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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)

CONTINUING CONNECTED TRANSACTIONS SERVICE AND SUPPLY AGREEMENT AND FINANCIAL SERVICE AGREEMENT

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

MESSIS 大有融資

CONTINUING CONNECTED TRANSACTIONS

Given that the Original Service and Supply Agreement and the Original Financial Service Agreement will expire on 31 December 2026, the Company convened a meeting of the Board on 11 November 2026, at which the relevant resolutions on the entering into of the Service and Supply Agreement and the Financial Service Agreement by the Company with China Baowu and Baowu Finance Company, respectively, were considered and approved, pursuant to which the Group will continue to provide materials and services to China Baowu Group, and China Baowu Group will continue to provide materials and services to the Group, and Baowu Finance Company will provide relevant financial services to the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Baowu controls approximately 35.07% of the issued share capital of the Company, among which 1.35% is directly held by China Baowu and 33.72% is indirectly controlled or held by China Baowu through the corporations controlled by it. 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 Finance Company is a company controlled by China Baowu, Baowu Finance Company is also a connected person under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Service and Supply Agreement and the Financial Service Agreement constitute continuing connected transactions of the Company. As the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the Service and Supply Agreement and for the deposit services under the Financial Service Agreement are more than 5%, the transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, under the Financial Service Agreement, (1) the deposit services also constitute provision of financial assistance under Rule 14.04(1)(e) of the Listing Rules. As the applicable percentage ratios in respect of the maximum cap on daily balance of deposits of the deposit services under the Financial Service Agreement exceed 5% but are less than 25%, such transactions also constitute discloseable transactions of the Company under Rule 14.06(2) of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; (2) as the credit services are conducted on normal commercial terms or better and are not secured by any of the Group's assets, pursuant to Rule 14A.90 of the Listing Rules, such credit services are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (3) as the proposed annual caps for the settlement services and other financial services are relatively small and all the applicable percentage ratios (other than the profits ratio) under the Listing Rules, calculated on an aggregate basis with reference to the annual caps, are expected to be less than 0.1%, and such transactions are conducted on normal commercial terms or better, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As additional time is required to prepare certain information for inclusion in the circular, the circular including details of the Service and Supply Agreement (including the annual caps) and the Financial Service Agreement (including the annual caps) and the transactions contemplated thereunder, the recommendation letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM to approve the Service and Supply Agreement (including the annual caps) and the Financial Service Agreement (including the annual caps) and the transactions contemplated thereunder, is expected to be dispatched to the Shareholders on or before 11 December 2026.

BACKGROUND

Given that the Original Service and Supply Agreement and the Original Financial Service Agreement will expire on 31 December 2026, the Company convened a meeting of the Board on 11 November 2026, at which the relevant resolutions on the entering into of the Service and Supply Agreement and the Financial Service Agreement by the Company with China Baowu and Baowu Finance Company, respectively, were considered and approved, pursuant to which the Group will continue to provide materials and services to China Baowu Group, and China Baowu Group will continue to provide materials and services to the Group, and Baowu Finance Company will provide relevant financial services to the Group.

MAJOR TERMS OF THE SERVICE AND SUPPLY AGREEMENT

Execution date

No later than 11 December 2026

Parties

(i) China Baowu; and

(ii) the Company

Term

From 1 January 2027 to 31 December 2029

Subject Matter

The materials and services to be provided by China Baowu Group to the Group are summarised as follows:

(a) raw materials such as iron ore, scrap steel, refractory materials, auxiliary materials (including dolomite, limestone, etc.), steel billets, coal, etc.;

(b) production materials such as materials and spare parts, equipment, water, etc.; and

(c) services such as technical services (including construction, software development and labour services, etc.), road transportation services, sanitation and greening services, etc.

The materials and services to be provided by the Group to China Baowu Group are summarised as follows:

(a) materials such as water, electricity, gas, steel billets, steel products, pig iron, solid waste, iron ore, etc.; and

(b) services such as processing, quality control, technical consultation and other technical services, etc.

Condition Precedent

The Service and Supply Agreement is conditional upon the passing of the resolution(s) approving the Service and Supply Agreement and the transactions contemplated thereunder (including the annual caps) by the Independent Shareholders at the EGM to be convened.

Price

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

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

In addition, the terms and prices for the materials or services to be sold or provided by the Group to China Baowu Group shall be no less favourable than those offered by the Group to independent third parties. The terms for the materials or services to be sold or provided by China Baowu Group to the Group shall be no less favourable than those offered by independent third parties to the Group (and, as regards price, not higher than those offered by independent third parties to the Group).

As described in the table below, the price adopted for each of the transactions under the Service and Supply Agreement is determined based on the market pricing or state-prescribed pricing. The procedures for determining the price based on the market pricing are set out in the paragraph headed "Internal Control" below.

Pricing principle	**Items**
State-prescribed pricing	Water, electricity and gas: the price is determined based on the public announcement(s) published by the Development and Reform Commission of Changshou District, Chongqing City (重慶市長壽區發展和改革委員會) from time to time (please refer to fzggw.cq.gov.cn for details), and the Group sets a uniform external settlement price
Market pricing	Iron ore, scrap steel, refractory materials, steel billets, steel products, pig iron, solid waste, coal, auxiliary materials (including dolomite, limestone, etc.), etc. — the price of iron ore is determined based on the daily quotation of the Platts Iron Ore Index, which is a benchmark assessment of the spot price of physical iron ore published by S&P Global Platts, a leading independent provider of information, benchmark prices and analytics for the energy and commodities markets; — the price of coal is determined based on the prices provided on http://www.mysteel.com; — the prices of other materials are determined based on the historical price; Services such as processing, quality control, technical consultation and other technical services (including construction, software development and labour services, etc.), road transportation services, sanitation and greening services, etc. Production materials such as materials and spare parts, equipment, etc.

Payment

The price for the provision of services or materials may be settled by one-off payment or installments. The time of payment shall be determined by the parties based on the nature of the services or materials and the usual business practice for the provision of the services or materials.

Proposed Caps of Transaction Amounts for the Continuing Connected Transactions under the Service and Supply Agreement

Pursuant to the Original Service and Supply Agreement, the historical transaction amounts (exclusive of tax) in respect of the materials and services provided by China Baowu Group to the Group for the two years ended 31 December 2025 and the six months ended 30 June 2026 are shown in the table below:

Items	Annual cap from 1 January 2024 to 31 December 2024	Actual amount from 1 January 2024 to 31 December 2024	Annual cap from 1 January 2025 to 31 December 2025	Actual amount from 1 January 2025 to 31 December 2025	Annual cap from 1 January 2026 to 31 December 2026	Actual amount from 1 January 2026 to 30 June 2026
			(RMB'0,000)			
Raw materials such as iron ore, scrap steel, refractory materials, auxiliary materials (including dolomite, limestone, etc.), steel billets, coal, etc.	2,830,000	1,020,002	3,090,000	704,939	3,200,000	185,853
Production materials such as materials and spare parts, equipment, water, etc.	92,000	54,809	96,000	66,762	100,000	37,043
Services such as technical services (including construction, software development and labour services, etc.), road transportation services, sanitation and greening services, etc.	300,000	152,957	265,000	113,882	260,000	58,535

Pursuant to the Original Service and Supply Agreement, the historical transaction amounts (exclusive of tax) in respect of the materials and services provided by the Group to China Baowu Group for the two years ended 31 December 2025 and the six months ended 30 June 2026 are shown in the table below:

Items	Annual cap from 1 January 2024 to 31 December 2024	Actual amount from 1 January 2024 to 31 December 2024	Annual cap from 1 January 2025 to 31 December 2025	Actual amount from 1 January 2025 to 31 December 2025	Annual cap from 1 January 2026 to 31 December 2026	Actual amount from 1 January 2026 to 30 June 2026
			(RMB'0,000)			
Materials such as water, electricity, gas, steel billets, steel products, pig iron, solid waste, iron ore, etc.	762,000	516,711	802,000	398,476	824,700	195,966
Services such as processing, quality control, technical consultation and other technical services, etc.	183,000	58	218,000	1,887	220,300	2,046

The proposed annual caps of amount (exclusive of tax) in respect of the materials and services to be provided by China Baowu Group to the Group under the Service and Supply Agreement for each of the three financial years from 1 January 2027 to 31 December 2029 are shown in the table below:

Items	**From 1 January 2027 to 31 December 2027**	**From 1 January 2028 to 31 December 2028**	**From 1 January 2029 to 31 December 2029**
		(RMB'0,000)	
Raw materials such as iron ore, scrap steel, refractory materials, auxiliary materials (including dolomite, limestone, etc.), steel billets, coal, etc.	1,033,100	1,276,200	1,340,000
Production materials such as materials and spare parts, equipment, water, etc.	98,100	115,500	115,500
Services such as technical services (including construction, software development and labour services, etc.), road transportation services, sanitation and greening services, etc.	196,900	215,500	215,800

The proposed annual caps of amount (exclusive of tax) in respect of the materials and services to be provided by the Group to China Baowu Group under the Service and Supply Agreement for each of the three financial years from 1 January 2027 to 31 December 2029 are shown in the table below:

Items	**From 1 January 2027 to 31 December 2027**	**From 1 January 2028 to 31 December 2028**	**From 1 January 2029 to 31 December 2029**
		(RMB'0,000)	
Materials such as water, electricity, gas, steel billets, steel products, pig iron, solid waste, iron ore, etc.	884,100	1,084,200	1,130,600
Services such as processing, quality control, technical consultation and other technical services, etc.	5,550	6,350	7,150

Basis for Determining the Caps

In determining the proposed annual caps, the Company has estimated (a) the potential demand for the relevant materials and services from China Baowu Group; (b) the potential sales amount of materials to China Baowu Group; and (c) the future prices of relevant products, materials and services, after taking into account (i) the production plan of the Group for the three years ending 31 December 2029; (ii) the historical average purchase prices of the Group for similar products or services in the domestic market; and (iii) the Platts Iron Ore Index. The details are set out below:

Procurement of materials and services by the Group from China Baowu Group:

Raw materials

Of the proposed annual caps for raw materials such as iron ore, scrap steel, refractory materials, steel billets, coal, the trading volume of iron ore is expected to account for approximately 84% or more of the Group's total demand for iron ore. Whilst the estimated prices of the various materials are expected to remain stable throughout the three-year period from 2027 to 2029, the proposed annual caps for 2027 to 2029 represent a slight increase as compared with the actual amounts incurred from 2024 to 2026. With reference to the production plan of the Group, the Group is expected to procure approximately 7.7 million tonnes, 9.1 million tonnes and 9.1 million tonnes of iron ore in 2027, 2028 and 2029, respectively. The actual amounts incurred from 2024 to 2026 were lower than the historical caps, mainly because (a) the transaction scale of products, materials and services with China Baowu Group was estimated by the Company based on the steel output of 10.5 million tonnes, 10.8 million tonnes and 11 million tonnes for 2024, 2025 and 2026, respectively, whereas the actual steel output for 2024 and 2025 amounted to 7.58 million tonnes and 7.23 million tonnes, respectively, representing a reduction from the output anticipated at the time, which resulted in a corresponding reduction in the historical transaction scale; and (b) the prices of ore in the past three years declined more significantly than the levels assumed at the time of the estimates, with the average ore price falling by nearly 10%, which resulted in a corresponding decrease in the transaction amounts.

Production materials

Due to changes in the subsidiaries of China Baowu Group in 2025, an average annual procurement of RMB600 million of production materials has been added during the forecast period. Accordingly, the proposed annual caps for purchase of production materials such as materials and spare parts, equipment, water, gas from 2027 to 2029 represent a significant increase as compared with the actual amounts incurred from 2024 to 2026.

Services

The proposed annual caps for receipt of services (including construction, software development and labour services, etc.), road transportation services and sanitation and greening services, etc. represent an increase as compared with the historical transaction amounts from 2024 to 2026. Due to the professional integration with China Baowu Group and for better utilization of resources, more services will be acquired from China Baowu Group. For example, the demand for software development services and labour services is expected to increase. The estimated transaction amounts for construction services will be approximately RMB889 million, RMB884 million and RMB887 million in 2027, 2028 and 2029, respectively. The estimated transaction amounts for labour services will be approximately RMB681 million, RMB801 million and RMB801 million in 2027, 2028 and 2029, respectively, which are determined with reference to the historical transaction amounts (i.e. RMB559 million, RMB611 million and RMB377 million in 2024, 2025 and the first half of 2026, respectively).

Sale of materials and services by the Group to China Baowu Group:

Production materials

The proposed annual caps for sale of production materials to China Baowu Group represent a significant increase as compared with the actual amounts incurred from 2024 to 2026. Affected by the downturn in the steel market, the expansion of the Company's business through its existing sales channels has been constrained, and the Group will intensify the utilization of the Group's sales platform resources, leverage the advantages of the platform to expand the market and actively respond to market pressure. As the Group has accelerated the construction of the industrial park in the plant area to provide more ancillary products (e.g. electricity) to China Baowu Group within the plant area, in respect of sales of water, electricity and gas, the estimated transaction amounts for sales of water, electricity and gas will be approximately RMB770 million, RMB906 million and RMB906 million in FY2027, FY2028 and FY2029, respectively.

Services

In order to utilize the idle assets of the Group, the Group has accelerated the construction of the industrial park. It is expected that the transaction amounts for the provision of services to China Baowu Group in 2027, 2028 and 2029 will be approximately RMB56 million, RMB64 million and RMB72 million, respectively.

REASONS FOR ENTERING INTO THE SERVICE AND SUPPLY AGREEMENT

The entering into of the Service and Supply Agreement between the Company and China Baowu is conducive to the Company's leveraging China Baowu's brand, advantages, channels and resources to ensure stable and reliable supply of materials and services at a reasonable price, thereby contributing to the Company's production stability, cost reduction and efficiency enhancement. On the one hand, the entering into of the Service and Supply Agreement with China Baowu will enable the Group to obtain the aforementioned materials and services, which will help ensure the stability and continuity of the Group's future production; on the other hand, based on the aforementioned transaction and pricing principle, the connected transaction will have a positive impact on the Group.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider that the Service and Supply Agreement will be entered into in the ordinary and usual course of business of the Company after negotiation on an arm's length basis between the parties thereto, and the terms of the Service and Supply Agreement (including the annual caps) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

MAJOR TERMS OF THE FINANCIAL SERVICE AGREEMENT

Execution date

No later than 11 December 2026

Parties

(i) Baowu Finance Company; and

(ii) the Company

Term

From 1 January 2027 to 31 December 2029

Subject Matter and Proposed Caps of Transaction Amounts

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

Settlement services

The Group opens a settlement account with Baowu Finance Company, and Baowu Finance Company will provide collection and payment services and other auxiliary services related to settlement business as per the Group's instructions. Up to 31 December 2029, the maximum annual cap of the service charges for settlement services to be provided by Baowu Finance Company to the Group shall be RMB0.2 million (other than acceptance charge, settlement handling fee, handling fee for opening letter of credit and other bank-collected charges).

As the proposed annual cap for the settlement services is relatively small and all the applicable percentage ratios (other than the profits ratio) under the Listing Rules, calculated on an aggregate basis with reference to the annual caps, are expected to be less than 0.1%, and such transactions are conducted on normal commercial terms or better, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Deposit services

The Group opens a settlement account with Baowu Finance Company and deposits funds into the deposit account so opened, on the principle of free deposit and withdrawal of funds. Up to 31 December 2029, the maximum cap on daily balance of deposits of deposit services to be provided by Baowu Finance Company to the Group shall be RMB2 billion (inclusive of interest).

The proposed cap is determined with reference to (a) the historical amounts of deposits of the Group with Baowu Finance Company from 2024 to 2026, which increased significantly in 2025 and 2026; (b) the need for additional financing and for conducting more financing through the capital market, in order to accommodate the development of the Group; and (c) the proposed annual caps of the deposit services under the Financial Service Agreement, as a percentage of the Group's total cash balances as at 30 September 2026, being within the market range.

Credit services

Baowu Finance Company provides comprehensive credit services for the Group, including loans, bill acceptance, bill discounting and other types of financial services. With regard to the above-mentioned credit services, up to 31 December 2029, the maximum cap on daily credit limit to be provided by Baowu Finance Company to the Group shall be RMB2 billion (inclusive of interest). As the credit services are conducted on normal commercial terms or better and are not secured by any of the Group's assets, pursuant to Rule 14A.90 of the Listing Rules, such credit services are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other financial services

Baowu Finance Company may provide other financial services to the Group within the scope of its business, and the parties shall negotiate and sign a separate agreement before the provision of other financial services. Up to 31 December 2029, the maximum annual cap of the service charges for other financial services to be provided by Baowu Finance Company to the Group shall be RMB1 million (other than acceptance charge, settlement handling fee, handling fee for opening letter of credit and other bank-collected charges).

As the proposed annual cap for other financial services is relatively small and all the applicable percentage ratios (other than the profits ratio) under the Listing Rules, calculated on an aggregate basis with reference to the annual caps, are expected to be less than 0.1%, and such transactions are conducted on normal commercial terms or better, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The historical transaction amounts (exclusive of tax) in respect of the services that Baowu Finance Company agreed to provide to the Group under the Original Financial Service Agreement are shown in the table below:

Items	Annual cap from 1 January 2024 to 31 December 2024	Actual amount from 1 January 2024 to 31 December 2024	Annual cap from 1 January 2025 to 31 December 2025	Actual amount from 1 January 2025 to 31 December 2025	Annual cap from 1 January 2026 to 31 December 2026	Actual amount from 1 January 2026 to 30 September 2026
			(RMB'0,000)			
Settlement services (other than acceptance charge, settlement handling fee, handling fee for opening letter of credit and other bank-collected charges): the maximum caps of the service charges	20	0	20	0	20	0
Deposit services: the maximum cap on daily balance of deposits (inclusive of interest)	200,000	114,131	200,000	137,603	200,000	117,649
Credit services: the maximum cap on daily credit limit (inclusive of interest)	200,000	88,875	200,000	158,733	200,000	157,389
Other financial services (other than acceptance charge, settlement handling fee, handling fee for opening letter of credit and other bank-collected charges): the maximum caps of the service charges	100	0	100	0	100	0

Condition Precedent

The Financial Service Agreement is conditional upon the passing of the resolution(s) approving the Financial Service Agreement and the transactions contemplated thereunder (including the caps of transaction amounts) by the Independent Shareholders at the EGM to be convened.

Price

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

Transaction description	**Pricing principle**
Settlement services	The fees to be charged by Baowu Finance Company for providing various settlement services to the Group shall be negotiated between both parties in accordance with the guidance on fee charging issued by the People's Bank of China and on market-based principles.
Deposit services	The deposit rates for the deposit services provided by Baowu Finance Company to the Group shall be determined in accordance with the deposit rates for deposits of the same type for the same period uniformly promulgated by the People's Bank of China, and shall not be lower than the average deposit rates for deposits of the same type for the same period of the four major domestic banks in the PRC (namely, Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank).
Credit services	The preferential credit interest rates and fee rates for the credit business including loans, bills acceptance, bills discounting to be provided by Baowu Finance Company to the Group, shall be determined through negotiation with reference to the level of the credit interest rates and fee rates available to the Group from other major domestic financial institutions for the same type of credit business of the same period and the same grade.

Other financial services	The fees to be charged by Baowu Finance Company for providing other financial services to the Group shall follow the principles of fairness and reasonableness and shall be determined by both parties through negotiation in accordance with the market-based principles.

REASONS FOR ENTERING INTO THE FINANCIAL SERVICE AGREEMENT

The renewal of the Financial Service Agreement between the Company and Baowu Finance Company is conducive to broadening the Group's financing channels, optimizing the Company's financial management, improving the fund utilization efficiency and reducing the financing costs and risks. The transactions contemplated under the Financial Service Agreement will strictly comply with the transaction principles of voluntariness, equality, integrity and fairness, will not prejudice the interests of the Company and the Shareholders, nor will they affect the independence of the Company or the Company's ability to continue as a going concern.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider that the Financial Service Agreement will be entered into in the ordinary and usual course of business of the Company through negotiation on an arm's length basis between the parties thereto, and the terms of the Financial Service Agreement (including the annual caps) and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY, CHINA BAOWU AND BAOWU FINANCE COMPANY

The Company is principally engaged in the production and sale of hot rolled sheets, medium and heavy plates, steel billets, steel by-products and coke, coal chemical products, water granulated slag, etc.

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 covers engaging in investment activities with self-owned funds; investment management; asset management services with self-owned funds; enterprise headquarters management; land use right leasing; non-residential real estate leasing; human resources services; enterprise management consulting, etc.

Baowu Finance Company is a company controlled by China Baowu. Its business scope covers absorbing deposits from member units; handling borrowing of member units; handling discounted notes of member units; handling fund settlement and payment of member units; providing the businesses of entrusted borrowings, bond underwriting, non-financing letters of guarantee, financial advisory, credit verification and consulting agency to member units; engaging in interbank lending; handling bill acceptance of member units, etc.

The percentages of shareholding of Baowu Finance Company are set out below:

Name of shareholder	**Percentages of shareholding**
China Baowu	24.32%
Maanshan Iron & Steel Company Limited	22.36%
Baoshan Iron & Steel Co., Ltd.	16.97%
Taiyuan Iron & Steel (Group) Co., Ltd.	12.58%
Shanxi Taigang Stainless Steel Co., Ltd.	12.08%
Wuhan Iron & Steel Co., Ltd.	9.48%
Maanshan Iron & Steel (Group) Holding Co., Ltd.	2.21%

INTERNAL CONTROL

Pursuant to the latest "Administrative Measures of Connected Transactions" of the Company, the audit and risk committee of the Board is responsible for the on-going monitoring of all connected transactions of the Company. The finance department of the Company is the comprehensive management department for connected transactions and shall report to the audit and risk committee. The finance department is responsible for the daily management of connected parties; preparation of the reporting materials regarding the information of connected parties; assisting in the signing or revising of connected transaction agreements; determining the pricing principles for connected transactions; investigating market prices; formulating the caps of connected transactions, tracking and analyzing the implementation of the caps; assisting in the reporting and approval procedures of connected transactions; providing opinion on the legality, necessity, and fairness of new connected transactions; collecting actual figures of connected transactions, and formulating information disclosure materials for connected transactions, etc.

The finance department of the Company shall, based on the annual caps under the relevant connected transaction agreements, formulate the caps control plan for connected transactions for each operation unit. It shall track the amount of connected transactions every month and calculate the statistics by categories under the relevant connected transaction agreements. If the cumulative amount of a particular category reaches 60% of the annual cap, the finance department shall provide an early warning to the operation unit and evaluate whether the annual cap amount may be exceeded.

The finance department of the Company will carry out pricing management. It will lead the relevant managing department of each specialty to conduct research on market prices for the continuing connected transactions involving the provision of products and services by China Baowu Group to the Group. Open market prices will be obtained through quotations from independent third party service providers, including recent transaction prices of the Group with independent third parties, enquiry with industry players, research on industry websites, and attending events and gatherings organised by industrial associations. The Company will obtain at least two quotations from independent third party service providers. The market price information will be circulated by the finance department to other departments and subsidiaries of the Group to facilitate the determination of prices for the continuing connected transactions.

For the continuing connected transactions involving provision of products and services by China Baowu Group to the Group, it is the Group's policy to request service providers, including China Baowu Group and other independent service providers, to provide quotations in respect of the requested services and products. Following the receipt of quotations from China Baowu Group and other independent service providers, the Group will compare and negotiate the terms of quotations with service providers, and determine the selection of service providers by taking into account factors such as price quotations, quality of the products and services, ability of the service providers in meeting technical specifications and delivery schedules, and qualification and relevant experiences of the service providers. The contract will be awarded to the service provider who offers the best commercial terms and technical terms to the Company. Other than obtaining quotations, the Group may award a contract through a tender process, and there should be no less than three tenderers participating in the tender process. The contract will be awarded to the service provider after assessment based on the criteria as set out above. The Company will try to obtain as many quotations and/or tenders as possible for the Company's interest. Accordingly, China Baowu Group may or may not be awarded the contracts.

For the continuing connected transactions involving the provision of products by the Group to China Baowu Group, as mentioned above, the price shall be determined based on state-prescribed price or market price (as appropriate) with reference to the market price information collected from (i) internal database maintained by the operation departments of the Company on the basis of the recent invoices issued to independent third parties and (ii) leading websites providing information regarding iron and steel such as www.mysteel.com and www.steelhome.cn, and shall not be lower than the price of the same type of products or services provided by the Group to independent third parties.

For the continuing connected transactions involving provision of financial services by Baowu Finance Company to the Group, in order to protect the interests of the Shareholders, the Group has adopted certain internal control procedures and corporate governance measures to regulate the utilization of financial services under the Financial Service Agreement. For instance, after the end of each year, the Company will request Baowu Finance Company to provide sufficient information, including the audited financial statements, to enable the Company to review and assess the financial condition of Baowu Finance Company. If the Company considers that there is any material adverse change in the financial condition of Baowu Finance Company, it will take appropriate measures (including early withdrawal of deposits) to safeguard its assets.

When any member of the Group enters into major sub-contracts pursuant to the agreements, the above pricing management procedures shall be followed in order to determine the price in those contracts.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Baowu controls approximately 35.07% of the issued share capital of the Company, among which 1.35% is directly held by China Baowu and 33.72% is indirectly controlled or held by China Baowu through the corporations controlled by it. 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 Finance Company is a company controlled by China Baowu, Baowu Finance Company is also a connected person under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Service and Supply Agreement and the Financial Service Agreement constitute continuing connected transactions of the Company. As the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the Service and Supply Agreement and for the deposit services under the Financial Service Agreement are more than 5%, the transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, under the Financial Service Agreement, (1) the deposit services also constitute provision of financial assistance under Rule 14.04(1)(e) of the Listing Rules. As the applicable percentage ratios in respect of the maximum cap on daily balance of deposits of the deposit services under the Financial Service Agreement exceed 5% but are less than 25%, such transactions also constitute discloseable transactions of the Company under Rule 14.06(2) of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; (2) as the credit services are conducted on normal commercial terms or better and are not secured by any of the Group's assets, pursuant to Rule 14A.90 of the Listing Rules, such credit services are fully exempt from the reporting, announcement, annual review and

independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (3) as the proposed annual caps for the settlement services and other financial services are relatively small and all the applicable percentage ratios (other than the profits ratio) under the Listing Rules, calculated on an aggregate basis with reference to the annual caps, are expected to be less than 0.1%, and such transactions are conducted on normal commercial terms or better, pursuant to Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Huxiang and Mr. Lin Changchun, who have positions in or are connected with China Baowu Group, have abstained from voting on the relevant Board resolutions for the approval of the Service and Supply Agreement (including the annual caps) and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has any material interest in the Service and Supply Agreement (including the annual caps), the Financial Service Agreement (including the annual caps) and the transactions contemplated thereunder, and therefore none of the other Directors has abstained from voting on the relevant Board resolutions.

An EGM will be convened, at which resolution(s) will be proposed to seek the approval of the Independent Shareholders by way of poll for the Service and Supply Agreement (including the annual caps) and the Financial Service Agreement (including the annual caps) and the transactions contemplated thereunder. China Baowu and its associate(s) as defined under the Listing Rules will abstain from voting thereon.

An Independent Board Committee has been formed by the Company to make recommendations to the Independent Shareholders as to whether the terms of the Service and Supply Agreement and the Financial Service Agreement are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders on how to vote after taking into account the recommendation from the Independent Financial Adviser. Messis Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

GENERAL

As additional time is required to prepare certain information for inclusion in the circular, the circular including details of the Service and Supply Agreement (including the annual caps) and the Financial Service Agreement (including the annual caps) and the transactions contemplated thereunder, the recommendation letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM to approve the Service and Supply Agreement (including the annual caps) and the Financial Service Agreement (including the annual caps) and the transactions contemplated thereunder, is expected to be dispatched to the Shareholders on or before 11 December 2026.

DEFINITIONS

The following defined terms are used in this announcement:

"Baowu Finance Company"	Baowu Group Finance Co., Ltd., a company incorporated in the PRC with limited liability
"Board"	the board of Directors of the Company
"China Baowu"	China Baowu Steel Group Corporation Limited, a company incorporated in the PRC with limited liability, being a state-owned capital investment company wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council
"China Baowu Group"	China Baowu and its associate(s) (excluding the Group)
"Company"	Chongqing Iron & Steel Company Limited, a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of approving, among other things, the Service and Supply Agreement (including the annual caps) and the Financial Service Agreement (including the annual caps) and the transactions contemplated thereunder
"Financial Service Agreement"	the financial service agreement proposed to be entered into between the Company and Baowu Finance Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a board committee comprising three independent non-executive Directors, namely Mr. Sheng Xuejun, Ms. Tang Ping and Mr. Guo Jiebin

"Independent Financial Adviser" or "Messis Capital"	Messis Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Service and Supply Agreement and the Financial Service Agreement
"Independent Shareholder(s)"	Shareholder(s) other than China Baowu and its associate(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Original Financial Service Agreement"	the financial service agreement dated 10 November 2023 entered into between the Company and Baowu Finance Company
"Original Service and Supply Agreement"	the service and supply agreement dated 10 November 2023 entered into between the Company and China Baowu
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Service and Supply Agreement"	the service and supply agreement proposed to be entered into between the Company and China Baowu
"Shareholder(s)"	holder(s) of shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	percent

By order of the Board
Chongqing Iron & Steel Company Limited
Kuang Yunlong
Secretary to the Board

Chongqing, the PRC, 11 November 2026

As at the date of this announcement, the Directors of the Company are: Mr. Wang Huxiang (Executive Director), Mr. Kuang Yunlong (Executive Director), Mr. Chen Yingming (Executive Director), Mr. Lin Changchun (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Ms. Tang Ping (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).