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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 IN RELATION TO SERVICE AND SUPPLY AGREEMENT AND FINANCIAL SERVICE AGREEMENT

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 19 March 2021, as considered at the thirty-fifth 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 “**Service and Supply Agreement**”) between the Company and China Baowu Steel Group Corporation Limited (“**China Baowu**”) and approved the signing of the financial service agreement (the “**Financial Service Agreement**”) between the Company and Baowu Group Finance Co., Ltd. (寶武集團財務有限責任公司) (“**Baowu Finance Company**”).

SERVICE AND SUPPLY AGREEMENT

Pursuant to the Service and Supply Agreement intended to be signed, China Baowu agrees to provide products, materials 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 agrees to provide products to China Baowu Group by itself and/or the Group.

PROPOSED CONTENT OF THE SERVICE AND SUPPLY AGREEMENT

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

- (a) raw materials such as iron ore, scrap steel, refractory materials, accessories (including dolomite, limestone, etc), coal, etc;
- (b) production materials such as chemical materials, equipment and spare parts, water, etc; and
- (c) technical services (including construction, software development and labour services, etc), road transportation services and sanitation and greening services, etc.

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

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

The proposed annual amount caps (tax exclusive) in respect of the products, materials and services provided to the Group by China Baowu Group under the Service and Supply Agreement for the three financial years from 1 April 2021 to 31 December 2023 are shown in the table below:

	From 1 April 2021 to 31 December 2021 (RMB0'000)	From 1 January 2022 to 31 December 2022 (RMB0'000)	From 1 January 2023 to 31 December 2023 (RMB0'000)
Raw materials such as iron ore, scrap steel, refractory materials, accessories (including dolomite, limestone, etc), coal, etc	1,881,000	2,838,200	3,045,800
Production materials such as chemical materials, equipment and spare parts, water, etc	80,500	95,700	100,100
Technical services (including construction, software development and labour services, etc), road transportation services and sanitation and greening services, etc	203,700	294,300	259,700

The proposed annual amount caps (tax exclusive) in respect of the products provided to China Baowu Group by the Group under the Service and Supply Agreement for the three financial years from 1 April 2021 to 31 December 2023 are shown in the table below:

From 1 April 2021 to 31 December 2021 (RMB0'000)	From 1 January 2022 to 31 December 2022 (RMB0'000)	From 1 January 2023 to 31 December 2023 (RMB0'000)
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Production materials such as water, electricity, natural gas, steel billets, steel products, pig iron, etc	1,298,400	1,670,600	2,005,100
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The resolution in relation to the Service and Supply Agreement together with the transactions contemplated thereunder (including the caps of the transaction amount) shall be subject to the approval by the independent shareholders of the Company; the effective period will be up to 31 December 2023.

FINANCIAL SERVICE AGREEMENT

Pursuant to the Financial Service Agreement intended to be signed, Baowu Finance Company and the Company agree to conduct cooperation in financial business based on the principles of legal compliance, equality and voluntariness, controllable risk and mutual benefit and Baowu Finance Company would provide relevant financial services to the Company.

PROPOSED CONTENT OF THE FINANCIAL SERVICE AGREEMENT

Baowu Finance Company agrees to provide the Company with the services as follows:

1. Comprehensive credit services

Credit and financing services include but are not limited to project-financing loans, loan commitment letter, current fund loans, bill acceptance, commercial bill discount, letter of credit, inward documentary bills, shipping guarantee, merger and acquisition loans; the specific business types and credit limit are subject to the relevant contract document signed by the parties upon the consideration and approval of the credit by Baowu Finance Company.

In respect to the aforementioned comprehensive credit services, as of 31 December 2023, the maximum daily credit limit provided to the Company by Baowu Finance Company would be RMB2 billion.

2. Treasury management services

Treasury management services include settlement transaction service, deposit service, cash sweeping service and foreign exchange financial service.

In respect to the aforementioned deposit service under the treasury management services, as of 31 December 2023, the maximum daily balance limit for deposit cash of deposit service provided to the Company by Baowu Finance Company would be RMB2 billion.

3. Other financial services

- (a) Financial advisory services: to provide professional financial advisory service. As per the financial demand in the business activities of the Company and its subsidiaries, such as investment, financing, merger and acquisition and reorganization, Baowu Finance Company would form a financial advisory team for specific project to provide special financial advisory service.
- (b) Information advisory services: leveraging on its own resource advantage and experience, Baowu Finance Company would provide the Company training and information advisory service with various topics in accordance with the Company's financial needs during the course of its business development and the actual circumstance.
- (c) Other financial services: other business cooperation models recognized by the parties would be added in accordance with their needs during the course of their business development.

In respect to the treasury management services (other than deposit service) under item 2 as well as the other financial services under item 3 mentioned above, as of 31 December 2023, the maximum annual limit of the service charges for services provided to the Company by Baowu Finance Company would be RMB1 million (other than acceptance charge, settlement handling fee, handling fee for opening letter of credit and other fees charged by banks on behalf).

The resolution in relation to the Financial Service Agreement together with the transactions contemplated thereunder (including the caps of the transaction amount) shall be subject to the approval by the independent shareholders of the Company; the effective period will be up to 31 December 2023.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Chongqing Changshou Iron & Steel Company Limited (“**Changshou Iron & Steel**”) is interested in approximately 23.51% of the issued share capital of the Company and is the substantial shareholder of the Company. China Baowu has the control of 65% equity interest in Changshou Iron & Steel by the acting in concert agreement with Chongqing Strategic Emerging Equity Investment Fund Partnership (Limited Partnership). China Baowu is the indirect controlling shareholder of Changshou Iron & Steel and is accordingly an indirect substantial shareholder of the Company, i.e., a connected person under Chapter 14A of the Listing Rules, as well as the de facto controller of the Company as defined under the listing rules of the Shanghai Stock Exchange. Given that Baowu Finance Company is a controlled company of China Baowu, Baowu Finance Company is also a connected person under Chapter 14A of the Listing Rules. Upon the signing of the Service and Supply Agreement and Financial Service Agreement, the transactions contemplated under the Service and Supply Agreement and Financial Service 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.

The Service and Supply Agreement and Financial Service Agreement are 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 or Baowu Finance Company in respect of the matters aforesaid.

By order of the Board
Chongqing Iron & Steel Company Limited
Liu Jianrong
Chairman

Chongqing, the PRC, 20 March 2021

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