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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 SUPPLEMENTAL AGREEMENT**

Reference is made to the announcement of the Company dated 21 August 2021 in relation to the Original Agreement with Sichuan Desheng, whereby the Company agreed to sell products or materials to Sichuan Desheng.

On 15 October 2021, the Company entered into the Service and Supply Supplemental Agreement with Sichuan Desheng, whereby the Company agreed to add the business type of “consigned processing and other services” to be provided to Sichuan Desheng and adjust the sales of other products. It also agreed that the total amount of products or materials and consigned processing and other services provided to Sichuan Desheng shall not exceed RMB992.25 million during the period from 1 August 2021 to 31 December 2021. Except for the above changes, the other terms of the Original Agreement shall remain unchanged.

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

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

SERVICE AND SUPPLY SUPPLEMENTAL AGREEMENT

Background

According to the Company's production and operation needs, the Company entered into the Original Agreement with Sichuan Desheng on 20 August 2021, pursuant to which the Company agreed that the total amount of products or materials sold to Sichuan Desheng will not exceed RMB987 million for the period from 1 August 2021 to 31 December 2021.

Due to the adjustment to the production and operation of the Company, the Company entered into the Service and Supply Supplemental Agreement with Sichuan Desheng, whereby the Company agreed to add the business type of "consigned processing and other services" to be provided to Sichuan Desheng and adjust the sales of other products. It also agreed that the total amount of products or materials and consigned processing and other services provided to Sichuan Desheng shall not exceed RMB992.25 million during the period from 1 August 2021 to 31 December 2021. Except for the above changes, the other terms of the Original Agreement shall remain unchanged.

The Company confirmed that as of the date of this announcement, the transaction amount under the Original Agreement has not exceeded the existing cap.

Date

15 October 2021

Parties

- (1) the Company
- (2) Sichuan Desheng

Major Target

The Company provides Sichuan Desheng with coke, pig iron, iron ore and other products or materials and consigned processing and other services.

Term of Transaction

From 1 August 2021 to 31 December 2021.

Changes of Agreement

Subject to the Service and Supply Supplemental Agreement, the Company agreed to add the business type of “consigned processing and other services” to be provided to Sichuan Desheng and to adjust the sales of other products. It also agreed that the total amount of products or materials and consigned processing and other services to be provided to Sichuan Desheng shall not exceed RMB992.25 million during the period from 1 August 2021 to 31 December 2021. Except for the above changes, the other terms of the original agreement shall remain unchanged.

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

Type	Number (0'000 tones)	Unit Price (RMB/tones)	Amount (RMB0'000)
Coke	6	3,850	23,100
Pig iron	7.5	3,750	28,125
Iron ore	4	1,000	4,000
Consigned processing and other services	20	2,200	44,000
Total	<u> / </u>	<u> / </u>	<u> 99,225 </u>

PRICE DETERMINATION

1. The pricing principle of connected transaction shall be in accordance with the principle of fairness and impartiality, and the agreement shall be entered into with appropriate, reasonable and fair pricing methods.
2. The state guidance price shall be used whenever available; or if no state guidance price can be taken as a reference, market price shall be used upon the agreement between both parties made on an arm's length basis, and the price shall be adopted based on general commercial terms and by reference to comparable market transaction price.
3. The price regarding the products or materials and consigned processing and other services to be provided by the Company to Sichuan Desheng shall not be lower than the price of the same type of products or materials and consigned processing and other services sold by the Company to independent third parties.

4. The Company undertakes to sell products or materials and consigned processing and other services to Sichuan Desheng with the standards and conditions not lower than that of selling similar type of products or materials consigned processing and other services to independent third parties.

PAYMENT

The payment shall be made in accordance with the Company's sales policy.

REASONS FOR ENTERING INTO THE SERVICE AND SUPPLY SUPPLEMENTAL AGREEMENT

The entering into of the agreement between the Company and Sichuan Desheng will facilitate the sustainable and stable development of the Company. The connected transaction has a positive impact on the Company under the aforementioned transactions and pricing policy.

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

INFORMATION OF THE COMPANY AND SICHUAN DESHENG

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

Sichuan Desheng is principally engaged in the production of steel reinforcement products for construction; road cargo transportation (excluding dangerous goods); various engineering construction activities; power generation, transmission and supply business. (The projects, subject to approval in accordance with the laws, shall be operated only upon receipt of approval from relevant administrative authorities. The specific operation projects shall be subject to the approval documents or permits of the relevant administrative authorities.) General projects: manufacture of basic chemical raw materials (excluding manufacturing of licensed chemical such as hazardous chemicals); steel and iron smelting; steel rolling and processing; processing of mechanical parts and components; sales of metal materials; sales of mechanical equipment; sales of metal ores; sales of building materials; sales of chemical products (excluding licensed chemical products); sales of synthetic materials; hardware products retail; loading, unloading and handling; general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval); operation of road cargo transportation stations; repair and maintenance of motor vehicles; auto parts and

accessories retail; technology service, development, consultation, exchange, transfer and promotion; heat production and supply. Its ultimate beneficial owner is Mr. Song De An, the vice chairman of the Company.

CONSIDERATION OF THE BOARD

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

LISTING RULES IMPLICATIONS

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

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

DEFINITIONS

The following defined terms are used in this announcement:

“Board”	the board of Directors
“Company”	Chongqing Iron & Steel Company Limited, a company incorporated in PRC with limited liability and the shares of which are listed on Stock Exchange
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Agreement”	the supply agreement dated 20 August 2021 entered into between the Company and Sichuan Desheng
“PRC”	the People’s Republic of China
“RMB”	renminbi, the lawful currency of the PRC
“Shareholders”	Holder(s) of shares of the Company
“Service and Supply Supplemental Agreement”	the service and supply supplemental agreement dated 15 October 2021 entered into between the Company and Sichuan Desheng
“Sichuan Desheng”	Sichuan Desheng Group Vanadium & Titanium Co., Ltd., a company limited by shares incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Chongqing, the PRC, 16 October 2021

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