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## **Chongqing Iron & Steel Company Limited** **重慶鋼鐵股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
*(在中華人民共和國註冊成立的股份有限公司)*

(Stock Code: 1053)

### **POSSIBLE CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE**

This announcement is made by Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 21 December 2021, the Resolution on Formation of Joint Venture and Related Party Transaction between the Company and Baosteel Resources Holdings (Shanghai) Co., Ltd. was voted and approved at the 6<sup>th</sup> meeting of the ninth session of the board of directors and the 5<sup>th</sup> meeting of the ninth session of the board of supervisors of the Company, pursuant to which the Company was approved to enter into the joint venture contract (“**JV Contract**”) with Baosteel Resources Holdings (Shanghai) Co., Ltd. (寶鋼資源控股(上海)有限公司) (“**Baosteel Resources**”) to jointly contribute and establish a joint venture company (“**JV Company**”) named as Baowu Jingcheng (Zhoushan) Mining Technology Co., Ltd. (寶武精成(舟山)礦業科技有限公司).

### **PROPOSED CONTENTS OF THE JV CONTRACT**

#### **(I) Date of the Signature**

The JV Contract is proposed to be signed upon completion of the internal approval procedures by both parties.

#### **(II) Parties to the Contract**

The Company and Baosteel Resources.

### (III) JV Company

The place of the incorporation of the JV Company is proposed to be No. 304–237, Ganghang Building, Majishan Port Area, Caiyuan Town, Shengsi County, Zhoushan City, China (Zhejiang) Pilot Free Trade Zone. The scope of operation principally includes mineral washing and processing; beneficiation; loading, unloading and handling; general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval); domestic freight forwarder; international freight forwarder; domestic trade agency; import and export agency; trade brokerage; customs declaration business; engineering and technical research and test development; technology services, technology development, technology consultation, technology exchange, technology transfer and technology promotion. (Except for items that are subject to approval in accordance with the laws, the business activities shall be conducted independently with the business licences in accordance with the laws)

### (IV) Governance Structure

The shareholders are the investors of the JV Company. The shareholders' meeting of the JV Company is proposed to be composed of all the shareholders and is the authority of the JV Company.

The board of directors of the JV Company is proposed to be composed of five directors, three from Baosteel Resources, one from the Company and one employee director; the chairman shall be recommended by Baosteel Resources; the JV Company will not form a board of supervisors, but will appoint a supervisor. The JV Company will have one general manager, one deputy general manager and one chief financial officer (to be allocated and adjusted in accordance with business development needs).

### (V) Equity Structure

The proposed registered capital of the JV Company is RMB180 million, of which: Baosteel Resources will subscribe for capital contribution of RMB145.8 million in cash (RMB), representing 81% of the registered capital; the Company will subscribe for capital contribution of RMB34.2 million in cash (RMB), representing 19% of the registered capital.

Equity structure:

Shareholder Name	Proportion of Contribution (%)	Means of Contribution	Subscribed Capital Contribution (RMB 0'000)
The Company	19	cash (RMB)	3,420
Baosteel Resources	81	cash (RMB)	14,580
<b>Total</b>	<b>100</b>	<b>/</b>	<b>18,000</b>

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

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

Within one month after the registration of the JV Company, both parties to the joint venture shall pay in full their respective subscribed capital contributions.

#### **(VI) Arrangements Related to Equity Structure**

Any one of the parties has the right to transfer its equity held in the JV Company to its related parties, and the other JV party hereby agrees to waive its pre-emptive right.

In order to enhance the competitiveness of the JV Company in the mixed ore market, both parties agreed that after the establishment of the JV Company, an external investor will be introduced by Baosteel Resources transferring 30% of the equity interests in the JV Company held by it. The external investor promised to provide project users with continuous and stable guarantee of high-quality iron ore raw materials. The Company agrees to waive its pre-emptive right.

#### **(VII) Effectiveness of the Contract**

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

### **PURPOSE AND IMPACT OF THE TRANSACTION**

After the Company and Baosteel Resources jointly invested in the JV Company, the JV Company is proposed to lease the site of Baoshan Iron & Steel Co., Ltd. in Majishan Port and provide professional fine-mixing and blending ore processing services. The JV Company is expected to have a production capacity of 20 million tons per year, which may reduce the pressure of environmental protection, ensure the supply of materials, optimize the logistics, and focus on the main business, which are in line with the needs of the Company's future development plan. The investment in the JV Company is conducive to the sustainable development of the Company, and will not have an adverse impact on the financial and operating conditions of the Company, and will not impair the interests of the Company and shareholders.

## LISTING RULES IMPLICATIONS

As of the date of this announcement, China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司) (“**China Baowu**”) is interested in approximately 24.97% of the issued share capital of the Company, of which 1.46% is directly held by China Baowu and 23.51% is indirectly controlled by China Baowu through Chongqing Iron & Steel Company Limited (重慶長壽鋼鐵有限公司) (“**Changshou Iron & Steel**”). China Baowu controls 65% of equity interests in Changshou Iron & Steel by the acting in concert agreement with Chongqing Strategic Emerging Equity Investment Fund Partnership (Limited Partnership) (重慶戰略性新興產業股權投資基金合夥企業(有限合夥)). China Baowu is an indirect controlling shareholder of Changshou Iron & Steel, and therefore, China Baowu is an indirect substantial shareholder of the Company, i.e. a connected person under Chapter 14A of the Listing Rules. Given that Baosteel Resources is a company controlled by China Baowu, Baosteel Resources is also a connected person under Chapter 14A of the Listing Rules. Upon the signing of the JV Contract, the transactions contemplated under the JV Contract will constitute connected transactions under the Listing Rules of the Company, and the Company shall be subject to the relevant disclosure and/or Shareholders’ approval requirements under the Listing Rules.

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

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

Chongqing, the PRC, 22 December 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).*