不可抗力事件指受影响一方不能合理控制、无法预料、不可避免且无法克服,并于本协议签订日之后出现的,使该方对本协议全部或部分的履行在客观上成为不可能或不实际(包括但不限于花费合理金额仍无法履行)的任何事件,此等事件包括但不限于水灾、火灾、旱灾、风灾、地震及其它自然灾害、交通意外、所在省、市的大部分职工罢工、骚动、暴乱、战争及政府部门的作为及不作为、第三方网络故障)影响而未能履行其在本协议下的全部或部分义务,该义务的履行在不可抗力事件妨碍其履行期间应予暂停。
- 8.2 主张受到不可抗力事件影响的一方应尽可能在最短的时间内通过书面形式将不可抗力事件的发生通知另一方,并在该不可抗力事件发生后15日内以专人交代或挂号邮寄向另一方提供关于此种不可抗力事件及其持续时间的适当证据,主张不可抗力事件导致其对本协议的履行在客观上成为不可能或不实际的一方,有责任尽一切合理的努力消除或减轻此等不可抗力事件的影响。
- 8.3 不可抗力事件发生时,双方应立即通过友好协商决定如何执行本协议,不可抗力事件或其影响终止或消除后,双方应当立即恢复履行各自在本协议项下的各项义务。但如双方根据实际影响情况,针对受影响的部分重新协商签订书面补充协议的,则按照补充协议履行。

## **第9条**

### **公告**



- 9.1 任何一方未经另一方事先书面同意不得就其获得的和本协议及/或其项下之交易有关的资料向任何人士透露或发出任何公告,但(1)根据中国法律、联交所、上交所、中国证券监督管理委员会、香港证券及期货事务监察委员会或任何其它政府或监管机关的规定或要求而作出公告者;或(2)本协议双方为执行其于本协议下的义务而应当向其雇员或专业顾问透露的资料除外。
- 9.2 本协议第9.1条的规定不适用于:(1)在透露方透露前,接受方已经知道的资料;(2)非因接受方违反本协议而已经是或成为公开的资料;或(3)接受方从对这些资料并无保密义务的第三方获得的资料。

## **第10条**

### **其它规定**

- 10.1 本协议各条款之标题仅为方便查阅而设,不具有法律效力或影响本协议的解释。
- 10.2 除本协议另有规定外,未经另一方书面同意,任何一方不得转让其在本协议项下的任何权利或义务。
- 10.3 本协议取代双方以前就该等事项而达成的全部口头或书面的协议、合约、理解和通讯。
- 10.4 本协议任一条款成为非法、无效或不可强制执行并不影响本协议其它条款的效力及可强制执行性。
- 10.5 本协议的修订仅可通过经双方法定代表人或授权代表签字并经双方采取适当的法人行动批准的书面协议而作出,且如果该修订构成对本协议的实质性的重大修改,则该修订在通知或取得上交所、联交所同意及/或遵守上交所《股票上市规则》、联交所《证券上市规则》的有关规定(视届时有效的上交所《股票上市规则》、联交所《证券上市规则》及上交所、联交所的要求而定)方才生效。
- 10.6 除非另有规定,一方未行使或延迟行使其在本协议下的权利、权力或特权并不构成对这些权利、权力或特权的放弃,而单一或部分行使这些权利、权力或特权并不排除任何其它权利、权力或特权的行使。
- 10.7 任何本协议项下双方之间的通知,应以书面形式送达至收件方的法定地址。通

知可以专人递送或以邮递或传真送达，以专人递送的，于收件方签署收条时视为送达；以邮递送达的，应以挂号形式，于邮件寄出七日后视为送达；以传真送达的，于收到确定传送代码时视为送达。

10.8 本协议项下之条文，受限于适时有效的上交所、联交所规则及法规。

## **第 11 条**

### **适用法律和争议解决**

11.1 本协议适用中国法律并应根据中国(香港、澳门、台湾地区除外)法律解释。

11.2 凡因本协议引起的或与本协议有关的任何争议，应由双方友好协商解决。

11.3 在争议友好协商期间，除争议事项外，双方应继续履行本协议规定的其它条款。

双方已于文首载明的日期和地点签署本协议。

(本页无正文,为中国宝武钢铁集团有限公司与马鞍山钢铁股份有限公司产品购销协议之签字盖章页)



甲方:中国宝武钢铁集团有限公司(盖章)

法定代表人或授权代表(签字):

陈继东



(本页无正文,为中国宝武钢铁集团有限公司与马鞍山钢铁股份有限公司产品购销协议之签字盖章页)

乙方: 马鞍山钢铁股份有限公司(盖章)

法定代表人或授权代表(签字):



章我明

中国宝武钢铁集团有限公司

与

马鞍山钢铁股份有限公司

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提供及接受服务协议

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2021 年 9 月 29 日

## 提供及接受服务协议

本《提供及接受服务协议》(以下简称“本协议”)由以下双方于 2021 年 9 月 29 日在中华人民共和国(以下简称“中国”，为本协议之目的，不包括香港特别行政区、澳门特别行政区和台湾地区)马鞍山市签订：

**甲方：** 中国宝武钢铁集团有限公司，是国有独资有限责任公司(统一社会信用代码 91310000132200821H)，其办公地址为中国(上海)自由贸易试验区世博大道 1859 号，注册地址为中国(上海)自由贸易试验区世博大道 1859 号(以下简称“甲方”)；

**乙方：** 马鞍山钢铁股份有限公司，是中外合资股份有限公司(统一社会信用代码 91340000610400837Y)，其办公地址为中国安徽省马鞍山市九华西路 8 号，注册地址为安徽省马鞍山市九华西路 8 号(以下简称“乙方”)。

(本协议中，甲、乙双方合称“双方”，单称“一方”)

**鉴于：**

- A. 乙方为上海证券交易所(以下简称“上交所”)和香港联合交易所有限公司(以下简称“联交所”)之上市公司。
- B. 甲方和乙方于 2019 年 12 月 30 日签署了一份《日常关联交易协议》，及于 2020 年 5 月 7 日自愿签署了一份《日常关联交易补充协议》，将于 2021 年 12 月 31 日到期届满。
- C. 为维持双方经营业务稳定，双方拟由甲方及其附属公司继续向乙方及其附属公司提供服务，和乙方及其附属公司继续向甲方及其附属公司提供服务，自 2022 年 1 月 1 日起生效，并于 2024 年 12 月 31 日到期届满。
- D. 甲方和乙方按照交易内容对 2022 年、2023 年和 2024 年预计可能发生的持续关联交易项目进行了分类统计，共同制订了持续关联交易分类计划。
- E. 在此基础之上，双方自愿签订本协议并按其约定从事持续关联交易。



因此，双方就服务提供及接受事宜，根据《中华人民共和国合同法》、联交所与上交所的有关上市规则，以及中国现行其它有关法律、法规的规定，达成协议如下：

## 第1条

### 本协议的主要内容及交易原则

1.1 按照交易项目的内容和性质，乙方将于2022年1月1日至2024年12月31日期间，每个自然年度即每年的1月1日至12月31日向甲方提供下述服务等项目：

(1) 提供服务，包括提供委托钢坯加工、提供计量、检测、租赁服务、铁路运输等服务，各年度金额上限(不含税)分别为：2022年人民币[272,589,100]元，2023年人民币[311,487,100]元，2024年人民币[331,972,900]元。

1.2 按照交易项目的内容和性质，乙方将于2022年1月1日至2024年12月31日期间，每个自然年度即每年的1月1日至12月31日接受甲方提供下述服务等项目：

(1) 接受服务，包括接受基建技改工程、节能环保工程、合同能源管理、托管运营、设备大/中修、公路运输、水路运输、港口综合服务、设备（设施）维修保养、自动化/信息化运维服务及改造；接受电气、电机、变压器工程等检修服务及其他服务（汽车修理、监测、诊断服务等）、车轮加工、废钢加工、废水处理、煤气加工、仓储/配送服务等；接受培训、通讯、印刷、档案、办公楼租用、代理服务及其他专业化服务等，各年度金额上限(不含税)分别为：2022年人民币[11,694,097,000]元，2023年人民币[12,032,859,300]元，2024年人民币[12,036,864,500]元。

1.3 以上第1.1条及1.2条所列共计两大类项目各年度金额上限(不含税)分别为：2022年[11,966,686,100]元、2023年[12,344,346,400]元、2024年[12,368,837,400]元。

1.4 本协议项下之服务交易条款(包括但不限于价格及付款)应通过甲乙双方公平协商及按照一般商业条款订立。

- 1.5 第 1.1 条项下服务之交易条款(包括但不限于价格及付款)亦不得优于乙方及其附属公司向独立第三方提供类似服务交易之交易条款。
- 1.6 第 1.2 条项下服务之交易条款(包括但不限于价格及付款)亦不得逊于独立第三方向乙方及其附属公司提供类似服务交易之交易条款。
- 1.7 双方一致同意,本协议生效后的履行期内,乙方有权自行选择与任何独立第三方就上述第 1.1 条和第 1.2 条列明的任何一项服务发生交易。
- 1.8 乙方在此同意并保证促使其附属公司按照本协议的条款和精神,提供及接受本协议规定的服务;甲方在此同意并保证促使其附属公司按照本协议的条款和精神,提供及接受本协议规定的服务。
- 1.9 有关服务下的钢坯加工、计量、检测等服务的付款,须由甲方或其附属公司按月向乙方或其附属公司支付上月的销售款。

有关基建技改工程服务的付款,须由乙方及其附属公司根据工程进度并经乙方的管理部门确认后,于 30 个工作日内支付甲方及其附属公司。水陆运输及相关服务的付款,须由乙方及其附属公司在验明质量无误后,按照服务进度确定支付金额,于 30 个工作日内支付甲方及其附属公司。

## **第 2 条**

### **定价原则**

- 2.1 双方确定,按公平原则,采取恰当、合理及公允的计价方法订立关联交易协议。
- 2.2 双方进一步确认遵循市场规则的原则,计价体现公允、客观。有国家指导价的按照国家指导价;没有国家指导价的按照市场价,市场价应通过招标、比价、及双方公平公正协商,按照一般商业条款定价及参照可比的市场交易价确定价格。

第 1.1 条项下服务之价格,不可低于乙方及其附属公司向独立第三方销售相同类别服务之价格。



第 1.2 条项下服务之价格，不可超过独立第三方向乙方及其附属公司提供相同类别服务的市场价。

| 类别   | 定价原则 | 项目  |
|------|------|---|
| 提供服务 | 市场定价 | 提供委托钢坯加工、提供计量、检测、租赁服务、铁路运输等   |
| 接受服务 | 市场定价 | 基建技改工程/节能环保工程/合同能源管理/托管运营/设备大、中修/公路运输/水路运输/港口综合服务/设备（设施）维修保产/自动化、信息化运维服务及改造/接受电气、电机、变压器工程等检修服务/其他服务（汽车修理、监测、诊断服务等）/车轮加工/废钢加工/废水处理/煤气加工/仓储、配送服务等 |
|      | 市场定价 | 培训/通讯/印刷/档案/办公楼租用/代理服务/其他专业化服务等   |

### 第 3 条

#### 协议生效、期限和终止

3.1 本协议经双方法定代表人或授权代表签字并加盖双方公章且满足以下所有条件之后生效，至 2024 年 12 月 31 日终止。

(1) 本协议应当于乙方将召开的临时股东大会中获得独立股东（即非关联股东，下同）批准方为生效。

3.2 在本协议的生效期间，本协议任何一方可向另一方以书面通知提出终止本协议或本协议中部分服务的提供/接受，但终止协议的书面通知应当在不少于一个月前送达另一方，书面通知中应当说明何种类别的提供/接受将会终止及何时终止。若有任何服务根据本条款终止提供/接受，该终止不影响双方在本协议项下其它的权利或义务，也不影响按本协议签订的相关书面确认文件（如有）的任何一方在相关书面确认文件项下的其它权利或义务。

3.3 如任何一方违反本协议之任何条款（以下简称“违约方”），另一方（以下简称

“守约方”)可向其发出书面通知,告知其构成违约行为,并要求违约方在指定的合理期限内作出补救,如违约方未于上述期限内对此等违约行为作出补救,则守约方可立即终止本协议及其项下相关服务的提供/接受,守约方保留向违约方要求赔偿和其它任何法律允许主张的权利。

- 3.4 如果一方破产、资不抵债、在进行清算解散的司法程序或停止经营业务,本协议可在一方向发生上述情形的另一方发出书面通知后终止。
- 3.5 若本协议项下与所有各项交易有关的履行均按本协议第 5.3 条终止,则本协议终止。
- 3.6 本协议的终止不应影响任何一方根据本协议已经产生的权利或义务,包括支付已到期及应支付价款的责任,或就违反本协议应支付违约金及赔偿金的责任。

## **第 4 条**

### **双方的陈述和保证**

#### **4.1 甲方的陈述和保证:**

- (1) 甲方是依法成立并有效存续的股份有限责任公司,具有独立的法人资格;
- (2) 甲方根据本协议自乙方接受及向乙方提供服务,并未超出甲方经批准和核准的营业范围;
- (3) 甲方已获得为签署本协议及履行一切本协议项下的义务所需的一切政府批准(如需要)及内部授权,签署本协议的是甲方的法定代表人或授权代表;
- (4) 甲方签署本协议或履行其在本协议项下的义务并不违反其订立的任何其它协议或其公司章程,也不会与其订立的其它协议或其公司章程存在任何法律上的冲突;
- (5) 根据中国法律法规,一旦出现违法违规情况,甲方应该立即通知乙方,并确定善后处理方案。

#### **4.2 乙方的陈述和保证:**

- (1) 乙方是依法成立并有效存续的有限公司,具有独立的法人资格;



- (2) 乙方根据本协议自甲方接受及向甲方提供服务,并未超出乙方经批准和核准的营业范围;
- (3) 乙方已获得为签署本协议及履行一切本协议项下的义务所需的一切政府批准(如需要)及授权,签署本协议的是乙方的法定代表人或授权代表;
- (4) 乙方签署本协议或履行其在本协议项下的义务并不违反其订立的任何其它协议或其公司章程,也不会与其订立的其它协议或其公司章程发生任何法律上的冲突;
- (5) 根据中国法律法规,一旦出现违法违规情况,乙方应该立即通知甲方,并确定善后处理方案。

## **第 5 条**

### **协议的履行**

- 5.1 由于本协议项下的任何交易以及本协议的修改、变更、撤消或重新签订需按上交所《股票上市规则》、联交所《证券上市规则》的规定进行。如本协议项下有任何条款与上交所《股票上市规则》、联交所《证券上市规则》(包括今后不时修改的上交所《股票上市规则》、联交所《证券上市规则》)有冲突,甲乙双方承诺及时修改、变更、撤销或另行签署本协议。
- 5.2 若上交所及/或联交所关于本协议及其项下之交易的豁免(如有)是附带条件的,则本协议应按所附条件予以履行。
- 5.3 若上交所及/或联交所对本协议项下的某一项关联交易的豁免失效、收回或撤销,且该项交易未能符合联交所《证券上市规则》及/或上交所《股票上市规则》有关关联交易适用的要求(包括披露及/或乙方独立股东批准等),则本协议项下与该项交易有关的履行终止。

## **第 6 条**

### **日常关联管理**

- 6.1 根据乙方制定的《关联交易内部控制管理办法》及其不时修订(如有)的相关规

定，乙方各相关职能部门应当依据职责分工做好关联交易内部控制管理工作。

## **第7条**

### **违约责任**

- 7.1 双方均应该按照本协议的约定履行各自的义务，未按照本协议约定条款而给对方造成损失的一方应该向对方承担赔偿责任等违约责任。

## **第8条**

### **不可抗力**

- 8.1 本协议任何一方因受不可抗力事件(不可抗力事件指受影响一方不能合理控制、无法预料、不可避免且无法克服，并于本协议签订日之后出现的，使该方对本协议全部或部分的履行在客观上成为不可能或不实际(包括但不限于花费合理金额仍无法履行)的任何事件，此等事件包括但不限于水灾、火灾、旱灾、风灾、地震及其它自然灾害、交通意外、所在省、市的大部分职工罢工、骚动、暴乱、战争及政府部门的作为及不作为、第三方网络故障)影响而未能履行其在本协议下的全部或部分义务，该义务的履行在不可抗力事件妨碍其履行期间应予暂停。
- 8.2 主张受到不可抗力事件影响的一方应尽可能在最短的时间内通过书面形式将不可抗力事件的发生通知另一方，并在该不可抗力事件发生后15日内以专人交代或挂号邮寄向另一方提供关于此种不可抗力事件及其持续时间的适当证据，主张不可抗力事件导致其对本协议的履行在客观上成为不可能或不实际的一方，有责任尽一切合理的努力消除或减轻此等不可抗力事件的影响。
- 8.3 不可抗力事件发生时，双方应立即通过友好协商决定如何执行本协议，不可抗力事件或其影响终止或消除后，双方应当立即恢复履行各自在本协议项下的各项义务。但如双方根据实际影响情况，针对受影响的部分重新协商签订书面补充协议的，则按照补充协议履行。

## **第9条**

### **公告**

- 9.1 任何一方未经另一方事先书面同意不得就其获得的和本协议及/或其项下之交



易有关的资料向任何人士透露或发出任何公告，但(1)根据中国法律、上交所、上交所、中国证券监督管理委员会、香港证券及期货事务监察委员会或任何其它政府或监管机关的规定或要求而作出公告者；或(2)本协议双方为执行其于本协议下的义务而应当向其雇员或专业顾问透露的资料除外。

- 9.2 本协议第 9.1 条的规定不适用于：(1)在透露方透露前，接受方已经知道的资料；(2)非因接受方违反本协议而已经是或成为公开的资料；或(3)接受方从对这些资料并无保密义务的第三方获得的资料。

## **第 10 条**

### **其它规定**

- 10.1 本协议各条款之标题仅为方便查阅而设，不具有法律效力或影响本协议的解释。
- 10.2 除本协议另有规定外，未经另一方书面同意，任何一方不得转让其在本协议项下的任何权利或义务。
- 10.3 本协议取代双方以前就该等事项而达成的全部口头或书面的协议、合约、理解和通讯。
- 10.4 本协议任一条款成为非法、无效或不可强制执行并不影响本协议其它条款的效力及可强制执行性。
- 10.5 本协议的修订仅可通过经双方法定代表人或授权代表签字并经双方采取适当的法人行动批准的书面协议而作出，且如果该修订构成对本协议的实质性的重大修改，则该修订在通知或取得上交所、上交所同意及/或遵守上交所《股票上市规则》、上交所《证券上市规则》的有关规定(视届时有效的上交所《股票上市规则》、上交所《证券上市规则》及上交所、上交所的要求而定)方才生效。
- 10.6 除非另有规定，一方未行使或延迟行使其在本协议下的权利、权力或特权并不构成对这些权利、权力或特权的放弃，而单一或部分行使这些权利、权力或特权并不排除任何其它权利、权力或特权的行使。
- 10.7 任何本协议项下双方之间的通知，应以书面形式送达至收件方的法定地址。通知可以专人递送或以邮递或传真送达，以专人递送的，于收件方签署收条时视

为送达；以邮递送达的，应以挂号形式，于邮件寄出七日后视为送达；以传真送达的，于收到确定传送代码时视为送达。

10.8 本协议项下之条文，受限于适时有效的上交所、联交所规则及法规。

## **第 11 条**

### **适用法律和争议解决**

11.1 本协议适用中国法律并应根据中国(香港、澳门、台湾地区除外)法律解释。

11.2 凡因本协议引起的或与本协议有关的任何争议，应由双方友好协商解决。

11.3 在争议友好协商期间，除争议事项外，双方应继续履行本协议规定的其它条款。

双方已于文首载明的日期和地点签署本协议。

(本页无正文,为中国宝武钢铁集团有限公司与马鞍山钢铁股份有限公司提供及接受服务协议之签字盖章页)

甲方:中国宝武钢铁集团有限公司(盖章)

法定代表人或授权代表(签字):



陈继东



(本页无正文,为中国宝武钢铁集团有限公司与马鞍山钢铁股份有限公司提供及接受服务协议之签字盖章页)

乙方: 马鞍山钢铁股份有限公司(盖章)



先唐安

法定代表人或授权代表(签字):



马钢（集团）控股有限公司

与

马钢集团财务有限公司

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金融服务协议

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2021 年 9 月 29 日

## 金融服务协议

本《金融服务协议》(以下简称“本协议”)由以下双方于 2021 年 9 月 29 日在中华人民共和国(以下简称“中国”,为本协议之目的,不包括香港特别行政区、澳门特别行政区和台湾地区))马鞍山市签订:

**甲方:** 马钢(集团)控股有限公司,是国有独资有限公司(统一社会信用代码 91340500150509144U),其办公及注册地址均为马鞍山市雨山区九华西路 8 号(以下简称“甲方”);

**乙方:** 马钢集团财务有限公司,是甲方与马鞍山钢铁股份有限公司(以下简称“股份公司”)共同出资设立的有限责任公司(统一社会信用代码 913405005830451030),其办公及注册地址均为安徽省马鞍山市九华西路 8 号马钢指挥中心主楼 8 层(以下简称“乙方”)。

(以上甲、乙双方合称“双方”,单称“一方”)

**鉴于:**

- A. 马鞍山钢铁股份有限公司(以下简称“股份公司”)为香港联合交易所有限公司(以下简称“港交所”)和上海证券交易所(以下称“上证所”)之上市公司。甲方为股份公司的控股股东。
- B. 乙方是经中国银行业监督管理委员会(以下简称“中国银监会”)批准并经马鞍山市工商行政管理局注册成立的非银行金融机构,具有向其成员单位提供相关金融服务的资格。

- C. 甲方及其附属公司因正常业务需要，以公平合理的市场价格和按一般商业条款接受乙方提供本协议项下的金融服务，包括乙方为甲方及其附属公司在本协议有效期内提供的(i)存款服务；(ii)贷款服务，并估计乙方向甲方及其附属公司提供的贷款额在本协议有效期内每日最高不超过人民币49亿元(含利息费用)；(iii)其它金融服务。甲方及附属公司应当按公平合理的市场价格向乙方支付服务费（包括利息及票据承兑、承销债券、财务顾问、保险代理、外汇结售汇手续费等费用），上述服务费总额在本协议有效期内每年不高于人民币2.5亿元（含利息费用）。
- D. 在此基础之上，双方愿意签订本协议并按其约定提供/接受金融服务。甲方在此同意并保证促使其附属公司按照本协议的条款和精神，接受本协议规定的金融服务。
- E. 因此，双方就金融服务提供及接受事宜，根据《中华人民共和国合同法》、中国银监会《企业集团财务公司管理办法》及中国现行其它有关法律、法规的规定，达成协议如下：

## **第1条**

### **金融服务的主要内容**

- 1.1 在甲方及其附属公司根据中国银监会《企业集团财务公司管理办法》之规定属于甲方成员单位的情况下，以及在乙方提供的以下金融服务属于中国银监会批准和马鞍山工商行政管理局注册成立的乙方的经营范围的前提下，乙方同意按本协议的约定向甲方及其附属公司提供以下金融服务，且甲方及其附属公司亦同意按本协议的约定接受乙方提供的以下金融服务：



(1) **存款服务：**甲方及其附属公司在乙方开立存款账户，并本着存取自由的原则，将资金存入在乙方开立的存款账户，存款形式可以是活期存款、定期存款、协定存款等。该等服务系甲方及其附属公司为股份公司（及包括其子公司）的利益，按一般商务条款（或对股份公司（及包括其子公司）而言属于更佳条款）提供的财务资助，并无需以股份公司（及包括其子公司）的资产作抵押。

(2) **贷款服务：**甲方及其附属公司可视需要随时向乙方申请为其提供贷款服务，乙方根据申请条件和金额依法向甲方提供发放贷款的服务。

本协议有效期内乙方向甲方及其附属公司提供的贷款额每日最高不超过人民币 49 亿元（含利息费用）。

甲方及其附属公司应当就乙方的贷款服务应乙方的需要提供抵押或担保措施。

(3) **其它金融服务：**乙方将按甲方及其附属公司的申请依法向甲方及其附属公司提供其他金融服务（包括但不限于票据承兑、承销债券、财务顾问、保险代理、外汇结售汇等）。

就上述金融服务，甲方及附属公司应当按公平合理的市场价格向乙方支付利息及票据承兑、承销债券、财务顾问、保险代理、外汇结售汇手续费等服务费，上述费用总额在本协议有效期内每年不高于人民币 2.5 亿元（含利息费用）。

## 第 2 条交易原则

- 2.1 双方同意，乙方为甲方及其附属公司提供本协议第 1 条所述的金融服务时，双方应当遵守以下原则：

(1) **存款服务：**乙方向甲方及其附属公司提供存款服务时，存款利率参考由中国人民银行规定的基准利率和浮动范围，按市场化原则，不高于其它在中国的独立商业银行或金融机构向甲方及其附属公司提供同期同类型存款的存款利率。

(2) **贷款服务：**乙方向甲方及其附属公司提供贷款服务时，贷款利率参考由中国人民银行规定的基准利率，按市场化原则，不低于其它在中国的独立商业银行或金融机构向甲方及其附属公司提供的同期同类型贷款的贷款利率。

甲方及其附属公司应根据乙方的要求就乙方的贷款服务提供抵押或其他担保措施。

(3) **其它金融服务：**乙方向甲方及其附属公司提供其它金融服务时，收费按市场化原则，不低于其它在中国的独立商业银行或金融机构向甲方及其附属公司提供其它同期同类型金融服务收取的费用。

乙方向甲方及其附属公司提供的贷款总额及应付利息每日末金额不得高于甲方及其附属公司在乙方存放的存款及应计利息总额。

2.2 本协议期满，甲方及其附属公司有权结合自身利益自行决定是否与乙方继续保持上述合作关系。

2.3 根据中国法律法规，乙方应保证甲方及其附属公司的本金和利息的支付，不得拖延、拒绝支付存款本金和利息。若有违反上述情况的行为，甲方及其附属公司可根据中国法律法规，以甲方及其附属公司所欠乙方的债务抵销。



若甲方或其附属公司信用下降或出现违约时，乙方有权依借款合同，要求其增加存款或提前还贷，或停止支付其尚未使用的信贷资金，并可以动用其在乙方的存款抵消其贷款及应付利息。若甲方或其附属公司提取存款金额导致贷款高于存款，财务公司有权限制其提款直至提前还款完毕。若甲方或其附属公司提取存款金额会导致贷款高于存款时，财务公司有权限制其提款直至提前还款完毕。

### **第3条**

#### **运作方式**

- 3.1 如有需要，双方且甲方确保并促使其附属公司与乙方，届时以公平及合理的价格，并按照一般商业惯例及本协议的约定，另行签订具体金融服务协议规范运作，并使具体金融服务协议符合本协议的交易原则以及有关法律法规之规定。甲方及其附属公司并无义务聘用乙方为其单一金融服务提供方。甲方有权决定是否维持乙方作为其金融服务提供者的关系。乙方有权决定是否向甲方及其附属公司提供或拒绝提供全部或某项金融服务。

### **第4条**

#### **协议生效、期限和终止**

- 4.1 本协议报股份公司临时股东大会审议通过，经双方法定代表人或授权代表签字并加盖双方公章之后生效，协议期限自二零二二年一月一日起至二零二四年十二月三十一日终止。



- 4.2 在本协议的生效期间，本协议任何一方可向另一方以书面通知提出终止本协议或本协议中部分金融服务的提供/接受，但终止协议的书面通知应当至少提前三个月送达另一方，书面通知中应当说明何种金融服务的提供/接受将会终止及何时终止。若有任何金融服务根据本条款终止提供/接受，该终止不影响双方在本协议项下其它的权利或义务，也不影响按本协议签订的具体金融服务协议（如有）或相关书面确认文件（如有）的任何一方在该等协议或相关书面确认文件项下的其它权利或义务。
- 4.3 如任何一方违反本协议之任何条款（以下简称“违约方”），另一方（以下简称“守约方”）可向其发出书面通知，告知其构成违约行为，并要求违约方在指定的合理期限内作出补救。如违约方未于上述期限内对此等违约行为作出补救，则守约方可立即终止本协议及其项下相关服务的提供/接受，守约方保留向违约方要求赔偿和其它任何法律允许主张的权利。
- 4.4 如果一方破产、资不抵债、在进行清算解散的司法程序或停止经营业务，本协议可在一方向发生上述情形方发出书面通知后终止。
- 4.5 若本协议项下与所有各项交易有关的履行均按本协议第 6.3 条终止，则本协议终止。
- 4.6 本协议的终止不应影响任何一方根据本协议已经产生的权利或义务，包括支付已到期及应支付价款的责任，或就违反本协议应支付违约金及赔偿金的责任。

## 第5条 双方的陈述和保证

### 5.1 甲方的陈述和保证：

- (1) 甲方是依法成立并有效存续的有限责任公司，具有独立的法人资格。
- (2) 甲方承诺，当旗下全资子公司未能偿还应付乙方的借款时，甲方负责偿还该等欠款。
- (3) 甲方根据本协议接受乙方提供的金融服务，并未超出甲方经批准和核准的营业范围。
- (4) 甲方已获得为签署本协议及履行一切本协议项下的义务所需的一切政府批准（如需要）、甲方内部及甲方附属公司的授权，签署本协议的是甲方的法定代表人或授权代表。
- (5) 甲方签署本协议或履行其在本协议项下的义务并不违反其订立的任何其它协议或其公司章程，也不会与其订立的其它协议或其公司章程存在任何法律上的冲突。
- (6) 根据中国法律法规，甲方使用资金管理信息系统时，应符合乙方的系统用户守则的要求。
- (7) 甲方应按时了解及确定在乙方存款状况，以监察并确保甲方于乙方存款

及应计利息的每日末金额不得低于乙方向甲方及其附属公司提供的贷款总额及应付利息。

- (8) 根据中国法律法规，一旦出现违法违规情况，甲方应该立即通知乙方，并确定善后处理方案。

## 5.2 乙方的陈述和保证：

- (1) 乙方是依法成立并有效存续的非银行金融机构，具有独立的法人资格。
- (2) 乙方承诺，对甲方旗下所有非全资子公司贷款总额最高不超过 25 亿元；
- (3) 乙方根据本协议向甲方及其附属公司提供金融服务，并未超出乙方经批准和核准的营业范围。
- (4) 乙方已获得为签署本协议及履行一切本协议项下的义务所需的一切政府批准（如需要）及授权，签署本协议的是乙方的法定代表人或授权代表，并且本协议一经签署即对乙方具有法定约束力。
- (5) 乙方签署本协议或履行其在本协议项下的义务并不违反其订立的任何其它协议或其公司章程，也不会与其订立的其它协议或其公司章程发生任何法律上的冲突。
- (6) 根据中国法律法规，乙方确保资金管理信息系统的安全及稳定运行；资



金管理信息系统通过与商业银行网上银行接口的安全测试，符合商业银行安全等级标准，以保障甲方及其附属公司的资金安全。

- (7) 乙方承诺，按照中国法律法规及中国银监会颁布的风险监控监测指标规范运作，而其主要的监管指标也将符合中国银监会的要求。
- (8) 根据中国法律法规，乙方安排有关系统，让甲方可了解及确定甲方及其附属公司在乙方存款状况；使甲方得以监察并确保于乙方存款及应计利息的每日末金额不得低于乙方向甲方及其附属公司提供的贷款总额及应付利息。
- (9) 根据中国法律法规，如出现违法违规情况，乙方应该立即通知甲方，并确定善后处理方案。

## **第6条 协议的履行**

- 6.1 由于本协议项下的任何交易以及本协议的修改、变更、撤消或重新签订需按相关法律法规和上证所《股票上市规则》、港交所《证券上市规则》的规定进行。如本协议项下有任何条款与相关法律法规和上证所《股票上市规则》、港交所《证券上市规则》（包括今后不时修改的相关法律法规和上证所《股票上市规则》、港交所《证券上市规则》）有冲突，甲乙双方承诺及时修改、变更、撤消或另行签署本协议。
- 6.2 若港交所关于本协议及其项下之交易的豁免（如有）是附带条件的，则本协议应按所附条件予以履行。

- 6.3 若港交所对本协议项下的某一项关连交易的豁免失效、收回或撤销，且该项交易未能符合港交所《证券上市规则》有关关联交易适用的要求（包括披露及/或股份公司独立股东批准等），则本协议项下与该项交易有关的履行终止。

## **第7条 违约责任**

- 7.1 双方均应该按照本协议的约定履行各自的义务，未按照本协议约定条款而给对方造成损失的应该承担赔偿责任等违约责任。

## **第8条 不可抗力**

- 8.1 本协议任何一方因受不可抗力事件（不可抗力事件指受影响一方不能合理控制、无法预料、不可避免且无法克服，并于本协议签订日之后出现的，使该方对本协议全部或部分的履行在客观上成为不可能或不实际（包括但不限于花费合理金额仍无法履行）的任何事件，此等事件包括但不限于水灾、火灾、旱灾、风灾、地震及其它自然灾害、交通意外、所在省、市的大部分职工罢工、骚动、暴乱、战争及政府部门的作为及不作为、第三方网络故障）影响而未能履行其在本协议下的全部或部分义务，该义务的履行在不可抗力事件妨碍其履行期间应予暂停。
- 8.2 主张受到不可抗力事件影响的一方应尽可能在最短的时间内通过书面形式将不可抗力事件的发生通知另一方，并在该不可抗力事件发生后 15 日内以专人交代或挂号邮寄向另一方提供关于此种不可抗力事件及其持续时间的适当证据，主张不可抗力事件导致其对本协议的履行在客观上成为不可能或不实际的



一方，有责任尽一切合理的努力消除或减轻此等不可抗力事件的影响。

- 8.3 不可抗力事件发生时，双方应立即通过友好协商决定如何执行本协议，不可抗力事件或其影响终止或消除后，双方应当立即恢复履行各自在本协议项下的各项义务。但如双方根据实际影响情况，针对受影响的部分重新协商签订书面补充协议的，则按照补充协议履行。

## **第9条 公告**

- 9.1 任何一方未经另一方事先书面同意不得就其获得的和本协议及/或其项下之交易有关的资料向任何人士透露或发出任何公告，但(1)根据中国银监会和中国人民银行及其它地区有关法律或中国证监会、上证所、港交所、香港证券及期货事务监察委员会或任何其它政府或监管机关的规定或要求而作出公告者；或(2)本协议双方为执行其于本协议下的义务而应当向其雇员或专业顾问透露的资料除外。
- 9.2 本协议第9.1条的规定不适用于：(1)在透露方透露前，接受方已经知道的资料；(2)非因接受方违反本协议而已经是或成为公开的资料；或(3)接受方从对这些资料并无保密义务的第三方获得的资料。

## **第10条 其它规定**

- 10.1 本协议各条款之标题仅为方便查阅而设，不具有法律效力或影响本协议的解释。



- 10.2 除本协议另有规定外，未经另一方书面同意，任何一方不得转让其在本协议项下的任何权利或义务。
- 10.3 本协议取代双方以前就该等事项而达成的全部口头或书面的协议、合约、理解和通讯。
- 10.4 本协议任一条款成为非法、无效或不可强制执行并不影响本协议其它条款的效力及可强制执行性。
- 10.5 本协议的修订仅可通过经双方法定代表人或授权代表签字且并经双方采取适当的法人行动批准的书面协议而作出，且如果该修订构成对本协议的实质性的重大修改，则该修订在通知或取得上证所、港交所同意及/或遵守上证所《股票上市规则》、港交所《证券上市规则》的有关规定（视届时上证所《股票上市规则》、港交所《证券上市规则》及上证所、港交所的要求而定）方才生效。
- 10.6 除非另有规定，一方未行使或延迟行使其在本协议下的权利、权力或特权并不构成对这些权利、权力或特权的放弃，而单一或部分行使这些权利、权力或特权并不排除任何其它权利、权力或特权的行使。
- 10.7 任何本协议项下双方之间的通知，应以书面形式送达至收件方的法定地址。通知可以专人递送或以邮递或传真送达，以专人递送的，于收件方签署收条时视为送达；以邮递送达的，应以挂号形式，于邮件寄出七日后视为送达；以传真送达的，于收到确定传送代码时视为送达。

## **第 11 条 适用法律和争议解决**

11.1 本协议适用中国法律并应根据中国（香港、澳门、台湾地区除外）法律解释。

11.2 凡因本协议引起的或与本协议有关的任何争议，应由双方友好协商解决

11.3 在争议友好协商期间，除争议事项外，双方应继续履行本协议规定的其它条款。

双方已于文首载明的日期和地点签署本协议，兹此为证。

甲方：马钢（集团）控股有限公司（盖章）



法定代表人或授权代表：

A handwritten signature in black ink, likely belonging to the legal representative or authorized representative of Ma Gang (Group) Holding Co., Ltd.

乙方：马钢集团财务有限公司（盖章）



法定代表人或授权代表：

A handwritten signature in black ink, likely belonging to the legal representative or authorized representative of Ma Gang Group Finance Co., Ltd.