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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)

### **INDICATIVE ANNOUNCEMENT ON CHANGES IN SHAREHOLDERS' EQUITY AND DE FACTO CONTROLLER**

This announcement is made by the board of directors (the “**Board**”) of Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

#### **IMPORTANT NOTE:**

- The change in equity may involve the change in the de facto controller of the Company. Upon completion of the changes in equity, the de facto controller of the Company changes from Siyuanhe Equity Investment Management Co., Ltd. into China Baowu Steel Group Corporation Limited.
- The change in equity is a transfer by agreement.
- The change in equity does not trigger a general offer.

#### **I. BACKGROUND OF THE CHANGES IN EQUITY**

On 27 December 2019, the Company was informed by Siyuanhe Equity Investment Management Co., Ltd. (“**Siyuanhe Investment**”), the de facto controller of the Company, that Siyuanhe Investment and China Baowu Steel Group Corporation Limited (“**China Baowu**”) had signed a Letter of Intent, pursuant to which China Baowu intends to become the de facto controller of the Company. For details, please refer to the Indicative Announcement on Execution of the Letter of Intent by the De Facto Controller of the Company and Proposed Change of Control which was published on 28 December 2019 by the Company.

On 29 June 2020, the Company received Letter on Matters in Relation to the Letter of Intent from Siyuanhe Investment. China Baowu is in the course of performing internal decision-making and approval procedures. Siyuanhe Investment and China Baowu as well as other parties involved in the proposed transaction will strive to accomplish the decision-making and approval procedures for the proposed transaction as soon as possible, so as to procure China Baowu to be the de facto controller of the Company. For details, please refer to the Announcement on the Progress of the Execution of the Letter of Intent by the De Facto Controller of the Company and Proposed Change of Control which was published on 30 June 2020 by the Company.

On 12 June 2020, Siyuanhe Investment and Sichuan Desheng Group Vanadium & Titanium Co., Ltd. (“**Desheng Group**”, a limited partner of the indirect substantial shareholder of the Company) had jointly and conditionally entered into a Partnership Equity Transfer Agreement, which agreed to transfer part of the partnership equity held by Siyuanhe Investment (being the capital contribution of RMB60,999,999 and paid-in capital of RMB60,999,999) of Siyuanhe (Chongqing) Iron & Steel Industrial Development and Equity Investment Fund Partnership (Limited Partnership) (the “**Siyuanhe Industrial Development Fund**”, an indirect substantial shareholder of the Company) to Desheng Group. The aforementioned partnership equity transfer is a transfer of capital contribution among the partners of Siyuanhe Industrial Development Fund. The agreement neither triggers any effective conditions, nor causes any change in the de facto controller of the Company.

On 16 September 2020, Siyuanhe Industrial Development Fund, China Baowu and Desheng Group had signed an Equity Transfer Agreement in respect of the distribution in kind of the 75% equity interests in Chongqing Changshou Iron & Steel Company Limited (“**Changshou Iron & Steel**”, a substantial shareholder of the Company) held by Siyuanhe Industrial Development Fund, which agreed that Siyuanhe Industrial Development Fund shall be dissolved along with the transfer of the shares of Siyuanhe Industrial Development Fund by Siyuanhe Investment to Desheng Group, and the equity interests of Changshou Iron & Steel held by Siyuanhe Industrial Development Fund will be distributed in kind to China Baowu and Desheng Group. On the same day, China Baowu had entered into an Acting in Concert Agreement with Chongqing Strategic Emerging Equity Investment Fund Partnership (Limited Partnership) (“**Strategic Emerging Fund**”, a shareholder of the indirect substantial shareholder of the Company) and Chongqing Yufu Assets Equity Investment Fund Management Co., Ltd. (“**Yufu Assets**”, the executive partner of Strategic Emerging Fund), pursuant to which, each party agrees that Strategic Emerging Fund, as the shareholder of Changshou Iron & Steel, shall act in concert with China Baowu in accordance with the Acting in Concert Agreement and exercise the shareholder rights of Strategic Emerging Fund in Changshou Iron & Steel in accordance with the opinions of China Baowu, so as to ensure that China Baowu obtains the de facto control over Changshou Iron & Steel and the Company. Yufu Assets shall procure Strategic Emerging Fund to act in concert with China Baowu in accordance with the Acting in Concert Agreement.

The completion of the Equity Transfer Agreement is subject to the satisfaction of all the conditions below:

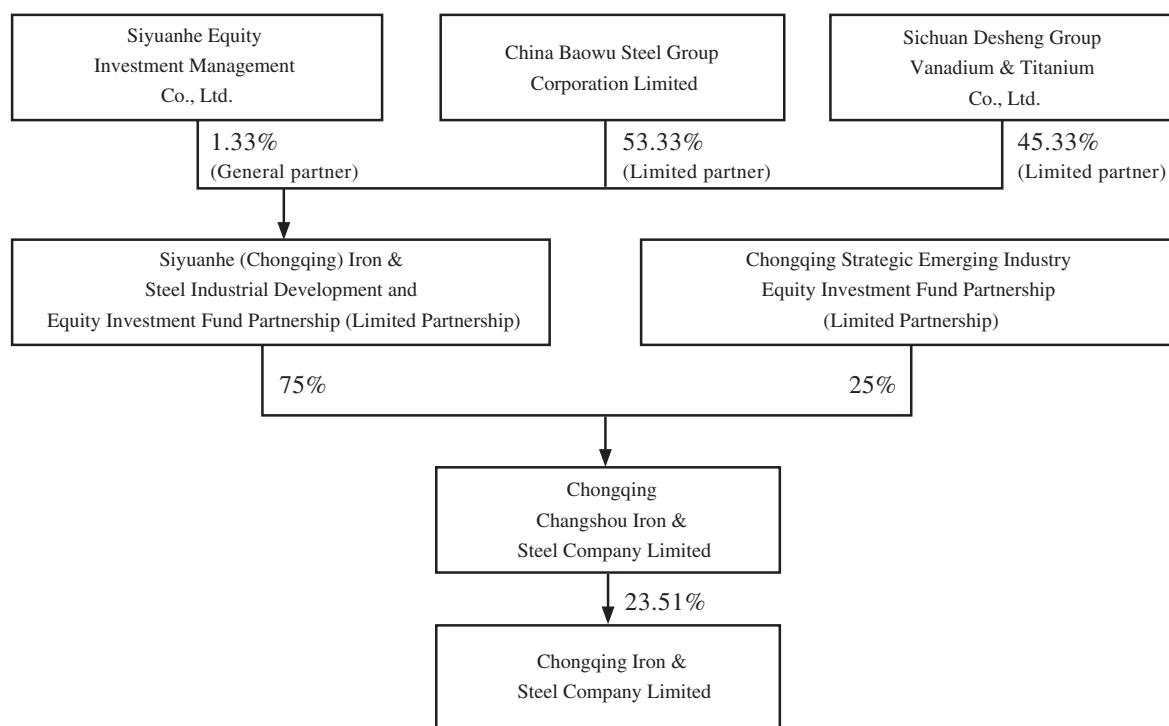
- (1) that the agreement has been duly signed and the representations and warranties of the transferor are true, accurate and complete;
- (2) that the transaction herein has been approved at the general meeting of Changshou Iron & Steel, and the Strategic Emerging Fund has waived its pre-emptive right and tag-along right;
- (3) that China Baowu has completed the reporting procedures of operation concentration with the State Administration of Market Regulation (the “**Anti-monopoly Bureau**”) in respect of the proposed change, and the Anti-monopoly Bureau has issued the relevant approval notice;
- (4) that China Baowu has made an application to the State-owned Assets Supervision and Administration Commission of the State Council in respect of the proposed change, and the procedures relating to the administration of state-owned assets have been completed.

## **II. BASIC SITUATION OF THE CHANGE IN EQUITY INTERESTS**

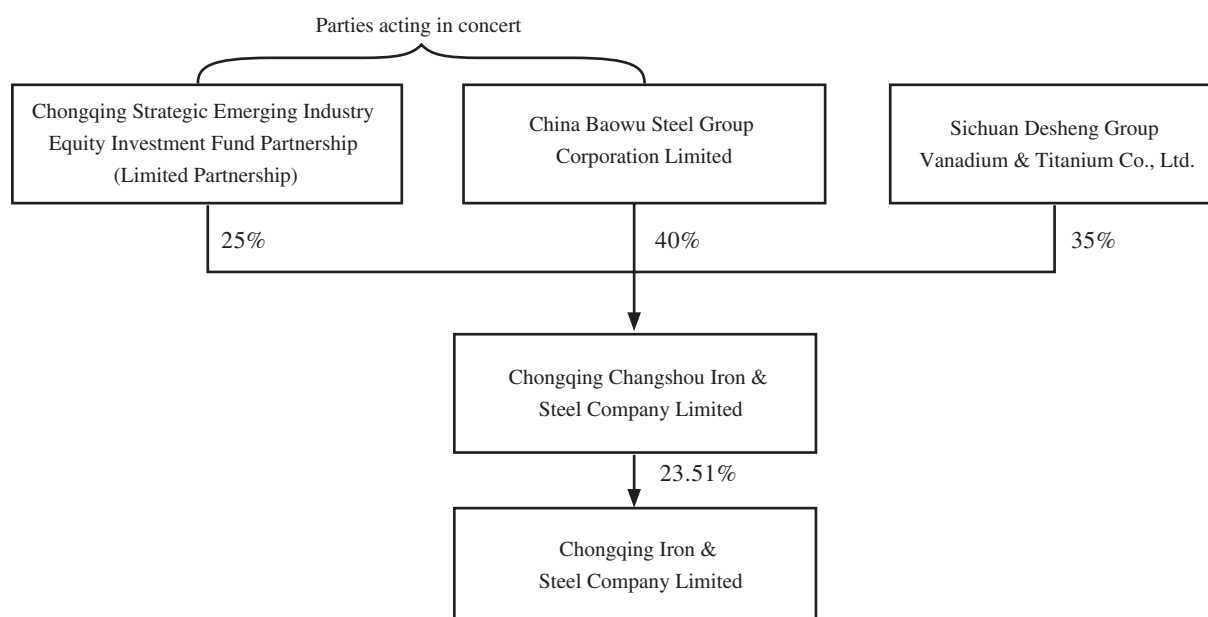
The change in equity interests is due to Siyuanhe Investment, the original de facto controller of the Company, will transfer the partnership equity in Siyuanhe Industrial Development Fund to Desheng Group. Meanwhile, Siyuanhe Industrial Development Fund will be dissolved and will make distribution in kind to China Baowu and Desheng Group with 75% equity interests in Changshou Iron & Steel in proportion to their respective paid-in capital contributions. China Baowu will be allocated 40% equity interests in Changshou Iron & Steel and enter into an acting in concert agreement with Strategic Emerging Fund to obtain control over Changshou Iron & Steel, thereby indirectly controlling 2,096,981,600 shares of the Company, representing 23.51% of the total share capital of the Company. China Baowu will become the de facto controller of the Company.

Before the change in equity interests, the substantial shareholder of the Company was Changshou Iron & Steel, and the de facto controller was Siyuanhe Investment. Siyuanhe Investment indirectly owned 2,096,981,600 shares of the Company through its control over Changshou Iron & Steel, representing 23.51% of the total share capital of the Company. Before the change in equity interests, China Baowu was a limited partner of Siyuanhe Industrial Development Fund, with a proportion of capital contribution of 53.33%. Strategic Emerging Fund held 25% of the shares of Changshou Iron & Steel. Neither China Baowu nor Strategic

Emerging Fund directly or indirectly controls the equity interests in the Company. The equity control relationship is as follows:



Upon the completion of the change in equity interests, China Baowu and Strategic Emerging Fund, which is China Baowu's party acting in concert, will indirectly control 2,096,981,600 shares of the Company through Changshou Iron & Steel, representing 23.51% of the total share capital of the Company. China Baowu will become the de facto controller of the Company. The equity control relationship is as follows:



### III. THE IMPACT OF EQUITY INTERESTS CHANGES ON THE COMPANY

After the change in equity interests, China Baowu will obtain the control over Changshou Iron & Steel and indirectly control the Company through Changshou Iron & Steel. China Baowu's control over the Company can better and more fully utilize its advantages in resources, management, technology and talents, and rapidly enhance the competitiveness of the Company. China Baowu will provide synergistic support to the Company in terms of optimization of product structure, coordination of supply chain, enhancement of manufacturing capacity, and improvement of operation management, so as to give full play to the location advantages of the Company.

The Company will pay continuous attention to the subsequent progress, and be in strict accordance with the Company Law of the People's Republic of China, Measures for the Administration of the Takeover of Listed Companies and other relevant laws and regulations, and disclose the Long Form Equity Change Report, Short Form Equity Change Report and other information in a timely manner. Investors are advised to make cautious decisions and pay attention to investment risks.

“De facto controller” in this announcement has the meaning ascribed thereto under the Company Law of the People's Republic of China. China Baowu and Strategic Emerging Fund, which is China Baowu's party acting in concert, will indirectly control 2,096,981,600 shares of the Company through Changshou Iron & Steel, representing 23.51% in the total share capital of the Company. China Baowu will become an indirect substantial shareholder of the Company under the Listing Rules.

By order of the Board  
**Chongqing Iron & Steel Company Limited**  
**Meng Xiangyun**  
*Secretary to the Board*

Chongqing, the PRC, 17 September 2020

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