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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)

CONNECTED TRANSACTION **CAPITAL INJECTION AGREEMENT**

Reference is made to the announcement of the Company dated 29 December 2022 regarding the possible connected transaction in relation to external investment.

On 30 January 2023, the Company entered into the Capital Injection Agreement with China Baowu, Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Masteel, Baosteel Engineering, Baosteel Co., Ltd., Wuhan Iron & Steel, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, TISCO, Baosteel Desheng, Bayi Iron & Steel, Yili Steel, Nanjiang Baicheng and Baowu Water. The Company, ZNGF, Echeng Steel, TISCO, Baosteel Desheng, Bayi Iron & Steel, Yili Steel, and Nanjiang Baicheng will jointly increase capital contribution into Baowu Water. The Company will make the capital injection in kind, due to change in the time of the capital injection, the value of the assets for the capital injection changed from the original RMB60.6795 million to RMB60.3645 million as at the date of the capital injection, and the equity interests in Baowu Water after the capital injection changed from the original 1.339% to 1.334%.

As of the date of this announcement, China Baowu is interested in approximately 26.97% of the issued share capital of the Company, of which 1.46% is directly held by China Baowu and 25.51% is indirectly controlled or held by China Baowu through its controlled corporation. China Baowu is an indirect substantial shareholder of the Company, i.e. a connected person under Chapter 14A of the Listing Rules. China Baowu is the de facto controller of Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Masteel, Baosteel Engineering, Baosteel Co., Ltd., Wuhan Iron & Steel, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, TISCO, Baosteel Desheng, Bayi Iron & Steel, Yili Steel, Nanjiang Baicheng and Baowu Water, as such, Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Masteel, Baosteel Engineering, Baosteel Co., Ltd., Wuhan Iron & Steel, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, TISCO, Baosteel Desheng, Bayi Iron & Steel, Yili Steel, Nanjiang Baicheng and Baowu Water are also connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions under the Capital Injection Agreement will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio of the Capital Injection Agreement exceeds 0.1% but falls below 5%, such connected transactions are only subject to the reporting and announcement requirements under the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

PRINCIPAL TERMS OF THE CAPITAL INJECTION AGREEMENT

Date

30 January 2023

Parties

(1) The Company, (2) China Baowu, (3) Magang Group, (4) Baowu Carbon, (5) Baosteel Chemical Zhanjiang, (6) WISCO, (7) Masteel, (8) Baosteel Engineering, (9) Baosteel Co., Ltd., (10) Wuhan Iron & Steel, (11) Zhanjiang Steel, (12) Meishan Iron & Steel, (13) ZNGF, (14) Echeng Steel, (15) TISCO, (16) Baosteel Desheng, (17) Bayi Iron & Steel, (18) Yili Steel, (19) Nanjiang Baicheng and (20) Baowu Water.

Means of Contribution of the Company

The Company will make the capital injection of RMB60.3645 million with the physical assets of water treatment related to the coking wastewater treatment system and the integrated desulfurisation wastewater treatment system of the coking process of the iron-making plant (the “**Physical Assets of Chongqing Iron & Steel for Capital Contribution**”) held thereby, of which RMB42.8117 million was included in the registered capital of Baowu Water, and RMB17.5528 million was included in the capital reserve of Baowu Water.

According to the assets appraisal report (Zhong Zi Ping Bao Zi [2022] No. 443) issued by China Assets Appraisal Co., Ltd., the book value of the Physical Assets of Chongqing Iron & Steel for Capital Contribution as at the valuation benchmark date (30 April 2022) was RMB55.5133 million and the appraised value (tax exclusive) was RMB57.2724 million, representing an appreciation of RMB1.7591 million or an appreciation rate of 3.17%. During the period from the valuation benchmark date to the date of the capital injection (2022.05–2023.01), changes of book value of the transferred assets amounted to RMB-2.5430 million, and the actual assets contributed amounted to RMB54.7294 million (tax exclusive) and RMB60.3645 million (tax inclusive).

Unit: RMB'0,000

| | Net book value (2022.04) | Net appraised value (2022.04) | Changes of book value (2022.05– 2023.01) | Contributed assets |
|---|--------------------------------|-------------------------------------|---|-----------------------|
| Physical Assets of Chongqing Iron & Steel for Capital Contribution | 5,551.33 | 5,727.24 | -254.30 | 5,472.94 |

Increase in Registered Capital and Subscription Arrangements

1. According to the valuation conducted by Yinxin Assets Appraisal Co., Ltd., the appraised value of the net assets of Baowu Water was RMB3,573.34275657 million as at the audit and valuation benchmark date (Valuation Report No.: Yin Xin Ping Bao Zi (2022) Hu No. 1648), and the appraisal results have been filed by the state-owned assets valuation of China Baowu.
2. Parties to the agreement unanimously agreed that the change in the book value of the net assets of Baowu Water during the period from the audit and valuation benchmark date to the date of the capital injection shall be entitled to or borne by the existing shareholders of Baowu Water.
3. Parties to the agreement unanimously agreed that the total capital injection into Baowu Water will be RMB1,003.824346 million, of which RMB711.932160 million will be transferred to the registered capital of Baowu Water and RMB291.892186 million will be transferred to the capital reserve of Baowu Water. The above capital injection will be subscribed and paid by ZNGF, Echeng Steel, the Company, TISCO, Baosteel Desheng, Bayi Iron & Steel, Yili Steel and Nanjiang Baicheng, respectively. Among them, ZNGF will subscribe and pay RMB27.511687 million, Echeng Steel will subscribe and pay RMB51.050755 million, the Company will subscribe and pay RMB42.811702 million, TISCO will subscribe and pay RMB315.667458 million, Baosteel Desheng will subscribe and pay RMB34.157395 million, Bayi Iron & Steel will subscribe and pay RMB93.859433 million, Yili Steel will subscribe and pay RMB25.956670 million and Nanjiang Baicheng will subscribe and pay RMB120.917060 million, all of which will be made in kind. Parties to the agreement agreed that the value of the contributed assets shall be determined on the basis of the appraised value as filed. During the period from the valuation benchmark date to the date of the capital injection, the change in the book value of the contributed assets shall be entitled to or borne by the contributing party, and such change shall be confirmed by the parties in writing. The above capital contributions are tax inclusive.
4. Upon completion of the above capital injection, the registered capital of Baowu Water will be RMB3,210.456559 million. The registered capital and shareholding ratio of each party prior to and after the capital injection are as follows:

Shareholding structure of Baowu Water prior to the capital injection:

| No. | Shareholder name | Means of contribution | Amount of contribution (RMB'0,000) | Proportion of contribution |
|--------------|-----------------------------|---------------------------------|---|-----------------------------------|
| 1 | China Baowu | Cash | 50,000.00 | 20.011% |
| 2 | Magang Group | Cash | 23,035.54 | 9.220% |
| 3 | Baowu Carbon | Contribution in kind and equity | 12,329.41 | 4.935% |
| 4 | Baosteel Chemical Zhanjiang | Contribution in kind | 4,134.28 | 1.655% |
| 5 | WISCO | Equity | 2,479.48 | 0.992% |
| 6 | Masteel | Contribution in kind | 48,084.19 | 19.245% |
| 7 | Baosteel Engineering | Cash | 2,419.48 | 0.968% |
| 8 | Baosteel Co., Ltd. | Contribution in kind | 50,734.29 | 20.306% |
| 9 | Wuhan Iron & Steel | Contribution in kind | 30,910.43 | 12.371% |
| 10 | Zhanjiang Steel | Contribution in kind | 21,466.37 | 8.592% |
| 11 | Meishan Iron & Steel | Contribution in kind | 4,258.97 | 1.705% |
| | | | 249,852.44 | 100.000% |
| Total | | | | |

Shareholding structure of Baowu Water after the capital injection:

| No. | Shareholder name | Means of contribution | Subscribed registered capital (RMB'0,000) | Subscribed shareholding ratio | Time of contribution |
|-------|-----------------------------|---------------------------------|--|-------------------------------|----------------------|
| 1 | China Baowu | Cash | 50,000.0000 | 15.574% | 14 July 2021 |
| 2 | Magang Group | Cash | 23,035.5424 | 7.175% | 29 September 2020 |
| 3 | Baowu Carbon | Contribution in kind and equity | 12,329.4106 | 3.840% | 29 September 2020 |
| 4 | Baosteel Chemical Zhanjiang | Contribution in kind | 4,134.2776 | 1.288% | 29 September 2020 |
| 5 | WISCO | Equity | 2,479.4803 | 0.772% | 29 September 2020 |
| 6 | Masteel | Contribution in kind | 48,084.1875 | 14.977% | 1 December 2021 |
| 7 | Baosteel Engineering | Cash | 2,419.4762 | 0.754% | 1 December 2021 |
| 8 | Baosteel Co., Ltd. | Contribution in kind | 50,734.2886 | 15.803% | 1 December 2021 |
| 9 | Wuhan Iron & Steel | Contribution in kind | 30,910.4300 | 9.628% | 1 December 2021 |
| 10 | Zhanjiang Steel | Contribution in kind | 21,466.3723 | 6.686% | 1 December 2021 |
| 11 | Meishan Iron & Steel | Contribution in kind | 4,258.9744 | 1.327% | 1 December 2021 |
| 12 | ZNGF | Contribution in kind | 2,751.1687 | 0.857% | 31 January 2023 |
| 13 | Echeng Steel | Contribution in kind | 5,105.0755 | 1.590% | 31 January 2023 |
| 14 | The Company | Contribution in kind | 4,281.1702 | 1.334% | 31 January 2023 |
| 15 | TISCO | Contribution in kind | 31,566.7458 | 9.832% | 31 January 2023 |
| 16 | Baosteel Desheng | Contribution in kind | 3,415.7395 | 1.064% | 31 January 2023 |
| 17 | Bayi Iron & Steel | Contribution in kind | 9,385.9433 | 2.924% | 31 January 2023 |
| 18 | Yili Steel | Contribution in kind | 2,595.6670 | 0.809% | 31 January 2023 |
| 19 | Nanjiang Baicheng | Contribution in kind | 12,091.7060 | 3.766% | 31 January 2023 |
| Total | | | <u>321,045.6559</u> | <u>100.000%</u> | / |

- Parties to the agreement agreed that shareholders shall exercise their voting rights and dividend rights in accordance with the proportion of their paid-in capital. In principle, the remaining after-tax profits after Baowu Water makes up for the loss and withdraws the provident fund shall be distributed to each shareholder in proportion to their paid-in capital. In principle, the distribution ratio shall be no less than 50%, subject to the resolution of the general meeting.

Corporate Governance Arrangement after Capital Injection

- Baowu Water shall establish a board of directors consisting of seven directors with the term of office of three years. Three candidates shall be recommended by China Baowu, one by Masteel, one by Baosteel Co., Ltd. and one by Baowu Carbon, which will be elected at the general meeting. One staff director shall be elected through the staff representatives meeting, staff meeting or through other forms of democratic election. The chairman shall be recommended by China Baowu and elected by more than half of all directors and shall be the legal representative of the company.
- Baowu Water shall establish a supervisory committee consisting of three supervisors with the term of office of three years. Two candidates shall be recommended by China Baowu and elected at the general meeting. One staff supervisor shall be elected through the staff representatives meeting, staff meeting or through other forms of democratic election. The chairman of the supervisory committee shall be recommended by China Baowu and elected by more than half of all supervisors.
- Baowu Water shall establish an operation and management department with one general manager and several deputy general managers. The general manager shall be recommended by China Baowu and appointed and dismissed by the board of directors. The term of office of the general manager shall be three years. Upon expiry of the term of office, the general manager may be re-elected upon approval by the board of directors.

Settlement of Disputes

All disputes arising from the performance of the Agreement shall be settled by the parties through amicable negotiation.

Effectiveness

After all parties have completed the approval procedures in accordance with the content of the Agreement, the Agreement shall come into effect upon the signing and affixing of official seals by the legal representatives of all parties.

PURPOSE AND IMPACT OF THE TRANSACTION

Baowu Water is a professional platform company for the water and atmospheric treatment under China Baowu, and has currently entered into water (gas) business entrustment management agreements and hosting operation service contracts with each iron and steel base. Through professional integration, Baowu Water is committed to providing customers with overall solutions for water and gas treatment, and providing the full life-cycle services integrating project investment (financing), consultation, planning, design, construction and operation, so as to achieve a win-win situation with customers and realize mutual development.

The capital injection into Baowu Water by the Company will help to realise the professional integration of water operation business within the Group, which will help to enhance the assets and operational efficiency of the Company and realise the professional operation of water treatment business.

It will provide strong technical support for the Company to utilise the expertise of Baowu Water for the zero discharge of waste water and ultra-low discharge of waste gas of the Company, solving the environmental issues of water and gas treatment of the Company and supporting the green transformation development of the Company.

The Directors (including the independent non-executive Directors) believe that the terms of the Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company and its shareholders as a whole.

RISK ANALYSIS AND COUNTERMEASURES

1. Policy risk. Countermeasures: The Company will collaborate with Baowu Water by taking advantage of industry policies to rapidly improve the Company's competitiveness and occupy the peak of the industry; the Company will actively strive for recognition as a high-tech enterprise and obtain corresponding preferential policies; the Company will follow up the dynamics of industry standards to build up the technical and business capabilities of the Company and Baowu Water, so as to ensure that the policies are forward-looking.
2. Technical risk. Countermeasures: The Company, in collaboration with Baowu Water, will help it to play the role as a platform company to co-ordinate various resources and technologies in the water and gas industry chain; the Company will urge Baowu Water to attach importance to the research and development of cutting-edge technologies for water and gas treatment, increase the number of technical application scenarios and constantly improve the industrial application of new technologies; with the help of existing technological base, the Company will assist Baowu Water to attach importance to the integration of technologies and the consultation and demonstration of development proposals, so as to enhance the integration management and development capabilities of key technologies.

3. Management risk. Countermeasures: The Company will launch an inspection on Baowu Water and urge Baowu Water to strengthen the training of staff management and operational skills to ensure the normal and stable operation of the system; the Company will collaborate with Baowu Water in establishing a market-oriented and professional management mechanism to form systematic development capability.
4. Human resources risk. Countermeasures: The Company will urge the headquarters of Baowu Water to send professional and technical staff to provide on-site support and to conduct training to train a group of professional and technical staff for Baowu Water. The Company, in collaboration with Baowu Water, will give full consideration to the staffing of the transferred personnel and optimise the duties and responsibilities of the relevant personnel after the transfer.

INFORMATION ON BAOWU WATER

Baowu Water is principally engaged in (i) general projects: technical service, technical development, technical consultation, technical exchange, technology transfer and technology promotion; intelligent water system development; water pollution prevention and control services; air pollution prevention and control services; environmental consultation service; engineering management services; manufacturing of special equipment for environmental protection; sales of special equipment for environmental protection; manufacturing of water pollution monitoring and testing instruments; sales of water pollution monitoring and testing instruments; manufacturing of air pollution monitoring and detection instruments; sales of air pollution monitoring and detection instruments; sales of chemical products (excluding licensed chemical products); non-edible salt processing; sales of non-edible salt; residents' daily life services; maintenance of electronic and mechanical equipment (excluding special equipment); heat production and supply; import and export of goods; technology import and export. (Save for projects subject to approval in accordance with the laws, operating activities can be independently carried out as set out in the business license in accordance with the laws); (ii) licensed projects: construction works; construction engineering design; production and supply of tap water. (For projects subject to approval in accordance with the laws, operating activities can only be carried out upon approval by the relevant authorities, and the actual business projects are subject to the approval documents or license documents granted by the relevant authorities).

In 2020, Baowu Water recorded total assets of RMB1,599.9318 million; equity attributable to owners of the parent company of RMB737.7489 million; operating revenue of RMB1,366.4083 million; and net profit attributable to owners of the parent company of RMB65.0683 million.

In 2021, Baowu Water recorded total assets of RMB6,858.5092 million; equity attributable to owners of the parent company of RMB3,218.7106 million; operating revenue of RMB5,002.7547 million; and net profit attributable to owners of the parent company of RMB134.1079 million.

As at the end of September 2022, Baowu Water recorded total assets of RMB8,128.0445 million; equity attributable to owners of the parent company of RMB3,252.8925 million. During the first three quarters of 2022, Baowu Water recorded operating revenue of RMB4,592.1643 million; and net profit attributable to owners of the parent company of RMB113.2756 million.

INFORMATION ON THE COMPANY

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

INFORMATION ON CHINA BAOWU

China Baowu is a state-owned capital investment company wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council. Its business scope includes operating state-owned assets within the scope authorized by the State Council, as well as carrying out relevant state-owned capital investment and operation.

INFORMATION ON MAGANG

Magang Group is principally engaged in capital management; mining and selection of mineral products; construction of construction projects; building materials, machinery manufacturing, maintenance and design; foreign trade; domestic trade (except for projects restricted by the State); supply, marketing and storage of materials; property management; advisory services; leasing; agroforestry. (Limited to subordinate branches) (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation)

The ultimate beneficial owner of Magang Group is China Baowu.

INFORMATION ON BAOWU CARBON

Baowu Carbon is principally engaged in (i) licensed items: hazardous chemicals production, hazardous chemicals business, goods import and export, technology import and export, various engineering construction activities. (For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to the commencement of operation, the actual business projects as approved under the approval documents or license documents granted by the relevant departments shall prevail) (ii) general items: production and sales of chemical raw materials and products (excluding licensed chemical products); chemicals, graphite and new carbon materials, carbon fibers, special carbon products, highly purified graphite products, carbon composite materials, lithium ion battery cathode materials, polyester materials and technological development, technology transformation, technical consultation and

technical services within the field of environmental protection technology; processing, maintenance and sales of general machinery and equipment and spare parts; sales of water-based paint (excluding hazardous chemicals). (Except for items that are subject to approval in accordance with the laws, the business activities shall be conducted independently with the business licenses in accordance with the laws)

The ultimate beneficial owner of Baowu Carbon is China Baowu.

INFORMATION ON BAOSTEEL CHEMICAL ZHANJIANG

Baosteel Chemical Zhanjiang is principally engaged in operation of hazardous chemicals (trade operation): hazardous chemicals (for particulars, please refer to the project approved by the license for hazardous chemicals of Yue Zhan Wei Hua Jing Zi [2020] No. 058, valid until 7 June 2023); production of hazardous chemicals (for particulars, please refer to the project approved by the safety production license of Yue Zhan Wei Hua Sheng Zi [2020] No. 0003, valid until 13 June 2023); (the following business items exclude hazardous chemicals) production, purchase and sales of chemical raw materials and products (including carbon black); technology development, technology transfer, technology consulting, technology service, import and export of goods and import and export of technology in the professional field of chemical industry (except for the import and export of goods and technologies prohibited by the State or involving administrative approval); industrial wastewater treatment; warehouse service (except for the storage of hazardous wastes). (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of Baosteel Chemical Zhanjiang is China Baowu.

INFORMATION ON WISCO

WISCO is principally engaged in development, construction and operation of factories, parks and urban areas; real estate development and operation; residential and commercial ancillary facilities and industrial park leasing business; park industrial services; operation and management of apartments; hotel management; provision of technical and operation consulting and technology and information services relating to the above businesses. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of WISCO is China Baowu.

INFORMATION ON MASTEEL

Masteel is principally engaged in ferrous metal smelting and its rolling processing, coke and coal coking products, refractories, power, gas production and marketing; Steel and iron related businesses such as wharf, storage, transportation and trade; extended processing of steel products, production and sales of metal products; steel structure, equipment manufacturing and installation, auto repair and scrap car recycling and dismantling (limited to the company waste car recycling); housing and civil engineering construction, building installation, building decoration (with qualification certificate to carry out business activities); technology, consultation and service.

The ultimate beneficial owner of Masteel is China Baowu.

INFORMATION ON BAOSTEEL ENGINEERING

Baosteel Engineering is principally engaged in design of metallurgy, construction, decoration and environmental protection engineering, and general contracting; the design of chemical, petrochemical and pharmaceutical and special municipal construction projects; special design of environmental engineering and construction engineering; equipment design, complete equipment and management, engineering, investment technical service and consultation; the audit on the settlement of projects; environmental assessment and urban planning; foreign economic and technological cooperation and the import and export of various commodities and technologies. For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities.

The ultimate beneficial owner of Baosteel Engineering is China Baowu.

INFORMATION ON BAOSTEEL CO., LTD.

Baosteel Co., Ltd. is principally engaged in steel smelting and processing, and steel related businesses including power, coal, industrial gas production, wharf, storage and transportation; technology development, technology transfer, technology service and technology management consulting service; automobile repairs; import and export of commodities and technologies; non-ferrous metal smelting and rolling processing; industrial furnace; production and sales of chemical raw materials and products; metal ore, coal, steel, non-metal ore loading and unloading, port service; transportation agency for the waterway cargo; loading, unloading and transportation of the waterway cargo; shipping agency; foreign contracting engineering and labor service; international tendering; engineering tender agency; domestic trading; set-off and carrying trade; steel scrap, coal, fuel oil, hazardous chemicals (wholesale only) (operation at branches and sub-branches only); security check on motor vehicles; production and sales of chemical raw materials and products. For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities.

The ultimate beneficial owner of Baosteel Co., Ltd. is China Baowu.

INFORMATION ON WUHAN IRON & STEEL

Wuhan Iron & Steel is principally engaged in manufacturing of metallurgical products and by-products and steel extension products, and technological development of metallurgical products; the import and export of goods and technology, and the import and export of agency services (excluding goods or technologies that are prohibited or restricted by the state); wholesale of steel and by-products and coal; sales of metal ores and non-metal ores, alloys, steel scrap, metal materials, electrical engineering and materials, wires and cables, building materials, refractory materials, electromechanical equipment, instrumentation and chemical products (excluding inflammable, explosive and hazardous goods); supply of electricity, heat and gas; warehousing, railway cargo transportation and road cargo transportation (where licensed business items are involved, operation is subject to permission by relevant authorities); repair of general equipment (excluding special equipment); professional repair of equipment specifically for use in metallurgy; electrical equipment repair; instrumentation repair; measurement service and verification and calibration service; the Group's own carbon emission quota trading (limited for designated trading institutions or platforms); environmental protection monitoring service (only limited for operation of licensed branches); environmental technology consulting service (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).

The ultimate beneficial owner of Wuhan Iron & Steel is China Baowu.

INFORMATION ON ZHANJIANG STEEL

Zhanjiang Steel is mainly engaged in: steel smelting, rolling and processing, power, coal, chemical engineering, industrial gas production, wharf, logistics storage and transportation; automobile repairs; security check on motor vehicles (where the above licensed business items are involved, operation is subject to permission by relevant certificate of approvals and license files); steel-related business technology development, technology transfer, technology service and technology management consulting service; domestic trading (specially regulated ones excepted); import and export and agency services of commodities and technologies. (excluding the above items prohibited by laws and administrative regulations, and items restricted by laws and administrative regulations shall obtain an approval before operation for the projects). (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of Zhanjiang Steel is China Baowu.

INFORMATION ON MEISHAN IRON & STEEL

Meishan Iron & Steel is mainly engaged in: ferrous metal smelting and rolling processing; generation of electricity; sales of self-produced products, cold-rolled products, mineral products, steel products, hardware, building materials, mechanical and electrical equipment, instrumentation, and metal products; economics information consulting; processing of ore and mineral powder, pig iron, billet and hot rolled plate; operation of hazardous chemicals (as listed in the license); import and export of various commodities and technologies (excluding those restricted by the State for trading or import and export) for itself or as agent. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of Meishan Iron & Steel is China Baowu.

INFORMATION ON ZNGF

ZNGF is mainly engaged in manufacturing, processing and sale of iron and steel metallurgical products, metal products, coke, coal chemical products (excluding dangerous chemicals), technology development, transfer, introduction and consulting services; export of self-manufactured products and technology, import of machinery and equipment, spare parts, raw and supplementary materials, and technology needed in the business operating (except goods and technology forbidden to import and export by Chinese government); import of scrap steel, scrap copper, scrap aluminum, waste paper, scrap plastic (specifically operating in accordance with [2003] Yue Wai Jing Mao Fa Registration Zi No. 139 ([2003] 粵外經貿發登記字第139號文)); sales of mineral products and coal; general cargo transportation; terminal and other port facilities services, cargo handling services. Production: crude benzene (167), coal tar (1569) (operating within the scope and validity of the license). (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of ZNGF is China Baowu.

INFORMATION ON ECHENG STEEL

Echeng Steel is mainly engaged in the design, manufacturing, sales and installment of metallurgical products and by-products, metallurgical mineral products and steel extension products, building materials, metallurgical auxiliary materials, complete sets of metallurgical equipment, electromechanical equipment, telecommunications equipment, instrumentation; the production and sales of chemical products (excluding hazardous chemical goods) and coke; the processing and sales of steel scrap; industrial technology development, consulting services; the import and export of products and technologies (excluding goods or technologies that are prohibited or restricted by the state); the production and sales of medical oxygen, compressed and liquefied gases;

operation of coal; branches operate licensed services including freight forwarding agency service, information stowage, storage service, printing, design, production, release, agency of domestic advertising, educational information consultation, business management training, conference planning, exhibition services, the production and sales of bottled (barreled) drinking water, dinning and accommodation services. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of Echeng Steel is China Baowu.

INFORMATION ON TISCO

TISCO is mainly engaged in the production and sale of stainless steel and other steel materials, steel billets, steel ingots, ferrous metals, iron alloys and metal products; import and export: domestic trade and import and export of raw and auxiliary materials required for steel production; wholesale and retail of building materials (excluding timber in forest areas), general machineries and accessories, electrical machineries and equipment; technical consultation services; development and transfer of metallurgical technologies; promotion of new metallurgical technologies, new products and new materials; processing, transportation and sale of iron ore and associated ores; production and sale of coke and coking by-products, pig iron and by-products; production and sale of chemical fertilizers (ammonium sulfate); production and sale of electronic products, instruments, and chemical fertilizers. Promotion; processing, transportation and sale of iron ore and associated ores; production and sale of coke and coking by-products, pig iron and by-products; production and sale of chemical fertilizers (ammonium sulfate); production and sale of electronic products, instruments, meters and weighing system equipment; industrial automation engineering; industrial TV design installation, measurement and testing; agent communication business charging services (according to the agreement between the parties); construction engineering: contracting for the construction of subscriber communication pipelines, subscriber communication lines, integrated wiring and supporting equipment engineering construction business connected to the public communication network, engineering design and construction; contracting for overseas projects and domestic international bidding and import and export of equipment, materials and spare parts required for the business; electricity business: power generation business. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of TISCO is China Baowu.

INFORMATION ON BAOSTEEL DESHENG

Baosteel Desheng is mainly engaged in smelting, hot rolling, solid solution, cold rolling, machining, sales of metallic nickel, nickel alloy, various alloys, hot (cold) rolled stainless steel coils, nickel alloy coils, carbon high alloy coils, coal coking; foreign trade; research and development and technical services; thermal power generation; other power production. (if any of the above requires special or exclusive approval of the state, the relevant stipulations of the State shall prevail) (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of Baosteel Desheng is China Baowu.

INFORMATION ON BAYI IRON & STEEL

Bayi Iron & Steel is mainly engaged in steel smelting, rolling, processing and sales; coal tar, crude benzene, ammonia solution (containing more than 10% ammonia), coal gas production and sales; enterprise-owned vehicles for cross-rail transportation; production and sale of medical oxygen; production and sale of compressed and liquefied gases (oxygen, nitrogen and argon) (production and operation activities are carried out within the limited period of the license); sales of ferrous materials, metallurgical furnaces, metallurgical equipment and products (except for items subject to exclusive approval of the state), building materials and gases separated from the air, production and sale of coke and coal coking products; machining, technical consultation services for metal products and iron and steel smelting, rolling, processing; housing rental; loading and unloading services; warehousing services; machineries and equipment leasing; railway transportation, road transportation, general cargo transportation; repair of automobiles and special locomotives; maintenance of automobiles; freight information services; freight forwarding agents, international freight forwarding agents and consultation services; major, medium repair and expansion projects of internal railway special lines, stations (platforms) and other logistics support services; computer information, network engineering. Export of enterprise's own products and import of raw and auxiliary materials, machineries and equipment, and spare parts required by the enterprise, but excluding the goods and technologies that are restricted or prohibited from import or export by the State. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of Bayi Iron & Steel is China Baowu.

INFORMATION ON YILI STEEL

Yili Steel is mainly engaged in the production of steel reinforcement products for construction; mining of mineral resources in non-coal mines; power supply business; catering services; water production and supply; accommodation services; bathing services; and the operation of hazardous chemicals. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities, and the actual business projects as approved under the approval documents or license documents granted by the relevant departments shall prevail) General items: steel and iron smelting; steel rolling processing; sales of steel products for construction; import and export of goods; import and export of technology; ferrous metal casting; sales of metal ores; sales of non-metallic ores and products; general machinery and equipment installation services; agricultural professional and auxiliary activities; forestry professional and auxiliary activities; animal husbandry professional and auxiliary activities; fishery professional and auxiliary activities; heat production and supply; cement manufacturing; lime and gypsum manufacturing; sales of lime and gypsum; non-residential real estate leasing; residential leasing; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; maintenance of electronic and mechanical equipment (excluding special equipment); general equipment repair; urban and rural appearance management; trade market management service; labor services (excluding labor dispatch). (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of Yili Steel is China Baowu.

INFORMATION ON NANJIANG BAICHENG

Nanjiang Baicheng is mainly engaged in the production and sale of liquefied and compressed gases (oxygen, nitrogen and argon); production and sale of hazardous chemical aromatics (crude benzene); sales of gas; ferrous materials, metallurgical furnaces, metallurgical equipment and other metallurgical products, building materials, ferrous metal rolled products; machining; production and sale of coke and coal coking products; smelting of metal products and steel; consultation and services related to processing industry; import and export of general goods and technologies; computer system services; installation of office automation equipment, technology consultation, staff training, property services; provision of premises, equipment and housing leasing services; collection of water, electricity and gas fees. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities)

The ultimate beneficial owner of Nanjiang Baicheng is China Baowu.

LISTING RULES IMPLICATIONS

As of the date of this announcement, China Baowu is interested in approximately 26.97% of the issued share capital of the Company, of which 1.46% is directly held by China Baowu and 25.51% is indirectly controlled or held by China Baowu through its controlled corporation. China Baowu is an indirect substantial shareholder of the Company, i.e. a connected person under Chapter 14A of the Listing Rules. China Baowu is the de facto controller of Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Masteel, Baosteel Engineering, Baosteel Co., Ltd., Wuhan Iron & Steel, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, TISCO, Baosteel Desheng, Bayi Iron & Steel, Yili Steel, Nanjiang Baicheng and Baowu Water, as such, Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Masteel, Baosteel Engineering, Baosteel Co., Ltd., Wuhan Iron & Steel, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, TISCO, Baosteel Desheng, Bayi Iron & Steel, Yili Steel, Nanjiang Baicheng and Baowu Water are also connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions under the Capital Injection Agreement will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio of the Capital Injection Agreement exceeds 0.1% but falls below 5%, such connected transactions are only subject to the reporting and announcement requirements under the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

APPROVAL BY THE BOARD

On 28 December 2022, the Resolution on External Investment and Related Transactions was voted and approved at the 20th meeting of the ninth session of the Board and the 12th meeting of the ninth session of the Supervisory Committee of the Company. After the consideration and approval by the Board of the Company and the completion of the internal approval procedures by all parties, the parties formally entered into the Capital Injection Agreement.

None of the Directors at the above Board meetings has material interests in the Agreement or is required to abstain from voting on the relevant Board resolution in respect of the Agreement.

DEFINITIONS

The following defined terms are used in this announcement:

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| “Baosteel Chemical Zhanjiang” | Baosteel Chemical Zhanjiang Co., Ltd. (寶鋼化工湛江有限公司), a company incorporated in the PRC with limited liability |
| “Baosteel Co., Ltd.” | Baoshan Iron & Steel Co., Ltd. (寶山鋼鐵股份有限公司), a company incorporated in the PRC with limited liability |
| “Baosteel Desheng” | Baosteel Desheng Stainless Steel Co., Ltd. (寶鋼德盛不銹鋼有限公司), a company incorporated in the PRC with limited liability |
| “Baosteel Engineering” | Baosteel Engineering & Technology Group Co., Ltd. (寶鋼工程技術集團有限公司), a company incorporated in the PRC with limited liability |
| “Baowu Carbon” | Baowu Carbon Technology Co., Ltd. (寶武碳業科技股份有限公司), a company incorporated in the PRC with limited liability |
| “Baowu Water” | Baowu Water Technology Co., Ltd. (寶武水務科技有限公司), a company incorporated in the PRC with limited liability |
| “Bayi Iron & Steel” | Xinjiang Bayi Iron and Steel Co., Ltd. (新疆八一鋼鐵股份有限公司), a company incorporated in the PRC with limited liability |
| “Board” | the board of Directors |
| “Capital Injection Agreement” or “Agreement” | the capital injection agreement dated 30 January 2023 entered into by the Company and China Baowu, Magang Group, Baowu Carbon, Baosteel Chemical Zhanjiang, WISCO, Masteel, Baosteel Engineering, Baosteel Co., Ltd., Wuhan Iron & Steel, Zhanjiang Steel, Meishan Iron & Steel, ZNGF, Echeng Steel, TISCO, Baosteel Desheng, Bayi Iron & Steel, Yili Steel, Nanjiang Baicheng and Baowu Water |

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| “China Baowu” | China Baowu Steel Group Corporation Limited, a limited liability company incorporated in the PRC and a pilot enterprise of state-owned capital investment company wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council |
| “Company” | Chongqing Iron & Steel Company Limited, a joint stock limited company incorporated in the PRC with limited liability and the shares of which are listed on the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Echeng Steel” | Baowu Group Echeng Iron and Steel Co., Ltd. (寶武集團鄂城鋼鐵有限公司), a company incorporated in the PRC with limited liability |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Magang Group” | Magang (Group) Holding Company Limited, a wholly state-owned enterprise with limited liability, formerly known as Maanshan Magang Holding Company, and was approved by the government to restructure into Magang (Group) Holding Company Limited in September 1998 |
| “Masteel” | Maanshan Iron & Steel Company Limited |
| “Meishan Iron & Steel” | Shanghai Meishan Iron & Steel Co., Ltd. (上海梅山鋼鐵股份有限公司), a company incorporated in the PRC with limited liability |
| “Nanjiang Baicheng” | Xinjiang Bagang Nanjiang Steel Baicheng Co., Ltd. (新疆八鋼南疆鋼鐵拜城有限公司), a company incorporated in the PRC with limited liability |
| “PRC” | the People’s Republic of China |
| “RMB” | renminbi, the lawful currency of the PRC |

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| “Shareholders” | holder(s) of shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “TISCO” | Shanxi Taigang Stainless Steel Co., Ltd. (山西太鋼不銹鋼股份有限公司), a company incorporated in the PRC with limited liability |
| “WISCO” | Wuhan Iron and Steel (Group) Corp. (武鋼集團有限公司), a company incorporated in the PRC with limited liability |
| “Wuhan Iron & Steel” | Wuhan Iron and Steel Company Limited (武漢鋼鐵有限公司), a company incorporated in the PRC with limited liability |
| “Yili Steel” | Xinjiang Yili Iron and Steel Co., Ltd. (新疆伊犁鋼鐵有限責任公司), a company incorporated in the PRC with limited liability |
| “Zhanjiang Steel” | Baogang Zhanjiang Iron and Steel Co., Ltd. (寶鋼湛江鋼鐵有限公司), a company incorporated in the PRC with limited liability |
| “ZNGF” | Guangdong Zhongnan Iron & Steel Co., Ltd. (廣東中南鋼鐵股份有限公司), a company incorporated in the PRC with limited liability |
| “%” | percent |

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

Chongqing, the PRC, 31 January 2023

As at the date of this announcement, the Directors of the Company are: Mr. Xie Zhixiong (Executive Director), Mr. Meng Wenwang (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).