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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 CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE

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 28 August 2021, the Resolution on Formation of Joint Venture and Related Party Transaction between the Company and Baowu Environment was voted and approved at the 2nd meeting of the ninth session of the board of directors and the 2nd meeting of the ninth session of the supervisory committee of the Company, pursuant to which the Company was approved to enter into the Joint Venture Contract (“**JV Contract**”) with Baowu Group Environmental Resources Technology Co., Ltd. (寶武集團環境資源科技有限公司) (“**Baowu Environment**”) to jointly contribute and establish a joint venture company (“**JV Company**”) named as Baowu Environmental Resources Technology (Chongqing) Co., Ltd. (tentative name).

PROPOSED CONTENTS OF THE JV CONTRACT

(I) Date of the Signature

The JV Contract is intended to be signed after the internal approval procedures of both parties are completed.

(II) Parties to the Contract

The Company and Baowu Environment.

(III) JV Company

The place of the incorporation of the JV Company is proposed to be the Economic and Technological Development Zone of Changshou District, Chongqing, the PRC. The scope of operation principally includes technology development and consultancy services of construction materials and metallurgical products; recycling and sale of recyclable resources; recycling, sorting, processing and sales of steel slag, dust removal ash (mud), waste resistant materials and desulphurization gypsum; processing and sales of blast furnace slag; sales of slag powder; processing and treatment of non-metallic waste and debris.

The governance structure is proposed to be comprised of one executive director (nominated by Baowu Environment), two supervisors (each nominated by Baowu Environment and the Company), one general manager and several deputy general managers.

(IV) Share Capital and Contribution

The proposed registered capital of the JV Company is RMB100 million, of which the Company's proportion of shareholding is 49%, contributing RMB49 million, while Baowu Environment's proportion of shareholding is 51%, contributing RMB51 million.

The shareholding structure will be as follows:

Shareholder	Proportion of Contribution	Means of Contribution	Subscription Amount (RMB0'000)
The Company	51%	Currency	5,100
Baowu Environment	49%	Currency	4,900
Total	<u>100%</u>		<u>10,000</u>

The above information is subject to approval and registration by the administrative authorities for industry and commerce.

The transaction will be conducted on the basis of the principle of equality and mutual benefit. Both parties shall contribute in currency, and determine their proportion of equity interests of investment based on the subscription amount.

The registered capital of JV Company shall be contributed by the shareholders in proportion to their respective subscription amount in the amount of RMB10 million (RMB5.1 million to be contributed by Baowu Environment and RMB4.9 million to be contributed by the Company) after the effective date of the contract and within 60 working days from the date of formation of JV Company (the first issuance of the business license of an enterprise legal person), and the entire registered capital shall be contributed by the Company in accordance with the needs of the JV Company by 31 December 2025, which shall be fully paid up by each shareholder in accordance with their respective capital contribution ratios based on the total subscription amount of each installment on a timely and simultaneous basis.

(V) Validity of the Contract

The JV Contract shall be effective upon being signed by the respective parties to the joint venture.

PURPOSE AND IMPACT OF THE TRANSACTION

The Company and Baowu Environment will jointly invest in the JV Company, which will serve as a platform to undertake the relevant solid waste business of the Company, such as water slag, steel slag and dust sludge in an orderly manner, enabling the Company to create incremental value through productization and high-value transformation of solid waste resources, and help to build ecological plants and develop a new type of industry, which is in line with the needs of the Company's future development plan.

The consideration of the transaction is determined based on the principles of openness, fairness and justice. The settlement way and the payment timeline of the transaction are fair and reasonable. The transaction does not impair the interests of the Company and shareholders nor does it affect the independence of the Company.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Chongqing Iron & Steel Company Limited (重慶長壽鋼鐵有限公司) (“**Changshou Iron & Steel**”) is interested in approximately 23.51% of the issued share capital of the Company and is a substantial shareholder of the Company. China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司) (“**China Baowu**”) controls 65% of equity interests in Changshou Iron & Steel by the acting in concert agreement with Chongqing Strategic Emerging Equity Investment Fund Partnership (Limited Partnership) (重慶戰略性新興產業股權投資基金合夥企業(有限合夥)). China Baowu is an indirect controlling shareholder of Changshou Iron & Steel, and therefore, China Baowu is an indirect substantial shareholder of the Company, i.e. a connected person under Chapter 14A of the Listing Rules. Given that Baowu Environment is a company controlled by China

Baowu, Baowu Environment is also a connected person under Chapter 14A of the Listing Rules. Upon the signing of the JV Contract, the transactions contemplated under the JV Contract will constitute connected transactions under the Listing Rules of the Company, and the Company will be subject to the relevant disclosure and/or shareholders' approval requirements under the Listing Rules.

The JV Contract is proposed to be signed upon completion of the internal approval process by both parties. As of the date of this announcement, the Company has not entered into any binding contract with Baowu Environment in respect of the matters aforesaid.

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

Chongqing, the PRC, 30 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).