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**鞍 鋼 股 份 有 限 公 司**

**ANGANG STEEL COMPANY LIMITED\***

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 0347)**

**CONTINUING CONNECTED TRANSACTIONS  
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

On 23 October 2024, the Company entered into the following agreements to renew the transactions contemplated under the corresponding previous agreements:

- (i) Mutual Supply of Goods Framework Agreement (2025–2027) with Angang Group Company;
- (ii) Mutual Supply of Services Framework Agreement (2025–2027) with Angang Group Company;
- (iii) Financial Services Agreement (2025–2027) with Angang Group Financial Company; and
- (iv) Industrial Financial Services Framework Agreement (2025–2027) with Ansteel Capital.

## **LISTING RULES IMPLICATIONS**

Angang Group Company, as the ultimate controlling shareholder indirectly holding approximately 53.46% equity interest of the Company, is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Each of Angang Group Financial Company and Ansteel Capital is a subsidiary of Angang Group Company and a connected person of the Company as defined under Chapter 14A of the Listing Rules. As such, the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company.

### **Mutual Supply of Goods Framework Agreement (2025–2027) and Mutual Supply of Services Framework Agreement (2025–2027)**

As the Mutual Supply of Goods Framework Agreement (2025–2027) concerns the mutual supply of goods which is similar in nature with the Mutual Supply of Services Framework Agreement (2025–2027), they are aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the aggregated transactions under the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement on an annual basis exceeds 5%, the transactions contemplated thereunder constitute non-exempt continuing connected transactions that are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Financial Services Agreement (2025–2027) and Industrial Financial Services Framework Agreement (2025–2027)**

The loan and entrustment loan services to be provided by Angang Group Financial Company to the Group under the Financial Services Agreement (2025–2027) will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services will be provided on normal commercial terms and the interest rate for loans and entrustment loans shall not be higher than the interest rate payable by the Company for similar loans of equivalent term to other financial institutions, and no security over any assets of the Group will be granted in respect of the loan and entrustment loan services, such services are therefore fully exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

Pursuant to the commercial factoring services to be provided by Ansteel Capital's subsidiaries to the Group's independent third party suppliers, the Group shall pay the relevant purchase amounts to Ansteel Capital's subsidiaries after Ansteel Capital's subsidiaries assumed the amounts originally payable by the Group to its independent third party suppliers, which will constitute financial assistance from a connected person for the benefit of the Group. As the Group will not incur any additional charges or expenses from the change of creditors, and no security over any assets of the Group will be granted, such financial assistance is therefore fully exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The relevant consultancy and system development and maintenance services to be provided by Ansteel Capital's subsidiaries to the Group as part of the Comprehensive Financial Services under the Industrial Financial Services Framework Agreement (2025–2027) are different in nature from the Non-exempt Financial Services, and are therefore not aggregated with them. As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the relevant consultancy and system development and maintenance services under the Industrial Financial Services Framework Agreement (2025–2027) on an annual basis is less than 0.1%, such transactions constitute de minimis continuing connected transactions of the Company and are fully exempt from the requirements under Chapter 14A of the Listing Rules.

As the remaining services under the Industrial Financial Services Framework Agreement (2025–2027) concern the provision of financial services which is similar in nature with the Financial Services Agreement (2025–2027), they are aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in relation to the Non-exempt Financial Services as aggregated exceeds 5%, the Non-exempt Financial Services are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **I. SUMMARY OF CONTINUING CONNECTED TRANSACTIONS**

On 23 October 2024, the Company entered into (i) the Mutual Supply of Goods Framework Agreement (2025–2027) and (ii) the Mutual Supply of Services Framework Agreement (2025–2027) to renew the transactions contemplated under the Supply of Materials and Services Agreement (2022–2024) and Supply of Raw Materials Agreement (2022–2024); (iii) the Financial Services Agreement (2025–2027) to renew the transactions contemplated under the corresponding previous agreements; and (iv) the Industrial Financial Services Framework Agreement (2025–2027) to renew the transactions contemplated under the Supply Chain Financial Services Agreement (2022–2024).

Nature of transactions	Proposed annual caps for the year ending December 31, (RMB' million)		
	2025	2026	2027

*Non-exempt continuing connected transactions subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements*

<b>Mutual Supply of Goods Framework Agreement (2025–2027)</b>	<i>From Angang Group to the Group</i>	50,598	52,662	54,120
	<i>From the Group to Angang Group</i>	23,260	28,756	34,734
<b>Mutual Supply of Services Framework Agreement (2025–2027)</b>	<i>From Angang Group to the Group</i>	12,346	12,349	12,376
	<i>From the Group to Angang Group</i>	544	567	594
<b>Financial Services Agreement (2025–2027)</b>	<b>(i) Deposit Services</b>			
	Interest on deposits	100	100	100
	Maximum daily balance of the deposits (including the accrued interest)	5,000	5,000	5,000
	<b>(ii) Loan and Entrustment Loan Services <sup>(1)</sup></b>			
	Amount of loans	5,000	5,000	5,000
	Interest payable on loans and discounted bills	250	250	250
	Amount of entrustment loans	2,000	2,000	2,000
	Interest payable on entrustment loans	100	100	100

Nature of transactions		Proposed annual caps for the year ending December 31, (RMB' million)		
		2025	2026	2027
<b>Industrial Financial Services Framework Agreement (2025–2027)</b>	<b>(i) Commercial Factoring Services to the Group</b>			
	Comprehensive costs of capital (consisting of interests and service charges)	50	50	50
	Maximum daily balance of the commercial factoring services	1,000	1,000	1,000
	<b>(ii) Commercial Factoring Services to the Group's Suppliers</b>			
	Maximum daily balance of the commercial factoring services to independent third-party suppliers <sup>(1)</sup>	3,000	3,000	3,000

Nature of transactions	Proposed annual caps for the year ending December 31, (RMB' million)		
	2025	2026	2027
<b>(iii) Financial Leasing Services</b>			
Comprehensive costs of capital (consisting of interests and service charges)	200	200	200
Maximum daily balance of the financial leasing services	3,000	3,000	3,000
<b>(iv) Comprehensive Financial Services</b>			
Service charges <sup>(2)</sup>	20	20	20

*Notes:*

- (1) The loan and entrustment loan services to be provided by Angang Group Financial Company to the Group under the Financial Services Agreement (2025–2027) and pursuant to the commercial factoring services to be provided by Ansteel Capital's subsidiaries to the Group's independent third-party suppliers, the financial assistance to be provided by Ansteel Capital's subsidiaries to the Group after Ansteel Capital's subsidiaries assume the amounts originally payable by the Group to its independent third party suppliers under the Industrial Financial Services Framework Agreement (2025–2027) are fully exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules. The disclosures on the proposed annual caps are made in light of the Company's announcement published on the Shenzhen Stock Exchange.
- (2) The Comprehensive Financial Services to be provided by Ansteel Capital's subsidiaries to the Group under the Industrial Financial Services Framework Agreement (2025–2027) are different in nature from the Non-exempt Financial Services as the relevant consultancy and system development and maintenance services concern the technical set-up and maintenance of a software system and are not financial services, and are therefore not aggregated with the Non-exempt Financial Services. As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the relevant consultancy and system development and maintenance services under the Industrial Financial Services Framework Agreement (2025–2027) on an annual basis is less than 0.1%, such transactions constitute de minimis continuing connected transactions of the Company and are fully exempt from the requirements under Chapter 14A of the Listing Rules.

## **II. Mutual Supply of Goods Framework Agreement (2025–2027) and Mutual Supply of Services Framework Agreement (2025–2027)**

### **1. Background information**

Reference is made to the announcement of the Company dated 11 October 2021, the circular dated 9 November 2021, the poll results announcement of the extraordinary general meeting of the Company dated 26 November 2021 in relation to, among other things, the Supply of Materials and Services Agreement (2022–2024) and the Supply of Raw Materials Agreement (2022–2024).

### **2. Mutual Supply of Goods Framework Agreement (2025–2027) and Mutual Supply of Services Framework Agreement (2025–2027)**

As the Supply of Materials and Services Agreement (2022–2024) and the Supply of Raw Materials Agreement (2022–2024) will expire on 31 December 2024, in order to continue the ongoing cross-provision of products and services with Angang Group and to facilitate the Group's production and operations upon the expiration of the Supply of Materials and Services Agreement (2022–2024) and the Supply of Raw Materials Agreement (2022–2024), the Board hereby announces that, on 23 October 2024, the Company entered into (i) the Mutual Supply of Goods Framework Agreement (2025–2027) with Angang Group Company; and (ii) the Mutual Supply of Services Framework Agreement (2025–2027) with Angang Group Company, pursuant to which, the Company and Angang Group Company will continue to supply each other with products and services as appropriate for the three years ending 31 December 2025, 2026 and 2027.

### **3. Principal terms of the Mutual Supply of Goods Framework Agreement (2025–2027)**

The principal terms of the Mutual Supply of Goods Framework Agreement (2025–2027) are summarized below:

Date:	23 October 2024
Parties:	(i) The Company; and (ii) Angang Group Company
Subject matter:	(i) Supply of principal Raw and Fuel Materials, steel products and Ancillary Materials from Angang to the Group; and (ii) Supply of Products, Scrap Steel and Abandoned Materials from the Group to Angang Group;
Term:	Subject to approval by the Independent Shareholders, the Mutual Supply of Goods Framework Agreement (2025–2027) shall be effective from 1 January 2025 to 31 December 2027.
Payment:	In lump sums or by installments. The timing of the payments is to be agreed with reference to customary business practices. The payment method varies with different types of services, materials and products.  The payment terms shall not be less favourable than those available from or offered to independent third parties.

The payments for the Mutual Supply of Goods Framework Agreement (2025–2027) and the transactions contemplated thereunder will be made through internal resources of the Group.



#### **4. Principal terms of the Mutual Supply of Services Framework Agreement (2025–2027)**

The principal terms of the Mutual Supply of Services Framework Agreement (2025–2027) are summarized below:

Date:	23 October 2024
Parties:	(i) The Company; and (ii) Angang Group Company
Subject matter:	(i) Angang Group supplies Supporting Services to the Group; and (ii) the Group supplies Comprehensive Services to Angang Group.
Term:	Subject to approval by the Independent Shareholders, the Mutual Supply of Services Framework Agreement (2025–2027) shall be effective from 1 January 2025 to 31 December 2027.
Payment	In lump sums or by installments. The timing of the payments is to be agreed with reference to customary business practices. The payment method varies with different types of services, materials and products.  The payment terms shall not be less favourable than those available from or offered to independent third parties.

The payments for the transactions contemplated under the Mutual Supply of Services Framework Agreement (2025–2027) will be made through internal resources of the Group.

**5. Historical figures of transactions under the Supply of Materials and Services Agreement (2022–2024) and the Supply of Raw Materials Agreement (2022–2024)**

The following table sets out the historical transaction amounts of the Supply of Materials and Services Agreement (2022–2024) and the Supply of Raw Materials Agreement (2022–2024):

	2022		2023		2024	
	Annual	Actual	Annual	Actual	Annual	Nine months ended 30 September 2024 Actual
	cap	transaction	cap	transaction	cap	transaction
	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)
<i>From Angang Group to the Group</i>						
Supply of products	44,917	28,394	52,828	28,984	53,370	23,022
Provision of Supporting Services	11,160	8,154	11,354	8,138	12,261	6,132
<i>From the Group to Angang Group</i>						
Supply of products	16,589	10,315	20,972	9,034	30,757	7,833
Provision of Comprehensive Services	1,527	422	1,769	406	1,881	296

## 6. Proposed Annual Caps

### (i) *Pricing Standard and Proposed Annual Caps under the Mutual Supply of Goods Framework Agreement (2025–2027)*

The following tables set out the pricing standards and the proposed annual caps of the Mutual Supply of Goods Framework Agreement (2025–2027) for each of the three years ending 31 December 2025, 2026 and 2027.

	Pricing standard	Items	Proposed annual cap for the year ending 31 December		
			2025	2026	2027
			(RMB' million)	(RMB' million)	(RMB' million)
Supply of products from Angang Group to the Group	Market pricing standard	Raw and Fuel Materials and Ancillary Materials	50,598	52,662	54,120
	The price of iron concentrate plus the processing costs for the preceding month (T-1)	Sintered ore			
	The price of the Group's transactions with third parties, minus a consignment fee of no less than RMB15 per ton, or the market price.	Steel products, etc			

	Pricing standard	Items	Proposed annual cap for the year ending 31 December		
			2025 (RMB' million)	2026 (RMB' million)	2027 (RMB' million)
Supply of products from the Group to Angang Group	Market pricing standards	Steel products, scrap steel, pig iron, steel billets, by-products of steel production, coke, coal, coking by-products, ores, e-commerce products, scrap steel materials, scrap materials, scrapped assets, or idle assets, etc.	23,260	28,756	34,734

***(ii) Pricing Standard and Proposed Annual Caps under the Mutual Supply of Services Framework Agreement (2025–2027)***

The following tables set out the pricing standards and the proposed annual caps of the Mutual Supply of Services Framework Agreement (2025–2027) for each of the three years ending 31 December 2025, 2026 and 2027.

	Pricing standard	Items	Proposed annual cap for the year ending 31 December		
			2025	2026	2027
			(RMB' million)	(RMB' million)	(RMB' million)
Provision of Supporting Services from Angang Group to the Group	State Prices	Water and electricity, etc	12,346	12,349	12,376
	market pricing standard	Supporting Services such as Railway transportation and services, road and pipeline transportation and services, Examination, repair and maintenance of equipment and other relevant services, Design and engineering services and other Supporting Services			
	Market pricing or cost plus reasonable profit	Processing with supplied materials			

	Pricing standard	Items	Proposed annual cap for the year ending 31 December		
			2025	2026	2027
			(RMB' million)	(RMB' million)	(RMB' million)
Provision of Comprehensive Services from the Group to Angang Group	Market pricing standard	Measurement, testing, product testing, transportation services, heating services, agency services, leasing services, etc	544	567	594
	Market pricing or cost plus reasonable profit	energy supply services (including but not limited to recycled water, recycled water from sewage treatment, soft water, coal gas, steam, nitrogen, oxygen, argon, compressed air, hydrogen, residual heat water, liquefied oxygen, liquefied nitrogen, liquefied argon, and gas products), entrusted processing, asset entrusted management, etc			
	State Prices	Water and electricity, etc			

**7. Basis for the Proposed Annual Caps of the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027)**

The Directors consider that it is in the interests of the Company to enter into the transactions under the terms and conditions set out in the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027). The Directors have determined the proposed annual caps of the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027) for the three years ending 31 December 2025, 2026 and 2027 based on the following factors:

***(a) Supply of products from Angang Group to the Group***

The proposed annual caps for the products supplied by Angang Group to the Group for the three years ending 31 December 2027 were determined mainly based on (i) the historical transaction amounts for the two years and nine months ended 30 September 2024; (ii) the price trends or fluctuations of raw materials and fuels over the past five years, as well as the potential for significant volatility in the future; (iii) the expected purchase amount of raw materials such as iron concentrate, coal, coke, scrap steel, and alloys for the Group may increase significantly due to the improvement in the supply capacity and product quality of connected persons; (iv) the Company's expansion of its steel trading business, the marketing services for steel products provided to connected persons are expected to increase, with a corresponding significant increase in the procurement amount of steel products from connected persons; and (v) the Company's vigorous promotion of the development of the coal chemical industry platform and the further release of deep processing capacity for coal chemicals, it is expected that the procurement volume of coal chemical products from related parties will increase.

***(b) Supply of products from the Group to Angang Group***

The proposed annual caps for the products sold by the Group to Angang Group for the three years ending 31 December 2027 were determined mainly based on (i) the historical transaction amounts for two years and nine months ended 30 September 2024; and (ii) the increase in demand for steel products, scrap steel, and other goods by the subsidiaries of Angang Group due to expectations of future business expansion.

***(c) Supporting Services provided by Angang Group to the Group***

Based on the historical transaction amounts for the two years and nine months ended 30 September 2024, and in order to implement the dual-carbon strategy and the development plan of the Company, the Company will continue to increase its efforts in technical transformation, intelligent manufacturing and ultra-low emission transformation in the next three years, and anticipates that the demand for Supporting Services in the next three years will remain at a high level. In addition, the Company will make full use of the synergistic effects of Angang Group's specialized logistics service platform to further promote cost reduction through the specialized logistics services it provides.

***(d) Supporting Services provided by the Group to Angang Group***

Based on the historical transaction figures and taking into account the integrated service capabilities of the Group, the increased demand for integrated services from Angang Group, as well as the necessity to reserve price increase space and other relevant factors, the Company anticipates that the caps of integrated services in the next three years will increase appropriately.

**8. Reasons for and Benefits of the Proposed Annual Caps of the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027)**

Production in the iron and steel industry is carried out on a continuous basis. Angang Group has rich ore reserves and advanced mining and processing capacity, as well as the supply, processing and manufacturing capacity in coal, coke, alloy and other raw materials, which is part of the Group's supply chain, providing assurance for the Group to continuously obtain stable supply of high-quality raw materials and other goods. At the same time, Angang Group has strong specialized capabilities in providing supporting production services such as design, construction, maintenance, and transportation in the steel industry, which can provide essential supporting services for the Group's production and operations. The Group has a strong domestic steel marketing ability and marketing network, which can provide steel trade services for Angang Group. In addition, the Group would also sell certain products, abandoned steel, abandoned materials and integrated services to Angang Group which is a client of the Company. The Group and Angang Group have strong capabilities in their respective fields and have established a positive cooperative relationship based on mutual trust over the years. By leveraging on the business synergies, it will contribute to the development of the Company's business and enhancement of its competitiveness.

The Directors are therefore of the view that the terms of the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.



### **III. FINANCIAL SERVICES AGREEMENT (2025–2027)**

#### **1. Background information**

Reference is made to the announcement of the Company dated 11 October 2021, the circular dated 9 November 2021, the poll results announcement of the extraordinary general meeting of the Company dated 26 November 2021 in relation to, among other things, Financial Services Agreement (2022–2024).

As the Financial Services Agreement (2022–2024) will expire on 31 December 2024, in order to ensure that the Group continues to have access to good financial services and fund guarantee upon the expiry of the Financial Services Agreement (2025–2027), on 23 October 2024, the Company entered into the Financial Services Agreement (2025–2027) with Angang Group Financial Company, pursuant to which Angang Group Financial Company will continue to provide deposit and settlement services, loan and entrustment loan services, and other financial services (including financial and financing advisory services and foreign exchange settlement and sales businesses services) to the Group for the three years ending 31 December 2025, 2026 and 2027.

#### **2. Principal terms**

The principal terms of the Financial Services Agreement (2025–2027) are summarized below:

Date:	23 October 2024
Parties:	(i) The Company; and  (ii) Angang Group Financial Company
Subject matter:	Provision of financial services, including (i) deposit services, (ii) settlement services, (iii) loan and entrustment loan services, and (iv) other financial services (including financial and financing advisory services and foreign exchange settlement and sales businesses services) by Angang Group Financial Company to the Group.
Term:	Subject to approval by the Independent Shareholders, the agreement shall be effective from 1 January 2025 to 31 December 2027.

Payment of charges for (i) settlement services and (ii) other financial services <sup>(Note)</sup>:

Available at no cost.

Receipt and Payment of interest:

The Company will receive interests from Angang Group Financial Company for deposits with Angang Group Financial Company. The Company will pay interests for loans and entrustment loans granted by Angang Group Financial Company.

The payment for loan interests contemplated under the Financial Services Agreement (2025–2027) will be funded by internal resources of the Group.

*Note:* As the settlement services and the other financial services are provided free of charge by Angang Group Financial Company to the Group, they are fully exempt from the requirements under Chapter 14A of the Listing Rules.

### 3. Historical figures of transactions under the Financial Services Agreement (2022–2024)

The following table sets out the historical transactions amounts under the Financial Services Agreement (2022–2024) for the years of 2022 and 2023 and the nine months ended 30 September 2024:

	2022		2023		2024	
	Annual	Actual	Annual	Actual	Annual	Nine months ended 30 September 2024
	cap	amount	cap	amount	cap	Actual
	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)
<i>(i) Deposit Services</i>						
Interest on deposit	100	57	100	43	100	25
Maximum daily balance of the deposits (including the accrued interest)	5,000	4,984	5,000	4,895	5,000	3,914

	2022		2023		2024	
	Annual	Actual	Annual	Actual	Annual	Actual
	cap	amount	cap	amount	cap	amount
	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)
<i>(ii) Loan and</i>						
<i>Entrustment Loan</i>						
<i>Services</i>						
Amount of loans	5,000	500	5,000	200	5,000	200
Interest payable on loans and discounted bills	250	7	250	1	250	3
Amount of entrustment loans	2,000	–	2,000	–	2,000	–
Interest payable on entrustment loans	100	–	100	–	100	–

#### 4. Pricing Standards and Proposed Annual Caps of the Financial Services Agreement (2025–2027)

The following table sets out the categories of financial services, pricing standards and the proposed annual caps of the Financial Services Agreement (2025–2027) for each of the three years ending 31 December 2025, 2026 and 2027:

Financial services	Pricing standard	Proposed annual cap for the year ending 31 December		
		2025	2026	2027
		(RMB' million)	(RMB' million)	(RMB' million)
<i>(i) Deposit Services</i>				
Interest on deposits	Interest rate shall be determined based on the benchmark interest rate	100	100	100
Maximum daily balance of the deposits (including the accrued interest)	(subject to adjustment that may arise from policy changes) promulgated by the PBOC for similar deposits of similar term, and not be lower than (i) the interest rate offered by major commercial banks for similar deposits of similar term; and (ii) the interest rate offered by Angang Group Financial Company to members of Angang Group for deposit services <sup>(1)</sup>	5,000	5,000	5,000

Financial services	Pricing standard	Proposed annual cap for the year ending 31 December		
		2025	2026	2027
		(RMB' million)	(RMB' million)	(RMB' million)
(ii) Loan and Entrustment				
Loan Services <sup>(2)</sup>				
Amount of loans	Based on the prevailing market interest rate, and not higher than the interest rate payable by the Company for similar loans or discounted bills of similar term to other financial institutions or commercial banks <sup>(1)</sup>	5,000	5,000	5,000
Interest payable on loans and discounted bills		250	250	250
Amount of entrustment loans		2,000	2,000	2,000
Interest payable on entrustment loans		100	100	100

**Notes:**

- (1) Such commercial banks include, but are not limited to, Industrial and Commercial Bank of China Limited, China Construction Bank Corporation, Agricultural Bank of China Limited and Bank of China Limited.
- (2) The loan and entrustment loan services to be provided by Angang Group Financial Company to the Group are fully exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules. The disclosures on the proposed annual caps are made in light of the Company's announcement published on the Shenzhen Stock Exchange.

## **5. Basis for the Proposed Annual Caps of the Financial Services Agreement (2025–2027)**

The Directors are of the view that the terms and conditions set out in the Financial Services Agreement (2025–2027) are favorable to the Company. The Directors have determined the proposed annual caps of the Financial Services Agreement (2025–2027) for the three years ending 31 December 2025, 2026 and 2027 on the basis of the following factors:

- (i) the historical amounts in relation to the Financial Services Agreement (2022–2024);
- (ii) in 2024, the Company’s single-day maximum amount of payment made through the settlement services provided by Angang Group Finance Company was RMB3,914 million;
- (iii) during the period from January to September 2024, the Company’s amount of accumulated cash outflows from operating activities were RMB74,854 million, with an average monthly outflows of RMB8,317 million, and the fund outflows from operating activities would be basically settled through Angang Group Finance Company. Thus, it is proposed that the maximum daily balance of the deposit of funds deposited by the Company with Angang Group Finance Company for the purpose of settlement shall not exceed RMB5 billion; and
- (iv) based on the calculation of the recent agreed deposit interest rate of 1.35% from Angang Group Finance Company (the interest rate is not lower than that of the similar deposits available to the Company from the four major domestic commercial banks), the interest on deposits does not exceed RMB100 million per year.

## **6. Risk Assessment and Ability of Payment Analysis of Angang Group Financial Company**

### ***Risk Assessment Analysis in Respect of Angang Group Financial Company***

The Company conducted the below risk assessment analysis in respect of Angang Group Financial Company, a non-bank finance company approved by the PBOC and regulated by the PBOC and the China Banking Regulatory Commission (“CBRC”).

The primary risk indicators in respect of Angang Group Financial Company for the nine months ended 30 September 2024 are as follows:

	January	February	March	April	May	June	July	August	September	Average value
1 Capital adequacy ratio	26.17%	28.46%	26.43%	26.31%	26.29%	26.68%	27.31%	27.37%	26.92%	26.88%
2 Liquidity ratio	49.86%	53.72%	55.47%	61.09%	61.11%	49.84%	56.59%	58.92%	53.03%	55.51%
3 Bad debt ratio	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
4 Asset profit ratio	1.12%	1.17%	1.27%	1.21%	1.24%	1.3%	1.29%	1.27%	1.35%	1.25%

Based on the above, Angang Group Financial Company's average capital adequacy ratio for the nine months ended 30 September 2024 was 26.88% and its average liquidity ratio was 55.51%, both of which greatly exceeded the 10.5% capital adequacy ratio requirement and the 25% liquidity ratio requirement for finance companies as required by the CBRC. Since its establishment, Angang Group Financial Company's bad debt ratio has remained at 0% and its operation has remained stable.

***Analysis in relation to the Ability of Payment of Angang Group Financial Company***

From January to September 2024, the scale of deposits taking of Angang Group Financial Company amounted to RMB27,466 million on average. The net assets of Angang Group Financial Company as at the end of September 2024 amounted to RMB8,278 million. Angang Group Financial Company's relatively large scale of deposits taking and net assets resulted in entire coverage of the Group's deposits, providing the Group with the assurance of capital support and risk prevention.

As such, it was considered that Angang Group Financial Company would be able to perform the relevant obligations under the Financial Services Agreement (2025–2027).

**7. Reasons for and Benefits of the Financial Services Agreement (2025–2027)**

***a. Availability to efficient and convenient fund settlement for the Company***

Angang Group Financial Company has been providing an advanced fund settlement platform for the Group which allows the money settlements between the Group and the member companies of Angang Group Company or subsidiaries of the Company, and between the Company and other companies to be transacted online via the clearing system of Angang Group Financial Company and thus helps improve efficiency of the Group.

***b. Saving charges on fund settlement for the Company***

The clearing system of Angang Group Financial Company facilitates the money settlements between the Group and the member companies of Angang Group Company and the subsidiaries of the Group, which, comparing with fund transfers through commercial banks, is fast and safe and free of charges, reducing the Company's financial expenses and facilitating the Company's management on the capital of its subsidiaries.

***c. Determination of the interests on the Group's funds for settlement at the deposit rate as agreed***

The Group's deposits at Angang Group Financial Company are for the purpose of daily settlements, thus the balance of which varies day to day. Therefore, these deposits cannot be placed as fixed deposits or used to purchase other financial products. Angang Group Financial Company shall pay interest on such settlement deposits at the deposit rate as agreed, which maximizes the benefit of the Group.

***d. Provision of loans and entrusted loan services to the Group***

The Group's loans with Angang Group Financial Company are credit loans with a loan interest which is determined based on the market conditions and not higher than that from commercial banks during the same period. As Angang Group Financial Company has better knowledge of the production and operation of the Group than commercial banks, under the same loan conditions, it is quicker and more convenient to obtain loans from Angang Group Financial Company.

***e. Increase of investment income for the Company***

Currently, the Company holds 20% equity interests in Angang Group Financial Company. As compared with loans from other commercial banks, loans from Angang Group Financial Company could enable the Company to obtain additional investment income.

The Group has obtained good service and financial support from a series of financial services provided by Angang Group Financial Company, which are advantageous to reduce the financial and operation costs and improve the efficiency of capital utilization of the Group, hence resulting in a positive impact on the operation and development of the Group. The Financial Services Agreement (2025–2027) has also stipulated the business scope between the Group and Angang Group Financial Company, pricing principles and risk control measures, which protect the interests of the Group, effectively prevent risks and ensure the safety of funds.

In view of (i) the long-established relationship between the Group and Angang Group; and (ii) the stability and reliability of the financial services provided by Angang Group Financial Company under the Financial Services Agreement (2022–2024), the Directors are of the view that the terms of the Financial Services Agreement (2025–2027) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

**IV. INDUSTRIAL FINANCIAL SERVICES FRAMEWORK AGREEMENT (2025–2027)**

**1. Background information**

Reference is made to the announcement of the Company dated 11 October 2021, the circular dated 9 November 2021, the poll results announcement of the extraordinary general meeting of the Company dated 26 November 2021 in relation to, among other things, Supply Chain Financial Services Agreement (2022–2024).



As the Supply Chain Financial Services Agreement (2022–2024) will expire on 31 December 2024, in order to ensure that the Group continues to improve the efficiency of the use of the Company’s funds, expand the financing channels and improve funding security capabilities upon the expiry of the Supply Chain Financial Services Agreement (2022–2024), on 23 October 2024, the Company entered into the Industrial Financial Services Framework Agreement (2025–2027) with Ansteel Capital, pursuant to which Ansteel Capital will continue to procure its subsidiaries to provide commercial factoring services to the Group and its independent third-party suppliers, financial leasing services (including but not limited to direct leasing, sale and leaseback and operating leasing, etc.), Comprehensive Financial Services and relevant consultancy and system development and maintenance services to the Group for the three years ending 31 December 2025, 2026 and 2027.

## **2. Principal terms of the Industrial Financial Services Framework Agreement (2025–2027)**

Date:	23 October 2024
Parties:	(i) The Company; and  (ii) Ansteel Capital
Subject matter:	Provision of commercial factoring services by Ansteel Capital’s subsidiaries to the Group and its independent third-party suppliers, financial leasing services (including but not limited to direct leasing, sale and leaseback and operating leasing, etc.), Comprehensive Financial Services and relevant consultancy and system development and maintenance services by Ansteel Capital’s subsidiaries to the Group.
Term:	Subject to approval by the Independent Shareholders, the agreement shall be effective from 1 January 2025 to 31 December 2027.
Payment of interests:	Interests will be paid by the Company to Ansteel Capital’s subsidiaries for its provision of commercial factoring and financial leasing services.

Payment of charges: Service charges shall be paid by the Company to Ansteel Capital for commercial factoring, financial leasing, Comprehensive Financial Services and relevant consultancy and system development and maintenance services. The Company will not pay any charges for commercial factoring services provided to its independent third-party suppliers.

The payment for the interests and service charges contemplated under the Industrial Financial Services Framework Agreement (2025–2027) will be funded by internal resources of the Group.

### 3. Historical figures of transactions under the Supply Chain Financial Services Agreement (2022–2024)

The following table sets out the historical transactions amounts under the Supply Chain Financial Services Agreement (2022–2024) for the years of 2022 and 2023 and the nine months ended 30 September 2024:

	2022		2023		2024		Nine months ended 30 September 2024
	Annual cap	Actual amount	Annual cap	Actual amount	Annual cap	Actual amount	
	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	(RMB' million)	
<i>(i) Commercial Factoring Services to the Group</i>							
Comprehensive costs of capital (consisting of interests and service charges)	50	2	50	0	50	0	
Maximum daily balance of the commercial factoring services	1,000	225	1,000	0	1,000	0	
<i>(ii) Commercial Factoring Services to the Group's Suppliers</i>							
Maximum daily balance of the commercial factoring services to independent third party suppliers	3,000	0	3,000	0	3,000	0	

					Nine months ended 30 September 2024	
	2022		2023		2024	
	Annual cap (RMB' million)	Actual amount (RMB' million)	Annual cap (RMB' million)	Actual amount (RMB' million)	Annual cap (RMB' million)	Actual amount (RMB' million)
<i>(iii) Financial Leasing Services</i>						
Comprehensive costs of capital (consisting of interests and service charges)	70	0	70	0	70	0
Maximum daily balance of the financial leasing services	1,000	0	1,000	0	1,000	0
<i>(iv) Relevant Consultancy and System Development and Maintenance Services</i>						
Service charges	10	0	10	0	10	0

#### 4. Pricing Standard and Proposed Annual Caps under the Industrial Financial Services Framework Agreement (2025–2027)

The following table sets out the categories of industrial financial services, pricing standards and the proposed annual caps of the Industrial Financial Services Framework Agreement (2025–2027) for each of the three years ending 31 December 2025, 2026 and 2027:

Financial services	Pricing standard	Proposed annual cap for the year ending 31 December		
		2025	2026	2027
		(RMB' million)	(RMB' million)	(RMB' million)
<i>(i) Commercial Factoring Services to the Group</i>				
Comprehensive costs of capital (consisting of interests and service charges)	The comprehensive costs of capital (consisting of interests and service charges) shall not be higher than the price of similar factoring services obtained by the Company from other domestic factoring companies in the same period	50	50	50
Maximum daily balance of the commercial factoring services		1,000	1,000	1,000

Financial services	Pricing standard	Proposed annual cap for the year ending 31 December		
		2025	2026	2027
		(RMB' million)	(RMB' million)	(RMB' million)
<b>(ii) Commercial Factoring</b>				
<b>Services to the Group's Suppliers</b>				
Maximum daily balance of the commercial factoring services to independent third-party suppliers <sup>(1)</sup>	The comprehensive costs of capital (consisting of interests and service charges) shall be determined with reference to the prevailing market rate, payable by the independent third-party suppliers and with no cost to the Group	3,000	3,000	3,000
<b>(iii) Financial Leasing Services</b>				
Comprehensive costs of capital (consisting of interests and service charges)	The comprehensive costs of capital (consisting of interests and service charges) shall not be higher than the price of similar financial leasing services obtained by the Company	200	200	200
Maximum daily balance of the financial leasing services	from other domestic financial leasing companies in the same period	3,000	3,000	3,000
<b>(iv) Comprehensive Financial Services and relevant consultancy and system Development and Maintenance Services</b>				
Service charges <sup>(2)</sup>	The relevant fees charged shall not be higher than the price of services obtained by the Company from other similar companies in the same period in China	20	20	20

*Notes:*

- (1) Pursuant to the commercial factoring services to be provided by Ansteel Capital's subsidiaries to the Group's independent third party suppliers, the financial assistance to be provided by Ansteel Capital's subsidiaries to the Group after Ansteel Capital's subsidiaries assume the amounts originally payable by the Group to its independent third party suppliers are fully exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules. The disclosures on the proposed annual caps are made in light of the Company's announcement published on the Shenzhen Stock Exchange.
- (2) The relevant consultancy and system development and maintenance services to be provided by Ansteel Capital's subsidiaries to the Group as part of the Comprehensive Financial Services under the Industrial Financial Services Framework Agreement (2025–2027) are different in nature from the Non-exempt Financial Services, and are therefore not aggregated with them. As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the relevant consultancy and system development and maintenance services under the Industrial Financial Services Framework Agreement (2025–2027) on an annual basis is less than 0.1%, such transactions constitute de minimis continuing connected transactions of the Company and are fully exempt from the requirements under Chapter 14A of the Listing Rules.

**5. Basis for the Proposed Annual Caps of the Industrial Financial Services Framework Agreement (2025–2027)**

The Directors are of the view that the terms and conditions set out in the Industrial Financial Services Framework Agreement (2025–2027) are favorable to the Company.

The Directors have determined the proposed annual caps of the Industrial Financial Services Framework Agreement (2025–2027) for the three years ending 31 December 2025, 2026 and 2027 on the basis of the following factors:

- (i) for the proposed annual caps of the commercial factoring services to the Group, the Directors took into account the historical amounts of accounts receivables of the Group;
- (ii) for the proposed annual caps of the financial leasing services, the Directors took into account the historical amounts of additions of fixed assets and equipment of the Group;

- (iii) the proposed annual caps for the comprehensive costs of capital on commercial factoring services for the three years ending 31 December 2027 were determined mainly based on the average comprehensive costs of capital for the commercial factoring services obtained by the Group from other domestic factoring companies and the proposed annual caps for the commercial factoring services for the three years ending 31 December 2027; and
- (iv) the proposed annual caps for the comprehensive costs of capital on financial leasing services for the three years ending 31 December 2027 were determined mainly based on the average comprehensive costs of capital on financial leasing services quoted from domestic factoring companies and the proposed annual caps for the financial leasing services for the three years ending 31 December 2027.

**6. Reasons for and Benefits of the Industrial Financial Services Framework Agreement (2025–2027)**

The Industrial Financial Services Framework Agreement (2025–2027) provides a financing channel for the Group, which allows the Company to use the financial platform of Ansteel Capital to carry out financing business when necessary according to the actual needs of production and operation, which is conducive to enhancing the Group's capability in capital security. The development of the relevant business is conducive to speeding up capital turnover, improving capital efficiency, optimising asset structure and controlling business risks. At the same time, by providing industrial financial services to supplier in the industrial chain, it will help stabilise the Group's industrial chain, enhance customer adhesion and further improve the Group's overall competitiveness.

The Directors are of the view that the terms of the Industrial Financial Services Framework Agreement (2025–2027) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## V. INTERNAL CONTROL MEASURES

In order to ensure that the pricing standards under the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027); and the Industrial Financial Services Framework Agreement (2025–2027) are effectively implemented from time to time, the transactions will be executed with reference to the Procedures for Administration of Connected Transactions (關聯交易管理辦法) and the Procedures for Supervision and Control of Daily Connected Transactions\* (日常關聯交易監督控制管理辦法) of the Company (the “**Procedures**”). In accordance with the Procedures, when specific contracts are entered into pursuant to framework agreements for continuing connected transactions (including the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027); and the Industrial Financial Services Framework Agreement (2025–2027)) by various operating divisions of the Group, the price for the services, materials or products thereunder must be determined based on the pricing standards stipulated under such framework agreements.

In order to ensure that specific contracts are effectively executed by various operating divisions in accordance with the Procedures and the framework agreements for continuing connected transactions, the Company has designated departments responsible for monitoring the Group’s continuing connected transactions. In particular, the Finance and Operation Department (財務運營部) of the Company supervises and manages the continuing connected transactions, and review the connected transactions amount on a monthly basis. Other departments such as the Manufacturing Administration Department (製造管理部), the Equipment and Engineering Department (設備工程部), the Purchase Department (採購部) and the Sales Department (銷售部) (the “**Relevant Departments**”) are responsible for determining the price of the continuing connected transactions relating to each of their own operations, based on the relevant market price and according to the connected transactions internal control mechanisms of the Company and the relevant connected transactions agreements.

There are designated teams within the Finance and Operation Department to continuously monitor the variation of market prices and State Prices, carry out price supervision and internal control based on the internal control mechanism of the Company and connected transaction agreements, record and organize the basis and materials of pricing, thereby enabling the Company to accurately assess the price payable or receivable by the Company under the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027). To monitor the variation of market prices, for instance, the Finance and Operation Department and the Relevant Departments would collect the quotations gathered from daily operations in respect of similar transactions with independent third parties or the industry reference price, and compare such prices with the price offered by Angang Group to assess the reasonableness thereof. If the price offered by Angang Group is inconsistent with the pricing standards stipulated under the agreements, the Relevant Departments will inform the management of the Company and actively negotiate with Angang Group to ensure such price will not be less favourable than those available from or offered to independent third parties.

For the Financial Services Agreement (2025–2027), the funds deposited by members of the Group with Angang Group Financial Company are placed into a designated account in order to safeguard against any misuse or default of the deposits. Members of the Group can withdraw deposits from the designated account at their discretion. The Company will monitor the funds deposited with Angang Group Financial Company on an ongoing basis and will also carry out periodical risk assessments on the deposit account. Further, Angang Group Financial Company is required to produce a comprehensive risk assessment report to the Company on a semi-annual basis to appraise, among other matters, its gearing ratio and capital sufficiency, and the validity of its qualifications and business licenses.

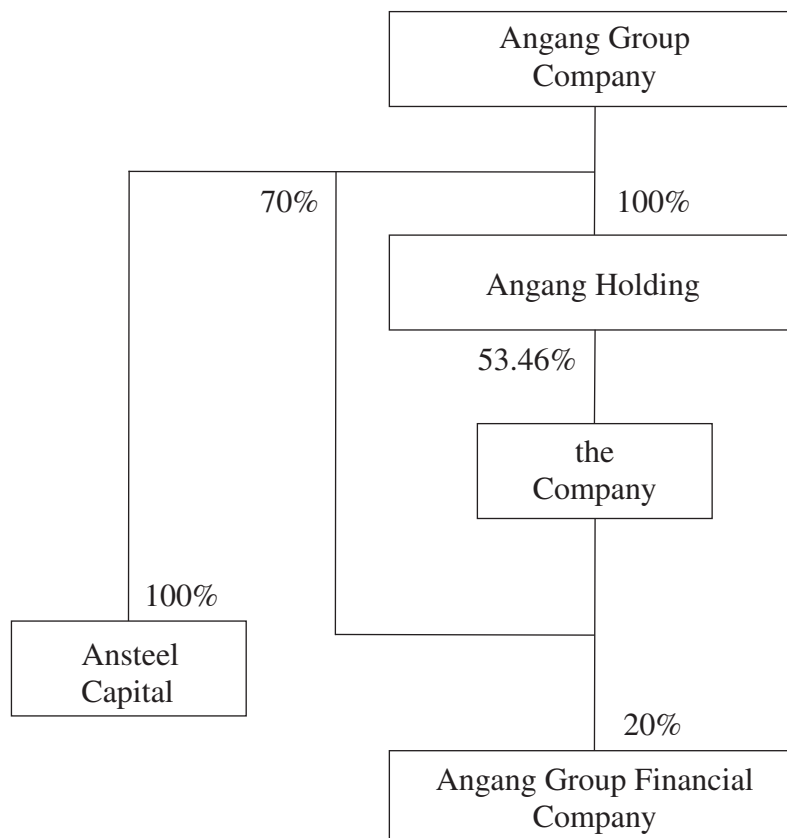


For the Industrial Financial Services Framework Agreement (2025–2027), the Finance and Operation Department of the Company is responsible for the monitoring and management of the implementation of the continuing connected transactions, conducting cap management and control over the connected transactions through monthly statistics analysis, and is also responsible for the pricing of the continuing connected transactions of the industrial financial services. The Finance and Operation Department determines the prices under the transactions in accordance with the internal control mechanism of the Company for connected transactions and the relevant agreements based on market pricing, and actively negotiates with Ansteel Capital, to ensure the pricing will not be less favorable than that offered by independent third parties. In addition, Ansteel Capital will continue to strengthen the overall risk management of and control over the industrial financial services, establish and improve a whole-chain risk control system; strengthen the compliance management for the industrial financial business, conduct business innovation in a compliant and prudent manner, prohibit the conducting of business which is in breach of laws and regulations in the name of financial innovation or the conducting of business which is in disguised form but not allowed by regulatory authority; enhance the construction of information technology system, the operation and maintenance management, to ensure data security, so as to improve the risk control technology and capability of the system. The Company will also strengthen the monitoring of and risk management over the operation of the industrial financial service platform, the carrying out of the industrial financial business and the relevant risk control, and adhere to the truthfulness of transaction background, strictly avoid false transactions, false financing and illegal profit-making.

The Board considers that the above internal control procedures adopted by the Company in connection with the continuing connected transactions with Angang Group are appropriate and sufficient, and will give sufficient assurance that the continuing connected transactions will continue to be appropriately monitored by the Company.

## VI. GENERAL INFORMATION OF THE PARTIES

The following diagram sets out the current shareholding relationship among Angang Group Company, Angang Holding, the Company, Angang Group Financial Company and Ansteel Capital:



Angang Group Company is the ultimate controlling shareholder of the Company. As at the date of this announcement, it indirectly holds approximately 53.46% equity interest of the Company through Angang Holding. Angang Group Company is a company incorporated in the PRC. It was established by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (as the representative of the State Council) on 28 July 2010. Angang Group Company is held as to 64.3486% by the State-owned Assets Supervision and Administration Commission of the State Council, 17.8257% by China Guoxin Holding Co., Ltd.\* (中國國新控股有限責任公司), and 17.8257% by China Chengtong Holdings Group Limited\* (中國誠通控股集團有限公司). Both China Guoxin Holding Co., Ltd.\* and China Chengtong Holdings Group Limited\* are wholly-owned by the State Council.

Angang Holding is wholly-owned by Angang Group Company and is a major enterprise in the iron and steel industry in the PRC and engaged in a wide range of iron and steel-related business activities including steel products, metal wares (exclusive of franchised products), cast iron pipes, metal structure materials, iron wire ropes and relevant products, coking and coking products, cement, electricity generation, metallurgical appliance and equipment and related spare parts and components, electrical machinery, equipment, instruments and apparatus for power transmission, distribution and control, mining and beneficiation of iron ore and manganese ore as well as quarrying of refractory pebble, etc. As at the date of this announcement, it directly holds approximately 53.46% equity interest in the Company.

The Company is a major steel manufacturing enterprise in the PRC. It is principally engaged in the production and sale of steel products, including hot-rolled sheets, cold-rolled sheets, galvanized steel sheets, colour coating plates, silicon steel, medium and thick plates, wire rods, large steel products and seamless steel pipes.

Angang Group Financial Company is owned as to 70% by Angang Group Company and 20% by the Company. Angang Group Financial Company is a non-bank finance company approved and regulated by the relevant PRC regulatory authorities including the PBOC and the China Banking Regulatory Commission. It is primarily engaged in provision of financial and financing consulting, credit verification and relevant advisory and agency services to member companies; provision of assistance to member companies in receipt and payment of transaction proceeds; provision of guarantee for member companies; arrangement of entrusted loans and entrusted investments for member companies; provision of bills acceptance and discounting services for member companies; provision of intra-group transfer and settlement services for member companies and design of relevant settlement and clearing arrangements; taking deposits from member companies; provision of loans and finance leasing services for member companies; inter-bank lending and borrowing; issue of finance company bonds with approval; underwriting corporate bonds of member companies; equity investments in financial institutions; investment in marketable securities, with investment scope limited to government bonds in the interbank market, central bank bills, financial bonds, short-term financing bonds, corporate bonds, money market funds, and purchase of new share; other activities as approved by the China Banking Regulatory Commission.

Ansteel Capital is wholly-owned by Angang Group Company. It was incorporated in PRC. It is primarily engaged in industry investment, equity investment, securities investment, investment and financing consulting, corporate asset entrustment management and project financing. The scope of business of Ansteel Capital's subsidiaries covers supply chain financial businesses such as commercial factoring and financial leasing, and can provide financial and consulting services such as factoring financing of receivables, direct financial leasing and sale and leaseback for the Company and its industrial chain customers.

## **VII. LISTING RULES IMPLICATIONS**

Angang Group Company, as the ultimate controlling shareholder indirectly holding approximately 53.46% equity interest of the Company, is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Each of Angang Group Financial Company and Ansteel Capital is a subsidiary of Angang Group Company and a connected person of the Company as defined under Chapter 14A of the Listing Rules. As such, the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company.

### **Mutual Supply of Goods Framework Agreement (2025–2027) and Mutual Supply of Services Framework Agreement (2025–2027)**

As the Mutual Supply of Goods Framework Agreement (2025–2027) concerns the mutual supply of goods which is similar in nature with the Mutual Supply of Services Framework Agreement (2025–2027), they are aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the aggregated transactions under the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement on an annual basis exceeds 5%, the transactions contemplated thereunder constitute non-exempt continuing connected transactions that are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **Financial Services Agreement (2025–2027) and Industrial Financial Services Framework Agreement (2025–2027)**

The loan and entrustment loan services to be provided by Angang Group Financial Company to the Group under the Financial Services Agreement (2025–2027) will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services will be provided on normal commercial terms and the interest rate for loans and entrustment loans shall not be higher than the interest rate payable by the Company for similar loans of equivalent term to other financial institutions, and no security over any assets of the Group will be granted in respect of the loan and entrustment loan services, such services are therefore fully exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

Pursuant to the commercial factoring services to be provided by Ansteel Capital's subsidiaries to the Group's independent third-party suppliers, the Group shall pay the relevant purchase amounts to Ansteel Capital's subsidiaries after Ansteel Capital's subsidiaries assumed the amounts originally payable by the Group to its independent third-party suppliers, which will constitute financial assistance from a connected person for the benefit of the Group. As the Group will not incur any additional charges or expenses from the change of creditors, and no security over any assets of the Group will be granted, such financial assistance is therefore fully exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The relevant consultancy and system development and maintenance services to be provided by Ansteel Capital's subsidiaries to the Group as part of the Comprehensive Financial Services under the Industrial Financial Services Framework Agreement (2025–2027) are different in nature from the Non-exempt Financial Services, and are therefore not aggregated with them. As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the relevant consultancy and system development and maintenance services under the Industrial Financial Services Framework Agreement (2025–2027) on an annual basis is less than 0.1%, such transactions constitute de minimis continuing connected transactions of the Company and are fully exempt from the requirements under Chapter 14A of the Listing Rules.

As the remaining services under the Industrial Financial Services Framework Agreement (2025–2027) concern the provision of financial services which is similar in nature with the Financial Services Agreement (2025–2027), they are aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in relation to the Non-exempt Financial Services as aggregated exceeds 5%, the Non-exempt Financial Services are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Jun, an executive Director, who also serves as a director of Angang Holding, is considered to have a material interest in the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027) and the transactions contemplated thereunder, and has therefore abstained from voting on the resolutions in relation to the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027) proposed by the Board.

Mr. Zhang Hongjun, an executive Director, who also serves as a director of Angang Holding, is considered to have a material interest in the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027) and the transactions contemplated thereunder, and has therefore abstained from voting on the resolutions in relation to the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027) proposed by the Board.

Mr. Wang Baojun, an executive Director, who also serves as a director of Angang Group Financial Company and Angang Capital, is considered to have a material interest in the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) and the transactions contemplated thereunder, and has therefore abstained from voting on the resolutions in relation to the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) proposed by the Board.

Mr. Deng Qiang, an executive Director, who also serves as a director of the subsidiary of Angang Group Company, is considered to have a material interest in the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027) and the transactions contemplated thereunder, and has therefore abstained from voting on the resolutions in relation to the Mutual Supply of Goods Framework Agreement (2025–2027) and the Mutual Supply of Services Framework Agreement (2025–2027) proposed by the Board.

Mr. Tan Yuhai, a non-executive Director, who also serves as a full-time director and supervisor of Angang Group Company and a director of other subsidiaries of Angang Group Company, is considered to have a material interest in the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) and the transactions contemplated thereunder, and has therefore abstained from voting on the resolutions in relation to the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) proposed by the Board.

Save as disclosed above, none of the Directors who attended the Board meeting for approving the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) and the transactions contemplated thereunder has a material interest in the aforementioned matters.



## **VIII. SHAREHOLDERS' GENERAL MEETING AND APPROVAL**

Under the Listing Rules, the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Non-exempt Financial Services and the respective proposed annual caps of the transactions contemplated thereunder require the Independent Shareholders' approval. However, pursuant to the Shenzhen Stock Exchange Listing Rules, the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) with Angang Group Company (including its controlled companies (other than the Company, all being treated as concerted related parties of the Company under the Shenzhen Stock Exchange Listing Rules) as set out in this announcement exceed 5% of the absolute value of the latest audited net assets of the Company and shall be approved at the general meeting. The Company will convene the EGM to seek approval from Independent Shareholders on the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) and the transactions contemplated thereunder (including the respective proposed annual caps). Angang Group Company and its associates shall abstain from voting on the resolutions to be proposed at the EGM in relation to the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027).

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Wang Jianhua, Mr. Wang Wanglin, Mr. Zhu Keshi and Ms. Hu Caimei) has been formed by the Company to advise the Independent Shareholders on whether the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027) and the Non-exempt Financial Services are on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. TC Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.



A circular containing, among other things, (i) further details of the the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) and the respective proposed annual caps of the transactions contemplated thereunder; (ii) recommendation from the Independent Board Committee regarding the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027) and the Non-exempt Financial Services; (iii) recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027) and the Non-exempt Financial Services; and (iv) other information as required by the Listing Rules, together with the notice to convene the EGM will be despatched by the Company to the Shareholders. The circular is expected to be despatched on or before 29 November 2024 so as to allow the Company to have sufficient time to prepare the information for inclusion in the circular.

## IX. DEFINITIONS

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

“Ancillary Materials”	lime stone, lime powder, refractory material, spare parts, renewable resources, etc.
“Angang Group”	Angang Group Company and its subsidiaries and associates from time to time (for the avoidance of doubt, excluding the Group)
“Angang Group Company”	Angang Group Company* (鞍鋼集團有限公司), a company incorporated in the PRC with limited liability, the ultimate controlling Shareholder
“Angang Group Financial Company”	Angang Group Financial Company Limited* (鞍鋼集團財務有限責任公司), a non-bank finance company incorporated in the PRC and a subsidiary of Angang Group Company, which holds 70% equity interest

“Angang Holding”	Anshan Iron & Steel Group Co., Ltd. (鞍山鋼鐵集團有限公司), a wholly-owned subsidiary of Angang Group Company and the immediate holding company of the Company which holds 53.46% of equity interest in the Company as at the date of this announcement
“Ansteel Capital”	Ansteel Capital Holding Co., Ltd.* (鞍鋼集團資本控股有限公司), a wholly-owned subsidiary of Angang Group Company
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Angang Steel Company Limited* (鞍鋼股份有限公司), a joint stock limited company incorporated in Anshan, Liaoning Province, the PRC, the H shares of which are listed on the Stock Exchange (Stock code: 347) and the A shares of which are listed on the Shenzhen Stock Exchange (Stock code: 898)
“Comprehensive Financial Services”	The comprehensive financial services provided by Ansteel Capital’s subsidiaries to the Group under the Industrial Financial Services Framework Agreement (2025–2027) mainly include asset securitization services, asset revitalization services, equity financing services, commercialization of technological achievements services, and industrial financial optimization services, etc
“Comprehensive Services”	measurement, testing, product testing, transportation services, heating services, agency services, leasing services, energy supply services (including but not limited to recycled water, recycled water from sewage treatment, soft water, gas, steam, nitrogen, oxygen, argon, compressed air, hydrogen, residual heat water, liquefied oxygen, liquefied nitrogen, liquefied argon, gas products, etc.), commissioned processing, asset entrustment management, etc.

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction”	has the meaning ascribed thereto under the Listing Rules
“continuing connected transaction”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened in due course, among other things, for the Independent Shareholders to consider and, if thought fit, approve the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027) and any adjournment thereof
“Financial Services Agreement (2025–2027)”	the financial services agreement dated 23 October 2024 entered into between the Company and Angang Group Financial Company in respect of provision of financial services by Angang Group Financial Company to the Group for the three years ending 31 December 2027
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board comprising Mr. Wang Jianhua, Mr. Wang Wanglin, Mr. Zhu Keshi and Ms. Hu Caimei, the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027) and the Non-exempt Financial Services
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027) and the Non-exempt Financial Services
“Independent Shareholders”	Shareholders other than Angang Holding, its associates and all other parties (if any) who are interested or involved in the Mutual Supply of Goods Framework Agreement (2025–2027), the Mutual Supply of Services Framework Agreement (2025–2027), the Financial Services Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027)
“Industrial Financial Services Framework Agreement (2025–2027)”	the industrial financial services framework agreement dated 23 October 2024 entered into between the Company and Ansteel Capital in respect of the supply of commercial factoring services by Ansteel Capital’s subsidiaries to the Group and its independent third party suppliers, financial leasing services and relevant comprehensive financial services by Ansteel Capital’s subsidiaries to the Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Mutual Supply of Goods Framework Agreement (2025–2027)”	the mutual supply of goods framework agreement dated 23 October 2024 entered into between the Company and Angang Group Company in respect of the cross-provision of materials and products between the Group and Angang Group for the three years ending 31 December 2027
“Mutual Supply of Services Framework Agreement (2025–2027)”	the mutual supply of services framework agreement dated 23 October 2024 entered into between the Company and Angang Group Company in respect of the cross-provision of services between the Group and Angang Group for the three years ending 31 December 2027
“Non-exempt Financial Services”	the deposit services under the Financial Services Agreement (2025–2027) and the commercial factoring services provided to the Group and the financial leasing services under the Industrial Financial Services Framework Agreement (2025–2027)
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Raw and Fuel Materials”	iron concentrate, pellet ore, scrap steel, pig iron, steel billets, steel ingots, alloys and non-ferrous metals, coke, coal, coke by-products, etc.
“Shareholder(s)”	shareholder(s) of the Company
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“State Prices”	the prices as mandatorily stipulated by the National Development and Reform Commission of the PRC and the State Pricing Bureau at provincial and municipal level which are applicable to certain Supporting Services, Comprehensive Services and electricity and water to be provided to the Group/Angang Group (as the case may be)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supporting Services”	railway, road, pipeline, and water transport and services; port agency services; agency services; equipment maintenance and services; design and engineering services; telecommunications business and services; information systems; education and training, translation services; newspapers and other publications; production collaboration and maintenance; daily life collaboration and maintenance; official vehicle services; energy conservation, environmental protection, safety, testing, technology development and services; medical and health services; business hospitality, conference expenses; greening services; security services; land and housing leasing (steam, etc.); wastewater treatment; energy supply services; processing with supplied materials; and other specialized services, etc.
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supply Chain Financial Services Agreement (2022–2024)”	the supply chain financial services agreement dated 11 October 2021 entered into between the Company and Ansteel Capital in respect of the supply of commercial factoring services by Ansteel Capital’s subsidiaries to the Group and its independent third party suppliers, financial leasing services and relevant consulting and system development and maintenance services by Ansteel Capital’s subsidiaries to the Group
“Supply of Materials and Services Agreement (2022–2024)”	the supply of materials and services agreement dated 11 October 2021 entered into between the Company and Angang Group Company in respect of the cross- provision of materials, products and services between the Group and Angang Group for the three years ending 31 December 2024

“Supply of Raw Materials  
Agreement (2022–2024)”

the supply of raw materials agreement dated 11 October 2021 entered into between the Company and Pangang Group Vanadium & Titanium Resources Co., Ltd.\* (攀鋼集團鈮鈦資源股份有限公司) in respect of the supply of raw materials by Pangang Group Vanadium & Titanium Resources Co., Ltd. and its subsidiaries to the Group for the three years ending 31 December 2024

“%”

percent

By order of the Board  
**ANGANG STEEL COMPANY LIMITED\***  
**Wang Jun**  
*Executive Director and Chairman of the Board*

Anshan City, Liaoning Province, the PRC  
24 October 2024

As at the date of this announcement, the Board comprises the following Directors:

*Executive Directors:*

Wang Jun  
Zhang Hongjun  
Wang Baojun  
Deng Qiang

*Independent Non-executive Directors:*

Wang Jianhua  
Wang Wanglin  
Zhu Keshi  
Hu Caimei

*Non-Executive Director:*

Tan Yuhai

\* For identification purpose only