

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

CONTINUING CONNECTED TRANSACTIONS **SUPPLY AGREEMENT**

On 20 August 2021, the Company entered into the Supply Agreement with Sichuan Desheng, whereby the Company shall sell products or materials to Sichuan Desheng.

As at the date of this announcement, Sichuan Desheng is a corporation controlled by Mr. Song De An, the vice chairman of the Company, and therefore, Sichuan Desheng is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions under the Supply Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratio for the proposed caps of amount of the transactions contemplated under the Supply Agreement is more than 0.1% but lower than 5%, such transactions constitute exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are exempt from the approval of Independent Shareholders and are only subject to the requirements of reporting and announcement set out in Chapter 14A of the Listing Rules.

BACKGROUND

On 20 August 2021, the Company entered into the Supply Agreement with Sichuan Desheng, whereby the Company shall sell products or materials to Sichuan Desheng.

MAJOR TERMS OF THE SUPPLY AGREEMENT

Date

20 August 2021

Parties

- (i) the Company; and
- (ii) Sichuan Desheng

Term

From 1 August 2021 to 31 December 2021

Subject Matter

The Company agreed to provide products or materials such as coke, pig iron and iron ore to Sichuan Desheng.

Price

The terms of the Supply Agreement were entered into with negotiation on an arm's length basis and on normal commercial terms. The pricing or consideration of the Supply Agreement will be determined with reference to the following:

The price shall be based on the state-prescribed price. In the absence of the state prescribed price, the price shall be based on the market price, which shall be determined with negotiation on an arm's length between the parties, on normal commercial terms and with reference to the comparable transaction market price.

Meanwhile, the price regarding the products or materials to be sold by the Company to Sichuan Desheng shall not be lower than the price of the same type of products or materials sold by the Company to independent third parties.

In accordance with the prevailing pricing standards, the price for each of the transactions under the Supply Agreement shall be determined on the basis of market pricing.

Payment

The price for the provision of products or materials may be settled by one-off payment or installments. The time of payment shall be determined by the parties based on the sales policy of the Company.

Caps of amount for the continuing connected transactions under the Supply Agreement

The proposed caps of amount (tax exclusive) in respect of the products or materials to be sold by the Company to Sichuan Desheng under the Supply Agreement for the period from 1 August 2021 to 31 December 2021 are shown in the table below:

	<i>RMB0'000</i>
1. Coke	42,000
2. Pig iron	43,700
3. Iron ore	<u>13,000</u>
Total:	<u><u>98,700</u></u>

The proposed caps of amount are determined by reference to:

- (i) the prevailing market prices applicable to the relevant products or materials;
- (ii) the Company's anticipated capacity in selling products or materials to Sichuan Desheng; and
- (iii) Sichuan Desheng's anticipated demand for the products or materials from the Company.

REASONS FOR ENTERING INTO THE SUPPLY AGREEMENT

The entering into of the Supply Agreement between the Company and Sichuan Desheng will facilitate the sustainable and stable development of the Company and have a positive impact on the Company.

The Directors (including the independent non-executive Directors) consider that the Supply Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Company upon negotiations on an arm's length basis between the parties thereto, and the terms of the Supply Agreement (including the proposed caps of amount) are fair and reasonable and on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

INFORMATION OF THE COMPANY AND SICHUAN DESHENG

The Company is principally engaged in the manufacture and sale of steel products such as medium-gauge steel plates, steel sections and wire rods.

Sichuan Desheng is principally engaged in the production of steel reinforcement products for construction; road cargo transportation (excluding dangerous goods); various engineering construction activities; power generation, transmission and supply business; manufacture of basic chemical raw materials (excluding manufacturing of licensed chemical such as hazardous chemicals); steel and iron smelting; steel rolling and processing; processing of mechanical parts and components; sales of metal materials; sales of mechanical equipment; sales of metal ores; sales of building materials; sales of chemical products (excluding licensed chemical products); sales of synthetic materials; hardware products retail; loading, unloading and handling; general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval); operation of road cargo transportation stations; repair and maintenance of motor vehicles; auto parts and accessories retail; technology service, development, consultation, exchange, transfer and promotion; heat production and supply. Its ultimate beneficial owner is Mr. Song De An, the vice chairman of the Company.

CONSIDERATION OF THE BOARD

Upon approval of the Supply Agreement at the first meeting of the ninth session of the Board, the resolution on the transactions under the Supply Agreement was approved unanimously by all the non-connected Directors (including independent non-executive Directors). When voting on the transactions under the Supply Agreement, the connected Directors, namely Mr. Song De An and Mr. Zhou Ping, abstained from voting. Except for such connected Directors, no other Directors have material interests in the transactions under the Supply Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sichuan Desheng is a corporation controlled by Mr. Song De An, the vice chairman of the Company, and therefore, Sichuan Desheng is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions under the Supply Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratio for the proposed caps of amount of the transactions contemplated under the Supply Agreement is more than 0.1% but lower than 5%, such transactions constitute exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are exempt from the approval of Independent Shareholders and are only subject to the requirements of reporting and announcement set out in Chapter 14A of the Listing Rules.

DEFINITIONS

The following defined terms are used in this announcement:

“Board”	the board of Directors
“Company”	Chongqing Iron & Steel Company Limited, a company incorporated in PRC with limited liability and the shares of which are listed on Stock Exchange
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	renminbi, the lawful currency of the PRC
“Shareholders”	Holder(s) of shares of the Company
“Sichuan Desheng”	Sichuan Desheng Group Vanadium & Titanium Co., Ltd., a company limited by shares incorporated in the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreement”	the supply agreement dated 20 August 2021 entered into between the Company and Sichuan Desheng
“%”	percent

By order of the Board
Chongqing Iron & Steel Company Limited
Zou An
Secretary to the Board

Chongqing, the PRC, 21 August 2021

As at the date of this announcement, the Directors of the Company are: Mr. Zhang Wenxue (Executive Director), Mr. Xie Zhixiong (Executive Director), Mr. Zou An (Executive Director), Mr. Song De An (Non-executive Director), Mr. Lai Xiaomin (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Mr. Zhang Jinruo (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).