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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)

- (1) PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBER UNDER SPECIFIC MANDATE;**
- (2) CONNECTED TRANSACTION INVOLVING SUBSTANTIAL SHAREHOLDER SUBSCRIBING FOR NEW A SHARES;**
- (3) APPLICATION FOR WHITEWASH WAIVER;**
- POSSIBLE MANDATORY GENERAL OFFER AND COMMENCEMENT OF OFFER PERIOD; AND**
- (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Independent Financial Adviser to the Listing Rules Independent Board Committee, the Code Independent Board Committee and the Independent Shareholders

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
法博資本有限公司

PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBER UNDER SPECIFIC MANDATE

On 19 December 2025, the Board approved the Issuance of A Shares to Specific Target Subscriber, pursuant to which the Company shall issue no more than 757,575,757 A Shares to Hwabao Investment at the Issue Price. The expected proceeds (before deduction of relevant issuance expenses) shall not exceed RMB1 billion (subject to regulatory approval).

Based on the Issue Price of RMB1.32, the number of A Shares to be issued under the Issuance of A Shares to Specific Target Subscriber shall be 757,575,757 Shares, representing (i) approximately 9.11% of the existing A Shares in issue and approximately 8.56% of the total Shares in issue as at the date of this announcement; and (ii) approximately 8.35% of the A Shares in issue and approximately 7.88% of the total Shares in issue upon completion of the Issuance of A Shares to Specific Target Subscriber.

CONNECTED TRANSACTION INVOLVING SUBSTANTIAL SHAREHOLDER SUBSCRIBING FOR NEW A SHARES

Pursuant to the proposal for the Issuance of A Shares to Specific Target Subscriber, the Company and Hwabao Investment entered into the Share Subscription Agreement on 19 December 2025, pursuant to which the Company agreed to issue, and Hwabao Investment agreed to subscribe for, not exceeding RMB1 billion (subject to regulatory approval) of A Shares at the Issue Price. Immediately following the completion of the Issuance of A Shares to Specific Target Subscriber, the aggregate number of Shares controlled by China Baowu, Hwabao Investment and the parties acting in concert with any of them is expected to represent approximately 35.07% of the total number of Shares in issue.

LISTING RULES IMPLICATIONS

The new A Shares under the Issuance of A Shares to Specific Target Subscriber will be issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM and the Class Meetings. Pursuant to the relevant provisions of Chapter 19A of the Listing Rules, the Company shall obtain the approval from Independent Shareholders by way of a special resolution at the EGM, and shall separately obtain the approvals from A Shareholders and H Shareholders by way of special resolutions at the Class Meeting of A Shareholders and the Class Meeting of H Shareholders convened in accordance with the Articles of Association, before conducting the Issuance of A Shares to Specific Target Subscriber.

Hwabao Investment is a subsidiary of China Baowu and China Baowu is a substantial shareholder of the Company, Hwabao Investment is therefore a connected person of the Company. The Issuance of A Shares to Specific Target Subscriber constitutes a connected transaction of the Company and is subject to the requirements of announcement, reporting and independent shareholders' approval under Chapter 14A of the Listing Rules.

APPLICATION FOR WHITEWASH WAIVER AND POSSIBLE MANDATORY GENERAL OFFER

As at the date of this announcement, China Baowu, Hwabao Investment and the parties acting in concert with any of them collectively control 2,612,229,198 A Shares, representing approximately 29.51% of Shares in issue. Upon completion of the Issuance of A Shares to Specific Target Subscriber, the shareholding of China Baowu, Hwabao Investment and the parties acting in concert with any of them is expected to increase to more than 30% of the enlarged issued share capital of the Company. Assuming that there are no adjustments and no further changes in the shareholding structure of the Company, China Baowu, Hwabao Investment and the parties acting in concert with any of them will collectively control 3,369,804,955 Shares upon completion of the Issuance of A Shares to Specific Target Subscriber, representing approximately 35.07% of the Company's enlarged issued share capital.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of A Shares under the Issuance of A Shares to Specific Target Subscriber will give rise to an obligation on the part of Hwabao Investment and the parties acting in concert with it to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by China Baowu, Hwabao Investment and the parties acting in concert with any of them), unless the Whitewash Waiver is granted by the Executive.

Hwabao Investment will submit an application for the Whitewash Waiver to the Executive to exempt it, China Baowu and Changshou Iron & Steel who collectively will hold 32.49% of the Company's issued share capital upon completion of the Issuance of A Shares to Specific Target Subscriber from the obligation to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by China Baowu, Hwabao Investment and the parties acting in concert with any of them) under Rule 26.1 of the Takeovers Code as a result of the Issuance of A Shares to Specific Target Subscriber. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by at least 75% of the votes cast by Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by Independent Shareholders in respect of the Issuance of A Shares to Specific Target Subscriber, at the EGM.

The Whitewash Waiver may or may not be granted by the Executive. Should Independent Shareholders approve the Issuance of A Shares to Specific Target Subscriber while the Whitewash Waiver is not granted by the Executive and/or not approved by Independent Shareholders, Hwabao Investment may waive the relevant condition precedent of the Whitewash Waiver. Should Hwabao Investment elect to waive the condition precedent, the Company and Hwabao Investment shall proceed to complete the Issuance of A Shares to Specific Target Subscriber in accordance with the terms of the Share Subscription Agreement. Should Hwabao Investment not waive the condition precedent in such circumstances, the Issuance of A Shares to Specific Target Subscriber will not proceed.

Should the Issuance of A Shares to Specific Target Subscriber proceed without the granting of the Whitewash Waiver by the Executive and/or the approval of Independent Shareholders, immediately following the completion of the Issuance of A Shares to Specific Target Subscriber, China Baowu, Hwabao Investment and the parties acting in concert with any of them shall increase their shareholdings in the Company to approximately 35.07% of the Company's enlarged issued share capital. Consequently, Hwabao Investment shall, in such circumstances, comply with Rule 26.1 of the Takeovers Code by coordinating with relevant parties to make a mandatory general offer in cash to acquire all H Shares in issue (excluding those already owned or agreed to be acquired by China Baowu, Hwabao Investment and the parties acting in concert with any of them). The Company shall make timely announcement(s) in accordance with the Listing Rules and the Takeovers Code.

COMMENCEMENT OF OFFER PERIOD

Given that Hwabao Investment reserves the right to waive the conditions precedent relating to the Whitewash Waiver under the Share Subscription Agreement, the offer period (as defined under the Takeovers Code) commences on the date of this announcement.

GENERAL INFORMATION

An EGM will be convened to consider and, if thought fit, approve, among other things, the resolutions on (i) the Issuance of A Shares to Specific Target Subscriber; (ii) the Specific Mandate; (iii) the Whitewash Waiver; and (iv) the amendments to the Articles of Association.

The Class Meetings will be convened to consider and, if thought fit, approve, among other things, the resolutions on (i) the Issuance of A Shares to Specific Target Subscriber; and (ii) the Specific Mandate.

China Baowu, Hwabao Investment, their respective associates, and the parties acting in concert with any of them, as well as any party being involved or interested in the Issuance of A Shares to Specific Target Subscriber and/or the Whitewash Waiver, shall abstain from voting on the corresponding resolutions to be proposed at the EGM and/or the Class Meetings. Save for China Baowu, Hwabao Investment, their respective associates, and the parties acting in concert with any of them, no Shareholder shall be required to abstain from voting on the resolutions in relation to the Issuance of A Shares to Specific Target Subscriber and/or the Whitewash Waiver at the EGM and the Class Meetings.

A circular containing, among other things, details of the Issuance of A Shares to Specific Target Subscriber, the Specific Mandate and the Whitewash Waiver, together with notices of the EGM and the Class Meetings, will be dispatched to the Shareholders on or before 9 January 2026.

Shareholders' attention is also drawn to the overseas regulatory announcement dated 19 December 2025 issued by the Company in relation to the Issuance of A Shares to Specific Target Subscriber.

The Issuance of A Shares to Specific Target Subscriber is subject to the fulfilment or waiver of certain conditions (as the case may be), including the approval of the Issuance of A Shares to Specific Target Subscriber by Independent Shareholders at the EGM. Accordingly, the Issuance of A Shares to Specific Target Subscriber may or may not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by Independent Shareholders by way of poll in respect of the Issuance of A Shares to Specific Target Subscriber, respectively, at the EGM.

The Offer shall only be made subject to (1) the Whitewash Waiver not being granted by the Executive and/or not being approved by the Independent Shareholders, whereupon Hwabao Investment's determination to waive the condition precedent relating to the Whitewash Waiver in such circumstances and proceed with the Issuance of A Shares to Specific Target Subscriber, and (2) the completion of the Issuance of A Shares to Specific Target Subscriber. Accordingly, the Offer may or may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

On 19 December 2025, the Board approved the Issuance of A Shares to Specific Target Subscriber, pursuant to which the Company shall issue no more than 757,575,757 A Shares to Hwabao Investment at the Issue Price. The expected proceeds (before deduction of relevant issuance expenses) shall not exceed RMB1 billion (subject to regulatory approval).

Pursuant to the proposal for the Issuance of A Shares to Specific Target Subscriber, the Company and Hwabao Investment entered into the Share Subscription Agreement on 19 December 2025, pursuant to which Hwabao Investment intends to subscribe for RMB1 billion (subject to regulatory approval) of A Shares. The number of A Shares to be subscribed for shall be calculated by dividing the intended subscription amount by the Issue Price. Upon completion of the Issuance of A Shares to Specific Target Subscriber, China Baowu, Hwabao Investment and the parties acting in concert with any of them are expected to hold 3,369,804,955 Shares in total. The final number of Shares to be issued is subject to approval by the securities regulatory authorities.

The Board has approved the following resolutions with regard to the Issuance of A Shares to Specific Target Subscriber: (i) the Resolution in relation to the Satisfaction of the Conditions for the Issuance of A Shares to Specific Target Subscriber by the Company; (ii) the Resolution in relation to the Proposal for the Issuance of A Shares to Specific Target Subscriber by the Company; (iii) the Resolution in relation to the Preliminary Proposal for the Issuance of A Shares to Specific Target Subscriber by the Company in 2025; (iv) the Resolution in relation to the Discussion and Analysis Report on the Proposal for the Issuance of A Shares to Specific Target Subscriber by the Company in 2025; (v) the Resolution in relation to the Feasibility Analysis Report on the Use of Proceeds from the Issuance of A Shares to Specific Target Subscriber by the Company in 2025; (vi) the Resolution in relation to the Company's Exemption from Submitting the Report on the Use of Proceeds from Previous Fund-raising Activities of the Company; (vii) the Resolution in relation to the Company's Plan for Shareholder Dividend Returns for the Next Three Years (2026–2028); (viii) the Resolution in relation to the Dilution of the Company's Current Return through the Issuance of A Shares to Specific Target Subscriber, the Remedial Measures and the Undertakings Made by the Relevant Entities; (ix) the Resolution in relation to the Entering into of the Conditional Share Subscription Agreement between the Company and Hwabao Investment; (x) the Resolution in relation to the Related Party Transactions concerning the Issuance of A Shares to Specific Target Subscriber by the Company; (xi) the Resolution in relation to the Submission to the General Meetings for Approval of Hwabao Investment's Exemption from Acquiring Additional Shares of the Company by Way of Offer; (xii) the Resolution in relation to the Submission to the General Meetings for Consideration and Approval of Hwabao Investment's Application for a Whitewash Waiver from the Obligation to Make a General Offer for H Shares under the Takeovers Code; (xiii) the Resolution in relation to the Submission to the General Meetings of the Company for the Authorisation to the Board and its Authorised Person(s) to Proceed with All Matters relating to the Issuance of A Shares to Specific Target Subscriber in Their Sole Discretion; (xiv) the Resolution in relation to the Convening of the EGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders; (xv) the Resolution in relation to the Establishment of Independent Board Committee and the Appointment of Independent Financial Adviser; and (xvi) the Resolution in relation to the Amendments to the Proceeds Management System.

I. PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBER UNDER SPECIFIC MANDATE

1. Proposal for the Issuance of A Shares to Specific Target Subscriber

The proposal for the Issuance of A Shares to Specific Target Subscriber is summarised as follows, subject to finalisation upon approval by the CSRC:

- (1) Class and nominal value of Shares to be issued : A Shares with a nominal value of RMB1.00 each, the total nominal value of which shall not exceed RMB757,575,757 (inclusive).

The new A Shares to be issued pursuant to the Issuance of A Shares to Specific Target Subscriber will rank *pari passu* with the existing A Shares and H Shares in all respects.

- (2) Method and time of issuance : By way of issuance to a specific target subscriber. The Company shall issue to Hwabao Investment as and when appropriate within the validity period after obtaining the approval for registration from the CSRC.

- (3) Target subscriber and method of subscription : Hwabao Investment shall subscribe for shares issued through the Issuance of A Shares to Specific Target Subscriber in cash.

Since Hwabao Investment is a connected person of the Company as at the date of this announcement, the Issuance of A Shares to Specific Target Subscriber constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Company shall comply with relevant regulatory rules and be subject to related party transaction approval and disclosure procedures accordingly.

As at the date of this announcement, the Company has not appointed any sponsor or underwriter. The Board or its authorised person(s) shall, at its absolute discretion and in accordance with the authorisation granted by the Shareholders at the EGM, appoint a sponsor (lead underwriter) and enter into a sponsorship agreement on normal commercial terms.

- (4) Pricing Benchmark Date, Issue Price and pricing criteria : RMB1.32 per Share, representing 90% of the average trading price of A Shares over the 20 trading days prior to the Pricing Benchmark Date (rounded up to two decimal places).

The average trading price of A Shares over the 20 trading days prior to the Pricing Benchmark Date = the total trading value of A Shares over the 20 trading days prior to the Pricing Benchmark Date \div the total trading volume of A Shares over the 20 trading days prior to the Pricing Benchmark Date.

The pricing criteria for the Issue Price was determined through fair negotiations between the Company and Hwabao Investment, having regard to the reasons and benefits set out in the section headed “Reasons for and Benefits of the Issuance of A Shares to Specific Target Subscriber” below, as well as the provisions of the Administrative Measures and the Implementation Rules.

The net price to the Company of each new A Share to be issued, being the Issue Price after deducting underwriting commission and other expenses of the Issuance of A Shares to Specific Target Subscriber, shall be determined and disclosed in accordance with the requirements of the Listing Rules upon completion of the Issuance of A Shares to Specific Target Subscriber and determination of the relevant expenses incurred or to be incurred in relation to the Issuance of A Shares to Specific Target Subscriber.

In the event of distribution of dividend, bonus share issue, conversion of capital reserve into share capital during the period from the Pricing Benchmark Date to the issuance date, the Issue Price shall be adjusted accordingly. As at the date of this announcement, the Company does not have an intention to carry out any of the abovementioned corporate actions.

- (5) Number of Shares to be issued : 757,575,757 new A Shares, representing (i) approximately 9.11% of the number of the existing A Shares in issue and approximately 8.56% of the total number of the existing Shares in issue as at the date of this announcement; and (ii) approximately 8.35% of the number of A Shares in issue and approximately 7.88% of the total number of Shares in issue following the proposed increase in the number of A Shares in issue upon completion of the Issuance of A Shares to Specific Target Subscriber.

The number of Shares to be issued = RMB1 billion (subject to regulatory approval) proposed to be subscribed for by Hwabao Investment \div the Issue Price (the number of Shares to be subscribed for shall be calculated to the nearest whole number, with decimal places disregarded; the amount corresponding to any fractional Share shall be credited to the Company's capital reserve).

In the event of bonus share issue, conversion of capital reserve into share capital that result in changes to the Company's total share capital, during the period from the Pricing Benchmark Date to the issuance date, the number and upper limit of Shares to be issued under the Issuance of A Shares to Specific Target Subscriber shall be adjusted accordingly. As at the date of this announcement, the Company does not have an intention to carry out any of the abovementioned corporate actions.

Should the total proceeds or the total number of Shares to be issued under the Issuance of A Shares to Specific Target Subscriber be subject to adjustment due to changes in regulatory policies or the requirements of the review of registration documents, the subscription amount and number of Shares to be issued shall be adjusted accordingly in accordance with the requirements of the relevant authorities.

(6) Lock-up period : Shares to be subscribed for by Hwabao Investment under the Issuance of A Shares to Specific Target Subscriber shall not be transferred for a period of thirty-six (36) months from the date of completion of the issuance.

Hwabao Investment and the parties acting in concert with it shall not transfer any Shares held prior to the Issuance of A Shares to Specific Target Subscriber for a period of eighteen (18) months from the date of completion of such issuance. However, transfers between different entities under the control of the same actual controller shall not be subject to the foregoing restriction.

Upon expiry of the aforementioned lock-up period, the relevant provisions of the securities regulatory authorities shall be complied with.

(7) Amount and use of proceeds: : Entire proceeds from the Issuance of A Shares to Specific Target Subscriber is expected to not exceed RMB1,000.00 million (inclusive), subject to the approval document issued by CSRC for the issuance. After deduction of relevant issuance expenses, the proceeds shall be utilised for replenishing working capital and repaying bank debts.

(8) Arrangement relating to the accumulated undistributed profits prior to the issuance : Upon completion of the Issuance of A Shares to Specific Target Subscriber, new Shareholders and the existing Shareholders are entitled to the accumulated undistributed profits of the Company prior to the Issuance of A Shares to Specific Target Subscriber on a pro-rata basis according to their respective shareholdings.

(9) Listing venue : A Shares to be issued under the Issuance of A Shares to Specific Target Subscriber shall be listed and traded on the Shanghai Stock Exchange. The Company shall apply to the Shanghai Stock Exchange for approval of the listing and trading of such Shares.

(10) Validity period of resolutions : The shareholders' resolutions in relation to the Issuance of A Shares to Specific Target Subscriber shall remain valid for a period of twelve (12) months from the date of the consideration and approval by the Shareholders.

2. Specific Mandate for the Issuance of A Shares to Specific Target Subscriber

The Issuance of A Shares to Specific Target Subscriber shall be conducted under the Specific Mandate, which shall simultaneously constitute a change to the rights of the holders of A Shares under the Articles of Association. In accordance with the Articles of Association and Rule 19A.38 of the Listing Rules, the Company shall convene the EGM and the Class Meetings to seek the Shareholders' approval for the grant of the Specific Mandate to proceed with the issuance. The Company shall, under the Specific Mandate to be granted to the Board and relevant persons at the general meetings of the Company, proceed with all matters relating to the Issuance of A Shares to Specific Target Subscriber in their sole discretion.

3. Listing Rules Implications

The new A Shares under the Issuance of A Shares to Specific Target Subscriber will be issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM and the Class Meetings. Pursuant to the relevant provisions of Chapter 19A of the Listing Rules, the Company shall obtain the approval from Independent Shareholders by way of a special resolution at the EGM, and shall separately obtain the approvals from A Shareholders and H Shareholders by way of special resolutions at the Class Meeting of A Shareholders and the Class Meeting of H Shareholders convened in accordance with the Articles of Association, before conducting the Issuance of A Shares to Specific Target Subscriber.

II. CONNECTED TRANSACTION INVOLVING SUBSTANTIAL SHAREHOLDER SUBSCRIBING FOR NEW A SHARES

Hwabao Investment intends to subscribe for A Shares under the Issuance of A Shares to Specific Target Subscriber by way of cash consideration.

1. Principal Terms of the Share Subscription Agreement

- (1) Parties : (i) The Company; and
(ii) Hwabao Investment
- (2) Date : 19 December 2025
- (3) Subscription amount and subscription number : Hwabao Investment intends to subscribe for RMB1 billion (subject to regulatory approval) of Shares. The number of Shares to be subscribed for shall be calculated by dividing the intended subscription amount by the Issue Price.

The Issue Price, pricing basis and number of Shares to be issued under the Issuance of A Shares to Specific Target Subscriber shall be adjusted in accordance with the method set out in the section headed “1. Proposal for the Issuance of A Shares to Specific Target Subscriber” above.

- (4) Conditions precedent : The Share Subscription Agreement shall come into force upon the date of signature and seal by the parties, and has come into force as at the date of this announcement. It shall take effect on the date when all of the following conditions are fulfilled (or waived):
- (i) Matters relating to the Issuance of A Shares to Specific Target Subscriber have been approved by the Board and the EGM and the Class Meetings;

- (ii) The Board and the Shareholders have considered and approved Hwabao Investment's application for a Whitewash Waiver from the obligation to make a general offer for H Shares, and the Executive have granted a waiver and/or confirmation to exempt Hwabao Investment, China Baowu and Changshou Iron & Steel (who collectively will hold 32.49% of the Company's issued share capital upon completion of the Issuance of A Shares to Specific Target Subscriber), and/or to confirm that Hwabao Investment, China Baowu and Changshou Iron & Steel were not required to make a general offer to H Shareholders in connection with the Issuance of A Shares to Specific Target Subscriber;
- (iii) The Board and the Shareholders have considered and approved Hwabao Investment's exemption from acquiring additional A Shares by way of an offer;
- (iv) China Baowu has approved the Issuance of A Shares to Specific Target Subscriber;
- (v) The Issuance of A Shares to Specific Target Subscriber has been approved by the Shanghai Stock Exchange and registered with the CSRC.

Save for the condition in paragraph (ii) above which may be waived by Hwabao Investment, and Hwabao Investment shall separately seek China Baowu's further approval as to whether such condition can be waived before Hwabao Investment waives such condition, none of the parties shall be entitled to waive any of the foregoing conditions. Given that Hwabao Investment reserves the right to waive the condition in paragraph (ii) above which is in connection with the Whitewash Waiver, the offer period (as defined under the Takeovers Code) commences on the date of this announcement.

As at the date of this announcement, none of the conditions above has been satisfied.

The parties shall determine the payment date of the consideration after the Share Subscription Agreement takes effect, and a capital verification report will be issued within three business days after receipt of the consideration. Following the issuance of the capital verification report, the Company shall submit an application to the China Securities Depository and Clearing Corporation to register Hwabao Investment as holder of the A Shares to be issued pursuant to the Issuance of A Shares to Specific Target Subscriber, and the transaction contemplated under the Share Subscription Agreement shall be completed when such registration is completed.

- (5) Others : The lock-up period and the right to receive accumulated undistributed profits of the Company prior to the Issuance of A Shares to Specific Target Subscriber shall be determined in the same manner as set out in the section headed "1. Proposal for the Issuance of A Shares to Specific Target Subscriber" above.

2. Effect on the Shareholding Structure of the Company

For illustration purposes only, set out below is the effect of the Issuance of A Shares to Specific Target Subscriber on the shareholding structure of the Company, assuming that no additional Shares will be issued by the Company between the date of this announcement and the completion of the Issuance of A Shares to Specific Target Subscriber:

	As at the date of this announcement		Immediately following the completion of the Issuance of A Shares to Specific Target Subscriber	
	Total number of Shares held	Approximate % of the total number of Shares in issue	Total number of Shares held	Approximate % of the total number of Shares in issue
Non-public Shareholders				
Hwabao Investment	137,459,680	1.55	895,035,437	9.31
<i>Parties acting in concert with China Baowu and Hwabao Investment⁽¹⁾</i>				
China Baowu	129,815,901	1.47	129,815,901	1.35
Changshou Iron & Steel ^(a)	2,096,981,600	23.69	2,096,981,600	21.82
Chongqing Baocheng Carbon Co., Ltd. ^(b)	315,783	0.004	315,783	0.003
Shanghai Baosight Software Co., Ltd. ^(c)	375,201	0.004	375,201	0.004
Baosight Software (Wuhan) Co., Ltd. ^(d)	3,188,173	0.04	3,188,173	0.03
Baosteel Engineering & Technology Group Co., Ltd. ^(e)	261,692	0.003	261,692	0.003
Baowu Heavy Industry Co., Ltd. ^(f)	79,953	0.001	79,953	0.001
Zhongnan Steel ^(g)	224,831,743	2.54	224,831,743	2.34
Sinosteel Equipment & Engineering Co., Ltd. ^(h)	8,000,000	0.09	8,000,000	0.083
Sinosteel Xi'an Heavy Machinery Co., Ltd. ⁽ⁱ⁾	1,176,627	0.01	1,176,627	0.012

	As at the date of this announcement		Immediately following the completion of the Issuance of A Shares to Specific Target Subscriber	
	Total number of Shares held	Approximate % of the total number of Shares in issue	Total number of Shares held	Approximate % of the total number of Shares in issue
Sinosteel Luoyang Institute of Refractories Research Co., Ltd. ^(j)	285,271	0.003	285,271	0.003
Chongqing Chaoyang Gas Co., Ltd. ^(k)	9,457,574	0.11	9,457,574	0.098
Sub-total of China Baowu, Hwabao Investment and parties acting in concert with any of them	<u>2,612,229,198</u>	<u>29.51</u>	<u>3,369,804,955</u>	<u>35.07</u>
Public Shareholders ⁽²⁾				
Public A Shareholders	5,701,407,369	64.41	5,701,407,369	59.33
Public H Shareholders	538,127,200	6.08	538,127,200	5.60
Sub-total (A Shares)	<u>8,313,636,567</u>	<u>93.92</u>	<u>9,071,212,324</u>	<u>94.40</u>
Sub-total (H Shares)	<u>538,127,200</u>	<u>6.08</u>	<u>538,127,200</u>	<u>5.60</u>
Total Shares	<u>8,851,763,767</u>	<u>100.00</u>	<u>9,609,339,524</u>	<u>100.00</u>

Note:

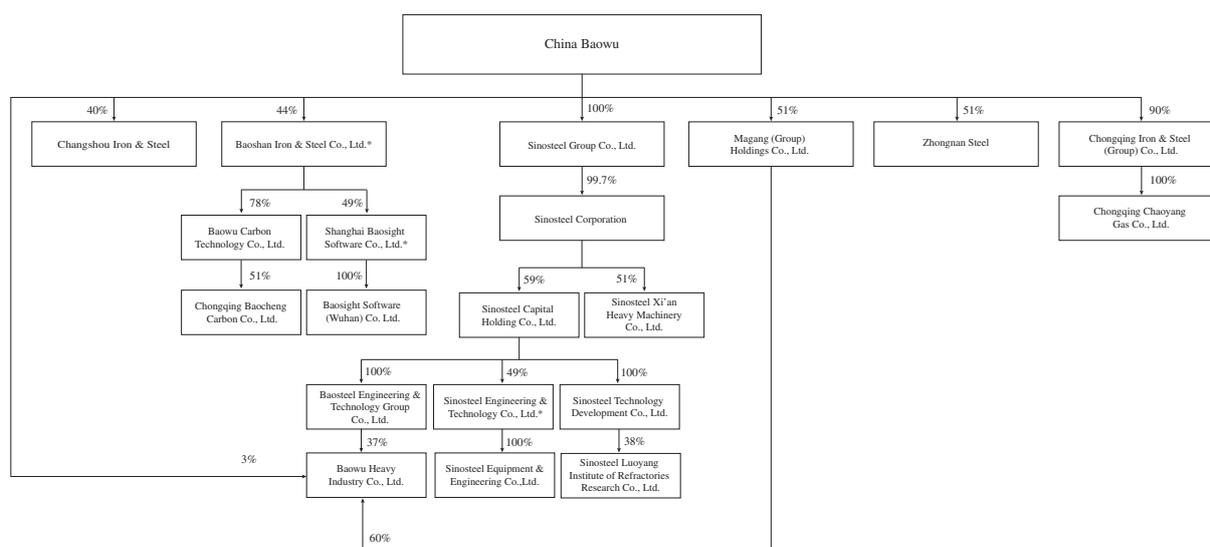
(1) Each of such companies is a subsidiary of China Baowu, and details of their relationship with China Baowu is set out below.

(a) An acting in concert agreement was entered into in September 2020, among others, China Baowu and Chongqing Strategic Emerging Equity Investment Fund Partnership (Limited Partnership) (“**Strategic Emerging Fund**”) which held 40% and 25% equity interest in Changshou Iron & Steel, respectively, pursuant to which, the Strategic Emerging Fund shall act in concert with China Baowu and exercise the shareholder rights of the Strategic Emerging Fund in Changshou Iron & Steel in accordance with China Baowu’s instructions. The remaining 35% equity interest in Changshou Iron & Steel is held by Sichuan Desheng Group Vanadium & Titanium Co., Ltd., which is not connected to China Baowu or its associates. The general partner and executive partner of the Strategic Emerging Fund is Chongqing Yufu Capital Private

Equity Investment Fund Management Co., Ltd., which is held as to 98% by Chongqing Yufu Holding Group Co., Ltd., and is in turn wholly-owned by Chongqing State-owned Assets Supervision and Administration Commission.

- (b) China Baowu holds 44% equity interest in Baoshan Iron & Steel Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600019), and is its controlling shareholder. Baoshan Iron & Steel Co., Ltd. holds 78% equity interest in Baowu Carbon Technology Co., Ltd., which in turn holds 51% equity interest in Chongqing Baocheng Carbon Co., Ltd.
- (c) Baoshan Iron & Steel Co., Ltd. holds 49% equity interest in Shanghai Baosight Software Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600845), and is its controlling shareholder.
- (d) Baosight Software (Wuhan) Co., Ltd. is wholly-owned by Shanghai Baosight Software Co., Ltd.
- (e) Sinosteel Group Co., Ltd. is wholly-owned by China Baowu. Sinosteel Group Co., Ltd. holds 99.7% equity interest in Sinosteel Corporation. Sinosteel Corporation holds 59% equity interest in Sinosteel Capital Holding Co., Ltd. Baosteel Engineering & Technology Group Co., Ltd. is a wholly-owned subsidiary of Sinosteel Capital Holding Co., Ltd.
- (f) China Baowu controls the equity interest of Baowu Heavy Industry Co., Ltd. through Maanshan Iron & Steel (Group) Holding Co., Ltd. (China Baowu controls 51% of its equity interest) and Baosteel Engineering & Technology Group Co., Ltd. which holds 60% and 37% of its equity interest, respectively. China Baowu also holds 3.84% equity interest in Baowu Heavy Industry Co., Ltd.
- (g) China Baowu holds 51% equity interest in Zhongnan Steel, and the remaining equity interest of Zhongnan Steel is held by Guangdong Guangwu Holdings Group Co., Ltd., being a company independent from the Company and its connected persons.
- (h) Sinosteel Capital Holding Co., Ltd. holds 49% equity interest in Sinosteel Engineering & Technology Co., Ltd. and is its single largest shareholder, and Sinosteel Engineering & Technology Co., Ltd. wholly owns Sinosteel Equipment & Engineering Co., Ltd..
- (i) Sinosteel Corporation holds 51% equity interest in Sinosteel Xi'an Heavy Machinery Co., Ltd.
- (j) Sinosteel Capital Holding Co. Ltd wholly owns Sinosteel Technology Development Co., Ltd. Sinosteel Technology Development Co., Ltd. holds 38% equity interest in Sinosteel Luonai Materials Technology Corporation. (a company listed on the Shanghai Stock Exchange, stock code: 688119), and is its controlling shareholder. Sinosteel Luoyang Institute of Refractories Research Co., Ltd. is wholly-owned by Sinosteel Luonai Materials Technology Corporation.
- (k) China Baowu holds 90% equity interest in Chongqing Iron & Steel (Group) Co., Ltd., which in turn wholly owns Chongqing Chaoyang Gas Co., Ltd.

Please also refer to a simplified table which sets out the shareholding relationship between each of the above parties acting in concert with China Baowu or Hwabao Investment on one hand, and China Baowu on the other hand.



* Refer to public companies the securities of which are listed on a securities market in the PRC

(2) None of the Directors is interested in the Shares.

Upon completion of the Issuance of A Shares to Specific Target Subscriber, the Company is expected to continue to comply with the minimum public float requirement for H Shares agreed by the Hong Kong Stock Exchange (i.e., 5.00%).

3. Fund-raising Activities in the Past Twelve Months

The Company has not undertaken any equity fund-raising activities during the twelve months immediately before the date of this announcement.

4. Proposed Amendments to the Articles of Association

In view of the Issuance of A Shares to Specific Target Subscriber, the Articles of Association shall be amended in accordance with relevant laws and regulations.

The Board proposes that the Shareholders at the EGM authorise the Board to make corresponding adjustments and amendments to the Articles of Association (including but not limited to, adjustments and amendments to wording, chapters, clauses and conditions for commencement) based on the outcome of the Issuance of A Shares to Specific Target Subscriber and the actual circumstances. Upon completion of the Issuance of A Shares to Specific Target Subscriber, the Board shall make corresponding adjustments and amendments to the provisions of the Articles of Association concerning registered capital and share capital structure.

5. Information on the Parties

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 Hwabao Investment

Hwabao Investment, an industrial finance investment and management platform under China Baowu, is principally engaged in long-term equity investments and securities investments. Hwabao Investment is a wholly-owned subsidiary of China Baowu.

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 covers operating state-owned assets within the scope authorized by the State Council, as well as carrying out relevant state-owned capital investment and operation. China Baowu, Hwabao Investment, together with parties acting in concert with any of them are interested in 2,612,229,198 A Shares or approximately 29.51% of the Company's issued share capital as at the date of this announcement pursuant to the SFO.

6. Reasons for and Benefits of the Issuance of A Shares to Specific Target Subscriber

After deduction of relevant issuance expenses, the proceeds from the Issuance of A Shares to Specific Target Subscriber shall be utilised for replenishing working capital and repaying bank debts, thereby alleviating pressure on daily working capital and lowering the gearing ratio.

(I) Optimising the Company's capital structure to enhance its risk-resistance capabilities

The Issuance of A Shares to Specific Target Subscriber will further improve the Company's liquidity levels, optimise its capital structure, increase the scales of its total assets and net assets, lower the gearing ratio, and enhance its risk-resistance capabilities. This initiative also aligns with national policy directives to increase the proportion of direct financing, strengthen the capacity of financial services to support the real economy, and lower the leverage ratio of the Company as a state-owned enterprise.

(II) Supporting the stable development of the Company's principal business and creating favourable conditions for enhancing its core competitiveness and achieving sustainable, high-quality development

Given the capital-intensive nature of the steel industry in which the Company operates, coupled with the continuous upgrade of technological equipment and environmental compliance requirements, the Company maintains substantial working capital requirements. Particularly within the context of the steel industry's weak cyclical phase, relatively ample capital is essential to enhance operational stability. By investing the proceeds from the Issuance of A Shares to Specific Target Subscriber, the Company can deploy capital more efficiently and directing resources towards its competitive product lines, which may facilitate product portfolio restructuring and lean operations, elevate the Company's operational robustness and resilience, create favourable conditions for enhancing its core competitiveness and drive sustainable, high-quality development, which is in the interest of the Shareholders' as a whole.

In summary, the Directors (excluding members of the Listing Rules Independent Board Committee and the Code Independent Board Committee, whose views will be set out in the letters of the Listing Rules Independent Board Committee and the Code Independent Board Committee after considering the recommendations of the Independent Financial Adviser) consider that although the Issuance of A Shares to Specific Target Subscriber is not being undertaken in the ordinary and usual course of business of the Group, the terms and conditions of the Issuance of A Shares to Specific Target Subscriber and the Share Subscription Agreement are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole.

7. Listing Rules Implications

As at the date of this announcement, China Baowu is interested in approximately 29.51% of the issued share capital of the Company, among which 1.47% is directly held by China Baowu and 28.04% is indirectly controlled or held by China Baowu through the corporations it controls (including Hwabao Investment).

China Baowu is a substantial shareholder of the Company and Hwabao Investment is a subsidiary of China Baowu, Hwabao Investment is therefore a connected person of the Company. The Issuance of A Shares to Specific Target Subscriber constitutes a connected transaction of the Company and is subject to the requirements of announcement, reporting and independent shareholders' approval under Chapter 14A of the Listing Rules.

8. Establishment of Listing Rules Independent Board Committee and Appointment of Independent Financial Adviser

The Listing Rules Independent Board Committee (comprising all independent non-executive Directors) has been established under Chapter 14A of the Listing Rules to advise Independent Shareholders on the Issuance of A Shares to Specific Target Subscriber and the Specific Mandate from the perspective of the Listing Rules and their voting thereon.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Listing Rules Independent Board Committee and Independent Shareholders in respect of the foregoing matters and to make recommendations regarding voting.

III. WHITEWASH WAIVER

1. Application for Whitewash Waiver

As at the date of this announcement, China Baowu, Hwabao Investment and the parties acting in concert with any of them collectively control 2,612,229,198 A Shares, representing approximately 29.51% of Shares in issue. Upon completion of the Issuance of A Shares to Specific Target Subscriber, the shareholding of China Baowu, Hwabao Investment and the parties acting in concert with any of them is expected to increase to more than 30% of the enlarged issued share capital of the Company. Assuming that there are no adjustments and no further changes in the shareholding structure of the Company, China Baowu, Hwabao Investment and the parties acting in concert with any of them will collectively control 3,369,804,955 Shares upon completion of the Issuance of A Shares to Specific Target Subscriber, representing approximately 35.07% of the enlarged issued share capital.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of A Shares under the Issuance of A Shares to Specific Target Subscriber will give rise to an obligation on the part of Hwabao Investment and the parties acting in concert with it to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by China Baowu, Hwabao Investment and the parties acting in concert with any of them), unless the Whitewash Waiver is granted by the Executive.

Hwabao Investment will submit an application for the Whitewash Waiver to the Executive to exempt it, China Baowu and Changshou Iron & Steel (who collectively will hold 32.49% of the Company's issued share capital upon completion of the Issuance of A Shares to Specific Target Subscriber), from the obligation to make a mandatory general offer for all H Shares (other than those already owned or agreed to be acquired by China Baowu, Hwabao Investment and the parties acting in concert with any of them) under Rule 26.1 of the Takeovers Code as a result of the Issuance of A Shares to Specific Target Subscriber. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by at least 75% of the votes cast by Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by Independent Shareholders in respect of the Issuance of A Shares to Specific Target Subscriber, at the EGM.

China Baowu, Hwabao Investment, their respective associates, parties acting in concert with any of them and any party who is interested or involved in the Issuance of A Shares to Specific Target Subscriber (if any) will be required to abstain from voting in respect of the resolutions to approve the Issuance of A Shares to Specific Target Subscriber and the Whitewash Waiver at the EGM.

As at the date of this announcement, the Company believes that the issuance does not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the issuance does not comply with other applicable rules and regulations.

2. Information Required under the Takeovers Code

As at the date of this announcement, Hwabao Investment has confirmed that:

- (I) save for the Issuance of A Shares to Specific Target Subscriber and the shareholdings disclosed in the section headed "Effect on the Shareholding Structure of the Company", neither China Baowu, Hwabao Investment nor the parties acting in concert with any of them have acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to and including the date of this announcement;

- (II) save as disclosed in the section headed “Effect on the Shareholding Structure of the Company”, neither China Baowu, Hwabao Investment nor the parties acting in concert with any of them own or have control or direction over any voting rights or rights over Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (III) save for the Issuance of A Shares to Specific Target Subscriber, neither China Baowu, Hwabao Investment nor the parties acting in concert with any of them have any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to Shares and which might be material to the transactions contemplated under the Issuance of A Shares to Specific Target Subscriber and/or the Whitewash Waiver;
- (IV) neither China Baowu, Hwabao Investment nor the parties acting in concert with any of them have received any irrevocable commitment to vote for or against the resolutions relating to the transactions contemplated under the Issuance of A Shares to Specific Target Subscriber and/or the Whitewash Waiver;
- (V) save for the conditions to the Issuance of A Shares to Specific Target Subscriber, neither China Baowu, Hwabao Investment nor any of the parties acting in concert with any of them has entered into any agreement or arrangement which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Issuance of A Shares to Specific Target Subscriber and/or the Whitewash Waiver;
- (VI) neither China Baowu, Hwabao Investment nor the parties acting in concert with any of them have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (VII) the Issuance of A Shares to Specific Target Subscriber does not involve any sale of Shares; and
- (VIII) save for the Issuance of A Shares to Specific Target Subscriber, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) (1) China Baowu, Hwabao Investment or the parties acting in concert with any of them; or (2) the Company, its subsidiaries or associated companies.

3. Possible Mandatory General Offer

Under the Share Subscription Agreement, the grant of Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by Independent Shareholders is a condition precedent of the Issuance of A Shares to Specific Target Subscriber which Hwabao Investment reserved the right to waive. Accordingly, the offer period has commenced as at the date of this announcement. The results of the EGM will be announced in accordance with the Listing Rules and the Takeovers Code following the conclusion of the EGM.

If the Whitewash Waiver is not granted by the Executive and/or not approved by Independent Shareholders at the EGM, Hwabao Investment will decide whether or not to waive the condition precedent relating to the Whitewash Waiver and proceed with the Issuance of A Shares to Specific Target Subscriber and make a general offer in cash by coordinating with relevant parties in compliance with Rule 26.1 of the Takeovers Code, and the offer period will continue until such offer completes or lapses. If Hwabao Investment decides not to waive the condition precedent relating to the Whitewash Waiver in such circumstances, the offer period will end when such an announcement is made. If Independent Shareholders approve the Whitewash Waiver at the EGM, the offer period will end when an announcement is made that the mandatory general offer will not proceed.

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprise 8,851,763,767 Shares in issue. Save as aforesaid, the Company has no other outstanding relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

4. Establishment of Code Independent Board Committee and Appointment of Independent Financial Adviser

Pursuant to Rule 2.8 of the Takeovers Code, the Code Independent Board Committee (comprising all non-executive Directors who have no direct or indirect interest in the Issuance of A Shares to Specific Target Subscriber and the Whitewash Waiver, namely Mr. Song De An, Mr. Zhou Ping, Mr. Sheng Xuejun, Ms. Tang Ping and Mr. Guo Jiebin, but excluding Mr. Lin Changchun, being a director of Zhongnan Steel, has a potential conflict of interest as he is entitled to remuneration paid by Zhongnan Steel) has been established to advise Independent Shareholders on the Whitewash Waiver and the related transactions and their voting thereon.

Pursuant to Rule 2.1 of the Takeovers Code, Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Code Independent Board Committee and Independent Shareholders in respect of the foregoing matters and to make recommendations regarding voting.

IV. BOARD APPROVAL

On 19 December 2025, the 22nd meeting of the tenth session of the Board considered and voted to approve the relevant resolutions in relation to the Issuance of A Shares to Specific Target Subscriber.

Mr. Lin Changchun, being a director of Zhongnan Steel, is deemed to have a material interest in the Issuance of A Shares to Specific Target Subscriber as he is entitled to remuneration paid by Zhongnan Steel, one of the parties acting in concert with China Baowu and Hwabao Investment, and has therefore abstained from voting on the following Board resolutions approving the same: (i) the Resolution in relation to the Proposal for the Issuance of A Shares to Specific Target Subscriber by the Company in 2025; (ii) the Resolution in relation to the Preliminary Proposal for the Issuance of A Shares to Specific Target Subscriber by the Company in 2025; (iii) the Resolution in relation to the Entering into of the Conditional Share Subscription Agreement between the Company and a specific target subscriber and related party (connected) transactions; and (iv) the Resolution in relation to the Submission to the General Meetings for the Authorisation to the Board and its Authorised Person(s) to Proceed with All Matters relating to the Issuance of A Shares to Specific Target Subscriber in Their Sole Discretion. Save as aforesaid, no other Director has a material interest in the Issuance of A Shares to Specific Target Subscriber, consequently, no other Director is required to abstain from voting on the relevant Board resolutions.

V. EGM AND CLASS MEETINGS

The EGM will be convened to consider and, if thought fit, approve, among other things, the resolutions on (i) the Issuance of A Shares to Specific Target Subscriber; (ii) the Specific Mandate; (iii) the Whitewash Waiver; and (iv) the amendments to the Articles of Association.

The Class Meetings will be convened to consider and, if thought fit, approve, among other things, the resolutions on (i) the Issuance of A Shares to Specific Target Subscriber; and (ii) the Specific Mandate.

China Baowu, Hwabao Investment, their respective associates, and the parties acting in concert with any of them, as well as any party being involved or interested in the Issuance of A Shares to Specific Target Subscriber and/or the Whitewash Waiver, shall abstain from voting on the corresponding resolutions to be proposed at the EGM and/or the Class Meetings. Save for the abovementioned, no Shareholder shall be required to abstain from voting on the resolutions in relation to the Issuance of A Shares to Specific Target Subscriber and/or the Whitewash Waiver at the EGM and the Class Meetings.

A circular containing, among other things, details of the Issuance of A Shares to Specific Target Subscriber, the Specific Mandate and the Whitewash Waiver, together with notices of the EGM and the Class Meetings, will be dispatched to the Shareholders on or before 9 January 2026.

The Issuance of A Shares to Specific Target Subscriber is subject to the fulfilment of certain conditions (or waiver, as the case may be), including the approval of the Issuance of A Shares to Specific Target Subscriber by Independent Shareholders at the EGM. Accordingly, the Issuance of A Shares to Specific Target Subscriber may or may not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by Independent Shareholders by way of poll in respect of the Issuance of A Shares to Specific Target Subscriber, respectively, at the EGM.

The Offer shall only be made subject to (1) the Whitewash Waiver not being granted by the Executive and/or not being approved by the Independent Shareholders, whereupon Hwabao Investment's determination to waive the condition precedent relating to the Whitewash Waiver in such circumstances and proceed with the Issuance of A Shares to Specific Target Subscriber, and (2) the completion of the Issuance of A Shares to Specific Target Subscriber. Accordingly, the Offer may or may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

VI. OTHER INFORMATION

Shareholders' attention is also drawn to the overseas regulatory announcements dated 19 December 2025 issued by the Company in relation to the Issuance of A Shares to Specific Target Subscriber.

References are made to the net profits attributable to the Shareholders of the Company in the current and coming financial period (i.e. the financial years ending 31 December 2025 and 2026) before and after deduction of non-recurring items (the “**Relevant Information**”) disclosed in (i) the paragraph headed “Impact on the Company’s key financial indicators” in Section VIII – The dilution of immediate returns and compensation measures for the Issuance of A Shares to Specific Target Subscriber and the commitments of relevant entities in the announcement headed “The Plan for Issuance of A Shares to Specific Target Subscriber in 2025” (the “**Plan**”) and (ii) the paragraph headed “Impact on the Company’s Key Financial Indicators” in Section I – The impact of the issuance on the Company’s key financial indicators regarding diluted immediate returns in the announcement headed “Risk warning regarding the dilution of immediate returns from the Issuance of A Shares to Specific Target Subscriber and corresponding mitigation measures, along with commitments by relevant parties ”(the “**Risk Warning**”, and together with the Plan, the “**A Share Announcements**”) in Chinese issued by the Company and published on the website of the Shanghai Stock Exchange (<http://www.sse.cn/>) on the same date of this announcement. A copy of the A Share Announcements also appear on the website of the Stock Exchange (<http://www.hkexnews.hk>) as overseas regulatory announcements.

The inclusion of the Relevant Information in the A Share Announcements is required under applicable laws and regulations of the PRC. The Relevant Information shall constitute a profit forecast under Rule 10 of the Takeovers Code, Shareholders and other investors should note, however, that the Relevant Information and any assumptions on which it is based have not been prepared in accordance with the standard required under Rule 10 of the Takeovers Code, nor have been reported on pursuant to Rule 10 of the Takeovers Code. Accordingly, the Relevant Information should not be relied upon as a forecast of the Company’s future profitability or other financial position. Shareholders and other investors are advised to exercise caution when reading and interpreting the Relevant Information, and when assessing the merits and demerits of the Issuance of A Shares to Specific Investors and considering whether to deal in or invest in the Company’s shares or other securities.

DEFINITIONS

The following defined terms are used in this announcement:

“A Share(s)”	the ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of A Share(s)
“Administrative Measures”	the Administrative Measures for the Issuance and Registration of Securities by Listed Companies issued by the CSRC (2025 Revision)
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Changshou Iron & Steel”	Chongqing Changshou Iron & Steel Company Limited, a limited liability company incorporated in the PRC, a substantial shareholder of the Company and one of the parties acting in concert with China Baowu and Hwabao Investment
“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 controlled by the State-owned Assets Supervision and Administration Commission of the State Council
“Class Meeting of A Shareholders”	the class meeting of the A Shareholders to be convened for the purposes of considering and, if thought fit, approving, among other things, the resolutions on (i) the Issuance of A Shares to Specific Target Subscriber; and (ii) the Specific Mandate

“Class Meeting of H Shareholders”	the class meeting of the H Shareholders to be convened for the purposes of considering and, if thought fit, approving, among other things, the resolutions on (i) the Issuance of A Shares to Specific Target Subscriber; and (ii) the Specific Mandate
“Class Meetings”	the Class Meeting of A Shareholders and the Class Meeting of H Shareholders
“Code Independent Board Committee”	comprising all non-executive Directors and independent non-executive Directors (excluding Mr. Lin Changchun, being a director of Zhongnan Steel, is entitled to remuneration paid by Zhongnan Steel), which is formed in accordance with the Takeovers Code to advise Independent Shareholders as to whether the Issuance of A Shares to Specific Target Subscriber is, or is not, fair and reasonable and as to voting on the Whitewash Waiver and the related transactions
“Company”	Chongqing Iron & Steel Company Limited, a company incorporated in PRC with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, approving, among other things, the resolutions on (i) the Issuance of A Shares to Specific Target Subscriber; (ii) the Specific Mandate; (iii) the Whitewash Waiver; and (iv) the amendments to the Articles of Association
“Group”	the Company and its subsidiaries
“H Share(s)”	the ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange

“H Shareholder(s)”	holder(s) of H Share(s)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Specific Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hwabao Investment”	Hwabao Investment Co., Ltd., a limited company incorporated in the PRC and a wholly-owned subsidiary of China Baowu
“Implementation Rules”	the Implementation Rules for the Securities Issuance and Underwriting Business by Listed Companies on Shanghai Stock Exchange issued by the CSRC (2025 Revision)
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Listing Rules Independent Board Committee, the Code Independent Board Committee and Independent Shareholders in respect of the Issuance of A Shares to Specific Target Subscriber and the Whitewash Waiver, and as to voting
“Independent Shareholder(s)”	the Shareholders other than China Baowu, Hwabao Investment, their respective associates and the parties acting in concert with any of them
“Issuance of A Shares to Specific Target Subscriber”	the issuance of A Shares to Hwabao Investment as a specific target subscriber in 2025
“Issue Price”	RMB1.32 per Share, the issue price of the Issuance of A Shares to Specific Target Subscriber
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Listing Rules Independent Board Committee”	the independent board committee of the Company comprising the independent non-executive Directors, which is formed in accordance with the Listing Rules to advise Independent Shareholders on the Issuance of A Shares to Specific Target Subscriber and the Specific Mandate from the perspective of the Listing Rules
“Offer”	the mandatory general offer which may be made by Hwabao Investment and the parties acting in concert with it to acquire all H Shares in issue (other than those already owned or agreed to be acquired by China Baowu, Hwabao Investment and the parties acting in concert with any of them) assuming the Whitewash Waiver is not approved or granted and such condition is waived by Hwabao Investment
“PRC”	the People’s Republic of China
“Pricing Benchmark Date”	19 December 2025, being the date of the announcement on the resolution considering the proposal for the Issuance of A Shares to Specific Target Subscriber by the Company at the 22nd meeting of the tenth session of the Board
“RMB”	renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the A Shareholder(s) and the H Shareholder(s)
“Share Subscription Agreement”	the conditional subscription agreement entered into between the Company and Hwabao Investment on 19 December 2025, pursuant to which the Company agreed to issue, and Hwabao Investment agreed to subscribe for, RMB1 billion (subject to regulatory approval) of A Shares at the Issue Price
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board in respect of the Issuance of A Shares to Specific Target Subscriber, which shall be sought by the Company at the EGM and the Class Meetings

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“Trading Day”	a day on which the Shanghai Stock Exchange is open for dealing or trading in securities
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on Hwabao Investment, China Baowu and the parties acting in concert with any of them to make a general offer for all the H Shares (other than those already owned or agreed to be acquired by China Baowu, Hwabao Investment and parties acting in concert with any of them) as a result of the allotment and issuance of A Shares under the Issuance of A Shares to Specific Target Subscriber
“Zhongnan Steel”	Baowu Group Zhongnan Steel Co., Ltd., a limited liability company incorporated in the PRC, a subsidiary of China Baowu and one of the parties acting in concert with China Baowu and Hwabao Investment
“%”	per cent

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

Chongqing, the PRC, 19 December 2025

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. Song De An (Non-executive Director), Mr. Lin Changchun (Non-executive Director), Mr. Zhou Ping (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).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.