



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2022年12月9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吸收合併協議及金融服務協議(包括年度建議金額上限)以及協議項下擬進行之交易(「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2頁至19頁，其他資料載於通函附錄。

經考慮吸收合併協議及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2頁至第19頁的函件中所載主要因素、理由及推薦意見，吾等認為(i)金融服務協議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)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。

此致

列位獨立股東 台照

獨立董事委員會

張春霞

朱少芳

管炳春

何安瑞

謹啟

2022年12月9日



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謹啟

2022年12月9日

9 December 2022

Maanshan Iron & Steel Company Limited

No.8 Jiu Hua Xi Road

Maanshan City

Anhui Province

PRC

Attn: Board of Directors

Dear Sirs,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION –
ABSORPTION AND MERGER OF MASTEEL FINANCE;
AND
(2) MAJOR AND CONTINUING CONNECTED TRANSACTIONS –
FINANCIAL SERVICES AGREEMENT**

We refer to the circular in relation to the captioned subject dated 9 December 2022 (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- (a) we have given and have not withdrawn our written consent to the issue of the Circular, with the inclusion of our letter dated 9 December 2022 (the “**Letter**”) in the Circular and/or references to our name in the form and context in which it respectively appears; and
- (b) as at the Latest Practicable Date, (i) we did not have any interest, either direct or indirect, in any assets which had been, since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) we did not have any shareholding interests in any member of the Group and it did not have any right, whether legally enforceable or not, to subscribe for or nominate persons to subscribe for securities of any members of the Group.

Yours faithfully,
For and on behalf of
Halcyon Capital Limited

A handwritten signature in black ink, consisting of a stylized 'X' shape followed by a horizontal line extending to the right.

Terry Chu
Managing Director



中資資產評估有限公司

CHINA ASSETS APPRAISAL CO; LTD.

STRICTLY PRIVATE & CONFIDENTIAL

9 December 2022

MAANSHAN IRON & STEEL COMPANY LIMITED.	馬鞍山鋼鐵股份有限公司
No. 8 Jiuhuaxi Road	九華西路 8 號
Maanshan	馬鞍山
Anhui Province	安徽省
PRC	中國

Dear Sir/ Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION – ABSORPTION AND MERGER OF MASTEEL FINANCE; (2) MAJOR AND CONTINUING CONNECTED TRANSACTIONS – FINANCIAL SERVICES AGREEMENT; AND (3) NOTICE OF EGM

(1) 須予披露交易及關連交易——馬鋼財務公司吸收合併；(2) 重大及持續關連交易——金融服務協議；及 (3) 臨時股東大會通知

We, China Assets Appraisal Co, Ltd., refer to the circular of Maansahn Iron & Steel Company Limited (the "**Company**") dated 8 December 2022 (the "**Circular**") in relation to the captioned matter. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

我方，中資資產評估有限公司提述日期為 2022 年 12 月 9 日馬鞍山鋼鐵股份有限公司（“公司”）的通函（“通函”）有關標題項下的內容。除文義另有所指外，本函件所用詞彙與通函所界定者具有相同涵義。

We hereby confirm that we:

我方在此確認：

- (i) had no shareholding in any member units of the Company and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member units of the Company;
未持有公司任何成員單位的股權，亦無任何權利（無論是否具有法律強制力）認購或提名人士認購公司任何成員單位的股票；





中資資產評估有限公司

CHINA ASSETS APPRAISAL CO; LTD.

- (ii) had no direct or indirect interest in any assets which had been, since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member units of the Company, or were proposed to be acquired, disposed of by, or leased to any member units of the Company;

自 2021 年 12 月 31 日（公司發佈最近一期經審計的合併財務報表之日）以來，未從被收購、出售或租賃給公司任何成員單位的任何資產中或擬獲得直接或間接權益；

- (iii) have given and have not withdrawn our written consent to the issue of the Circular with the inclusion of our valuation report and the reference to our name included therein in the form and context in which it appears; and

已出具且未撤回我方對已發出通函的書面同意意見，其中包括在我方評估報告中以任何格式和內容提及我方的名稱；及

- (iv) have given and have not withdrawn our written consent to a copy of this letter and our valuation report being made available for display on the Hong Kong Stock Exchange's website and the Company's own website in accordance with Appendix IV and Appendix V to the Circular.

已出具且未撤回我方根據通函附錄四及附錄五為登載於香港聯交所網站及公司本身網站展示出具的本函件及評估報告的書面同意意見。

Except as stated above, our said letter is not to be quoted or referred to, in whole or in part, nor shall our said letter or this consent letter be used for any other purpose, without our prior written consent.

除上述情況外，未經我方事先書面同意，不得全部或部分引用或提及我方的函件內容，也不得將我方的函件內容或本同意書用於任何其他目的。

Yours faithfully,
For and on behalf of
China Assets Appraisal Co, Ltd.

此致，

代表

中資資產評估有限公司





Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

安永华明会计师事务所（特殊普通合伙）
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Fax 传真: +86 10 8518 8298
ey.com

Consent letter

December 9, 2022

The Directors

Maanshan Iron & Steel Company Limited

No. 8, Jiuhua West Road, Ma'anshan, Anhui,

The People's Republic of China

Dear Sirs,

Maanshan Iron & Steel Company Limited (the "Company") and its subsidiaries (the "Group")

We refer to the circular of the Company dated December 9, 2022 (the "Circular") in connection with the major transaction involving the absorption and merger of Masteel Group Finance Co., Ltd., a final proof of which is attached and initialed by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our letter dated November 15, 2022 on the arithmetical accuracy of the calculations of the discounted cash flow forecast on which the valuation dated 26 October 2022 prepared by China Assets Appraisal Co., Ltd. in respect of the appraisal of the fair value of Masteel Group Finance Co., Ltd. as at 30 June 2022 is based and our letter dated December 9, 2022 on the sufficiency of working capital of the Company and its subsidiaries, and the references to our name in the form and context in which they are included.

This letter is solely being issued in connection with the issuance of the Circular and not for any other purpose.

Yours faithfully,

Ernst & Young Hua Ming LLP

Certified Public Accountants

Beijing, the People's Republic of China

9 December 2022

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

Dear Sirs,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION –
ABSORPTION AND MERGER OF MASTEEL FINANCE;
AND
(2) MAJOR AND CONTINUING CONNECTED TRANSACTIONS –
FINANCIAL SERVICES AGREEMENT**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Absorption and Merger Agreement, the Financial Services Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in a circular of the Company (the “**Circular**”) to the Shareholders dated 9 December 2022, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Pursuant to the Absorption and Merger Agreement entered into on 15 November 2022, Baowu Finance will merge with Masteel Finance by way of absorption and merger (the “**Merger**”). Upon completion of the Merger, the Company will become a shareholder of Baowu Finance, the Company will no longer hold Masteel Finance as its’ subsidiary (as the legal person status of Masteel Finance will be cancelled) and therefore Financial Services transactions previously entered into between Masteel Finance and the Group will also be accounted for as transactions entered with Baowu Finance (as businesses of Masteel Finance will become part of Baowu Finance’s operations).

As at the Latest Practicable Date, Magang Group holds approximately 47.131% of the Company's issued share capital and is the controlling shareholder of the Company. China Baowu is the controlling shareholder of Magang Group, and indirectly holds a total of approximately 51.75% of the Company's issued share capital, while Masteel Finance, Baowu Finance, Baosteel and Wuhan Iron & Steel are direct or indirect subsidiaries of China Baowu. As such, all the above other parties of the Absorption and Merger Agreement are all connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions under the Absorption and Merger Agreement would constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Absorption and Merger Agreement involves both this disposal of 91% equity interest in Masteel Finance by the Company and the acquisition of 29.68% of equity interest in Baowu Finance by the Company. Pursuant to Rule 14.24 of the Listing Rules, if a transaction involves both an acquisition and a disposal, the Stock Exchange will apply the percentage ratios to both the acquisition and the disposal. The relevant transaction will be classified by reference to the larger of the amount of the acquisition and the disposal, and subject to the reporting, disclosure and/or Shareholders' approval requirements applicable to that classification. As the percentage ratios applicable to the disposal of 91% equity interest in Masteel Finance are larger than that of the acquisition, this transaction is classified as a disposal and as one or more applicable percentage ratios of the disposal are more than 5% but all less than 25%, pursuant to Chapter 14 of the Listing Rules, the Absorption and Merger Agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Furthermore, the on-going Financial Services provided by Masteel Finance to the Group will continue to be provided by Baowu Finance after completion of the Merger, to govern the future Financial Services transactions between the Group and Baowu Finance after completion of the Merger, the Company also entered into the Financial Services Agreement with Baowu Finance.

As the applicable percentage ratios under the Listing Rules in respect of the proposed annual caps for the deposit services and credit services contemplated under the Financial Services Agreement on an annual basis are expected to be more than 5% (the "CCT"), such continuing connected transactions and proposed annual caps (the "**Proposed Annual Caps**") are subject to requirements including reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules. Furthermore, as the applicable percentage ratios under the Listing Rules in respect of the proposed annual caps for the deposit services and credit services contemplated under the Financial Services Agreement on an annual basis exceed 25%, such transactions also constitute major transactions of the Company under Rule 14.06(3) of the Listing Rules and are subject to the notification, announcement and Shareholders' approval requirements for major transactions under Chapter 14 of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Zhang Chunxia, Ms. Zhu Shaofang, Mr. Guan Bingchun and Mr. He Anrui has been established to consider and make a recommendation to the Independent Shareholders on whether the terms of the Absorption and Merger Agreement are fair and reasonable so far as the Independent Shareholders are concerned, whether the Merger is in the interests of the Company and the Shareholders as a whole and how the Independent Shareholders should vote at the relevant general meeting. Moreover, Independent Board Committee will also consider, whether (i) the CCT contemplated under the Financial Services Agreement are entered into in the ordinary course of business of the Group; (ii) the terms of the Financial Services Agreement are normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole; (iii) the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iv) as to voting at the relevant general meeting in respect of the CCT. We, Halcyon Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In the last two years from the date of our appointment, except for (i) being appointed as the independent financial adviser to the then independent board committee and independent Shareholders of the Company (details of which have been set out in the letter from the independent financial adviser contained in the circular of the Company dated 12 November 2021); and (ii) our current engagement as the Independent Financial Adviser in respect of the Merger and the CCT, we have no other relationships with or interests in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees paid/payable to us in connection with our current and previous appointment, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions. We are therefore independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Merger and the CCT.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information, financial information and the facts supplied to us and representations expressed by the Directors and/or management of the Group (the “**Management**”) and have assumed that all such information, financial information and facts and any representations made to us, or referred to in the Circular, in all material aspects, are true, accurate and complete as at the time they were made and continue to be so as at the date of the Circular, has 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, after 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 facts 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 analysis were based upon, among others, the information provided by the Group including the Absorption and Merger Agreement, the Financial Services Agreement, the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”), the financial statements Baowu Finance and Masteel Finance for the year ended 31 December 2021, the independent valuation reports in relation to Masteel Finance (the “**Masteel Valuation Report**”) and Baowu Finance (the “**Baowu Valuation Report**”, together with the Masteel Valuation Report, the “**Valuation Reports**”), the Circular, and certain published information from the public domain.

We have also discussed with the Directors and/or the Management with respect to the terms of and reasons for the entering into of the Absorption and Merger Agreement and the Financial Services Agreement and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification or appraisal of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position, profitability or the prospects of the Group, Baosteel, China Baowu, Magang Group, Wuhan Iron & Steel, Baowu Finance and Masteel Finance or any of their respective subsidiaries or associates. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions for the Absorption and Merger Agreement and the Financial Services Agreement 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 iron and steel manufacturers in the PRC in terms of steel production capacity.

During the year ended 31 December 2021 (“**FY2021**”), the Group produced 18.23 million tons of pig iron, representing a year-on-year decrease of 1.70%, mainly due to the overhaul of a 4,000 m³ blast furnace of the Company from 15 September to 9 December 2021; 20.97 million tons of crude steel, flat year-on-year, including 1.33 million tons of electric furnace steel, accounting for 6.3% of crude steel output; 20.45 million tons of steel, representing an increase of 3.04% year-on-year, a record high for the Group, mainly due to the Company’s adjustment of billet and rolling stock and improvement of the utilization rate of rolling line capacity.

Affected by macro factors such as the complex and severe international situation, the spread of domestic epidemics, and the sluggish operation of the industrial chain and supply chain, the domestic economic development was faced with the triple pressure of demand contraction, supply shock, and weakening expectations, during the six months ended 30 June 2022 (“6M2022”). The Group produced 9.62 million tonnes of pig iron, representing only a year-on-year slight increase of 2.23%, and produced 10.98 million tonnes of crude steel and 10.70 million tonnes of steel, representing a year-on-year decrease of 2.05% and 0.47%, respectively.

i. Financial performance of the Group

The following table sets out the summary of the consolidated financial performance of the Group for the two financial years ended 31 December 2020 and 2021 and for the six months ended 30 June 2021 and 2022:

	For the year ended 31 December 2020 (Audited)	For the year ended 31 December 2021 (Audited)	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
<i>RMB 'million</i>				
Revenue	81,614.2	113,851.2	56,863.6	56,366.9
Operating profit	2,867.0	7,367.9	6,253.0	1,947.0
Net profit before tax	3,081.0	7,016.3	6,283.6	1,873.3
Net profit after tax	2,578.0	5,994.0	5,037.8	1,615.8

For the financial year ended 31 December 2021

Revenue increased by 39.50% compared with the previous year, mainly due to the year-on-year increase in steel prices, higher gross profit and higher sales volume of steel products.

Operating profit, net profit before tax and net profit after tax for FY2021 increased by 156.99%, 127.74% and 132.51%, respectively, as compared with the financial year ended 31 December 2020 (“FY2020”), mainly due to the increase in gross profit of steel products of the Company during FY2021 as compared with FY2020.

For the six months ended 30 June 2022

Revenue decreased by 0.87% for 6M2022 as compared with the corresponding period of last year, mainly due to the decrease in average steel prices during the period as steel market prices gradually cooled after a brief rebound in the first quarter of 2022. Cost of sales increased by 7.90% as compared with the corresponding period of last year, mainly due to the increase in fuel costs for steel production.

Considering the effects of the decrease in revenue and increase in cost of sales, the Group recorded a decrease in gross profit together with (i) asset impairment losses of approximately RMB818 million for 6M2022 as compared with approximately RMB26 million in the corresponding period of last year, mainly due to the sharp decrease in steel prices in June and the lack of significant recovery in July, which resulted in an increase in the provision for decline in value of inventories; and (ii) the decrease in operating income by 97.15% as compared with the corresponding period of last year, mainly due to the gains from disposal of certain scrapped old equipment for the new production line in the corresponding period of the previous year. Thus, profit before tax and net profit decreased by 70.19% and 67.93% respectively, as compared with the previous year.

ii. Financial position of the Group

The following table sets out the summary of the consolidated financial position of the Group as at 31 December 2021 and 30 June 2022:

<i>RMB 'million</i>	As at 31 December 2021 (Audited)	As at 30 June 2022 (Unaudited)
Total assets	91,207.7	94,890.1
Total liabilities	53,796.6	59,032.2
Equity attributable to owners of the parent	32,752.9	31,483.6

Total assets of the Group as at 30 June 2022 mainly comprised of inventories amounting to RMB13,499.1 million, property, plant and equipment amounting to RMB30,397.6 million, construction in progress amounting to RMB12,661.1 million and cash and bank balances amounting to RMB7,225.3 million which in aggregate accounted for over 65% of the total assets of the Group.

Total liabilities of the Group as at 30 June 2022 mainly comprised of trade payables amounting to RMB12,150.6 million, customer deposits amounting to RMB9,453.1 million, short-term loans amounting to RMB8,387.2 million and long-term loans amounting to RMB6,563.2 million which in aggregate accounted for over 60% of the total liabilities of the Group.

II. Information of Masteel Finance, China Baowu and Baowu Finance

i. Masteel Finance

Masteel Finance is a non-banking financial institution established under the PRC laws in October 2011 with the approval of the CBIRC and is subject to the supervision of the CBIRC. It is mainly engaged in providing financial services including but not limited to deposit services, loan and entrusted credit services, discounting services and settlement services to Magang Group and its subsidiaries. Its ultimate beneficial owner is China Baowu.

(a) Financial information of Masteel Finance

The following table sets out the financial information of Masteel Finance for FY2020 and FY2021:

<i>RMB 'million</i> <i>(Audited)</i>	For the year ended 31 December 2020	For the year ended 31 December 2021
Total revenue	393.7	402.2
Net profit before tax	368.2	391.0
Net profit after tax	277.1	291.4
Total assets	17,285.3	21,831.1
Total liabilities	13,937.2	18,425.3
Net assets value	3,348.1	3,405.8

Amidst the lingering effects of COVID-19 in the PRC since 2020, Masteel Finance managed to record a slight growth in operations with revenue and net profit after tax increased slightly by approximately 2.2% and 5.2% respectively.

Total assets of Masteel Finance amounting to RMB21,831.1 million as at 31 December 2021 represented an increase of 26.3% as compared to 31 December 2020, which mainly comprised of cash and deposit placed at central bank amounted to RMB938.9 million, deposit placed in financial institutions amounted to RMB2,859.0 million, loan receivables amounting to RMB8,388.9 million and other financial and debt investment amounted to RMB5,732.5 million and RMB3,071.6 million respectively.

Total liabilities of Masteel Finance also recorded an increase of 32.2% as at 31 December 2021 compared to 31 December 2020. Total liabilities as at 31 December 2021 mainly comprised of deposit received amounted to RMB17,433.2 million and sales of financial instrument subject to repurchase amounted to RMB925.5 million which in aggregate accounted for over 99% of the total liabilities of Masteel Finance.

(b) Update as of 30 June 2022 of Masteel Finance

Pursuant to the unaudited management account of Masteel Finance, as at 30 June 2022, net assets value of Masteel Finance decreased to RMB2,456.5 million. Such decrease was mainly attributable to the dividend payable amounted to RMB214.1 million declared during the period while offset by net profit for the 6 months period ended 30 June 2022 amounted to RMB148.9 million.

ii. 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, as well as carrying out relevant state-owned capital investment and operation. China Baowu is the ultimate beneficial owner of Baowu Finance as well as Magang Group, Baosteel and Wuhan Iron & Steel, being other parties of the Absorption and Merger Agreement.

iii. Baowu Finance

Baowu Finance is a non-banking financial institution established under the PRC laws in October 1992 with the approval of the CBIRC and is subject to the supervision of the CBIRC. It is mainly engaged in providing financial services to its member units. The ultimate beneficial owner is China Baowu. As a financial company subordinate to China Baowu, the business network of Baowu Finance covers enterprises at all or different levels within China Baowu and its upstream and downstream industrial chains.

(a) *Financial information of Baowu Finance*

The following table sets out the financial information of Baowu Finance for FY2020 and FY2021:

<i>RMB 'million</i> <i>(Unaudited)</i>	For the year ended 31 December 2020	For the year ended 31 December 2021
Total revenue	363.5	631.5
Net profit before tax	320.7	429.2
Net profit after tax	241.5	326.9
Total assets	36,414.4	40,240.7
Total liabilities	32,223.7	35,844.2
Net assets value	4,190.7	4,396.5

Despite the impacts brought on by COVID-19 in the PRC since 2020, Baowu Finance managed to record a growth in operation with revenue and net profit after tax increased by approximately 73.7% and 35.4% respectively. Such increase was contributed by the merger of Baowu Finance with another finance company held by members of Baowu Group during the year.

Total assets of Baowu Finance amounted to RMB40,240.7 million as at 31 December 2021 represented an increase of 10.5% as compared to 31 December 2020, which mainly comprised of cash and deposit placed at central bank amounted to RMB4,434.1 million, loan receivables amounting to RMB19,510.8 million, procured financial instrument subject to repurchase amounted to RMB1,145.1 million and other debt investment and transactional financial instrument in aggregate amounted to RMB11,307.2 million.

Total liabilities of Baowu Finance also recorded an increase of 11.2% as at 31 December 2021 compared to 31 December 2020. Total liabilities as at 31 December 2021 mainly comprised of deposit received amounted to RMB34,184.0 million and sales of financial instrument subject to repurchase amounted to RMB933.5 million which in aggregate accounted for over 97% of the total liabilities of Baowu Finance.

(b) *Update as of 30 June 2022 of Baowu Finance*

Pursuant to the unaudited management account of Baowu Finance as at 30 June 2022, the net assets value of Baowu Finance increased to RMB4,843.1 million as compared to 31 December 2021. Such increase was mainly attributable to the net profit for the 6 months period ended 30 June 2022 amounted to RMB192.0 million.

III. Reasons for the Merger and CCT

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 above-mentioned policies have also promoted the merger and absorption of financial operations held by iron and steel enterprises.

In October 2020, Ma Steel (Shanghai) Financial Leasing Co., Ltd. ("**Ma Steel Leasing**"), an investee company of the Group entered into the merger by absorption agreement with Huabao Duding (Shanghai) Finance Leasing Co., Ltd. ("**Huabao Leasing**"), pursuant to which Huabao Leasing exchanged shares for merger by absorption of Ma Steel Leasing. After completion of the merger, instead of holding 25% interest in Ma Steel Leasing, the Group held 4.319% in Huabao Leasing.

In April 2021, an associate of the Group, Ma Steel (Shanghai) Commercial Factoring Company Limited ("**Masteel Factoring**") merged with Ouye Commercial Factoring Company Limited ("**Ouye Factoring**"). After the completion of such merger, instead of holding 25% interest in Masteel Factoring, the Group held 16.14% of Ouye Factoring.

According to the Directors, as the Group has also been aiming at focusing on their core business of manufacturing and sale of iron and steel products and had been planning to streamline its financial operations with other industry participants and deem disposing the controlling stake in such financial operations in return of a minority interest as investment as well as to comply with relevant administrative measures of relevant government authorities, on 15 November 2022 the Group entered into the Absorption and Merger Agreement with Baowu Finance and its existing shareholders to merge Masteel Finance with Baowu Finance.

Pursuant to Article 6 under the Administrative Measures Governing Finance Companies of Conglomerates (《企業集團財務公司管理辦法》) (published by CBIRC Order No.6 2022 on 13 October 2022 and has come into force on 13 November 2022) stipulates that "One conglomerate can only have one finance company within it". Given China Baowu is the controlling shareholder of Magang Group, in accordance with the above regulatory policy of the CBIRC, Baowu Finance and Masteel Finance, both being subordinate companies under China Baowu, shall be integrated into one finance company.

Found in 1992, Baowu Finance was one of the earliest financial companies established in the PRC. As a financial company subordinate to China Baowu, the business network of Baowu Finance covers enterprises at all or different levels within China Baowu and its upstream and downstream industrial chains, with numerous customer bases, large market space and plenty of development potential. After absorbing and merging with Masteel Finance, Baowu Finance will have larger assets scale, stronger capital strength and more stable risk prevention ability. As a shareholder of Baowu Finance after the absorption and merger, the Company will also benefit from the sound operation and sustainable development of Baowu Finance and obtain stable shareholder returns.

Upon the absorption and merger, Masteel Finance will be cancelled and the Company will become a shareholder of Baowu Finance, with a shareholding ratio of 29.68%. Considering that the merger of the two finance companies will be more favorable for them to obtain professional management and operation on a higher platform, it will be considered beneficial to the Company.

After completion of the Merger, the legal person status of Masteel Finance will be cancelled, Baowu Finance will establish a branch in Maanshan and any previous transactions between the Group and Masteel Finance will be transferred to Baowu Finance (as Masteel Finance will be absorbed and become part of Baowu Finance) and hence the Company entered into the Financial Services Agreement with Baowu Finance to govern the Financial Services to be carried out after completion of the Merger.

After the signing of the Financial Services Agreement, Baowu Finance and the Company will carry out financial cooperation in compliance with the principles of legal compliance, equity and free will, controllable risks and mutual benefit. Baowu Finance will provide settlement, deposit, credit and other financial services to the Group within the business scope approved by the CBIRC in accordance with law, with charging standard and interest rate level not unfavorable than those provided by major independent commercial banks or financial institutions within the PRC, which will facilitate the optimisation of the financial management of the Group, the improvement of capital utilisation efficiency of the Group, the reduction of its financing costs and financing risks.

In view that the CCT will be carried out in their respective ordinary and usual course of business, we consider that the entering into of the Financial Services Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and Shareholders as a whole.

IV. The Merger

Baowu Finance will merge with Masteel Finance by way of absorption and merger. All the original shareholders of Masteel Finance will become shareholders of Baowu Finance. The shareholding structure and proportion of Baowu Finance after the absorption and merger will be determined according to the appraisal value. Baowu Finance, as the surviving company after the merger, shall undertake and inherit all the assets, liabilities, businesses, personnel, contracts and all other rights and obligations of Masteel Finance. The legal person status of Masteel Finance will be cancelled, and Baowu Finance will establish a branch in Maanshan.

i. Major terms of the Absorption and Merger Agreement

Set out below are the major terms of the Absorption and Merger Agreement:

Parties

Parties to the Absorption and Merger Agreement included Baowu Finance; Masteel Finance; the Company; Magang Group; China Baowu; Baosteel; and Wuhan Iron & Steel.

Asset Valuation and Pricing

The reference date of valuation for the absorption and merger which was conducted by China Assets Appraisal Co. Ltd is 30 June 2022. The book net assets of Baowu Finance is RMB4,843.1457 million, the appraised value of the operation of Baowu Finance adopting income approach together with the properties held by Baowu Finance adopting market approach is RMB6,065.1007 million, and the appreciation of valuation is RMB1,221.9550 million with the appreciation rate of 25.23%; the book net assets of Masteel Finance before valuation is RMB2,456.4693 million, the appraised value adopting income approach is RMB2,935.0949 million, and the appreciation of valuation is RMB478.6256 million with the appreciation rate of 19.48%.

Way of Share Exchange

The original equity structure of Masteel Finance and Baowu Finance before the absorption and merger is as follows:

Masteel Finance

No.	Name of shareholders	Capital contribution (RMB0'000)	Percentage of shareholdings
1	The Company	182,000	91%
2	Magang Group	18,000	9%
	Total	<u>200,000</u>	<u>100%</u>

Baowu Finance

No.	Name of shareholders	Capital contribution (RMB0'000)	Percentage of shareholdings
1	China Baowu	136,035	47.90%
2	Baosteel	94,948	33.43%
3	Wuhan Iron & Steel	53,017	18.67%
	Total	<u>284,000</u>	<u>100%</u>

After the absorption and merger, the registered capital of the surviving company will be the sum of Baowu Finance and Masteel Finance, the corresponding share ratio and capital contribution of the original shareholders of both parties in new Baowu Finance will be determined in accordance with the corresponding equity value determined by the net assets appraisal value of both parties filed and confirmed by China Baowu. The corresponding calculation formula is as follows:

- (1) The shareholding ratio of original shareholders of Baowu Finance in the surviving company = the shareholding ratio of original shareholders in Baowu Finance × the appraisal value of net assets of Baowu Finance ÷ (the appraisal value of net assets of Baowu Finance + the appraisal value of net assets of Masteel Finance)

The capital contribution of original shareholders of Baowu Finance in the surviving company = the shareholding ratio of the shareholders of Baowu Finance in the surviving company × (the registered capital of Baowu Finance before the absorption and merger + the registered capital of Masteel Finance before the absorption and merger)

- (2) The shareholding ratio of original shareholders of Masteel Finance in the surviving company = the shareholding ratio of original shareholders in Masteel Finance × the appraisal value of net assets of Masteel Finance ÷ (the appraisal value of net assets of Baowu Finance + the appraisal value of net assets of Masteel Finance)

The capital contribution of original shareholders of Masteel Finance in the surviving company = the shareholding ratio of shareholders of Masteel Finance in the surviving company × (the registered capital of Baowu Finance before the absorption and merger + the registered capital of Masteel Finance before the absorption and merger)

As calculated based on the appraisal value of net assets of both parties as at 30 June 2022, the shareholding structure of Baowu Finance after the completion of absorption and merger is as follows (the final shareholding structure after the absorption and merger shall be determined based on the filed appraisal value):

No.	Name of shareholders	Capital contribution (RMB0'000)	Percentage of shareholdings
1	China Baowu	156,229.76	32.28%
2	Baosteel	109,043.28	22.53%
3	Wuhan Iron & Steel	60,887.51	12.58%
4	The Company	143,633.90	29.68%
5	Magang Group	14,205.55	2.93%
	Total	<u>484,000</u>	<u>100%</u>

Governance Structure of Baowu Finance After the Completion of the Absorption and Merger

Upon completion of the absorption and merger, the board of directors of Baowu Finance will consist of nine directors (including one employee director), and two of them will be appointed by the Company, and the directors appointed by the Company will serve on the special committee of the board of directors of Baowu Finance.

Baowu Finance stipulates in the Articles of Association that shareholders shall receive dividends in proportion to their paid-in capital, and the annual distribution shall not be less than 50% of the audited net profit for the year.

Baowu Finance shall have the technical conditions for the establishment of the Company's capital platform before the absorption and merger date to ensure the activation of the platform to take over the Company's capital when the assets are delivered and business is transferred in the process of deregistration.

For the purpose of orderly commencement of the capital business of the members of Masteel Finance including the Company, it is stipulated in the Absorption and Merger Agreement that the Absorption and Merger Agreement shall be executed subject to the approval of the Financial Services Agreement by the Board and the general meeting of the Company.

Effectiveness of the Absorption and Merger Agreement

The agreement shall be established from the date of signing by legal representatives or authorized representatives of each party, and stamped with official seals or seals for contract, and shall be effective upon all the following conditions are satisfied:

- (1) Each party has performed the necessary internal decision procedures to obtain all approvals or authorizations in respect of the absorption and merger;
- (2) The absorption and merger has obtained the CBIRC's approval;
- (3) The Financial Services Agreement between the Company and Baowu Finance, which is required to be signed after the absorption and merger of Masteel Finance, has been approved by the Board and the shareholders' meeting of the Company and became effective; and
- (4) The Company has performed all the necessary approval procedures under the applicable Listing Rules in respect of the Absorption and Merger Agreement, including obtaining the approval of the Board and the shareholders' meeting of the Company to take effect.

ii. Our analysis on asset valuation and pricing

The reference date of valuation for the absorption and merger, which was conducted by China Assets Appraisal Co., Ltd., (the "**Independent Valuer**") is 30 June 2022. According to the valuation results the appraised value of Baowu Finance was RMB6,065.1007 million and the appraised value of Masteel Finance was RMB2,935.0949 million.

In return of merging Masteel Finance with Baowu Finance, the Group will hold approximately 29.68% of Baowu Finance. Taking into consideration the aggregate appraised value of Baowu Finance's appraisal value of RMB6,065.1007 million and Masteel Finance's appraised value of RMB2,935.0949 million, the appraisal value of Baowu Finance as enlarged by Masteel Finance would worth approximately RMB9,000 million, as such the 29.68% equity interest in Baowu Finance (as enlarged by Masteel Finance) would equal to the appraised value of 91% equity interest in Masteel Finance of approximately RMB2,670.9 million.

In assessing the Considerations, we have considered the Valuation Reports prepared by the Independent Valuer, of which summary of the Valuation Reports is set out in Appendix IV and Appendix V to the Circular, and discussed with the Independent Valuer regarding the methodology and the principal bases and assumptions adopted for the valuations of Masteel Finance (the "**Masteel Valuation**") and Baowu Finance (the "**Baowu Valuation**", together with the Masteel Valuation, the "**Valuations**").

We have reviewed and enquired into (i) the terms of engagement of the Independent Valuer with the Company; (ii) the Independent Valuer's qualification and experience in relation to the preparation of the Valuation Reports; and (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the Valuations. From the engagement letter and relevant information provided by the Independent Valuer and based on our interview with them, we are satisfied with the terms of engagement of the Independent Valuer as well as its experience for preparation of the Valuation Reports. We noted that the Valuations were conducted by an execution team of professionals led by Mr. Li Xianggang, Ms. Dong Xiaoning and Ms. Li Qiyao, which has extensive deal experiences in valuing companies in the PRC. Mr. Li Xianggang is a project responsible officer of the Valuations and has over 20 years of professional experience in valuation and participated in the valuation, Ms. Dong Xiaoning and Ms. Li Qiyao were project team execution members (the "**Project Team**"). Ms. Dong Xiaoning has more than 10 years of professional experience in provision of professional valuation services. The Project Team had experience in valuation of companies engaged in various industries, including but not limited to financial industry (including fintech industry), mining, petroleum, chemical industry, electronics, automobile, shipbuilding, military industry, nuclear industry, aviation, aerospace, light industry, textile, coal, machinery manufacturing, construction, agriculture, food, tourism, transportation, public utilities, securities and other industries.

The Independent Valuer has also confirmed that they are independent to the Group, Baosteel, China Baowu, Magang Group, Wuhan Iron & Steel, Baowu Finance and Masteel Finance or any of their respective subsidiaries or associates and their respective associates.

We have reviewed the Valuation Reports and discussed with the Independent Valuer regarding the methodologies adopted for and the basis and assumptions used in arriving at the Valuations. Based on the Valuation Reports, we noted that the Independent Valuer, after considering various valuation methods (including income approach, market approach and asset-based approach), has adopted income approach and market approach as the primary valuation method, of which income approach was adopted for valuing the operations of Masteel Finance and Baowu Finance and market approach for the properties held by Baowu Finance.

As discussed with the Independent Valuer, we concur with the Independent Valuer that considering asset-based approach, which involves the assessment of assets and liabilities to appraise the value of Masteel Finance and Baowu Finance, is not ideal for these Valuations as it only takes into account the Masteel Finance and Baowu Finance's worth as at the valuation date and forgoes the positive growth prospect of Masteel Finance and Baowu Finance. Taking into consideration the valuation purpose of the Valuations were for determining the pricing of the Merger and as income approach could take into consideration the historical financial results as well as growth prospect of Masteel Finance and Baowu Finance, we concur with the Independent Valuer that income approach is an appropriate method in arriving at the Valuations of Masteel Finance and Baowu Finance. Furthermore, given both Masteel Finance and Baowu Finance engage in the same industry of provision of financial services we consider applying the same methodology in valuing the operations of Masteel Finance and Baowu Finance would be reasonable. Nevertheless, we noted that apart from provision of financial services, Baowu Finance also held certain properties, of which we consider market approach would better reflect the value of the properties and as advised by the Independent Valuer, market approach would be a more common approach to value properties, we therefore also concur with the Independent Valuer's application of market approach for the valuation of the properties held by Baowu Finance.

a) Valuation by applying income approach in valuing the operations of Masteel Finance and Baowu Finance

Under the income approach, the discounted cash flow method is adopted to derive the market value of Masteel Finance and Baowu Finance, whereby the future cash flows to be generated by Masteel Finance and Baowu Finance respectively are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flow to arrive at its present value.

We noted from the Valuation Reports that, when applying income approach in valuing the operation of Masteel Finance and Baowu Finance, after applying comparable underlying assumptions given both companies were engaged in the same industry in the CAPM model, both companies resulted in the same discount rates. In view of the

above and as we considered both companies engage in the same industry with similar operating environment and market peer, we concur with the Independent Valuer that, the same discount rates and underlying assumptions should be applied towards the Valuations of both Masteel Finance and Baowu Finance.

Financial projections of Masteel Finance and Baowu Finance

Estimates on the future operation and revenue of Masteel Finance and Baowu Finance are conducted through analysis over revenue, costs and growth movements. We noted that the Independent Valuer has considered and relied to a considerable extent on the financial projections of Masteel Finance and Baowu Finance from 1 July 2022 to 31 December 2027 (the “**Forecast Period**”) as prepared by the management of Masteel Finance and Baowu Finance when preparing the Valuation Reports. Accordingly, we have discussed with the management of Masteel Finance and Baowu Finance and the Independent Valuer in relation to the basis and assumptions used when preparing the Valuations and noted that the management of Masteel Finance and Baowu Finance has considered the historical and estimated performance of Masteel Finance and Baowu Finance.

We have also confirmed with the management of Masteel Finance and Baowu Finance, the financial projections during the Forecast Period, have been prepared under the assumption that the Merger would not take place and were prepared on the assumption that Masteel Finance and Baowu Finance’s operation will be carried out independently.

Revenue

In connection to the basis for projecting the revenue of Masteel Finance and Baowu Finance, we noted that it is expected that the deposit balances will continue to grow as well as the operation scale. In particular, we noted that the management of Masteel Finance and Baowu Finance expects that Masteel Finance and Baowu Finance’s revenue will achieve a compound annual growth rate (“**CAGR**”) of approximately 6.5% and 5.87% respectively from 2023 to 2027, primarily with reference to (i) the historical performance of Masteel Finance and Baowu Finance in the first half of 2022; (ii) the current and expected market conditions; (iii) the business development plan of each of Masteel Finance and Baowu Finance; and (iv) the corporate action of Masteel Finance and Baowu Finance that took place in 2022.

Masteel Finance

For the year ending 31 December 2022

When estimating the revenue growth of Masteel Finance for the year ending 31 December 2022, as hindered by the decrease in equity base of Masteel Finance in the first half of 2022 as a result of dividend distribution, the available funds for carrying out Masteel Finance's financing operation and investment decreased and hence revenue in the second half of 2022 is expected to decrease as compared to the first half of 2022.

For the years ending 31 December 2023 to 2027

We noted that revenue is estimated to grow during the period from 2023 to 2027, such estimated growth was based on (i) the growth in operating scale with reference to the Group's 14th 5-year plan approved by the Board in 2022 which sets out among others, the development blueprint, growth targets and investment plans of the Group for 2022 to 2027, the estimations in the 14th 5-year plan of which had took into consideration latest macro factors in the PRC as well relevant government policies impacting Masteel Finance's operation; (ii) the interest rates charged in respect of the relevant financing activities will be comparable to the average historical rate in the first half of 2022; and (iii) the investment scale will continue to be around the regulatory limit.

We noted that between 2018 to 2021, Masteel Finance's revenue fluctuated and recorded a range from a decline of 8.1% (recorded in 2020) to a growth of 20.3% (recorded in 2019). Given the Group is disposing Masteel Finance, we consider applying a CAGR growth rate of 6.5% which is within the historical revenue fluctuation range to be acceptable.

Baowu Finance

For the year ending 31 December 2022

When estimating the revenue growth of Baowu Finance for the year ending 31 December 2022, capital injection to Baowu Finance during 2022 was taken into consideration and with such increase in capital base, it is estimated that revenue of Baowu Finance will slightly increase and remained comparable to 2021.

For the years ending 31 December 2023 to 2027

Factoring in (i) certain corporate actions including the capital injection mentioned above and mergers of other finance companies (following the merger of other steel companies), with additional member companies after the completion of two mergers of other steel companies which will provide Baowu Finance additional business opportunities; (ii) the estimated increase in carrying out investment activities up to a level comparable to the statutory limit; and (iii) the interest rate charged in respect of the relevant financing activities which were mainly referenced to the average historical rate in the first half of 2022, it is estimated that Baowu Finance's revenue will achieve a CAGR of 5.87%.

In estimating a growth in revenue of a CAGR of 5.87% from 2023 to 2027 for Baowu Finance by the Management, we noted that revenue of Baowu Finance recorded a growth of a CAGR of 29.6% between 2019 to 2021, of which by considering such historical growth we concur with the Management that apply a CAGR growth of 5.87% from 2023 to 2027 in revenue to be appropriate.

Cost

Masteel Finance

We noted that key projection on cost components include among others, operating and administrative expenses, provision of impairment loss and local tax and charges.

We noted that operating and administrative expenses mainly comprised of wages and salary, office rental as well as depreciation expenses. We noted from the Management that wages and salary were estimated based on the historical salary level with an annual increment catering for possible increase in operating scale pursuant to the 14th 5-year plan as well as annual salary increment. Provision of impairment loss was based on the estimated loan balances as at each forecast period times a provision ratio. Pursuant to the Management, such provision ratio has been consistently applied for the entire forecast period was referenced to the current provision ratio in place. Local tax and charges mainly comprised of value added tax, urban maintenance and construction tax, education surcharge, stamp duty and others. We noted that such tax and charges were estimated during the Forecast Period pursuant to the relevant rates according to the relevant rules and regulations of the PRC.

Given the above-mentioned major operating and administrative expenses were estimated by taking into consideration (i) the historical amount; (ii) latest business plan; (iii) the present rules and regulatory requirements; and (iv) the Group's accounting policies (as the case maybe) we considered the cost estimation of Masteel Finance to be reasonable.

Baowu Finance

We noted that key projection on cost components include among others, operating and administrative expenses, provision of impairment loss and local tax and charges.

We noted that operating and administrative expenses mainly comprised of wages and salary, system maintenance fee as well as depreciation expenses. We understood from the management of Baowu Finance that estimates of wages and salary were based on the historical salary level with relevant increment catering for possible increase in operating scale taking into consideration estimated increase in business scale after the completion of the two mergers and capital injection carried out in 2022, while social securities and overheads included in the estimates wages and salary would be based on relevant rules and regulatory requirements. System maintenance fee and professional fee mainly represent utilization of a Baowu Group internal system of which a fee would be charged annually by a group company. Such estimated fee will be based on the actual arrangement with group companies with reference to the operation scale. Depreciation expenses were estimated based on the relevant depreciation policy adopted by Baowu Finance. Provision of impairment loss was based on the estimated loan balances as at each forecast period times a provision ratio. Pursuant to the management of Baowu Group, such provision ratio has been consistently applied for the entire forecast period and was referenced to the current provision ratio in place. Local tax and charges mainly comprised of urban maintenance and construction tax, education surcharge and stamp duty. We noted that such tax and charges were estimated during the Forecast Period pursuant to the relevant rates according to the relevant rules and regulations of the PRC.

Tax

Taxation rate of 25% was applied during the Forecast Period for both Masteel Finance and Baowu Finance taking into consideration the current corporate income tax rate of 25% pursuant to relevant tax rules and regulations of the PRC.

Discount rate of Masteel Finance and Baowu Finance

When applying the discounted cash flow method to estimate the net present value of the above financial projections, it is necessary to determine an appropriate discount rate for Masteel Finance and Baowu Finance. We noted that the Independent Valuer has used capital asset pricing model (“CAPM”) in calculating the discount rate of 10.66%, which we understand from our discussion with the Independent Valuer, is widely adopted for the purpose of valuing companies in the financial industry in the PRC. In deriving the discounted rate of 10.66%, the Independent Valuer has considered various factors including, among others (i) risk free rate; (ii) market risk premium; (iii) beta, a measure of non-diversifiable risk of the comparable companies; and (iv) corporate specific risk premium.

We have discussed with the Independent Valuer regarding the major factors taken into consideration in deriving the discount rate and noted that these factors are commonly used parameters in the industry when preparing valuation reports. In this regard, we have (i) reviewed the relevant source of information and calculations of key estimates; (ii) discussed with the Independent Valuer the basis and assumptions of the major factors considered in deriving the discount rate, which is in line with common industry practice; (iii) understood the selection criteria of the four comparable companies which were adopted for beta references; and (iv) conducted our independent research on parameters including the risk free rate, risk premium and noted that the risk free rate and risk premium adopted in calculating the discount rate for Masteel Finance and Baowu Finance are in line with market. Having considered the above adopted by the Independent Valuer when determining the discount rate, we consider that the discount rate of 10.66% is appropriate.

General and specific assumptions of Masteel Finance and Baowu Finance

A number of general and specific assumptions have been applied in determining the Valuations pursuant to the Valuation Reports, for details of the basis and assumptions please refer to appendix IV and V of the Circular. We have discussed with the Independent Valuer and the Independent Valuer has confirmed that the relevant underlying assumptions adopted in the Valuations are normally adopted in valuation of business of such nature. Based on the review and discussion with the Independent Valuer, we consider that the adoption of general and specific used in the Valuations are appropriate under these circumstances.

b) *Valuation by applying market approach in valuing the properties held by Baowu Finance*

Two properties held by Baowu Finance located in Shanghai and Wuhan were subject to valuation by applying market approach.

According to the Valuation Report when applying market approach, the Independent Valuer applied the adjusted per meter square price to the size of the property subject to valuation, taking into consideration comparable transactions selected based on the selection criteria including (i) properties located at similar location; (ii) transaction should be within 1 month before or after the valuation date; and (iii) the property is of a similar usage. We considered that the above selection criteria to be comparable to the nature of the properties held by Baowu Finance.

We have carried out desktop research and noted from the available public information that the estimated adjusted per meter square price adopted in the valuations was within the range of the listing price of properties listed as available for sales on real estate website in the relevant regions of the PRC.

Having considered that (i) the Independent Valuer is independent from the Group and other parties to the Absorption and Merger Agreement, and has relevant experiences in conducting valuation for business operating in similar industry to Masteel Finance and Baowu Finance; (ii) the methodologies and the key assumptions adopted by the Independent Valuer for the Valuation Reports are commonly adopted in the market for adopting income approach for valuation; (iii) the underlying comparable transactions data of the valuation of the properties held by Baowu Finance were mainly made reference to the available transaction information; (iv) the selection criteria of comparable transactions, reflect the characteristics of the properties held by Baowu Finance; and (v) the percentage of shareholding after completion of the Merger was determined by both parties based on the appraised value of the entire equity interest of Masteel Finance and Baowu Finance pursuant to the respective Valuation Reports, we consider that the Valuation Reports are appropriate for the Directors in determining the consideration of the Merger.

iii. Financial effect of the Merger

Upon completion, the legal person status of Masteel Finance will be cancelled and therefore Masteel Finance will cease to be a subsidiary of the Company. The assets, liabilities and financial results of Masteel Finance will no longer be consolidated into the financial statements of the Group. Approximately 29.68% equity interest in Baowu Finance to be held by the Group will be recognized as investment in an associated company and at the fair value of Baowu Finance's identifiable net assets and liabilities attributable to the Company by using the equity method.

It should be noted that the following analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group will actually be upon Completion.

Earnings

Upon completion of the Merger, the results of Masteel Finance will no longer be consolidated into the income statement of the Group. While the 29.68% equity interest in Baowu Finance to be held by the Group upon completion of the Merger will be accounted for as investment in an associated company, any earnings of Baowu Finance would be accounted for as share of profit or loss of an associate to the Group.

In terms of gain or loss resulting on the Merger, depending on the book value of Masteel Finance and the value of the 29.68% equity interest in Baowu Finance upon Completion, the actual gain or loss in connection with the Merger (if any) will be the difference between the value of the consideration (i.e. the 29.68% equity interest in Baowu Finance) and the book value of Masteel Finance upon Completion as well as the amount of professional fees and the relevant applicable tax chargeable in the PRC (if any).

Net asset value

Upon completion of the Merger, the Masteel Finance's assets and liabilities will no longer be consolidated into consolidated statement of financial position of the Group.

Referring to the analysis above depending if the Merger will result in a gain or loss on disposal, such gain or loss on disposal will increase or decrease the net asset value of the Group (as the case maybe).

Effect on cash flow

Given that the consideration for the Merger will be 29.68% equity interest in Baowu Finance it is expected that apart from payment of professional fee and/or relevant applicable tax chargeable in the PRC (if any), the Merger will not have any impact on the cash flow of the Group.

VI. The CCT

On 15 November 2022, the Company and Baowu Finance entered into the Financial Services Agreement, pursuant to which, Baowu Finance agreed to provide the Group with settlement services, deposit services, credit services and other financial services subject to the terms and conditions provided therein.

i. *Principal terms of the Financial Services Agreement in respect of the Proposed Annual Caps*

The principal terms of the Financial Services Agreement in respect of the Proposed Annual Caps are summarised as follows:

Date: 15 November 2022

Parties: (i) Baowu Finance; and
(ii) The Company

In the agreement, Baowu Finance refers to Baowu Finance and/or its branches, and the Company refers to the Company and/or its subsidiaries.

Duration: The Financial Services Agreement shall be for a term commencing from the agreement effective date to 31 December 2024.

Major Terms: *Deposit Services*

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

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

During the term of the agreement, the maximum daily deposit balance of the Group with Baowu Finance shall in principle not exceed RMB10 billion, and the total interest fee paid by Baowu Finance to the Group for deposit services shall not exceed the maximum of RMB190 million per year.

Credit Services

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

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

During the term of the agreement, the maximum comprehensive credit line provided by Baowu Finance to the Group shall not exceed RMB10 billion.

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

ii. Comparison of terms with independent third parties

As confirmed by the Directors, after completion of the Merger, financial services transactions to be conducted with Baowu Finance (as Baowu Finance will be the surviving entity after the Merger) will be conducted in a similar manner as the financial services transactions conducted with Masteel Finance prior to the Merger.

Deposit Services and relevant interest income

We understand from the Management that during FY2020 and FY2021 and the seven months ended 31 July 2022 (“7M2022”) (the “Review Period”), the Group has placed deposits with Masteel Finance. According to the Management, the deposit interest rates offered by Masteel Finance to the Company are in accordance with their internal pricing guidelines which were determined with reference to deposit rates promulgated by PBOC.

We have obtained sample documents covering each quarter of the Review Period indicating that the interest rates offered by Masteel Finance to the Company for deposit services are in accordance with the internal pricing guidelines. We further compared the interest rates stipulated in Masteel Finance’s internal pricing guidelines and note that they are no less favourable or higher than the deposit rates offered by other independent third-party financial institutions.

Credit Services

During the Review Period, the Group has obtained credit services from Masteel Finance comprising mainly loan services and bill discounting services and other types of financial services such as bill acceptance services.

We noted that the Company will obtain quotations from independent banks and Masteel Finance in terms of credit services to be obtained. The Company will compare the terms of the credit services, including but not limited to the interest rates and facility amount and choose the financial service provider with the most favourable terms. We noted that where the Company has obtained credit services from Masteel Finance, the interest rates and terms of the credit services offered by Masteel Finance were no less favourable than those obtained from independent third-party financial institutions.

iii. Basis of the Proposed Annual Caps

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

a. Review of the historical figures

Masteel Finance has been providing, among other things, deposit services and credit services to the Group. Set out below are the historical transaction information for FY2020, FY2021 and 7M2022.

Deposit Services

Set out below is the highest month end balance of deposits placed in Masteel Finance and the interest receivable of deposits for the deposit services during the Review Period:

	For the year ending 31 December 2020 RMB' billion	For the year ending 31 December 2021 RMB' billion	For the seven months ended 31 July 2022 RMB' billion
Highest month end deposit balance	8.4	9.7	9.0
Interest receivables of the deposits	0.084	0.081	0.089

As illustrated above, the highest month end balance of deposits placed by the Company with Masteel Finance for each of FY2020, FY2021 and 7M2022 amounted to approximately RMB8.4 billion, RMB9.7 billion and RMB9.0 billion, respectively. Furthermore, the Management advised that during the Review Period the maximum day end balance of deposits placed with Masteel Finance reached approximately RMB10.4 billion.

As set out above, the interest receivables in respect of the deposits were RMB84.2 million and RMB81.4 million respectively during FY2020 and FY2021. The interest receivable during 7M2022 has reached RMB89.0 million, which has exceeded the receivables during the whole of FY2020 and FY2021.

Credit Services

Set out below is the highest month end credit facilities granted by Masteel Finance to the Company (excluding interest) as well as the relevant utilization rate during the relevant month end:

	As at 31 December 2020 <i>RMB' billion</i>	As at 31 December 2021 <i>RMB' billion</i>	As at 31 July 2022 <i>RMB' billion</i>
Credit facility granted	7.5	8.0	9.0
Utilization	3.4	4.9	3.5
Percentage of utilization	45.3%	61.2%	38.9%

As illustrated above, Masteel Finance granted a maximum month end credit line to the Company of approximately RMB7.5 billion, RMB8.0 billion and RMB9.0 billion, respectively, for each of FY2020, FY2021 and 7M2022.

We noted that utilization of credit facilities varies from time-to-time and will depend on the terms offered by Masteel Finance. Nevertheless, the credit facility offered by Masteel Finance which is subject to Masteel Finance's internal assessment of the financial condition of the Group, increased from RMB7.5 billion as at 31 December 2020 to RMB9.0 billion as at 31 July 2022.

Assessment of the Proposed Annual Caps

When assessing the reasonableness of the Proposed Annual Caps, we have discussed with the Management the basis and assumptions underlying the projection of the Proposed Annual Caps. Set out below are the Proposed Annual Caps in respect of the deposit services, interest income and credit services:

Proposed Annual Caps	For the year ending 31 December 2023 RMB' billion	For the year ending 31 December 2024 RMB' billion
Annual caps for deposit services (the “ Deposit Cap ”)	10	10
Annual caps for interest income derived from the Deposit Cap (the “ Interest Cap ”)	0.19	0.19
Annual caps for credit services (the “ Credit Cap ”)	10	10

Deposit Cap

Pursuant to the Financial Services Agreement, (i) the annual cap for the maximum daily deposit of balance of the Group with Baowu Finance (i.e. Deposit Cap) shall not exceed RMB10 billion; (ii) and the annual cap for the total interest fee paid by Baowu Finance shall not exceed RMB190 million (i.e. the Interest Cap).

According to the Management, the Deposit Cap of RMB10 billion is determined mainly with reference to the historical maximum month end deposit balance placed by the Group in Masteel Finance during the Review Period as well as the maximum amount of borrowing to be obtained from Masteel Finance. As set out in the paragraph “Review of the historical figures” above, (i) the maximum month end deposit balance placed by the Group was recorded at RMB9.7 billion during the Review Period, which would represent over 95% of the proposed Deposit Cap; and (ii) the maximum day end deposit balance placed by the Company in Masteel Finance during the Review Period was RMB10.4 billion, which would reach an amount higher than the proposed Deposit Cap.

Taking into account the Group’s historical deposit balance in Masteel Finance, we are of the view that the basis in determining the Deposit Cap to be appropriate.

Interest Cap

We also understand that the Management considers the interest rate of the deposit a crucial factor when considering whether to place deposits with Baowu Finance. We have discussed with the Management and further understand that the deposit interest rate to be granted by Baowu Finance to the Group shall in principle not be lower than the PBOC Deposit Rate and under the same terms of the independent major commercial banks in the PRC during the same period.

As advised by the Management, the Interest Cap of RMB190 million is determined based on a weighted average anticipated interest rate of approximately 1.9% to be offered by Baowu Finance for the deposits placed by the Company. The anticipated interest rate of 1.9% is a weighted average interest rate calculated based on (i) the estimated composition of deposit portfolio of the Group placed in Masteel Finance pursuant to the Management latest tentative treasury plan, comprising demand deposits and fixed deposits with a term ranging from one year to seven days' notice; and (ii) the deposit rate offered by Baowu Finance according to its internal pricing guideline for the corresponding type of deposit continuing to be effective as of the date of the Announcement.

We understand that Baowu Finance determines the deposit interest rate set out in its internal pricing guideline with reference to the latest PBOC Deposit Rate as at the date of the Agreement with certain upward adjustment depending on the fixed term of the deposit.

In terms of the interest rate applied towards the calculation of the weighted average interest rate of 1.9%, we have compared the deposit interest rate estimated by Baowu Finance with other independent commercial banks and note that the interest rate to be offered by Baowu Finance is no less favourable than those offered by the independent commercial banks and are not lower than PBOC Deposit Rates. Having taking into account the above, we consider applying the 1.9% weighted average interest rate in estimating the Interest Cap to be acceptable.

Credit Cap

During the term of the Financial Services Agreement, the annual cap for the maximum credit facility provided by Baowu Finance to the Group shall not exceed RMB10 billion.

According to the Management, the Credit Cap is determined mainly with reference to (i) the historical maximum credit facility obtained by the Group through Magang Finance; and (ii) the historical financing needs of the Group.

As set out above in the paragraph “Review of the historical figures”, the latest credit limit granted by Masteel Finance to the Company for as of 31 July 2022 and up to the date of the Announcement was RMB9.0 billion, which is comparable to the Credit Cap of RMB10 billion.

In addition, referring to the 2022 Interim Report, we noted that the Group possessed strong funding needs with short-term and long-term loan of the Company as at 30 June 2022 amounting to RMB8.4 billion and RMB6.5 billion, respectively. The sum of which in aggregate amounted to approximately RMB14.5 billion, exceeding the Credit Cap of RMB10 billion.

Taking into consideration (i) the historical credit limit granted to the Group by Masteel Finance; and (ii) the financing requirements as indicated by the level of short term and long term borrowings of the Group as of 30 June 2022, we are of the view that a Credit Cap of RMB10 billion to be appropriate.

iv. Pricing policies and relevant internal control of the Proposed Annual Caps

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

The connected transaction management committee of the Company, which directly reports to the Board, is responsible for the on-going monitoring of all the continuing connected transactions of the Company, which include the continuing connected transactions contemplated under the Financial Services Agreement. The responsibilities of the connected transaction management committee include, among other things, approving and monitoring of continuing connected transactions, gathering information for disclosure of continuing connected transactions pursuant to the Listing Rules, and monitoring of pricing procedures for continuing connected transactions to ensure that prices are determined on normal commercial terms. For each relevant functional department of the continuing connected transaction agreements or relevant companies entering transactions shall provide actual trading situation quarterly to the operation and accounting department of the Company. The operation and accounting department of the Company will report on a quarterly basis to the connected transaction management committee regarding the actual amount of the continuing connected transactions conducted during the quarter and the estimated amount in the following quarter so as to facilitate the connected transaction management committee

to (i) monitor the actual amount of continuing connected transactions carried out; and (ii) assess whether the annual cap of any continuing connected transactions will be exceeded. The continuing connected transaction management committee will then report to the Board on quarterly basis.

In terms of deposit business of member units, Baowu Finance has formulated relevant systems such as the "Deposit Management Measures", "Operating Procedures for Renminbi Deposit Business" and "Operating Procedures for Foreign Exchange Deposits" to standardize the commencement and specific practice of application acceptance, withdrawal, account processing, and interests calculation under the company's deposit business. The relevant policies are implemented in strict accordance with the relevant regulations of the People's Bank of China, CBIRC and the China Securities Regulatory Commission, strictly follow the principles of equality, voluntariness, fairness and honesty, fully guarantee the safety of funds of member units, and safeguard the legal rights and interests of all parties. The company's deposit business adheres to the principles of voluntary deposits, free use of funds, confidentiality for depositors, and no application by other parties. It has the right to refuse inquiries from any unit or individual other than those stipulated by laws and administrative regulations; it has the right to refuse freezes or deductions by any unit other than those stipulated by laws.

Baowu Finance follows the allocation principles of safety, liquidity, and efficiency, and arranges operating expenses in a reasonable and orderly manner. The deposits in Baowu Finance are safe and have good liquidity, and there has been no delay in payment due to insufficient cash positions of Baowu Finance.

In terms of the management of related parties' transactions, Baowu Finance has developed an online "related parties' transaction management and control system", which can track the fund situation in a timely manner, provide weekly analysis reports to the Company, and effectively manage and control the funds of the Company in Baowu Finance such that they will not be applied by other related companies in the group. This ensures the compliance in terms of the use of funds by listed companies and complies with the requirements of the regulatory guidelines for listed companies.

Furthermore, pursuant to the Management, a real time system has been in place by Baowu Finance which could real time update the deposit balances of their customers. On a daily basis, Baowu Finance will notify the Group the aggregate deposit balances amount should the aggregate deposit balances approaching the Deposit Cap, the Group will deposit such relevant amount of deposit to independent third-party financial institutions. In addition, automatic direct debit instruction will also be implemented to the deposit accounts of the Group held in Baowu Finance, should any deposit of funds to accounts held by the Group in Baowu Finance exceeds the Deposit Cap, such exceeded amount will be automatically direct debited to other deposit accounts of the Group held in independent third-party financial institutions.

In respect of utilizing the credit facilities provided by Baowu Finance to the Group, the Group will centralize the credit draw down of each of the members of the Group, for each new draw down, the Management will confirm the new draw down balance in aggregate with the aggregate outstanding balances of the Group will not exceed the Credit Cap.

Pricing

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

Undertaking provided by and measures taken by China Baowu

China Baowu has unconditionally provided an irrevocable undertaking that, during the term of the Financial Services Agreement:

- (i) it shall maintain its actual control over Baowu Finance, and ensure the standardised operation of Baowu Finance;
- (ii) it shall use its best endeavours and take all reasonable measures to ensure that Baowu Finance will fulfil its obligations for deposit services under the Financial Services Agreement in 2023 to 2024;
- (iii) when necessary, supplement capital or provide support to the liquidity of Baowu Finance in accordance with the relevant laws and regulatory requirements.

China Baowu confirms that it has obtained all necessary approval and authorisation for executing the above written undertaking, and that the execution of the above written undertaking will neither be in breach of the laws and regulations in the PRC nor conflicts with any other agreements signed by China Baowu.

As confirmed by the Directors, the scope of the “Internal Control Management Measures of Connected Transactions” covers all the transactions contemplated under the Financial Services Agreements.

Review by auditor

The auditors of the Company will be engaged to report on the Group's continuing connected 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 will make analysis on (a) if anything will come to their attention that caused them to believe that the continuing connected transactions had not been approved by the Board; (b) for the continuing connected transactions involving the provision of goods or services by the Group, nothing has come to their attention that caused them to believe that the transactions are not, in all material respects, in accordance with the pricing policies of the Company; (c) nothing has come to their attention that caused them to believe that the continuing connected transactions are 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 continuing connected transactions, nothing has come to their attention that caused them to believe that the continuing connected transactions has 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.

v. *Reporting requirements and conditions of the CCT*

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

- (a) each year the independent non-executive Directors must review the CCT and confirm in the annual report and accounts that the CCT 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 CCT:
 - (i) have not 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 CCT; and
 - (iv) have exceeded the relevant annual caps;
- (c) the Company must allow, and ensure that counterparties to the CCT to allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the CCT 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 CCT, in particular, (i) the limit of the value of the CCT by way of the Proposed Annual Caps; and (ii) the on-going review by the independent non-executive Directors and auditors of the Company regarding the terms of the CCT; and (iii) the on-going review by the auditors of the Company confirming the relevant Proposed Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the CCT and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that:

As to the Merger

(i) although the Merger is not in the ordinary and usual course of the business of the Group, the terms of the Absorption and Merger Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into the Absorption and Merger Agreement is in the interests of the Company and the Shareholders as a whole.

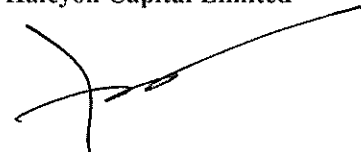
Accordingly, we advise (i) the Independent Board Committee to recommend the Independent Shareholders; and (ii) the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the relevant general meeting to approve the Absorption and Merger Agreement and the transactions contemplated thereunder.

As to the CCT

(i) the terms of the Financial Services Agreement and the transactions contemplated there under 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 is 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 advise (i) the Independent Board Committee to recommend the Independent Shareholders; and (ii) the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the relevant general meeting to approve the Financial Services Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Halcyon Capital Limited

A handwritten signature in black ink, appearing to read 'Terry Chu', written over a horizontal line.

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 22 years of experience in corporate finance industry.

宝武集团财务有限责任公司

与

马钢集团财务有限公司

之

吸收合并协议

二〇二二年十一月

本协议由下列主体于 2022 年 11 月 15 日在上海签署：

甲方：宝武集团财务有限责任公司

法定代表人：陈海涛

住所：中国(上海)自由贸易试验区世博大道 1859 号 1 号楼 9 楼

乙方：马钢集团财务有限公司

法定代表人：伍生林

住所：安徽省马鞍山市九华西路 8 号马钢指挥中心主楼 8 层

丙方一：马鞍山钢铁股份有限公司

法定代表人：丁毅

住所：安徽省马鞍山市九华西路 8 号

丙方二：马钢（集团）控股有限公司

法定代表人：丁毅

住所：马鞍山市雨山区九华西路 8 号

丁方一：中国宝武钢铁集团有限公司

法定代表人：陈德荣

住所：中国(上海)自由贸易试验区世博大道 1859 号

丁方二：宝山钢铁股份有限公司

法定代表人：邹继新

住所：上海市宝山区富锦路 885 号

丁方三：武汉钢铁有限公司

法定代表人：刘宝军

住所：武汉市青山区股份公司机关

鉴于：

1、宝武财务是一家依照中国法律成立并存续的有限责任公司，截至本协议签署之日，其注册资本为 284,000 万元，其中中国宝武认缴出资额 136,035 万元，占注册资本总额的 47.90%；宝钢股份认缴出资额 94,948 万元，占注册资本总额的 33.43%；武钢有限认缴出资额 53,017 万元，占注册资本总额的 18.67%。

2、马钢财务是一家依照中国法律成立并存续的有限责任公司，截至本协议签署之日，其注册资本为 200,000 万元，其中马钢股份认缴出资额 182,000 万元，占注册资本总额的 91%；马钢控股认缴出资额 18,000 万元，占注册资本总额的 9%。

3、经各方协商一致，同意宝武财务与马钢财务进行吸收合并，合并完成后，宝武财务存续，马钢财务注销。马钢财务现有的全部资产、负债、业务、人员、合同及其他一切权利与义务由宝武财务根据本协议约定承接与承继。

4、本次吸收合并已取得宝武财务和马钢财务的实际控制人中国宝武的书面同意批复。本次吸收合并尚待取得银保监会的批准意见。

根据《中华人民共和国公司法》《中华人民共和国民法典》《中国银保监会非银行金融机构行政许可事项实施办法》《企业集团财务公司管理办法》等相关法律法规的规定，就本次吸收合并有关事宜，达成如下合意并订立协议，以兹共同遵守。

第一条 释义

1.1 除非另有说明，以下简称在本协议中的涵义如下：

宝武财务、甲方	指	宝武集团财务有限责任公司
马钢财务、乙方	指	马钢集团财务有限公司
马钢股份、丙方一	指	马鞍山钢铁股份有限公司，系马钢财务的股东
马钢控股、丙方二	指	马钢（集团）控股有限公司，系马钢财务的股东
丙方	合指	马钢财务的二名股东，即马钢股份、马钢控股
中国宝武、丁方一	指	中国宝武钢铁集团有限公司，系宝武财务的股东
宝钢股份、丁方二	指	宝山钢铁股份有限公司，系宝武财务的股东
武钢有限、丁方三	指	武汉钢铁有限公司，系宝武财务的股东
丁方	合指	本次吸并前宝武财务的三名股东中国宝武、宝钢股份、武钢有限
合并双方	指	甲方和乙方
一方	指	甲方、乙方、丙方一、丙方二、丁方一、丁方二、丁方三单称
各方	指	甲方、乙方、丙方、丁方合称
本协议	指	本《吸收合并协议》
本次吸收合并	指	宝武财务通过定向增资方式引入马钢财务股东马钢股份、马钢控股的方式吸收合并马钢财务的交易
合并双方原股东	指	马钢股份、马钢控股、中国宝武、宝钢股份、武钢有限合称

吸并交割日

指

合并双方约定的，根据本协议第二条马钢财务的全部资产、负债、业务、合同及其他一切权利与义务转由宝武财务享有及承担之日，若本次吸收合并方案获得银保监会批复同意时间在 2023 年 6 月 1 日前，则吸并交割日为批复同意月最后一日，若银保监会批复同意时间在 2023 年 6 月 1 日后，则吸并交割日为 2023 年 6 月 29 日。

重大合同

指

对公司的存续、主营业务或财务状况而言是重要的、或对公司的主营业务构成重大限制的、或缺乏该合同或协议会对公司的存续、主营业务或财务状况造成重大不利影响的所有合同、协议、备忘录、意向书或其他法律文件，无论该等合同或协议是否在正常业务经营过程中订立的，包括但不限于：(i) 转让、出售、许可、购买或者处置公司重要财产或重要知识产权的合同，(ii) 独家合同或限制公司竞争能力的合同，(iii) 与公司每一自然年度内前十名合作方、供应商或者客户签署的合同，(iv) 涉及股权出售、股权/资产收购、投资、融资、合资、并购、重组、表决权安排、利润分享、或者控制权转让的合同，(v) 在公司的股权或者重要财产上设置负担的合同等，(vi) 公司与各自的关联方签署的所有合同（公司之间在正常业务经营过程中的合同除外），以及 (vii) 与任何政府部门签署的合同或协议。

重大不利影响

指

对任何情况、变更或影响，而该情况、变更或影响单独地或与其他任何情况、变更或影响共同地：(1) 对公司的业务、运营、资产、负债（包括或有责任）、或财务状况造成或可能造成重大不利影响；(2) 对公司以其目前经营或开展或拟经营或开展业务的方式

		经营和开展业务的资质或能力产生或可能产生重大不利影响；或(3)对交易文件的签署、履行或其项下拟议之交易造成或可能造成重大不利影响
银保监会	指	中国银行保险监督管理委员会
评估/审计基准日	指	合并双方一致同意的本次吸收合并所确立的评估/审计基准日，即 2022 年 6 月 30 日
审计报告	指	甲方所聘任会计师事务所就截止于审计基准日的甲方财务状况、于 2022 年 8 月 4 日出具的《宝武集团财务有限责任公司净资产审计报告》（天健沪审（2022）986 号），以及乙方所聘任会计师事务所就截止于审计基准日的乙方财务状况、于 2022 年 8 月 4 日出具的《马钢集团财务有限责任公司审计报告》（勤信专字【2022】第 1666 号）
评估报告	指	甲方所聘任资产评估机构就截止于评估基准日的甲方资产状况、于 2022 年 9 月 22 日出具的《宝武集团财务有限责任公司拟吸收合并马钢集团财务有限公司所涉及的宝武集团财务有限责任公司股东全部权益价值资产评估报告》（中资评报字[2022]366 号），以及乙方所聘任资产评估机构就截止于评估基准日的乙方资产状况、于 2022 年 9 月 22 日出具的《宝武集团财务有限责任公司拟吸收合并马钢集团财务有限公司所涉及的马钢集团财务有限公司股东全部权益价值资产评估报告》（中资评报字[2022]367 号）
过渡期	指	本协议签署之日起至吸并交割日的期间

工作日	指	除星期六、星期日及中国法定节假日以外的任何一个自然日
中国	指	中华人民共和国，仅为本协议之目的，不包括香港特别行政区、澳门特别行政区和台湾地区
法律	指	中国现行有效的法律、法规、规章或其他规范性文件
元、万元、亿元	指	人民币元、万元、亿元

第二条 本次吸收合并的方式

2.1 根据本协议的条款和条件，各方同意由宝武财务吸收合并马钢财务，宝武财务以定向增资吸收丙方为宝武财务新股东的方式支付本次吸收合并的对价。本次吸收合并完成后，宝武财务作为本次吸收合并的吸收合并方暨存续方，将承继及承接马钢财务的全部资产、负债、业务、合同及其他一切权利与义务，并应当办理相关变更登记手续；马钢财务作为本次吸收合并的被吸收合并方暨非存续方，其全部资产、负债、业务、合同及其他一切权利与义务将由宝武财务承继及承接，同时马钢财务应当办理公司注销登记手续。

2.2 根据评估报告，截至评估基准日，宝武财务的净资产评估值为 606,510.07 万元，马钢财务的净资产评估值为 293,509.49 万元。前述评估报告已取得中国宝武出具的备案证明。

2.3 合并双方原股东一致同意，按照经中国宝武备案后的宝武财务与马钢财务的净资产评估值所确定的股权价值，重新确定合并双方原股东在本次吸收合并完成后的宝武财务注册资本中所占的出资额及股权比例。本次吸收合并完成后，宝武财务将增加注册资本 20 亿元，增加后的注册资本为 48.40 亿元。本次吸收合并完成后宝武财务的股权结构如下：

序号	股东名称	注册资本出资额（万元）	持股比例（100%）
1.	中国宝武	156,229.76	32.28%

2.	宝钢股份	109,043.28	22.53%
3.	武钢有限	60,887.51	12.58%
4.	马钢股份	143,633.90	29.68%
5.	马钢控股	14,205.55	2.93%
合计		484,000	100%

2.4 马钢财务应当于吸并交割日后三个月内办理完成工商注销登记。宝武财务应当于马钢财务完成工商注销登记后的三个月内完成本次吸收合并涉及的宝武财务工商变更登记/备案手续。

第三条 交割安排

3.1 银保监会批准本次吸收合并后，合并双方将就资产、负债、业务和人员等事项的交接做出妥善的安排。合并双方应于吸并交割日完成本协议项下约定的交割义务，签署资产交割确认文件。自吸并交割日起，马钢财务的全部资产、负债、业务、合同及其他一切权利与义务将由宝武财务享有和承担。

3.2 马钢财务同意将协助宝武财务办理马钢财务所有财产由马钢财务转移至宝武财务名下的变更手续。马钢财务承诺其将采取一切行动或签署任何文件，或应宝武财务的要求（该要求不得被不合理地拒绝）采取一切行动或签署任何文件以使得前述资产、负债和业务能够尽快过户至宝武财务名下。涉及需要办理权属变更登记手续而该等资产暂未办理完成形式上的权属变更登记手续的，相关资产所涉及的各项权利、义务、风险及收益均自吸并交割日起概括转移至宝武财务，而不论该等资产是否已实际过户登记至宝武财务名下。如由于变更登记等原因而未能及时履行形式上的移交手续，不影响宝武财务对上述资产享有权利和承担义务。其中：

3.2.1 对于根据中国法律规定应具有权属登记证明的资产，马钢财务应在吸并交割日前到相应的权属登记部门进行权属变更（即将权利人变更为宝武财务），宝武财务应提供必要的协助；

3.2.2 对于根据中国法律规定不具有权属登记证明的资产，合并双方应当编制资产转移清单，并在吸并交割日进行交接，交接后由合并双方签署确认该资产转移清单。

3.3 在吸并交割日，马钢财务应当将全部公司印章（包括但不限于公司法人章、财务专用章、合同专用章、法定代表人私章、财务负责人私章等）、全部账簿、银行账户资料及其密码、公司营业执照正本、副本等全部文件移交宝武财务指定的人员保管。

3.4 马钢财务应当完整保留其现有的历史经营期间所形成的全部文件，并于吸并交割日将其保存的全部文件移交宝武财务指定的人员保管，该等文件包括但不限于马钢财务现有的自成立以来的股东会文件、董事会文件、监事会文件；马钢财务现有的自成立以来的所有组织性文件及工商登记文件；马钢财务现有的自成立以来的所有政府批文；马钢财务现有的自成立以来的所有与政府部门的往来函件（包括但不限于通知、决定、决议）；马钢财务现有的自成立以来的纳税文件；现有的与经营有关的许可、批准、权证；所有合同、协议或其他文件。

同时，合并双方应就上述交接文件签署交接文件清单，交接文件清单一经签署，即视为清单列示的所有文件之权益归属于宝武财务。合并双方应当共同协助业务合同项下对第三方的通知或同意程序（如需）。

3.5 宝武财务和马钢财务将于本次吸收合并方案分别获得各自股东会同意且取得银保监会的批准后，按照相关法律的规定履行对债权人的通知和公告程序，并且将根据各自债权人于法定期限内提出的要求向各自债权人提前清偿债务或为其另行提供担保。在前述法定期限内，相关债权人未向宝武财务或马钢财务主张提前清偿的，相应债务将自吸并交割日起由吸收合并后的宝武财务承担。

3.6 本次吸收合并完成后，宝武财务员工的劳动合同关系保持不变，马钢财务的全体员工将由宝武财务接收。马钢财务作为其现有员工雇主的全部权利和义务将自吸并交割日起由宝武财务享有和承担。

第四条 甲方的陈述和保证

4.1 宝武财务为依中国法律设立并有效存续的有限责任公司，其有权签署本协议并履行本协议项下的义务。代表宝武财务签订本协议的签字人为宝武财务的法定代表人或合法授权人。

4.2 宝武财务签署本协议以及履行本协议项下义务：（1）不会违反其营业执照、公司章程或类似组织文件的任何规定；（2）不会违反任何相关法律或政

4.3 审计报告和评估报告所列宝武财务的资产为其合法拥有、有权经营的资产。除已向其他各方披露的以外，宝武财务资产或股权上没有任何担保、查封、冻结或其他第三者权益或者存在权属纠纷。

4.4 宝武财务不存在任何对其生产经营可能带来重大不利的诉讼或仲裁或行政处罚程序。

4.5 宝武财务签署的各重大合同均合法有效。

4.6 除审计报告和评估报告所列宝武财务负债外，不存在对宝武财务或其资产有影响的其他负债或或有负债（但正常业务经营中产生的负债除外）。不存在宝武财务作为任何第三方的债务的担保人、赔偿人或其他义务人的情形。

4.7 宝武财务有权经营目前从事的业务，且取得的各项许可、证照合法、有效。

4.8 宝武财务在所有重大方面均符合中国法律法规的规定。

4.9 宝武财务不存在资不抵债或破产的情形。

4.10 宝武财务不存在或没有发生过其他重大不利影响的任何事件，并且合理预期不会发生可能造成重大不利影响的该等事件。

4.11 宝武财务在本协议中的任何陈述和保证在本协议签署日至吸并交割日均是真实、准确和完整的。宝武财务向马钢财务提供的所有文件和材料均真实、准确、完整、有效，并无任何隐瞒、遗漏、虚假或误导之处。

第五条 乙方的陈述和保证

5.1 马钢财务为依中国法律设立并有效存续的有限责任公司，其有权签署本协议并履行本协议项下的义务。代表马钢财务签订本协议的签字人为马钢财务的法定代表人或合法授权人。

5.2 马钢财务签署本协议以及履行本协议项下义务：（1）不会违反其营业执照、公司章程或类似组织文件的任何规定；（2）不会违反任何相关法律或政府或证券监管机构的授权或批准；（3）不会违反其作为当事人一方（或受之约束）的其他任何合同，也不会导致其在该合同项下违约。

5.3 审计报告和评估报告所列马钢财务的资产为其合法拥有、有权经营的资产。除已向其他各方披露的以外，马钢财务资产或股权上没有任何担保、查封、冻结或其他第三者权益或者存在权属纠纷。

5.4 马钢财务不存在任何对其生产经营可能带来重大不利的诉讼或仲裁或行政处罚程序。

5.5 马钢财务签署的各重大合同均合法有效。

5.6 除审计报告和评估报告所列马钢财务负债外，不存在对马钢财务或其资产有影响的其他负债或或有负债（但正常业务经营中产生的负债除外）。不存在马钢财务作为任何第三方的债务的担保人、赔偿人或其他义务人的情形。

5.7 马钢财务有权经营目前从事的业务，且取得的各项许可、证照合法、有效。

5.8 马钢财务在所有重大方面均符合中国法律法规的规定。

5.9 马钢财务不存在资不抵债或破产的情形。

5.10 马钢财务不存在或没有发生过其他重大不利影响的任何事件，并且合理预期不会发生可能造成重大不利影响的该等事件。

5.11 马钢财务在本协议中的任何陈述和保证在本协议签署日至吸并交割日均是真实、准确和完整的。马钢财务向宝武财务提供的所有文件和材料均真实、准确、完整、有效，并无任何隐瞒、遗漏、虚假或误导之处。

第六条 合并双方原股东的陈述和保证

6.1 合并双方原股东均为依中国法律设立并有效存续的法律实体，有权签署本协议和履行本协议项下的义务。代表合并双方原股东签订本协议的签字人为合并双方原股东的法定代表人或合法授权人。

6.2 合并双方原股东签署本协议以及履行本协议项下义务：(i) 不会违反其营业执照、公司章程或类似组织文件的任何规定；(ii) 不会违反任何相关法律或政府或证券监管机构的授权或批准；(iii) 不会违反其作为当事人一方（或受之约束）的其他任何合同，也不会导致其在该合同项下违约。

6.3 合并双方原股东在本协议中的任何陈述和保证在本协议签署日至吸并交割日均是真实、准确和完整的。

6.4 截至本协议签署日，丙方对其所持有的马钢财务的股权拥有合法的、完全的所有权及控制权，有权转让、处分该等股权，不存在获得该等股权时未解决的争议或第三方权益；丙方未在马钢财务股权上设定任何抵押、质押或其他担保，未对任何第三人做出转让或承诺转让，未发生任何针对该等股权的诉讼或仲裁，而与该等股权相关的任何权益，不受任何优先权的限制，也不存在其他限制本次吸收合并的法律障碍。

第七条 过渡期安排

7.1 在过渡期内，为实现业务的平稳过渡，在确有必要的情况下，如甲乙双方的任一方在业务的开展过程中需要另一方予以配合（包括但不限于提供相关资料、出具说明等），则另一方对此予以积极配合。

7.2 在过渡期内，甲乙双方均应遵循以往的运营惯例和经营方式运作，保存财务账册和记录，维持好与政府主管部门、客户及员工的关系，制作、整理及保管好各自的文件资料，及时缴纳有关税费，并遵守适用于其财产、资产或业务的法律规定。

7.3 在过渡期内，马钢财务及丙方不得做出致使或可能致使马钢财务的资产、业务、经营、财务和法律状况发生重大不利影响的行为。除非本协议另有约定或经宝武财务事先书面同意，马钢财务及丙方应确保马钢财务在过渡期内不得发生下列情形：

（1）作出增加或减少注册资本、合并、分立、整体出售、解散、清算的决议；

（2）出售或处置股权及其他重大资产，终止、调整或改变现有业务；

（3）以马钢财务的资产设定任何形式的担保或第三者权益；

（4）进行利润分配；

（5）将资产赠与任何第三方或放弃债权；

（6）以任何形式将马钢财务资产转让、赠予给任何第三方；及

（7）作出任何非基于正常商业判断的重大决策，以及从事其他可能损害马钢财务利益的行为。

第八条 期间损益安排

8.1 对于宝武财务自评估基准日（不含当日）起至吸并交割日（包括当日）止的期间内产生的净资产变动，由丁方按照本次吸收合并前其各自在宝武财务的持股比例享有或承担。各方同意于吸并交割日后 30 个工作日内，由具有证券、期货业务资格的会计师事务所对宝武财务相关期间的净资产变动情况进行审计，经股东会审议通过后分配给丁方。

8.2 对于马钢财务自评估基准日（不含当日）起至吸并交割日（包括当日）止的期间内产生的净资产变动，由丙方按照其各自在马钢财务的持股比例享有或承担。各方同意于吸并交割日后 30 个工作日内，由具有证券、期货业务资格的会计师事务所对马钢财务相关期间的净资产变动情况进行审计。经股东会审议通过后分配给丙方。

第九条 税费

9.1 各方因本次吸收合并而产生的税费，由合并各方按照有关中国税收法律法规规定各自承担并负责缴纳。

第十条 公司治理

各方就吸收合并完成后宝武财务《公司章程》中涉及公司治理的相关内容基本达成共识（具体内容仍需履行中国宝武决策流程后确定），主要包括以下方面：

10.1 吸收合并完成后，宝武财务的董事会由九名董事组成，其中丙方委派 2 名董事，并且该等董事在董事会专门委员会中任职。

10.2 吸收合并完成后，宝武财务的股东应按其实缴的出资比例享受分红，宝武财务每年利润分配比例应不低于当年经审计净利润的 50%。

10.3 宝武财务股东会会议由股东按照实缴出资比例行使表决权。股东会对变更注册资本、公司合并、分立、变更公司形式、解散和清算事项、修改公司章程等重大事项作出决议，必须经代表三分之二以上表决权的股东同意方可通过，其余事项必须经代表过半数表决权的股东同意方可通过。

10.4 董事会会议表决实行一人一票，对利润分配方案、聘任或解聘高级

10.5 吸收合并完成后，宝武财务监事会由三名监事组成，其中两名非职工监事由中国宝武提名，并经股东会选举产生；一名职工监事为职工代表，由公司工会提名，由职工大会民主选举产生。监事会设监事会主席一名，由全体监事过半数选举产生。

第十一条 违约责任

11.1 本协议签订后，除不可抗力外，任何一方不履行或不及时、不适当履行本协议项下其应履行的任何义务，或违反其在本协议项下作出的任何陈述、保证或承诺，均构成其违约，违约方应承担继续履行、采取补救措施或者赔偿损失等违约责任。如果不止一方违约，则由各违约方分别承担各自违约所引起的责任。

第十二条 不可抗力

12.1 不可抗力是指不可预见、不可避免并不可克服的客观事件，包括但不限于战争、地震、洪水、火灾、罢工等。如果一方因不可抗力事件而不能履行其任何义务，因不可抗力事件而不能履行的本协议项下义务的履行时间应予延长，延长的时间等于不可抗力事件所导致的延误时间。声称遭遇不可抗力事件而不能履行义务的一方应采取适当措施减少或消除不可抗力事件的影响，并应努力在尽可能短的时间内恢复履行受不可抗力事件影响的义务。如有不可抗力事件发生，任何一方均无须对因不可抗力事件无法或延迟履行义务而使其他方遭受的任何损害、费用增加或损失承担责任。

12.2 受不可抗力事件影响的一方应在不可抗力事件发生后的十（10）个工作日内通知其他方并提供其所能得到的证据。如因不可抗力事件导致本协议无法履行达六十（60）日，则本协议任何一方有权以书面通知的方式终止本协议。

12.3 在发生不可抗力事件期间，除因不可抗力事件导致不能履行的方面外，各方应在其他各个方面继续履行本协议。

第十三条 本协议的生效

13.1 本协议经各方的法定代表人或授权代表签署并加盖公章后成立，并在以下条件全部获得满足后生效（为免疑义，该等条件不得被豁免）：

（1）各方已就本次吸收合并履行各自必要的内部决策程序，获得全部批准或授权；

（2）本次吸收合并已经获得银保监会的同意；

（3）丙方一与甲方之间因乙方被吸收合并后而需签署的《金融服务协议》获得丙方一董事会、股东大会批准生效。

（4）丙方一就本协议根据适用之上市规则已履行所有必须审批程序，包括获得丙方一董事会、股东大会批准生效。

第十四条 本协议的终止

14.1 本协议可依据下列情况之一而终止：

（1）如果有管辖权的政府部门作出的限制、禁止完成本次吸收合并的永久禁令、法规、规则、规章和命令已属终局的和不可上诉，双方均有权以书面通知方式终止本协议；

（2）根据本协议第 12.2 条的约定终止；

（3）如果因为任何一方严重违反本协议约定，在守约方向违约方送达书面通知要求违约方对此等违约行为立即采取补救措施之日起三十（30）日内，此等违约行为未获得补救，守约方有权单方以书面通知方式终止本协议。

14.2 本协议终止的法律后果：

（1）如果本协议根据第 14.1 条第（1）和（2）项约定终止，各方均无需承担任何违约责任；

（2）如果本协议根据第 14.1 条第（3）项约定终止，违约方应承担违约责任，并赔偿由此给其他造成的全部实际损失。

第十五条 法律适用和争议解决

15.1 本协议适用中国法律，并依据中国法律解释。

15.2 交易各方因本协议内容或履行本协议而发生争议的，应友好协商解决。

第十六条 通知

16.1 各方之间发出与本协议有关的通知或回复应以书面形式做出，并以挂号邮寄、专人、顺丰或类似的快递公司、图文传真方式送达。

16.2 如以挂号邮寄方式送达，以邮寄回执上注明的收件日期为送达日期；以顺丰或类似快递公司送达，以经正式确认的送达日即为送达日；使用图文传真时，收到传真机发出的确认信息后，视为送达。

第十七条 保密和信息披露

17.1 除非本协议另有约定，各方应尽最大努力，对其因履行本协议取得的所有有关其他方的各种形式的商业信息、资料或文件内容、本协议的内容以及本次吸收合并的相关事项等保密。任何一方应限制其雇员、顾问机构、代理人等仅在为履行本协议义务所必需时方可获得上述信息。

17.2 上述第 17.1 条的限制不适用于：

（1）在保密信息获得方获得信息时已经或正在为公众所知的资料和信息，除非为公众所知是由于保密信息获得方违反本协议；

（2）保密信息获得方可以证明其系通过正当途径从第三方获得且没有附随使用和透露限制的信息；

（3）任何一方依照中国法律要求，或根据有权司法机关、行政机关或证券监管机构的要求，而必须披露的信息。

17.3 各方应促使各自董事、高级管理人员和其他雇员以及其关联公司的董事、高级管理人员和其他雇员以及各自聘请的中介机构遵守本条所约定的保密义务。

17.4 未经与其他各方的事先磋商并取得其他方的同意，任一方均不得以任何形式发布与本协议项下所述交易有关的任何公告；除非该等公告系依据法律、政府机关或一方应遵守或服从的其它有关机关的要求而发布，在此情况下，被要求发布公告的一方应在合理可行的范围内，在发布该等公告之前，给予其他方合理的时间对该等公告提出修改意见。

17.5 本协议无论因何原因终止，本十七条约定均继续有效。

第十八条 其他条款

18.1 未经其他方事先书面同意，任何一方不得将本协议或其在本协议项下的任何权利和义务予以转让。

18.2 本协议的任何条款或约定，如与有关法律、法规、规章、规定相冲突，或被有权机构判定为无效或不可执行，则该条款或约定无效，以法律、法规、规章、规定为准。但该条款或约定的无效不影响本协议其他条款或约定的效力或可执行性。

18.3 任一方未行使或延迟行使本协议或法律规定的某项权利并不构成对该项权利或其他权利的放弃。单独或部分行使本协议或法律规定的某项权利并不妨碍其进一步继续行使该项权利或其他权利。除本协议另有明确约定外，本协议约定的各种权利及补救措施与法律规定的任何其它权利或补救措施相互之间是兼容的，而不是互相排斥的。

18.4 本协议的变更和修改应经各方协商一致并以书面形式作出。就本协议未尽事宜应经本协议各方协商一致并签署补充协议，该补充协议与本协议具有同等的法律地位。

18.5 协议应被理解为由各方共同起草，不得以本协议任何条款系由某一方起草为由而引起有利于或不利于任何其他方的假定或举证责任。

18.6 本协议标题仅供参考，不得以任何方式影响本协议的诠释或解释。

18.7 本协议正本一式十份，签约方各持一份，其余用于办理有关手续，每份均具有同等法律效力。

以下无正文，为本协议之签字盖章页。

本页无正文，为《宝武集团财务有限责任公司与马钢集团财务有限公司之吸收合并协议》之签字盖章页。

甲方：宝武集团财务有限责任公司

(盖章)

法定代表人或授权代表人：

陈海清


(签字)

本页无正文，为《宝武集团财务有限责任公司与马钢集团财务有限公司之吸收合并协议》之签字盖章页。



乙方：马钢集团财务有限公司

法定代表人或授权代表人：


(签字)

本页无正文，为《宝武集团财务有限责任公司与马钢集团财务有限公司之吸收合并协议》之签字盖章页。

丙方一：马鞍山钢铁股份有限公司



法定代表人或授权代表人：_____

(签字)

A handwritten signature in black ink, appearing to be 'J. Zou', written over a horizontal line.

本页无正文，为《宝武集团财务有限责任公司与马钢集团财务有限公司之吸收合并协议》之签字盖章页。

丙方二：马钢（集团）控股有限公司

法定代表人或授权代表人：

(签字)




A handwritten signature in black ink, consisting of stylized Chinese characters, written over a horizontal line.

本页无正文，为《宝武集团财务有限责任公司与马钢集团财务有限公司之吸收合并协议》之签字盖章页。

丁方一：中国宝武钢铁集团有限公司

法定代表人或授权代表人：



(签字)

本页无正文，为《宝武集团财务有限责任公司与马钢集团财务有限公司之吸收合并协议》之签字盖章页。

丁方二：宝山钢铁股份有限公司

法定代表人或授权代表人：_____

(签字)



本页无正文，为《宝武集团财务有限责任公司与马钢集团财务有限公司之吸收合并协议》之签字盖章页。

丁方三：武汉钢铁有限公司



法定代表人或授权代表人：

(签字)

A handwritten signature in black ink, consisting of a stylized 'Z' followed by a vertical line, positioned over a horizontal line.

金融服务协议

中国 马鞍山

2022年11月

甲方：宝武集团财务有限责任公司

地址：上海市浦东新区世博大道1859号宝武大厦1号楼九楼

法定代表人：陈海涛

乙方：马鞍山钢铁股份有限公司

地址：安徽省马鞍山市九华西路8号

法定代表人：丁毅

本协议中，甲方和乙方单称为“一方”，合称为“双方”。

鉴于：

1. 甲方是经中国银行保险监督管理委员会（原中国银行业监督管理委员会，下称“银保监会”）批准设立的为企业集团成员单位提供财务管理服务的非银行金融机构，可以为乙方提供相关金融服务。
2. 乙方是依法设立合法存续的股份有限公司，为优化财务管理，提高资金使用效率，降低融资成本，拟与甲方进行合作，由甲方为其提供相关金融服务。
3. 甲、乙双方均为中国宝武钢铁集团有限公司最终控股的子公司。乙方为上海证券交易所及香港联合交易所有限公司（以下统称“证券交易所”）上市公司，根据《上海证券交易所股票上市规则》及《香港联合交易所有限公司证券上市规则》（以下统称“上市规则”），甲方为乙方关联人/关连人士，因此本协议项下甲方与乙方的交易构成上市规则下的关联（连）交易，需遵守上市规则下有关关联（连）交易的规定。
4. 为明确甲、乙双方的权利义务，甲、乙双方在“平等自愿、互利互惠、共同发展、实现共赢”的原则下，经协商一致，共同签署本协议。

第一条 协议主体

1. 除非本协议另有约定，本协议所指甲方为甲方及/或其分支机构。
2. 除非本协议另有约定，本协议所指乙方为乙方及/或其附属公司（指上市规则定义的“控股子公司”及“附属公司”）。

第二条 合作原则

1. 甲、乙双方互相视对方为重要的合作伙伴，双方同意进行金融业务合作，甲方在经银保监会依法核准的业务范围内向乙方提供相关金融服务，以实现合作双方利益最大化。
2. 甲、乙双方开展金融业务合作，应当遵循依法合规、平等自愿、风险可控、互惠互利的原则。

第三条 服务内容

甲方同意在银保监会核准的业务范围内，按照本协议的约定，根据乙方的合理要求，向乙方依法提供以下金融服务：

1. 结算服务

- (1) 乙方在甲方开立结算账户，甲方根据乙方指令为其提供收款服务和付款服务，以及其他与结算业务相关的辅助服务。
- (2) 甲方向乙方提供各项结算服务收取的费用标准，原则上不高于中国国内独立的主要商业银行就同期同类服务所收取的费用标准。

2. 存款服务

- (1) 乙方在甲方开立结算账户，并本着自主选择、存取自由的原则，将资金存入在甲方开立的存款账户。
- (2) 甲方为乙方提供存款服务，存款利率根据中国人民银行统一颁布的同期同类存款利率厘定，原则上不低于中国国内独立的主要商业银行的同期同类存款利率。
- (3) 本协议有效期内，乙方在甲方的每日最高存款余额原则上不高于人民币100亿元。

3. 信贷服务

- (1) 甲方将在国家法律、法规和政策许可的范围内，按照银保监会要求、结合自

身经营原则和信贷政策，支持乙方业务发展中的资金需求，为乙方提供综合授信服务。乙方可以使用甲方提供的综合授信办理贷款、票据承兑、票据贴现及其他类型的金融服务。

- (2) 甲方向乙方提供的贷款、票据承兑、票据贴现等信贷业务给予优惠的信贷利率及费率，原则上不高于乙方从中国国内独立的主要商业银行取得的同类同期同档次信贷利率及费率水平。
- (3) 本协议有效期内，甲方向乙方提供的综合授信额度最高不超过人民币100亿元。
- (4) 有关信贷服务的具体事项由甲、乙双方另行签署协议。

4. 其他金融服务

- (1) 甲方可在经营范围内为乙方提供其他金融服务，甲方向乙方提供其他金融服务前，甲、乙双方需进行磋商并另行签署独立的协议。
 - (2) 甲方为乙方提供的其他金融服务，应遵循公平合理的原则，原则上按照不高于乙方从中国国内独立的主要商业银行获得的市场公允价格或国家规定的标准收取相关费用。
5. 乙方同意，甲方有权按照其内部风险控制和业务审批流程对乙方在上述服务范围内提出具体服务需求的交易进行审查，并有权作出不予交易的决定。
 6. 本协议有效期内，乙方向甲方就金融服务支付的服务费每年最高不超过人民币2.10亿元，甲方向乙方就存款服务支付的总利息费每年最高不超过人民币1.90 亿元。

第四条 交易上限

1. 甲方与乙方在本协议有效期内单一年度各项交易的交易上限如下：

单位：人民币 万元

交易类别	交易上限
结算服务	/
信贷服务	1,000,000.00

存款服务	1,000,000.00
其他金融服务	/

2. 当乙方预计年度交易额度将超出上述交易上限时，甲方同意配合乙方按照届时上市规则的要求重新履行决策审批及信息披露程序（如需）。

第五条 风险评估及控制措施

1. 乙方有权了解甲方的经营状况和财务状况，根据上市规则的要求对其经营资质、业务和风险状况进行评估；甲方应配合乙方按照上市规则之规定开展相关风险评估（如需），提供评估合理所需之相关文件、资料、数据、信息及便利，但法律法规、金融监管另有规定，或者与风险评估无关且涉及甲方商业秘密的除外。
2. 在符合法律法规、监管政策规定的前提下，甲方应保障乙方存款资金的安全，预计出现到期债务不能支付、大额贷款逾期等风险情形时，应当至少提前三十个工作日书面告知乙方，并配合乙方履行相应的信息披露义务。

第六条 陈述与保证

1. 甲方陈述与保证

- (1) 甲方为依照其注册地法律正式组建、有效存续且状况良好的有限责任公司，并且拥有全部所需的公司权力和授权，以签署本协议，履行其在本协议项下的义务。
- (2) 甲方向乙方提供本协议项下的金融服务已获得银保监会依法批准，并严格执行相关金融法规的规定。
- (3) 甲方签署、交付和履行本协议没有：1) 违反或抵触其章程（或类似组织文件）的规定，或导致其章程（或类似组织文件）项下的违约；2) 违反或抵触适用于其的任何法律或政府命令；3) 违反其作为一方的或对其有约束力的对其业务经营有重要影响的重大协议、合同、批文或其他文件中的关键条款。

2. 乙方陈述与保证

- (1) 乙方为依照其注册地法律正式组建、有效存续且状况良好的股份公司，并且拥有全部所需的公司权力和授权，以签署本协议，履行其在本协议项下的义务。
- (2) 乙方按照本协议在甲方办理具体金融服务时，应提交真实、合法、完整的资料和证明。
- (3) 乙方对甲方提供的上述服务给予积极支持，包括但不限于配合甲方做好存贷款管理工作，积极配合甲方开展信贷业务调查、评审工作以及提供财务报表等信息。
- (4) 乙方签署、交付和履行本协议没有：1) 违反或抵触其章程（或类似组织文件）的规定，或导致其章程（或类似组织文件）项下的违约；2) 违反或抵触适用于其的任何法律或政府命令；3) 违反其作为一方的或对其有约束力的对其业务经营有重要影响的重大协议、合同、批文或其他文件中的关键条款。

第七条 保密条款

1. 甲、乙双方一致同意，除非提供保密信息的一方事先书面同意，另一方不得以任何方式披露或允许披露保密信息。“保密信息”是指(1)本协议项下拟议之交易的存在及其内容，(2)本协议的任何条款、条件或其他方面，(3)本协议项下拟议之交易的谈判情况，和(4)一方在本协议项下已经或可能向另一方披露的有关其业务、财务状况、客户资料等保密或专有信息及其他保密事项。
2. 尽管有以上规定，各方可(1)仅为其自身使用之目的，向需要知悉保密信息的关联方及前述各方的雇员、管理人员、董事、银行、贷款人、会计师、法律顾问、业务伙伴、代表或顾问披露保密信息，但在前述每一情形下该等主体均应已获悉保密信息的保密性并且负有与本条所载基本类似的保密义务；(2)根据任何适用法律法规或任何有权政府部门或证券监管部门（包括任何证券交易所）的明确要求进行披露，但被要求披露的一方应在上述要求的范围内披露，且在该等披露作出至少三个工作日前向相关方发出书面通知，并不得超出法定或必要范围进行披露。

第八条 协议生效、变更和解除

1. 本协议需经甲、乙双方签字盖章后成立，经各方就本协议履行各自必要的内部决策程序后，并根据《上海证券交易所股票上市规则》及《香港联合交易所有限公司证券上市规则》获得乙方股东大会批准后生效。本协议有效期自本协议生效之日起至2024年12月31日终止。
2. 本协议经甲、乙双方协商一致并达成书面协议可以变更或解除，在达成书面协议以前，本协议条款仍然有效。
3. 本协议部分条款无效或者不可执行的，不影响其他条款的效力。

第九条 违约责任

任何一方违反本协议约定的，应按照相关的法律法规承担违约责任。

第十条 适用法律及争议解决

1. 本协议的订立、效力、解释、执行及争议解决均受中国（仅为本协议之目的，不包括香港特别行政区，澳门特别行政区和台湾地区）法律管辖。
2. 如甲、乙双方因本协议发生任何争议，应协商解决。

第十一条 其他事项

1. 本协议一式肆份，甲、乙双方各执贰份，每份协议具有同等法律效力。
2. 本协议由甲、乙双方在马鞍山市签订。

（以下无正文，为协议签署页）

(本页无正文，为《金融服务协议》之签署页)

甲方：

宝武集团财务有限责任公司



乙方：

马鞍山钢铁股份有限公司



法定代表人或授权代理人

(签字) 陈海峰

法定代表人或授权代理人

(签字)

丁 毅

签订日期：2024年11月15日

签订日期：2024年11月15日