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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 EXECUTION OF THE LETTER OF INTENT BY THE DE FACTO CONTROLLER OF THE COMPANY AND PROPOSED CHANGE OF CONTROL

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 involves change of the de facto controller of the Company. Upon completion of the changes in equity, China Baowu Steel Group Corporation Limited will become the de facto controller of the Company.
- The change in equity is an intentional transfer and does not trigger a general offer.
- As of now, Siyuanhe Equity Investment Management Co., Ltd. remains the de facto controller of the Company. There is still uncertainty with the ultimate completion of the change in equity. Investors are advised to pay attention to investment risks.

I. BASIC INFORMATION ON THE LETTER OF INTENT

On 27 December 2019, the Company was informed by Siyuanhe Equity Investment Management Co., Ltd. (“**Siyuanhe Investment**”) that Siyuanhe Investment and China Baowu Steel Group Corporation Limited (“**Baowu Group**”) signed a Letter of Intent, pursuant to which Baowu Group intends to become the de facto controller of the Company. Upon friendly negotiation, both parties agreed with the following intents:

1. Acquisition of the general partner's share of property in the Industrial Development Fund

Baowu Group intends to designate a legal entity with the private fund management license under its full control to acquire all the general partner's share of property held by Siyuanhe Investment in Siyuanhe (Chongqing) Steel Industry Development Equity Investment Fund Partnership (Limited Partnership) (the "**Industrial Development Fund**", the indirect controlling shareholder of the Company). The legal entity will become the executive partner and fund manager of the Industrial Development Fund, and proceed with the relevant industrial and commercial registration regarding the changes and the procedures regarding the changes with the Asset Management Association of China.

2. Transfer consideration

Baowu Group and its designated legal entity will perform relevant due diligence, audit and valuation procedures to determine the transaction consideration.

3. Term

The term of the proposed transaction shall commence from the date of execution of the Letter of Intent and end on 30 June 2020. If the relevant necessary procedures are not completed within the abovementioned term, both parties may extend the term of the proposed transaction through negotiation.

4. Arrangement during transition period

- (1) The transition period is from the time when the Letter of Intent becomes effective to the date of completion of the transfer of the general partner's share of property.
- (2) Siyuanhe Investment shall exercise the rights of the de facto controller of the Company in accordance with the relevant laws and regulations and its articles of association, and will not and shall not conduct any act that prejudices the material interests of the Company, other shareholders of the Company, and creditors of the Company.

5. Approval

The specific plan and terms related to the transaction are still subject to both parties' respective internal decision-making and approval procedures, and the review and approval by relevant regulatory authorities.

6. Legally binding

The Letter of Intent is not legally binding, but both parties shall jointly advance the relevant work with the principle of good faith.

II. BASIC INFORMATION ON THE PARTIES

1. Basic information on Siyuanhe Investment

Name of enterprise: Siyuanhe Equity Investment Management Co., Ltd.

Unified social credit code: 91310000MA1FL48Q1W

Type of enterprise: limited liability company (Sino-foreign joint venture)

Legal representative: Zhou Zhuping

Registered capital: RMB1,000,000,000

Address of enterprise: Room 05, West Zone, 59/F, No. 100 Century Avenue, Pilot Free Trade Zone, Shanghai, PRC

Scope of business: Sponsoring and establishing equity investment enterprises; managing the investment business of equity investment enterprises as trustee and providing related services; and engaging in equity investment consultation. (The business activities subject to approval according to law in the above scope can be carried out only after being approved by relevant departments)

2. Basic information on Baowu Group

Name of enterprise: China Baowu Steel Group Corporation Limited

Unified social credit code: 91310000132200821H

Type of enterprise: limited liability company (wholly state-owned)

Legal representative: Chen Derong

Registered capital: RMB52,791,101,000

Address of enterprise: No. 1859 Expo Avenue, China (Shanghai) Pilot Free Trade Zone

Scope of business: Operating state-owned assets within the scope authorized by the State Council, and carrying out relevant state-owned capital investment and operation business. (Items which are subject to approval according to law can be carried out only after approval by relevant departments)

The Company will pay continuous attention to the subsequent progress and fulfill the information disclosure obligations in a timely manner in strict compliance with laws and regulations. Investors are advised to pay attention to investment risks.

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

Chongqing, the PRC, 28 December 2019

As at the date of this announcement, the Directors of the Company are: Mr. Zhou Zhuping (Non-executive Director), Mr. Song De An (Non-executive Director), Mr. Zhang Shuogong (Non-executive Director), Mr. Li Yongxiang (Executive Director), Mr. Tu Deling (Executive Director), Mr. Wang Li (Executive Director), Mr. Xu Yixiang (Independent Non-executive Director), Mr. Xin Qingquan (Independent Non-executive Director) and Mr. Wong Chunwa (Independent Non-executive Director).