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Chongqing Iron & Steel Company Limited **重慶鋼鐵股份有限公司**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(在中華人民共和國註冊成立的股份有限公司)

(Stock Code: 1053)

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

This announcement is made by Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 25 August 2020, as considered in the twenty-sixth meeting of the eighth session of the board of directors (the “**Board**”) of the Company, the Board approved the signing of the service and supply agreement (the “**Agreement**”) between the Company and China Baowu Steel Group Corporation Limited (“**China Baowu**”). Pursuant to the Agreement, China Baowu would agree to provide products and services to the Company and/or its subsidiaries (collectively the “**Group**”) by itself and/or its subsidiaries (collectively “**China Baowu Group**”), and the Company would agree to provide products to China Baowu Group by itself and/or the Group.

PROPOSED CONTENT OF THE AGREEMENT

China Baowu agrees (by itself and/or China Baowu Group) to provide the Group the products and services as follows:

- (a) raw materials such as iron ore, coal, scrap steel, etc.;
- (b) production materials such as chemical materials, equipment and spare parts, etc.;
- (c) road transportation services, technical services (including construction, software development and labour services, etc.) and sanitation and greening services; and
- (d) lease of factory premises.

The Company agrees (by itself and/or the Group) to provide to China Baowu Group the products as follows:

- (a) production materials such as water, electricity, natural gas, steel billets, steel products, etc.

The proposed transaction caps (tax exclusive) in respect of the products and services sold or provided to the Group by China Baowu Group under the Agreement for the period from the effective date of the Agreement to 31 March 2021 are shown in the table below:

	<i>RMB0'000</i>
1. Raw materials such as iron ore, coal, scrap steel, etc.	581,608
2. Production materials such as chemical materials, equipment and spare parts, etc.	31,441
3. Road transportation services, technical services (including construction, software development and labour services, etc.) and sanitation and greening services	107,813
4. lease of factory premises	<u>300</u>
Total :	<u><u>721,162</u></u>

The proposed transaction caps (tax exclusive) in respect of the products sold to China Baowu Group by the Group under the Agreement from the effective date of the Agreement to 31 March 2021 are shown in the table below:

	<i>RMB0'000</i>
1. Production materials such as water, electricity, natural gas, steel billets and steel products, etc.	96,671

The Agreement shall take effect subject to China Baowu becoming the de facto controller (the “**De Facto Controller**”) of the Company as defined in the listing rules of the Shanghai Stock Exchange, and the approval of the Agreement together with the transactions contemplated thereunder (including the caps of the transaction amount) by the independent shareholders of the Company; the effective period will be up to 31 March 2021.

LISTING RULES IMPLICATIONS

As disclosed in the announcements of the Company dated 28 December 2019 and 30 June 2020, China Baowu and Siyuanhe Equity Investment Management Co., Ltd. signed a Letter of Intent, pursuant to which China Baowu intends to acquire all the general partner's share of property in Siyuanhe (Chongqing) Steel Industry Development Equity Investment Fund Partnership (Limited Partnership) (the "**Industrial Development Fund**"). As of the date of this announcement, the Industrial Development Fund holds 75% equity interests in Chongqing Changshou Iron & Steel Company Limited ("**Changshou Iron & Steel**"), and Changshou Iron & Steel is interested in approximately 23.51 % of the issued share capital of the Company. Therefore, after China Baowu completes the aforesaid acquisition of the Industrial Development Fund, it will become an indirect substantial shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules, as well as the De Facto Controller of the Company.

The Agreement is intended to be signed after the internal approval procedures of both parties are completed. As of the date of this announcement, the Company has not entered into any legally binding contracts with China Baowu in respect of the matters aforesaid.

After the Agreement is signed, since China Baowu will become a connected person of the Company shortly and the effectiveness of the Agreement is subject to (inter alia) China Baowu becoming the De Facto Controller of the Company, the transactions contemplated under the Agreement will constitute continuing connected transactions of the Company under the Listing Rules. The Company shall then comply with the relevant disclosure and/or shareholders' approval requirements under the Listing Rules.

By order of the Board
Chongqing Iron & Steel Company Limited
Meng Xiangyun
Secretary to the Board

Chongqing, the PRC, 26 August 2020

As at the date of this announcement, the Directors of the Company are: Mr. Zhang Jingang (Non-executive Director), Mr. Song De An (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Liu Jianrong (Executive Director), Mr. Tu Deling (Executive Director), Mr. Zou An (Executive Director), Mr. Xin Qingquan (Independent Non-executive Director), Mr. Xu Yixiang (Independent Non-executive Director) and Mr. Wong Chunwa (Independent Non-executive Director).