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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Hereby is set forth the Plan for Issuance of A Shares to Specific Investors in 2025 (the "**Announcement**") published by Chongqing Iron & Steel Company Limited (the "**Company**") on the website of the Shanghai Stock Exchange (www.sse.com.cn) (Stock Code: 601005).

This Announcement has been prepared in accordance with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Administrative Measures for the Issuance and Registration of Securities by Listed Companies is reproduced herein for your reference. The Announcement was originally prepared in Chinese and the English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.

The net profit attributable to shareholders of the Company and the net profit attributable to shareholders of the Company, netting non-recurring gains and losses for the financial years ending 31 December 2025 and 31 December 2026 ("**Relevant Information**") have been disclosed in the paragraph titled "I. Impact of Dilution of Immediate Returns on the Company's Key Financial Indicators upon the Issuance – (ii) Impact on the Company's Key Financial Indicators" under Section VIII "Dilution of Immediate Returns upon the Issuance of A Shares to Specific Investors, Remedial Measures and Undertakings Made by Relevant Entities" of the Announcement. The Relevant Information included in the Announcement has been prepared in accordance with applicable laws and regulations of the PRC.

The Relevant Information shall constitute a profit forecast under Rule 10 of the Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**") issued by the Securities and Futures Commission of Hong Kong ("**SFC**"). 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.

The Company has applied to the executive director of the Corporate Finance Division of the SFC (the "**Executive**") for a waiver from the reporting requirements set out in Rule 10 of the Takeovers Code. On the basis that (1) inclusion of the Relevant Information in the Announcement is required under the relevant laws, rules and/or regulations in the PRC; (2) the scenarios set out in the Relevant Information are assumptions for illustrative purposes only and to be disclosed for compliance with the relevant laws, rules and/or regulations in the PRC and are not intended by the Company to be forecasts of the net profit of the Company for the years ending 31 December 2025 and 31 December 2026; (3) it would be unnecessary, inappropriate, unduly burdensome and impracticable for the reporting requirements under Rule 10 of the Takeovers Code to be satisfied in respect of the Relevant Information which are illustrative scenarios only; and (4) appropriate disclaimers have been included in the Announcement, the Executive has indicated that it is minded to grant such waiver.

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

Chongqing, China, 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).

All directors of the Company 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.

Stock Code: 601005 Stock Abbreviation: Chongqing Iron & Steel

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)
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(Stock Code: 1053)

THE PLAN FOR THE ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBER IN 2025

December 2025

COMPANY'S STATEMENT

1. Chongqing Iron & Steel Company Limited and all members of its Board hereby warrant that the contents of the Plan are true, accurate, and complete, and confirm that there are no false records, misleading statements, or material omissions. They shall bear corresponding legal liabilities for the authenticity, accuracy, and completeness thereof.

2. The Plan is prepared in accordance with the requirements of the Company Law, the Securities Law, the Administrative Measures for the Registration of Securities Offerings by Listed Companies (《上市公司證券發行註冊管理辦法》), and other relevant regulations.

3. Upon completion of the issuance of A shares to specific target subscriber, the Company shall be solely responsible for any changes in its operations and income; investors shall bear all investment risks arising from the issuance of A shares to specific target subscriber. Investors shall consult their own stockbroker, lawyer, professional accountant, or other professional advisor if they have any questions.

4. the Plan is the explanation by the Company's Board regarding the issuance of A shares to specific target subscriber. Any statement inconsistent with the Plan constitutes a misrepresentation.

5. The matters described in the Plan do not constitute substantive judgment, confirmation, approval, or registration by the regulatory authorities or the registration department regarding the proposed issuance of A shares to specific target subscriber. The issuance of A shares to specific target subscriber as outlined in the Plan is still subject to approval by the Company's shareholders' meeting and class shareholders' meeting, as well as the following conditions: the shareholders' meeting must approve the exemption from the mandatory general offer obligation for A shares, the shareholders' meeting must approve the H share whitewash exemption, and the SFC must grant its approval (with the subscriber retaining the right to seek approval from China Baowu to waive this condition). Additionally, the issuance requires approval from China Baowu, review and approval by the SSE, and registration approval from the CSRC before it can be implemented.

6. Any references to investment benefits or performance forecasts in the Plan do not constitute the Company's commitment to any investors or related parties. Investors and related parties should understand the differences between plans, forecasts, and commitments, and be aware of investment risks.

IMPORTANT NOTICE

The terms or abbreviations mentioned in this section have the same meanings as those defined in the interpretation of the Plan.

1. The matters related to the issuance of A shares to specific target subscriber were reviewed and approved at the 22nd meeting of the tenth Board of Chongqing Iron & Steel held on 19 December 2025. These matters are still subject to approval by the Company's shareholders' meeting and class shareholders' meeting, as well as the following conditions: the shareholders' meeting must approve the exemption from the mandatory general offer obligation for A shares, the shareholders' meeting must approve the H share whitewash exemption, and the SFC must grant its approval (with the subscriber retaining the right to seek approval from China Baowu to waive this condition). Additionally, the issuance requires approval from China Baowu, review and approval by the SSE, and registration approval from the CSRC before it can be implemented. The final issuance plan is subject to the plan approved by the CSRC for registration.

2. The target subscriber of the issuance of A shares is Hwabao Investment. Hwabao Investment intends to subscribe for all the shares issued in the issuance with cash. Hwabao Investment and the Company entered into a conditional share subscription agreement. The issuance of A shares to specific target subscriber constitutes a related-party transaction. the Company will perform the corresponding approval and disclosure procedures for the related-party transaction in accordance with the requirements of relevant laws and regulations.

3. The pricing benchmark date for the issuance of A shares to specific target subscriber is the announcement date of the resolution of the 22nd meeting of the tenth Board. The price of the issuance of A shares to specific target subscriber is RMB1.32 per share, not less than 80% (RMB1.17 per share) of the average trading price of the Company's A shares over the 20 trading days prior to the pricing benchmark date. The average trading price of A shares over the 20 trading days prior to the pricing benchmark date = the total trading value of the Company's shares over the 20 trading days prior to the pricing benchmark date/ the total trading volume of the Company's shares over the 20 trading days prior to the pricing benchmark date.

   During the period from the pricing base date to the issuance date, if the Company undergoes dividend distribution, bonus share issuance, or capital reserve conversion into share capital, the issue price of the issuance of A shares to the target subscriber will be adjusted accordingly.

4. The number of the issuance of A shares to the target subscriber is 757,575,757 shares, not exceeding 30% of the Company's share capital prior to the issuance. Hwabao Investment intends to subscribe for an amount of RMB1,000,000,000. The number of shares to be subscribed will be determined by dividing the subscription amount by the issue price, rounded down to the nearest whole number, with any fractional shares disregarded. The amount corresponding to any fractional share will be credited to the Company's capital reserve. If the Company's shares undergo ex-rights or ex-dividend adjustments between the announcement date of the board resolution regarding he issuance of A shares to the target subscriber and the issuance date, the number of the issuance of A shares to the target subscriber will be adjusted accordingly. If the total amount of proceeds to be raised or the total number of shares to be issued in the issuance of A shares to specific target subscriber is adjusted due to changes in regulatory policies or registration document requirements, the subscription amount and issuance quantity will be adjusted accordingly in compliance with the relevant authorities' requirements.

5. The total amount of proceeds to be raised from the issuance of A shares to the target subscriber is expected not to exceed RMB1,000,000,000 (inclusive), subject to the approval document for registration issued by the CSRC for the issuance. After deducting issuance expenses, all proceeds will be used to supplement working capital and repay bank loans.

6. The newly issued shares of the Company obtained by Hwabao Investment through the issuance of shares to specific target subscriber shall not be transferred within 36 months from the completion of the issuance of shares to specific target subscriber. At the same time, Hwabao Investment and China Baowu commit that Hwabao Investment and its concerted parties will not transfer the shares of Chongqing Iron & Steel held prior to the issuance within eighteen months from the completion of the issuance. However, transfers between different entities controlled by the same ultimate controlling party are exempt from the aforementioned eighteen-month restriction. From the completion of the issuance of shares to specific target subscriber until the date when such shares are released from the lock-up period, any shares derived from stock dividends, capital reserve conversion into share capital increases, or similar events shall also be subject to the aforementioned lock-up period restrictions. If the above-mentioned lock-up period is inconsistent with the latest regulatory requirements of the securities regulatory authorities, corresponding adjustments will be made in accordance with the latest regulatory requirements. After the expiration of the above-mentioned share lock-up period, the shares will be handled in accordance with the relevant regulations of the securities regulatory authorities.

7. The issuance of A shares to specific target subscriber will not result in a change of the Company's actual controller, nor will it cause the Company's equity distribution to fail to meet the listing requirements.

8. The Company's profit distribution policy and shareholder distribution plan for the next three years (2026–2028). For details, please refer to "Section VII Company's Profit Distribution Policy and Profit Distribution" in the Plan.

9. The Company's accumulated undistributed profit prior to the issuance shall be shared by both existing and new shareholder post-issuance in proportion to their respective shareholdings at that time.

10. In accordance with the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium Investors in the Capital Market (Guobanfa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guofa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), and the Guiding Opinions on Matters Concerning the Dilution of Immediate Returns in Initial Public Offerings, Refinancing, and Major Asset Restructurings (CSRC Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號), the Company has analyzed the potential impact of the issuance of shares to specific target subscriber on immediate returns and proposed specific measures to mitigate such effects, thereby safeguarding the interests of small and medium investors. All directors, senior management, controlling shareholders, and actual controllers of the Company have committed to ensuring the effective implementation of the measures to mitigate the potential dilution of immediate returns from the issuance of shares to specific target subscriber. For details on these measures and commitments, please refer to "Section VIII Measures to Mitigate Dilution of Immediate Returns from the issuance of A shares to specific target subscriber and Related Commitments by Relevant Parties" in the Plan. The measures implemented by the Company to offset potential returns do not constitute a guarantee of future profit. Investors should not base their investment decisions on these measures. the Company will not be liable for any losses incurred by investors who make decisions based on this information. Investors are advised to take note of this disclaimer.

11. The issuance of A shares to specific target subscriber is still subject to approval by the Company's shareholders' meeting and class shareholders' meeting, as well as the following conditions: the shareholders' meeting must approve the exemption from the mandatory general offer obligation for A shares, the shareholders' meeting must approve the H share whitewash exemption, and the SFC must grant its approval (with the subscriber retaining the right to seek approval from China Baowu to waive this condition). Additionally, the issuance requires approval from China Baowu, review and approval by the SSE, and registration approval from the CSRC before it can be implemented. There is uncertainty regarding whether the relevant approvals or registrations can be obtained, as well as the timing of final approval or registration. Investors are advised to be aware of the investment risks.

CONTENTS

DEFINITIONS

In the Plan, unless otherwise specified, the following abbreviations have the meanings indicated:

the Company, Chongqing Iron & Steel, the issuer, the listed company	Chongqing Iron & Steel Company Limited
Actual controller, China Baowu	China Baowu Steel Group Corporation Limited
Issuer, Hwabao Investment	Hwabao Investment Company Limited
Parties acting in concert of Hwabao Investment	China Baowu, Chongqing Changshou Iron and Steel Co., Ltd. (重慶長壽鋼鐵有限公司), Zhongnan Iron and Steel Co., Ltd. of Baowu Group, Sinosteel Equipment & Engineering Co., Ltd. (中鋼設備有限公司), Baoxin Software (Wuhan) Co., Ltd. (寶信軟件(武漢)有限公司), Sinosteel Xi'an Heavy Machinery Co., Ltd.* (中鋼集團西安重機有限公司), Shanghai Baosight Software Co., Ltd., Chongqing Baocheng Carbon Co., Ltd., Sinosteel Luoyang Institute of Refractories Research Co., Ltd. (中鋼集團洛陽耐火材料研究院有限公司), Baosteel Engineering & Technology Group Co., Ltd. (寶鋼工程技術集團有限公司), Baowu Heavy Industry Co., Ltd. (寶武重工有限公司), and Chongqing Zhaoyang Gas Co., Ltd. (重慶朝陽氣體有限公司), etc.
A shares	Ordinary shares with a par value of RMB1.00 per share, listed domestically and subscribed to and traded in RMB
the issuance, the issuance of shares to specific target subscriber, the issuance of A shares to specific target subscriber	The Issuance of A shares to Specific Target Subscribers of Chongqing Iron & Steel Company Limited in 2025
Share Subscription Agreement	Share Subscription Agreement between Chongqing Iron & Steel Company Limited and Hwabao Investment Company Limited (《重慶鋼鐵股份有限公司與華寶投資有限公司之股份認購協議》)
Pricing reference date	Announcement Date of Resolutions from the 22nd Meeting of the tenth Board

CSRC	CSRC
SASAC of the State Council	State-owned Assets Supervision and Administration Commission of the State Council
SSE	SSE
SFC	Securities and Futures Commission of Hong Kong
Hong Kong Stock Exchange, Stock Exchange	Hong Kong Exchanges and Clearing Limited
Board	Board of Chongqing Iron & Steel Company Limited
shareholders' meeting	Shareholders' meeting of Chongqing Iron & Steel Company Limited
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Chongqing Iron & Steel Company Limited
the Plan	The Plan on the Issuance of A shares to Specific Target Subscribers of Chongqing Iron & Steel Company Limited in 2025
RMB, RMB0'000	RMB, RMB0'000
Past Three Years	The years 2022, 2023 and 2024
Past Three Years and Most Recent Period	The years 2022, 2023 and 2024 and January-September 2025

In the Plan, there may be minor discrepancies between certain totals and the sum of individual figures due to rounding.

SECTION I SUMMARY OF THE PLAN ON THE ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS

I. BASIC INFORMATION ABOUT THE ISSUER

Company Chinese Name: Chongqing Iron & Steel Company Limited

Legal Representative: Wang Huxiang

Total Share Capital: 8,851,763,767 shares

Stock Abbreviation: Chongqing Iron & Steel, Chongqing Iron & Steel Company

Stock Code: 601005. SH, 1053. HK

Listing Location: SSE, Hong Kong Stock Exchange

Date of Establishment: 11 August 1997

Registered Address: No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing

Office Address: No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing

Postal Code: 401258

Secretary to the Board: Kuang Yunlong

Contact: 8623–68983482

Fax Number: 8623–68873189

Business scope: production, processing and sale of steel plates, steel sections, wire rods, bar materials, billets and thin plates; production and sales of coke and coal chemical products (excluding hazardous chemicals except for crude benzene used in aromatic hydrocarbon processing and crude benzene for solvents, which must be operated within the scope and duration approved by the license), pig iron, water slag, steel slag, scrap steel; domestic shipping agency; domestic cargo transportation agency

II. BACKGROUND AND PURPOSE OF THE ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBERS

(I) Background of the Issuance of Shares to Specific Target Subscriber

1. The steel industry is in a critical period of stabilizing growth and enhancing quality and efficiency. Chongqing Iron & Steel continues to implement the central government's work plan and policies for stabilizing growth in the sector

In September 2025, the Ministry of Industry and Information Technology issued the Steel Industry Steady Growth Work Plan (2025–2026) (鋼鐵行業穩增長工作方案(2025-2026年)》), stating that the steel industry is a vital foundational and pillar sector of the national economy, crucial for stable industrial growth and economic performance. However, the current oversupply in the steel industry, coupled with insufficient effective demand, has created a supply-demand imbalance that remains the primary challenge affecting the sector's development quality and efficiency. The plan emphasizes "focusing on quality and efficiency, deepening the integration of technological and industrial innovation, balancing supply and demand dynamics, and enhancing their alignment by strictly prohibiting new capacity and implementing production cuts to control total output." It also advocates for "transformation through digital and green upgrades, accelerating the shift from old to new growth drivers, fostering new quality productive forces tailored to local conditions, and further strengthening the resilience and security of industrial and supply chains to achieve both qualitative improvements and reasonable quantitative growth."

In recent years, China's steel industry has been in a weak cycle. Chongqing Iron & Steel has consistently focused on cost reduction and efficiency improvement, implementing company-wide financial management practices. the Company has made continuous efforts across three key dimensions–management efficiency, operational efficiency, and production efficiency–overcoming multiple challenges including environmental performance upgrades to Grade A standards and production ramp-ups. Simultaneously, it has driven green development through technological innovation, achieving dual improvements in energy efficiency and innovative outcomes. These efforts have led to significant operational enhancements while consistently implementing the central government's policies and guidelines for stabilizing growth in the steel industry.

2. **Chongqing Iron & Steel plays a vital role in the development of Chongqing and the southwestern region, serving as a key strategic industrial pillar for the city**

Chongqing Iron & Steel is located in Chongqing, which is adjacent to the golden waterway of the Yangtze River. The region faces numerous opportunities, including the "Western Development Strategy", "Belt and Road Initiative", "Yangtze River Economic Belt", "Chengdu-Chongqing Economic Circle", and the "Ongoing Relocation of Coastal Industries to the Western Region" Chongqing Iron & Steel is the only listed steel company in Chongqing. As the steel enterprise with the longest industrial chain, highest production capacity, most advanced technical equipment, and most comprehensive product range in the region, it primarily serves Chongqing and Southwest China. the Company operates its own raw material and finished product terminals, benefiting from superior logistics and distinct competitive advantages. For years, it has supplied high-quality steel products to support various foundational industries in Southwest China, serving as a strategic pillar for regional development while securing substantial business opportunities. The issuance will enhance the operational performance of listed companies and support their healthy development. It holds significant importance for the construction of key infrastructure and the advancement of the advanced manufacturing sector in Chongqing and its surrounding regions.

3. **The SASAC of the State Council supports listed companies in utilizing the capital market to achieve high-quality development**

In October 2020, the State Council issued the Guidelines on Further Enhancing the Quality of Listed Companies (《國務院關於進一步提高上市公司質量的意見》), which explicitly stated that improving the quality of listed companies is essential for fostering the healthy development of the capital market and a key component of advancing the socialist market economy system in the new era. The guidelines call for continuous enhancement of corporate governance standards and the strengthening and optimization of listed companies. In May 2022, the SASAC of the State Council issued the Work Plan for Improving the Quality of Listed Companies Controlled by Central Enterprises (《提高央企控股上市公司質量工作方案》). The plan requires central enterprise-controlled listed companies to fully utilize the financing functions of their listing platforms to focus on core business development. It also guides these companies to effectively leverage capital markets in serving enterprise development and optimizing resource allocation, thereby achieving integrated growth between industrial operations and capital operations that mutually reinforce each other–ultimately strengthening and refining their core businesses. Additionally, the plan encourages central enterprise-controlled listed companies to conduct equity financing based on both developmental needs and market conditions, while optimizing financing arrangements, improving capital structures, and increasing the proportion of direct financing.

Further improving the quality of listed companies controlled by central enterprises is of great significance for achieving high-quality development of central enterprises, promoting the healthy development of the capital market, and ensuring the stable operation of the national economy. The issuance is an important measure to implement the requirements for high-quality development of listed companies controlled by central enterprises and to boost confidence in the capital market. It demonstrates strong confidence in China's macroeconomic stability, the steel industry's prospects, and Chongqing Iron & Steel's long-term steady growth. This initiative will help listed companies seize opportunities in comprehensive green transformation and achieve superior development.

(II) Purpose of the Issuance of Shares to Specific Target Subscriber

1. Optimize the capital structure of the listed company and enhance their risk resilience

The issuance will help further improve the liquidity of the listed company, optimize their capital structure, increase their total assets and net assets, reduce their asset-liability ratio and financial expenses, and enhance their risk resilience. This initiative also aligns with the national policy direction of increasing the proportion of direct financing, strengthening financial services' support for the real economy, and reducing the leverage ratio of state-owned enterprises.

2. Support the stable development of the listed company's core businesses and create favorable conditions for enhancing their core competitiveness and achieving sustainable, high-quality development

Due to the capital-intensive nature of the steel industry in which the listed company operate, as well as the continuous updates in technical equipment and environmental protection requirements, the listed company faces high working capital demands. This is particularly true during periods of weak industry cycles, when sufficient liquidity becomes even more critical for maintaining operational stability. Through the investment of the raised proceeds by the issuance, the listed company can utilize capital more efficiently, directing resources toward superior products to achieve product structure optimization and lean operations. This enhances the Company's operational stability and creates favorable conditions for strengthening the core competitiveness of the listed company and achieving sustainable, high-quality development, ultimately maximizing shareholder value.

III. TARGET SUBSCRIBER AND THEIR RELATIONSHIP WITH THE COMPANY

The target subscriber of the issuance is Hwabao Investment, which will fully subscribe in cash for the A shares issued to specific investors.

For details about the target subscriber of the issuance and their relationship with the listed company, please refer to "SECTION II BASIC INFORMATION OF THE TARGET SUBSCRIBER OF THE ISSUANCE" of the Plan.

IV. SUMMARY OF PLAN ON THE ISSUANCE OF SHARES TO SPECIFIC TARGET SUBSCRIBER

(I) Types and Par Value of Shares to be Issued

The types of shares for the issuance are domestically listed RMB-denominated ordinary shares (A shares), with a par value of RMB1.00 per share.

(II) Method and Timing of the Issuance

The issuance will be conducted through the issuance of shares to specific target subscriber, to be executed at an opportune time within the validity period after obtaining approval from the SSE and registration approval from the CSRC.

(III) Target Subscriber and Subscription Methods

The target subscriber of the issuance is Hwabao Investment, which will subscribe in cash for the A shares issued to it through the issuance.

Hwabao Investment and the Company are both controlled by China Baowu, making them related parties. Hwabao Investment's participation in the issuance constitutes a related-party transaction with the Company. the Company will follow applicable laws and regulations to complete the required approval and disclosure procedures for this related-party transaction.

(IV) Pricing Benchmark Date, Issue Price, and Pricing Principles

The pricing benchmark date for the issuance is the announcement date of the resolution from the 22nd meeting of the tenth Board, which reviewed the plan for the issuance.

The issue price of the issuance is 90% of the average trading price of the Company's A share stock over the 20 trading days prior to the pricing benchmark date (with the calculation result 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 the shares over the 20 trading days prior to the pricing benchmark date/the total trading volume of the shares over the 20 trading days prior to the pricing benchmark date.

According to the above pricing principles, the issue price of the issuance is RMB1.32 per share.

During the period from the pricing base date to the issuance date, if the Company undergoes dividend distribution, bonus share issuance, or capital reserve conversion into share capital, the issue price of the issuance will be adjusted accordingly. The specific adjustment formula is as follows:

Cash dividend distribution: $P1 = P0 - D$

Bonus shares or capital increase from reserves: $P1 = P0/(1 + N)$

Both implemented simultaneously: $P1 = (P0 - D)/(1 + N)$

Among which, P1 is the adjusted issue price, P0 is the original issue price before adjustment, D is the cash dividend per share, and N is the number of bonus shares or capital increase per share.

(V) Number of Shares Issued

The number of the issuance is 757,575,757 shares, not exceeding 30% of the Company's share capital prior to this issuance. Hwabao Investment intends to subscribe for an amount of RMB1,000,000,000. The number of shares to be subscribed will be determined by dividing the subscription amount by the issue price, rounded down to the nearest whole number, with any fractional shares disregarded. The amount corresponding to any fractional share will be credited to the Company's capital reserve.

If the Company's shares undergo ex-rights or ex-dividend adjustments between the announcement date of the board resolution regarding he issuance and the issuance date, the number of the issuance will be adjusted accordingly.

If the total amount of proceeds to be raised or the total number of shares to be issued in the issuance is adjusted due to changes in regulatory policies or registration document requirements, the subscription amount and issuance quantity will be adjusted accordingly in compliance with the relevant authorities' requirements.

(VI) Lock-up Period

The newly issued shares of the Company obtained by Hwabao Investment through the issuance shall not be transferred within 36 months from the completion of the issuance. At the same time, Hwabao Investment and China Baowu commit that Hwabao Investment and its concerted parties will not transfer the shares of Chongqing Iron & Steel held prior to the issuance within eighteen months from the completion of the issuance. However, transfers between different entities controlled by the same ultimate controlling party are exempt from the aforementioned eighteen-month restriction.

From the completion of the issuance until the date when such shares are released from the lock-up period, any shares derived from bonus share issuance, capital reserve conversion into share capital increases, or similar events shall also be subject to the aforementioned lock-up period restrictions.

If the above-mentioned lock-up period is inconsistent with the latest regulatory requirements of the securities regulatory authorities, corresponding adjustments will be made in accordance with the latest regulatory requirements.

After the expiration of the above-mentioned share lock-up period, the shares will be handled in accordance with the relevant regulations of the securities regulatory authorities.

(VII) Total Amount and Use of Proceeds Raised

The total amount of proceeds to be raised in the issuance is expected not to exceed RMB1,000,000,000 (inclusive), subject to the registration approval document issued by the CSRC for the issuance. After deducting issuance expenses, all proceeds will be used to supplement working capital and repay bank loans.

(VIII) Arrangement of the Company's Accumulated Undistributed Profit Prior to the Issuance

the Company's accumulated undistributed profit prior to the issuance shall be shared by both existing and new shareholders of the Company for post-issuance in proportion to their respective shareholdings at that time.

(IX) Listing Location

The shares for the issuance will be listed and traded on the SSE.

(X) Validity Period of Resolution

The validity period of the issuance resolution is 12 months from the date the Company's shareholders' meeting approves the relevant proposals for the issuance.

V. WHETHER THE ISSUANCE OF SHARES TO SPECIFIC TARGET SUBSCRIBER CONSTITUTES A RELATED-PARTY TRANSACTION

The Company's issuance of A shares to specific target subscriber is subscribed by Hwabao Investment. Since both Hwabao Investment and the Company are controlled by China Baowu, Hwabao Investment is deemed a related party of the Company. Its participation in the subscription of this A share issuance constitutes a connected transaction.

The Company will strictly comply with laws, regulations, and internal policies to carry out the approval procedures for related-party transactions. The Company's independent directors have convened a special meeting to review and approve the related-party transactions involved in the issuance of shares to specific target subscriber. the Company's Board voted to approve the proposal regarding the issuance of shares to specific target subscriber. At the shareholders' meeting, when reviewing matters related to the issuance of shares to specific target subscriber affiliated shareholders will abstain from voting on the relevant proposals.

VI. WHETHER THE ISSUANCE OF SHARES TO SPECIFIC TARGET SUBSCRIBER RESULT IN A CHANGE OF CONTROL OF THE COMPANY

As of the announcement date of the Plan, China Baowu and its acting-in-concert parties collectively hold a total of 29.51% of the shares in Chongqing Iron & Steel. The issuance of A shares to specific target subscriber is conducted by Hwabao Investment, a wholly-owned subsidiary of China Baowu. Upon completion of the issuance, the combined shareholding of China Baowu and its acting-in-concert parties is expected to be 35.07%. China Baowu remains the actual controlling party of the Company, and the issuance of shares to specific target subscriber will not result in any change to the Company's control rights.

VII. THE STATUS OF THE ISSUANCE PLAN'S APPROVAL BY THE RELEVANT COMPETENT AUTHORITIES AND THE PROCEDURES STILL REQUIRING SUBMISSION FOR APPROVAL

The matters related to the issuance of A shares to specific target subscriber were reviewed and approved at the 22nd meeting of the tenth Board held on 19 December 2025. The issuance of A shares to specific target subscriber is subject to the following procedures before implementation:

1. Upon deliberation and approval by the Company's shareholders' meeting and class meeting of shareholders, and following the exemption of the A share mandatory general offer obligation approved by the shareholders' meeting, as well as the H share whitewash exemption approved by the shareholders' meeting and the SFC (the subscriber reserves the right to seek approval from China Baowu to waive this condition precedent);

2. Obtain approval from China Baowu;

3. It has been reviewed and approved by the SSE and registered with the consent of the CSRC.

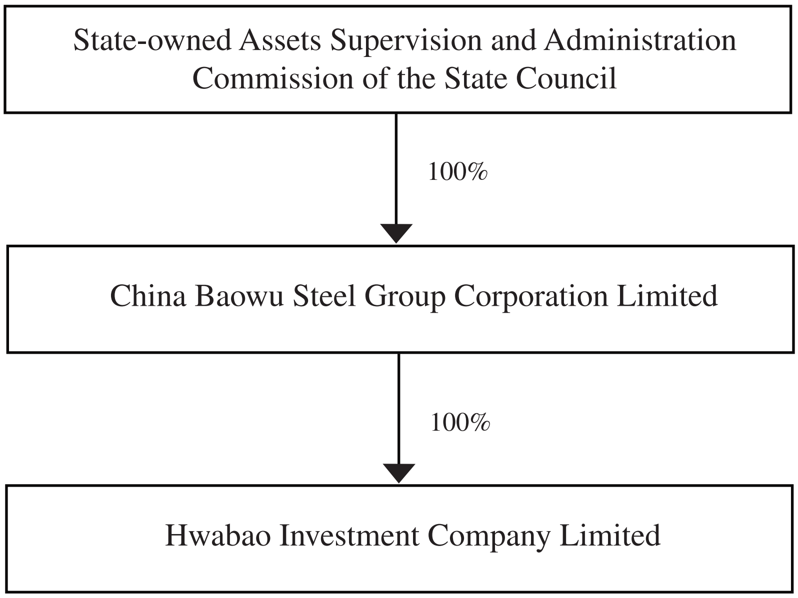
SECTION II BASIC INFORMATION OF THE TARGET SUBSCRIBER OF THE ISSUANCE

I. BASIC INFORMATION

Company Name	Hwabao Investment Company Limited
Date of Establishment	21 November 1994
Operating Term	21 November 1994 to indefinite term
Registered Capital	RMB9,368.95 million
Legal Representative	Hu Aimin
Unified Social Credit Code	913100001322288169
Business Type	Limited liability company (sole proprietorship of a legal person not invested in or controlled by natural persons)
Registered Address	West Area, 59th Floor, No. 100 Century Avenue, China (Shanghai) Pilot Free Trade Zone
Business Scope	Investment and investment management in the metallurgical and related industries, investment consulting, business consulting services (excluding brokerage), and property brokerage. Projects subject to approval in accordance with the laws, business activities can only be carried out after approval by relevant departments
Mailing Address	West Area, 59th Floor, No. 100 Century Avenue, China (Shanghai) Pilot Free Trade Zone
Contact number	021-20857500

II. EQUITY AND CONTROL STRUCTURE

As of the announcement date of the Plan, the equity control structure of Hwabao Investment is as follows:



III. MAIN BUSINESS AND BRIEF FINANCIAL STATUS FOR THE MOST RECENT YEAR

Hwabao Investment is the financial investment management and service platform of China Baowu, primarily engaged in investment services, securities services, financial leasing and futures trading. The main financial data for Hwabao Investment in 2024 are as follows:

Unit: RMB0'000

Item	**31 December 2024/For the year of 2024**
Total assets	8,945,041.44
Net assets attributable to shareholders of the parent company	2,387,248.48
Revenue	352,794.34
Net profit attributable to shareholders of the parent company	83,970.86

Note: The above data are the consolidated caliber data of Hwabao Investment.

IV. THE TARGET SUBSCRIBER AND ITS DIRECTORS, SUPERVISORS, AND SENIOR MANAGERS HAVE BEEN SUBJECT TO ADMINISTRATIVE PENALTIES (EXCLUDING THOSE CLEARLY UNRELATED TO THE SECURITIES MARKET), CRIMINAL PENALTIES, OR MAJOR CIVIL LITIGATION OR ARBITRATION INVOLVING ECONOMIC DISPUTES WITHIN THE PAST FIVE YEARS

As of the announcement date of the Plan, the target subscriber and its directors, and senior management have not been subject to any administrative penalties (excluding those clearly unrelated to the securities market) or criminal penalties in the past five years, or involved in any major civil litigation or arbitration related to economic disputes.

V. INDUSTRY COMPETITION AND RELATED-PARTY TRANSACTIONS FOLLOWING THE COMPLETION OF THE ISSUANCE

Upon completion of the issuance of shares to specific target subscriber, the business and management relationships between Hwabao Investment, its controlling shareholders, actual controllers, and the Company will not undergo any material changes. Apart from the related-party transactions resulting from Hwabao Investment's participation in the issuance, this transaction will not create any new material adverse competition or potential competition, manifestly unfair related-party transactions between the Company and Hwabao Investment, its controlling shareholders, or actual controllers, nor will it materially impair the independence of the Company's production and operations.

VI. SIGNIFICANT TRANSACTIONS BETWEEN THE TARGET OF THE ISSUANCE AND ITS CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS, AND THE LISTED COMPANY WITHIN THE 24 MONTHS PRIOR TO THE DISCLOSURE OF THE PLAN FOR THE ISSUANCE

Within the 24 months prior to the disclosure of the Plan, details of related party transactions between Hwabao Investment, its controlling shareholders, actual controllers, and the Company are available in the periodic reports and interim announcements disclosed by the Company. Apart from the related party transactions disclosed in the Company's periodic reports and interim announcements, no other material transactions requiring disclosure have occurred between Hwabao Investment, its controlling shareholders, actual controllers, and the listed companies.

VII. SOURCE OF SUBSCRIPTION FUNDS

All funds used by Hwabao Investment to subscribe for the issuance are sourced from its own or self-raised funds.

VIII. EXPLANATION ON THE EXEMPTION OF TARGET SUBSCRIBER OF THE ISSUANCE FROM ACQUIRING ADDITIONAL SHARES IN THE COMPANY THROUGH A TENDER OFFER

According to Article 63 of the Measures for the Administration of Acquisition of Listed Companies (《上市公司收購管理辦法》): "Investors may be exempt from making an offer under any of the following circumstances:... (3) With the approval of non-affiliated shareholders at the shareholders' meeting of the listed company, an investor obtains new shares issued by the listed company, resulting in their shareholding exceeding 30% of the Company's total issued shares. The investor commits not to transfer these newly issued shares within three years, and the shareholders' meeting agrees to exempt the investor from making an offer".

According to the issuance plan for the issuance, the subscriber for the Company's offering is Hwabao Investment. Following the issuance, the combined shareholding of Hwabao Investment and its concert parties in the Company is expected to exceed 30%. In accordance with the relevant provisions of the Measures for the Administration of Acquisition of Listed Companies, Hwabao Investment's subscription of the A shares for the issuance will trigger the mandatory tender offer obligation. Given that Hwabao Investment has committed not to transfer the shares acquired through this subscription within 36 months from the completion of the issuance, in accordance with Article 63, Paragraph 1, Item (3) of the Measures for the Administration of Acquisition of Listed Companies, and subject to approval by the non-affiliated shareholders at the Company's shareholders' meeting, Hwabao Investment's subscription of shares qualifies for an exemption from the obligation to issue a tender offer under the Measures for the Administration of Acquisition of Listed Companies. The Board has submitted a proposal to the shareholders' meeting for approval to exempt Hwabao Investment from making a mandatory offer when increasing its shareholding in the Company.

SECTION III SUMMARY OF THE SHARE SUBSCRIPTION AGREEMENTS SUBJECT TO CONDITIONS

I. AGREEMENT PARTIES AND EXECUTION DATE

Party A (Issuer): Chongqing Iron & Steel Company Limited

Party B (Subscriber): Hwabao Investment Company Limited

Agreement signing date: 19 December 2025

II. SUBSCRIPTION SUBJECT, SUBSCRIPTION AMOUNT, AND SUBSCRIPTION METHOD

Subscription subject: Party A issues domestically listed RMB ordinary shares (A shares) to Party B through the issuance of shares to specific target subscriber, with a par value of RMB1.00 per share.

Subscription amount: Party B intends to subscribe for RMB1,000.000 million

Subscription method: Party B shall subscribe to the shares issued by Party A in cash.

III. SUBSCRIPTION PRICE AND PRICING BASIS

The pricing benchmark date for Party A in the issuance is the announcement date of the Board resolution approving the Plan for the issuance. The issue price of the issuance is 90% of the average trading price of the Party A's A share stock over the 20 trading days prior to the pricing benchmark date (with the calculation result 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 the shares over the 20 trading days prior to the pricing benchmark date/ the total trading volume of the shares over the 20 trading days prior to the pricing benchmark date. According to the above pricing principles, the issue price of the issuance is RMB1.32 per share.

During the period from the pricing base date to the issuance date, if the listed company undergoes dividend distribution, bonus share issuance, or capital reserve conversion into share capital, the price of the issuance will be adjusted accordingly. The specific adjustment formula is as follows:

Cash dividend distribution: $P1 = P0 – D$

Bonus shares or capital increase from reserves: $P1 = P0/(1 + N)$

Both implemented simultaneously: $P1 = (P0 – D)/(1 + N)$

Among which, P1 is the adjusted issue price, P0 is the original issue price before adjustment, D is the cash dividend per share, and N is the number of bonus shares or capital increase per share.

IV. SUBSCRIPTION AMOUNT AND QUANTITY

Party B intends to subscribe for an amount of RMB1,000,000,000. The number of shares to be subscribed will be determined by dividing the subscription amount by above issue price, rounded down to the nearest whole number, with any fractional shares disregarded. The amount corresponding to any fractional share will be credited to the listed company’s capital reserve.

If the listed company’s shares undergo ex-rights or ex-dividend adjustments between the announcement date of the board resolution regarding the issuance and the issuance date, the number of shares acquired by subscribers for the issuance will be adjusted accordingly.

If the total amount of proceeds to be raised or the total number of shares to be issued in the issuance is adjusted due to changes in regulatory policies or registration document requirements, above subscription amount and subscribed quantity will be adjusted accordingly in compliance with the relevant authorities’ requirements.

V. ARRANGEMENT FOR ACCUMULATED UNDISTRIBUTED PROFIT

The listed company’s accumulated undistributed profit prior to the issuance shall be shared by both existing and new shareholders for post-issuance in proportion to their respective shareholdings at that time.

VI. LOCK-UP PERIOD

The newly issued shares of the listed company obtained by subscriber through the issuance shall not be transferred within 36 months from the completion of the issuance.

From the completion of the issuance until the date when such shares are released from the lock-up period, any shares derived from bonus share issuance, capital reserve share capital increases, or similar events shall also be subject to the aforementioned lock-up period restrictions. If the above-mentioned lock-up period is inconsistent with the latest regulatory requirements of the securities regulatory authorities, corresponding adjustments will be made in accordance with the latest regulatory requirements.

After the expiration of the above-mentioned share lock-up period, the shares will be handled in accordance with the relevant regulations of the securities regulatory authorities.

VII. PAYMENT, CAPITAL VERIFICATION, AND SHARE REGISTRATION

On the payment date, the subscriber shall transfer the full subscription amount from the subscriber's bank account to the bank account of the sponsor (lead underwriter) for the issuance by the listed company in a single transaction, in accordance with the payment notice issued by the listed company and its sponsor (lead underwriter).

To register the subscriber as the shareholder of the newly issued shares, the listed company shall appoint an accounting firm that complies with the relevant requirements of the Securities Law to verify the capital contributions and issue a capital verification report. The issuance date of the capital verification report shall be no later than three working days after the date on which the full subscription price is paid into the listed company's designated account for the issuance, as stipulated in the aforementioned agreement.

After the capital verification report is issued, the listed company shall submit a written application to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to register the subscriber as the holder of the newly issued shares no later than ten working days after the issuance of the capital verification report.

VIII. LIABILITY FOR BREACH OF CONTRACT

After the signing of this agreement, except in cases of force majeure (including but not limited to earthquakes, floods, infectious diseases, and wars), if any party fails to fulfill its obligations or commitments under this agreement, or if its representations or warranties are materially inaccurate or false, such party shall be deemed in breach of this Agreement.

The breaching party shall continue to fulfill its obligations as required by the non-breaching party, take remedial measures, or pay full and adequate compensation to the non-breaching party. The above compensation amount shall not exceed the losses that the breaching party foresaw or should have foreseen at the time of entering into the agreement as a possible consequence of the breach.

If the issuance fails to meet the effective conditions specified in the agreement and is canceled, it shall not constitute a breach of contract by either party, and neither party shall be liable for any breach of contract. If the issuance plan is adjusted or canceled due to requirements from relevant regulatory authorities such as the CSRC or the SSE, neither party shall be liable for breach of contract to the other party for such adjustment or cancellation for the issuance.

IX. EFFECTIVENESS AND TERMINATION

This agreement shall be established upon the date of signing and sealing by both parties and shall take effect only after all the following conditions are fully satisfied:

1. The Board and shareholders' meeting (including class shareholders' meeting) of Party A reviewed and approved the resolution to authorize the issuance;

2. Party A's Board and shareholders' meeting reviewed and approved Party B's exemption from acquiring additional A shares in Party A through a tender offer;

3. Party A's Board and shareholders' meeting reviewed and approved the exemption of Party B from the obligation to make a general offer for H shares, and the Hong Kong Securities and Futures Commission granted an exemption and/or confirmation, exempting Party B and/or confirming that Party B is not required to make a general offer to Party A's H share shareholders in connection with the issuance;

4. the issuance was approved by China Baowu Steel Group Corporation Limited;

5. the issuance has been approved by the SSE and registered with the approval of the CSRC.

If any of the above conditions is not met, this agreement will automatically terminate as of the date such condition is not met, and neither party shall be liable for breach of contract.

For the avoidance of doubt, both parties agree that, subject to the approval of China Baowu Steel Group Corporation, Party B has the right to unilaterally waive the agreement's effective conditions specified in item 3 above. This means that if the conditions in item 3 are not met, subject to the approval of China Baowu Steel Group Corporation, Party B retains the right to declare its decision to proceed with the transaction, and to coordinate with relevant parties to fulfill the corresponding H share general tender offer procedures. This agreement shall take full effect from the date Party B makes such a declaration, provided all other effective conditions, except those in item 3, have been satisfied.

Unless otherwise agreed in this agreement, this agreement shall terminate upon the occurrence of any of the following events:

1. When this agreement is terminated by mutual written consent of both parties;

2. The registration documents obtained for the issuance become invalid for any reason;

3. After the execution of this agreement, if the issuance plan is materially amended or requires material amendment for any reason (including but not limited to pricing method, issuance method, subscriber, or issuance price), the party that does not agree to such amendments shall notify the other parties in writing to terminate this agreement;

4. If one party discovers that the other party has committed a material breach prior to the issuance date, and the breaching party fails to remedy such breach within thirty (30) days after receiving written notice from the non-breaching party, the non-breaching party shall have the right to terminate this agreement by providing written notice to the breaching party;

5. If either party is unable to continue performing this agreement due to force majeure, such party shall provide written notice to the other party to terminate this Agreement.

SECTION IV FEASIBILITY ANALYSIS OF THE BOARD ON THE USE OF PROCEEDS RAISED

I. PLAN FOR THE USE OF PROCEEDS RAISED

The total amount of proceeds to be raised in the issuance is expected not to exceed RMB1.0 billion (inclusive), subject to the registration approval document issued by the CSRC for the issuance. After deducting issuance expenses, all proceeds will be used to supplement working capital and repay bank loans.

II. ANALYSIS OF THE NECESSITY AND FEASIBILITY OF THE FUNDRAISING PROJECT

(I) Necessity Analysis

(1) Optimize the capital structure of the listed company and enhance their risk resilience

The proceeds raised to supplement working capital and repay bank loans will help further improve the liquidity of the listed company, optimize its capital structure, increase its total assets and net assets, reduce its asset-liability ratio and financial expenses, and enhance its risk resilience. This initiative also aligns with the national policy direction of increasing the proportion of direct financing, strengthening financial services' support for the real economy, and reducing the leverage ratio of state-owned enterprises.

2. Support the stable development of the listed company's core businesses and create favorable conditions for enhancing their core competitiveness and achieving sustainable, high-quality development

Due to the capital-intensive nature of the steel industry in which the listed company operate, as well as the continuous updates in technical equipment and environmental protection requirements, the listed company faces high working capital demands. This is particularly true during periods of weak industry cycles, when sufficient liquidity becomes even more critical for maintaining operational stability. Through the investment of the raised proceeds, the listed company can utilize capital more efficiently, directing resources toward superior products to achieve product structure optimization and lean operations.

This enhances the Company's profitability and operational stability and creates favorable conditions for strengthening the core competitiveness of the listed company and achieving sustainable, high-quality development, ultimately maximizing shareholder value.

(II) Feasibility Analysis

1. The use of proceeds from the issuance complies with applicable laws and regulations

The use of proceeds raised by the Company in the issuance complies with relevant laws, regulations, and normative documents, and is feasible. After the proceeds raised from the issuance are received, the Company's net assets will increase, enhancing its ability to mitigate risks and market competitiveness, and promoting sustained, healthy, and high-quality business development.

2. The listed company has standardized governance, sound internal controls, and robust safeguards for the use of raised proceeds

The Company has established a modern enterprise system centered on a corporate governance structure in compliance with the governance standards of listed companies, forming a standardized corporate governance framework and a robust internal control environment. The Company has established a Proceeds Raised Management System (《募集資金管理制度》) in accordance with regulatory requirements, which clearly defines the storage, use, allocation, and supervision of raised proceeds. After the proceeds raised in the issuance are received, the Board of the Company will continue to oversee the storage and use of the proceeds raised to ensure their proper and standardized utilization and mitigate any associated risks.

III. THE IMPACT OF THE PROCEEDS RAISED FROM THE ISSUANCE ON THE COMPANY'S OPERATIONS, MANAGEMENT, AND FINANCIAL CONDITION

(I) Impact on the Company's Operations and Management

The use of proceeds raised through the issuance of shares to specific target subscriber aligns with the Company's business development needs. It will help improve the liquidity of the listed company, enhance its capital strength, reduce the asset-liability ratio, further advance the development of its core business, strengthen risk resilience, boost overall competitiveness, and safeguard the long-term interests of all shareholders. This initiative holds significant strategic importance for the Company's sustainable long-term growth.

After the completion of the issuance, the Company will maintain a sound corporate governance structure, ensuring the integrity of its personnel, assets, finances, and operations in R&D, procurement, sales, and other areas. It will also preserve its independence from controlling shareholders, actual controllers, and their related parties in business operations, personnel, assets, organizational structure, and financial matters.

(II) Impact on the Company's Financial Status

Upon completion of the issuance, the Company's total assets and net assets will increase, the current ratio will rise, the asset-liability ratio will decline, and the capital structure will be optimized, thereby enhancing risk resilience. Additionally, it will reduce financial expenses, and provide robust support for the Company's future development.

IV. FEASIBILITY CONCLUSION OF FUNDRAISING INVESTMENT PROJECTS

In summary, the allocation of proceeds raised by the Company's issuance will further advance the development of its core business, optimize the capital structure, enhance risk resilience, and provide robust support for future growth. This initiative aligns with the Company's overall strategic development plan, complies with relevant laws, regulations, and normative documents, serves the interests of both the company and all shareholders, and demonstrates both necessity and feasibility.

SECTION V DISCUSSION AND ANALYSIS OF THE BOARD ON THE IMPACT OF THE ISSUANCE ON THE COMPANY

I. CHANGES IN THE COMPANY'S BUSINESS AND ASSET INTEGRATION PLAN, ARTICLES OF ASSOCIATION, SHAREHOLDER STRUCTURE, SENIOR MANAGEMENT STRUCTURE, AND BUSINESS STRUCTURE FOLLOWING THE ISSUANCE

(I) Impact of the Issuance on the Company's Business and Assets

After deducting the issuance expenses, the funds raised from the issuance of shares to specific target subscriber will be entirely used to supplement working capital and repay bank loans. The issuance will enable the Company to utilize funds more efficiently, concentrate on premium products, achieve product structure optimization and lean operations, and strengthen the core competitiveness of the listed company. At the same time, the issuance will improve the Company's liquidity, increase total assets and net assets, optimize the Company's asset-liability structure, reduce the asset-liability ratio and financial expenses, and enhance the listed company's risk resilience.

(II) Impact of the Issuance on the Articles of Association

Upon completion of the issuance of shares to specific target subscriber, the Company's total share capital and share capital structure will be adjusted. the Company will amend the relevant provisions of the Articles of Association regarding shareholder structure and registered capital in accordance with the issuance results, and proceed with the industrial and commercial registration changes.

(III) Impact of the Issuance on the Company's Shareholder Structure

Upon completion of the issuance, the Company's share capital will increase accordingly, resulting in certain changes to the shareholder structure and adjustments to the shareholding ratios of existing shareholders. However, this will not affect the Company's controlling shareholder or actual controller. Before and after the issuance, the controlling shareholder of the Company remains Changshou Steel, and the actual controller is China Baowu. The issuance will not result in a change of control of the Company.

(IV) Impact of the Issuance on the Senior Management Structure

The issuance will not significantly impact the Company's senior management structure. If the Company intends to adjust the structure of its senior management personnel, it will comply with the necessary legal procedures and fulfill its information disclosure obligations in accordance with applicable regulations.

(V) Impact of the Issuance on the Business Structure

After deducting the issuance expenses, all the funds raised from the issuance will be used to supplement working capital and repay bank loans, which will not result in any significant changes to the Company's business structure.

II. CHANGES IN THE FINANCIAL CONDITION, PROFITABILITY, AND CASH FLOW OF THE LISTED COMPANY FOLLOWING THE ISSUANCE

(I) Impact on the Financial Condition

Upon completion of the issuance, the Company's total assets and net assets will increase accordingly, strengthening its ability to mitigate financial risks. The issuance will further optimize the Company's capital structure, reduce financial risks, improve solvency, and strengthen financial capacity.

(II) Impact on Profitability

Upon completion of the issuance, if the Company remains profitable, its income per share may be diluted and return on net assets may decline in the short term. However, the raised capital will enhance the Company's financial capacity and market competitiveness, aligning with its long-term sustainable strategic development objectives.

(III) Impact on Cash Flow

Upon completion of the issuance, all proceeds will be used to supplement working capital and repay bank loans. This will help improve the Company's cash flow, strengthen its risk resilience, and lay the foundation for sustainable development.

III. CHANGES IN BUSINESS RELATIONSHIPS, MANAGEMENT RELATIONSHIPS, RELATED-PARTY TRANSACTIONS, AND COMPETITIVE ACTIVITIES BETWEEN LISTED COMPANIES AND THEIR CONTROLLING SHAREHOLDERS AND AFFILIATES

Upon completion of the issuance, the business and management relationships between the Company and its controlling shareholder, actual controller, and their affiliates will remain unchanged. The issuance will not result in any new material adverse horizontal competition or obviously unfair related-party transactions between the Company and its controlling shareholder and affiliates, nor will it significantly affect the independence of the Company's production and operations.

IV. AFTER THE COMPLETION OF THE ISSUANCE, WHETHER THERE ARE ANY INSTANCES OF FUNDS OR ASSETS BEING MISAPPROPRIATED BY THE CONTROLLING SHAREHOLDER AND ITS AFFILIATES, OR WHETHER THE LISTED COMPANY HAS PROVIDED GUARANTEES FOR THE CONTROLLING SHAREHOLDER AND ITS AFFILIATES

The use of the Company''s funds or provision of external guarantees shall strictly comply with applicable laws, regulations, and the Articles of Association, undergo corresponding approval procedures, and be disclosed in a timely manner. As of the announcement date of the Plan, the Company has no funds or assets occupied by the controlling shareholder, actual controller, or their affiliates, nor does it provide any guarantees for the controlling shareholder, actual controller, or their affiliates.

The issuance will not result in the Company's funds and assets being occupied by the controlling shareholder, actual controller, or their affiliates, nor will it create any new circumstances where the Company provides guarantees for the controlling shareholder, actual controller, or their affiliates.

V. WHETHER THE DEBT STRUCTURE OF THE LISTED COMPANY IS REASONABLE, WHETHER THE ISSUANCE WILL SIGNIFICANTLY INCREASE LIABILITIES (INCLUDING CONTINGENT LIABILITIES), AND WHETHER THERE IS A SITUATION WHERE THE DEBT RATIO IS TOO LOW OR FINANCIAL COSTS ARE UNREASONABLE

In the issuance, the target subscriber will purchase the shares for the issuance in cash. Upon completion of the issuance, the Company's total assets and net assets will increase, the debt-to-asset ratio will decrease accordingly, the Company's financial structure will be further optimized, and risk resilience will be enhanced. The issuance will not result in an excessively low debt ratio or unreasonable financial costs for the Company, nor will it lead to a significant increase in liabilities (including contingent liabilities) through the issuance.

SECTION VI RISK DISCLOSURE RELATED TO THE ISSUANCE

I. RISKS ASSOCIATED WITH THE ISSUER

(1) Industry and Market Risks

1. Economic cycle fluctuation risk

The iron and steel industry is one of the most important foundational industries in China. Its development is closely linked to the coal industry, mining industry, metallurgical industry, power generation, and transportation sectors. As a highly cyclical industry, it is particularly sensitive to fluctuations in economic and business cycles and is significantly influenced by the development of upstream and downstream industries. The downstream industries of the steel sector, such as real estate, automotive, machinery, railways, and shipbuilding, are all major steel-consuming sectors and are highly susceptible to macroeconomic conditions. Among these, real estate demand accounts for over 50% of construction steel demand, significantly influencing overall steel demand. Following a period of slowing growth and declining demand, the steel industry's downstream demand has now largely stabilized, supporting steady development in the sector. However, fluctuations in downstream market conditions can still directly impact the steel industry. There are many uncertain factors during periods of cyclical economic fluctuations, and the industry's performance significantly impacts the Company's operations.

2. The risk of industry policies falling short of expectations or undergoing significant changes

Against the backdrop of national policies aimed at restructuring, optimizing supply, stabilizing growth, and phasing out outdated production capacity, the steel industry is increasingly moving toward green, environmentally friendly, and intelligent manufacturing. In the future, advanced production capabilities with low emissions and low energy consumption will receive greater policy support from industry regulators, guiding capital market resources to favor these sectors. Currently, the steel industry is influenced by national policies and is expected to undergo further optimization. However, if there are significant changes in these policies or if subsequent policy implementations fall short of expectations, the phase-out of outdated production capacity may be delayed or fail to materialize, adversely affecting the high-quality development of the steel industry. As the steel industry gradually recovers, the possibility of a subsequent rebound in steel production cannot be ruled out. If steel companies resume production on a large scale and significantly increase supply, the steel market may face another surplus, driving down prices of related steel products and putting pressure on the profitability of steel companies.

(2) Operational Risks

1. Risk of fluctuations in raw material prices

The steel industry chain is significantly impacted by fluctuations in raw material costs, and substantial price volatility in materials like iron ore can undermine the stability of profitability for companies within the sector. On the one hand, if the prices of iron ore, coking coal, etc. drop significantly, it may also drive down the prices of finished steel products and affect the profit of steel enterprises. On the other hand, the domestic steel industry is highly dependent on imports of iron ore, its main raw material, and is significantly affected by the output of the four major overseas mining companies. Should any major mining company experience accidents or other incidents, iron ore prices may rise irrationally. If steel companies cannot effectively pass on the increased costs to downstream buyers, their profit margins will come under pressure.

2. Risks in production safety

In recent years, safety issues in domestic industrial production have become increasingly prominent. The government has imposed stricter regulations on production safety, leading to a significant increase in corporate investment in safety production initiatives. Listed companies have long prioritized investment in production safety, actively enhancing the safety of production equipment and working environments, and continuously improving various safety precautions. However, the possibility of unexpected safety incidents remains. If preventive measures are not properly implemented, it may disrupt normal production and operations, reducing the company’s sales revenue and profit.

(3) Financial Risks

1. Risk of sustained performance losses

The steel industry is a typical cyclical sector. In recent years, affected by both international and domestic factors, the industry has been operating in a weak cycle, with most steel mills reporting marginal profits or losses. The net profit attributable to the shareholders of the listed company for the Past Three Years and Most Recent Period were RMB-1.019 billion, RMB-1.494 billion, RMB-3.196 billion, and RMB-0.218 billion, respectively. In the first three quarters of 2025, the Company significantly improved profitability through dual empowerment of "procurement cost reduction" and "sales profit increase", while advancing lean management across the entire production process and continuously promoting refined control to achieve the dual-track parallel of "cost reduction" and "efficiency improvement", thereby enhancing risk resistance. The loss amount narrowed significantly, and the gross profit margin turned positive. However, if significant adverse changes occur in the domestic and international political and economic environment, industrial policies, downstream demand, or other factors in the future, the Company may face the risk of sustained losses.

2. Risk of asset impairment

In the Past Three Years, the Company's asset impairment losses were RMB-251 million, RMB-303 million, and RMB-1.234 billion, respectively, of which fixed asset impairment losses were RMB-109 million, RMB-115 million, and RMB-1.142 billion, respectively. Over the Past Three Years, the steel industry has continued to decline, and the Company's operating losses have further widened. In 2024, the Company adjusted its product structure, idling some production lines. It is expected that the market for certain products will not improve significantly in the short term, leading to an increase in fixed asset impairment losses. Although the Company focuses on "financial management" and has implemented a series of business improvement measures through systematic reforms and targeted policies, significant adverse changes in factors such as industry conditions and downstream demand in the future could still lead to the risk of asset impairment losses, thereby affecting the Company's operating performance.

II. RISKS ASSOCIATED WITH THE ISSUANCE

(I) Risk of Immediate Return Dilution from the Issuance

Upon completion of the issuance, the Company's total share capital will be further increased, enhancing its overall capital strength. After deducting the issuance expenses, all the raised funds will be used to supplement working capital and repay bank loans. If the Company is profitable at that time, it may result in the dilution of financial metrics such as income per share.

(II) Approval Risks of the Issuance

The relevant matters regarding the issuance are approved by the Board, but are still subject to approval by the Company's shareholders' meeting and class shareholders' meeting, as well as the following conditions: the shareholders' meeting must approve the exemption from the mandatory general offer obligation for A shares, the shareholders' meeting must approve the H share whitewash exemption, and the SFC must grant its approval (with the subscriber retaining the right to seek approval from China Baowu to waive this condition). Additionally, the issuance requires approval from China Baowu, review and approval by the Shanghai Stock Exchange, and registration approval from the CSRC. There is uncertainty regarding whether the abovementioned approvals or registrations can be obtained, as well as the timing of final approval or registration. Investors are advised to be aware of the investment risks.

(III) Risk of Stock Price Fluctuations

Investment income and risks go hand in hand in the stock market. The fluctuation of stock prices is influenced not only by the Company's profit level and development prospects, but also by various factors such as adjustments in national macroeconomic policies, financial policy regulations, stock market speculation, investors' psychological expectations, and many others. The review and implementation of the issuance will take some time, and there is uncertainty as to whether it can be fully completed. During this period, stock prices may fluctuate, which could pose a certain level of risk to investors.

SECTION VII COMPANY'S PROFIT DISTRIBUTION POLICY AND PROFIT DISTRIBUTION STATUS

I. THE COMPANY'S PROFIT DISTRIBUTION POLICY

According to the latest Articles of Association (revised on 26 November 2025), the Company's profit distribution policies are as follows:

(I) Profit distribution principles

When distributing the after-tax profit of the year, the Company shall allocate 10% of its after-tax profit as statutory reserve funds.

When the statutory reserves of the Company fall short to offset the loss of prior years, the Company shall use the profit earned during the year to offset the loss before withdrawing the statutory reserves according to the previous paragraph.

After withdrawing the statutory reserves out of the post-tax profit, the Company may, subject to the resolution of the shareholders' meeting, withdraw the discretionary reserve out of the post-tax profit.

The post-tax profit left after the loss recovery and withdrawal of the reserves by the Company shall be distributed in proportion according to the shareholding proportions of the shareholders, unless otherwise specified under the Articles of Association.

If the shareholders' meeting violates the provisions of the preceding paragraph by distributing profit to shareholders before the Company offsets its losses and allocates statutory reserves, the shareholders must return the unlawfully distributed profit to the Company.

The Company shares held by the Company shall not participate in the profit distribution.

(2) Profit Distribution Method

The Company may distribute dividends in cash, stock, or a combination of cash and stock, or otherwise permitted by laws and regulations. The Company prioritizes cash dividends for profit distribution.

(III) Profit Distribution Conditions

The remaining after-tax profits, after the Company covers its losses and allocates funds to the reserve, shall be distributed in proportion to the shares held by shareholders.

The Company's cash profit distribution must meet at least the following conditions:

1. The distributable profit realized by the Company in the current year (i.e., the remaining after-tax profit after the Company covers losses and allocates to the provident fund) are positive, and the cash flow is sufficient. Implementing cash dividends will not affect the Company's subsequent ongoing operations;

2. The audit institution issued a standard unqualified audit report on the Company's financial statements for that year;

3. The Company has no major investment plans or significant cash expenditures (excluding fundraising investment projects). The above-mentioned major investment plans or major cash expenditures refer to the Company's planned external investments, acquisitions, or asset purchases within the next twelve months, where the cumulative expenditure reaches or exceeds 30% of the Company's most recently audited total assets.

(IV) Proportion of Cash Dividends

The Company shall distribute in cash no less than 10% of its annual distributable profits each year. In principle, the cumulative cash distributions over any three consecutive years shall not be less than 30% of the average annual distributable profits during that three-year period. The specific dividend ratio for each year shall be proposed by the Board based on the Company's annual profitability and future capital expenditure plans.

(V) Conditions for the Distribution of Stock Dividends

Based on the Company's accumulated distributable profit, cash flow status, and other actual conditions, and on the premise of ensuring sufficient cash dividends and maintaining a reasonable size of the Company's share capital, the Company may also distribute profit by issuing stock dividends. The specific dividend ratio will be proposed by the Board. When determining the specific amount of stock dividends to be distributed, the Company's Board should fully consider whether the total share capital after the distribution is compatible with the Company's current operating scale and profit growth rate, while also taking into account the impact on future debt financing costs. This ensures that the profit distribution plan aligns with the overall and long-term interests of all shareholders.

(VI) Review Procedures for Profit Distribution Plans

1. Research, demonstration, and decision-making process for profit distribution plans

   Prior to the release of periodic reports, the Company's Board shall thoroughly study and evaluate the profit distribution proposal in accordance with the provisions of the Articles of Association. This shall be done while fully considering the Company's ability to sustain operations, ensuring necessary funds for normal production, operations, and business development, and prioritizing reasonable returns for investors. During the deliberation and decision-making process regarding the profit distribution proposal, the Company's Board may communicate with independent directors and minority shareholders through various channels such as telephone, fax, correspondence, email, and the investor relations interactive platform on the Company's website, fully considering the opinions and requests of independent directors and minority shareholders.

   When the Board reviews the profit distribution proposal, it must be approved by a majority of all directors.

   When the shareholders' meeting reviews the profit distribution plan, it must be approved by a majority of the voting rights held by shareholders (including shareholders who have appointed proxies to attend the shareholders' meeting) present at the meeting. If the shareholders' meeting considers a plan to issue stock dividends or convert capital reserves into share capital, it must be approved by at least two-thirds of the voting rights held by shareholders (including shareholders who have appointed proxies to attend the shareholders' meeting) present at the meeting.

If the Company is profitable in the current year but the Board does not propose a cash dividend plan, the Board shall consult with the independent directors and disclose in the periodic report the reasons for not proposing a cash dividend plan, as well as the intended use of the retained earnings not allocated for dividends. Independent directors should express their independent opinions and disclose them publicly. For companies that are profitable during the reporting period but do not propose a cash dividend plan, in addition to holding in-person meetings, they must also provide shareholders with an online voting platform when convening shareholders' meetings.

2. Adjustment to profit distribution policy

   If the Company needs to adjust its profit distribution policy due to significant changes in the external operating environment or its own operating conditions, it may do so.

   In the process of studying and demonstrating adjustments to the profit distribution policy, the Company's Board should fully consider the opinions of independent directors and minority shareholders. When the Board reviews adjustments to the profit distribution policy, the resolution must be approved by a majority of all directors.

   Any adjustment or change to the profit distribution policy must be reviewed and approved by the Board before submission to the shareholders' meeting for approval. The Company shall provide online voting to facilitate shareholder participation in the shareholders' meeting. The Company should prioritize the protection of shareholders' rights and interests, providing detailed justification and explanation in the shareholders' meeting proposal. When the shareholders' meeting reviews adjustments to the profit distribution policy, the resolution must be passed by more than two-thirds of the voting rights held by shareholders (including shareholder proxies) present at the meeting.

II. THE COMPANY'S CASH DIVIDENDS AND UTILIZATION OF UNDISTRIBUTED PROFIT OVER THE PAST THREE YEARS

(I) The Company's Profit Distribution Plan for the Past Three Years

1. The Company's 2022 profit distribution

   On 30 March 2023, the Company held the 24th meeting of the ninth session of the Board and the 13th meeting of the ninth session of the Board of Supervisors, during which the 2022 Profit Distribution Plan (《2022年度利潤分配方案》) was reviewed and approved. According to the audit conducted by Ernst & Young Hua Ming LLP, the parent company reported a net loss of RMB1.038 billion in 2022, with undistributed profit totaling negative RMB7.651 billion as of 31 December 2022. Since the Company's undistributed profit at the end of 2022 were negative, no profit distribution will be made for the year 2022, nor will any capital reserve be converted into share capital.

   This profit distribution proposal has been reviewed and approved at the Company's 2022 annual shareholders' meeting.

2. The Company's 2023 profit distribution

   On 28 March 2024, the Company held the 33rd meeting of the ninth session of the Board and the 19th meeting of the ninth session of the Board of Supervisors, during which the 2023 Profit Distribution Plan (《2023年度利潤分配方案》) was reviewed and approved. According to the audit conducted by Ernst & Young Hua Ming LLP, the net profit attributable to the Company's shareholders in 2023 was RMB-1.511 billion, and the undistributed profit as of the end of 2023 was RMB-9.166 billion. Since the Company's undistributed profit at the end of 2023 were negative, no profit distribution will be made for the year 2023, nor will any capital reserve be converted into share capital.

   This profit distribution proposal has been reviewed and approved by the Company's 2023 annual shareholders' meeting.

3. The Company's 2024 profit distribution

On 28 March 2025, the Company held the 12th meeting of the tenth session of the Board and the eighth meeting of the tenth session of the Board of Supervisors, during which the 2024 Profit Distribution Plan (《2024年度利潤分配方案》) was reviewed and approved. According to the audit conducted by Ernst & Young Hua Ming LLP, the net profit attributable to the Company's shareholders in 2023 was RMB-3.169 billion, and the undistributed profit as of the end of 2024 was RMB-12.335 billion. Since the Company's undistributed profit at the end of 2024 were negative, no profit distribution will be made for the 2024 fiscal year, nor will any capital reserve be converted into share capital.

This profit distribution proposal has been reviewed and approved at the Company's 2024 annual shareholders' meeting.

(II) Cash Dividends of the Company in the Past Three Years

the Company's cash dividend distributions over the Past Three Years are as follows:

Dividend Year	Amount of cash dividends (RMB) (tax included)	Net profit attributable to shareholders of listed companies in the consolidated statements for the dividend distribution year (RMB)	Proportion of net profit attributable to shareholders of listed companies in the consolidated statements (%)
2022	–	-1,019,409,354.34	Not Applicable
2023	–	-1,494,416,898.53	Not Applicable
2024	–	-3,195,561,486.30	Not Applicable

the Company incurred losses from 2022 to 2024, and the accumulated undistributed profit at the end of each reporting period were negative, which does not meet the profit distribution conditions stipulated in the Articles of Association. the Company's cash dividend distribution complies with the provisions of the Company Law and the Articles of Association.

III. SHAREHOLDER RETURN PLAN FOR THE NEXT THREE YEARS

To further standardize and enhance the profit distribution policy of the Company, establish a scientific, sustainable, and stable shareholder return mechanism, improve the transparency and operability of profit distribution policy decisions, and protect the legitimate rights and interests of minority shareholders, in accordance with the Company Law of the People's Republic of China, the Guidelines for the Supervision of Listed Companies No. 3–Cash Dividends of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), and other relevant laws and regulations, as well as the Articles of Association, and coupled with the Company's actual circumstances, the Board has formulated the Shareholder Dividend Return Plan of Chongqing Iron & Steel Company Limited for the Next Three Years (2026-2028) (《重慶鋼鐵股份有限公司未來三年(2026-2028年)股東分紅回報規劃》).

(I) Factors Considered in Formulating the Shareholder Return Plan

With a focus on long-term and sustainable development, the Company conducts a comprehensive analysis of factors such as its business development strategy, shareholders' requirements and expectations, social capital costs, and the external financing environment, and thoroughly considers the Company's current and future profit scale, cash flow status, development stage, project investment funding needs, and bank credit conditions. The Company establishes and enhances a sustainable, stable, and scientifically sound dividend return plan and mechanism for investors, implementing institutional arrangements for profit distribution to ensure the continuity and stability of its profit distribution policy.

(II) Principles for Formulating the Shareholder Return Plan

The shareholder return plan is formulated in compliance with the provisions of relevant laws and regulations, normative documents, and the Articles of Association, taking into account the Company's strategic development plan and sustainable development needs. It shall comprehensively consider factors such as the actual situation of the Company's business development, shareholders' reasonable investment returns, and the Company's cash flow status. The profit distribution plan shall be prudently determined to maintain the continuity and stability of the Company's profit distribution policy. The Company shall determine a reasonable profit distribution plan each year based on its current production and operational conditions as well as the capital requirements for project investments, while fully considering reasonable returns for investors. The Company shall also carefully consider and take into account the opinions of shareholders, particularly small and medium investors, independent directors, and public investors.

(III) SPECIFIC DETAILS OF SHAREHOLDER DIVIDEND DISTRIBUTION PLAN FOR THE NEXT THREE YEARS (2026–2028)

The Company maintains a consistent and stable profit distribution policy, ensuring reasonable investment returns for shareholders while supporting the Company's sustainable development. While ensuring the Company's normal production and operational funding needs are met, the Company will actively distribute profit in cash.

1. Profit distribution method

   The Company may distribute dividends in cash, stock, or a combination of cash and stock, or otherwise permitted by laws and regulations. The Company prioritizes cash dividends for profit distribution.

2. Specific provisions for profit distribution

   (1) Subject to meeting the conditions for cash dividends, the Company will generally distribute cash dividends once a year. The Board of the Company may propose interim cash dividend distributions based on the Company's profitability and capital requirements.

   On the premise of ensuring the minimum cash dividend ratio and maintaining a reasonable size and ownership structure of the Company's share capital, the Company may distribute profit through stock dividends based on annual profitability and cash flow conditions, taking into account genuine factors such as corporate growth, dilution of net assets per share, and the alignment between the Company's stock price and share capital size.

   (2) The specific conditions for the Company to distribute cash dividends are:

   ① The distributable profit realized by the Company in the current year (i.e., the remaining after-tax profit after the Company covers losses and allocates to the provident fund) are positive, and the cash flow is sufficient. Implementing cash dividends will not affect the Company's subsequent ongoing operations;

② The auditing firm issued a standard unqualified audit report on the Company's annual financial statements;

③ The Company has no major investment plans or significant cash outlays (excluding fundraising investment projects). The above-mentioned major investment plans or major cash expenditures refer to the Company's planned external investments, acquisitions, or asset purchases within the next twelve months, where the cumulative expenditure reaches or exceeds 30% of the Company's most recently audited total assets.

(3) If the Company meets the conditions for cash dividends, it shall distribute no less than 10% of its annual distributable profit in cash each year, and the cumulative cash dividends paid over the Past Three Years shall not be less than 30% of the average annual distributable profits realized in the Past Three Years.

(IV) Decision-making Procedures and Mechanisms for Profit Distribution Plans And Three-year Dividend Distribution Plan

1. The Company's annual profit distribution plan is proposed and drafted by the Board in accordance with the provisions of the Articles of Association, profitability, and capital supply and demand conditions. When reviewing the specific cash dividend plan, the Board shall thoroughly study and evaluate matters such as the timing, conditions, and minimum ratio of the Company's cash dividends, as well as the adjustment criteria and decision-making process requirements. When the Board deliberates and formulates profit distribution policies, approval by a majority of all directors is required before submission to the shareholders' meeting for deliberation.

2. Independent directors may solicit opinions from small and medium-sized shareholders, propose dividend distribution plans, and submit them directly to the Board for review. Independent directors have the right to express independent opinions if they believe the specific cash dividend plan may harm the interests of the Company or minority shareholders. If the Board does not adopt or only partially adopts the opinions of independent directors, the independent directors' opinions and specific reasons for non-adoption shall be disclosed in the board resolution announcement.

3. Prior to the deliberation of the specific cash dividend plan at the shareholders' meeting, the Company shall proactively engage with shareholders, particularly minority shareholders, through various channels. These include, but are not limited to, telephone, fax, email communications, or by inviting minority shareholders to attend the meeting. the Company shall fully consider the opinions and requests of minority shareholders and promptly address their concerns.

4. When the Company holds an annual shareholders' meeting to review the annual profit distribution plan, it may review and approve the conditions, maximum percentage, maximum amount, etc. for interim cash dividends in the following year. The upper limit for interim dividends in the following year, as approved at the shareholders' meeting, shall not exceed the net profit attributable to the Company's shareholders during the corresponding period. In accordance with the resolutions of the shareholders' meeting, the Board formulates a specific interim dividend plan subject to profit distribution conditions.

(V) Dividend Distribution Planning Cycle and Adjustments

the Company will review the shareholder dividend distribution plan every three years and determine the distribution plan for the period based on the Company's operational performance and shareholder feedback (particularly from minority shareholders).

If it is necessary to adjust the profit distribution policy specified in the shareholder dividend return plan due to the Company's actual production and operation conditions, investment planning, and long-term development needs, the Company's Board shall propose an adjustment to the profit distribution policy based on the actual circumstances. The adjusted profit distribution policy must prioritize the protection of shareholders' rights and interests and must not violate the relevant regulations of the CSRC and the SSE. Proposals regarding adjustments to the profit distribution policy must be reviewed by the Board before being submitted to the Company's shareholders' meeting for deliberation and approval. When the shareholders' meeting deliberates on adjustments to the profit distribution policy, the resolution shall be passed by more than two thirds of the voting rights held by shareholders present at the meeting.

SECTION VIII DILUTION OF IMMEDIATE RETURNS FROM THE ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBER AND CORRESPONDING MITIGATION MEASURES, ALONG WITH COMMITMENTS BY RELEVANT PARTIES

I. THE IMPACT OF THE ISSUANCE ON THE COMPANY'S KEY FINANCIAL INDICATORS REGARDING DILUTED IMMEDIATE RETURNS

(I) Key Assumptions

1. It is assumed that there are no significant changes in the macroeconomic environment, industrial policies, or industry development status;

2. The impact of the funds raised from the issuance on the issuer's production, operations, and financial status (including operating income, financial expenses, and investment income) is temporarily not considered, nor is the equity incentive plan.

3. From January to September 2025, the Company reported a net profit attributable to shareholders of the listed company of RMB-218.3268 million, and a net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses of RMB-231.2780 million. Based on the Company's net profit realized from January to September 2025, it is assumed that the Company's net profit attributable to shareholders of listed companies in 2025 will be RMB-291.1024 million, and the net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses will be RMB-308.3706 million (this assumption is solely for calculating the impact of the issuance on the Company's earnings per share and does not represent the Company's forecast or judgment regarding 2025 profits). On this basis, it is assumed that in 2026, the net profit attributable to shareholders of listed companies and the net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses will remain unchanged from 2025, decrease by 20% compared to 2025, or reach breakeven (zero profit) under three scenarios to assess the Company's 2026 performance;

4. Assuming the number of shares for the issuance is 757,575,757 shares, with a total fundraising amount of RMB1 billion, and excluding the impact of issuance expenses; the aforementioned number of shares issued and total fundraising amount are only estimates used by the Company for this calculation. The final fundraising amount and number of shares issued will be determined based on the number of shares approved by the SSE and registered with the CSRC, issuance expenses, and other relevant factors;

5. Assuming the issuance is completed by the end of April 2026, this estimated completion date is for internal calculation purposes only. The final timeline shall be subject to the actual issuance completion date approved by the CSRC.

6. Assume the impact of the Company's profit distribution is not considered for the time being;

7. In forecasting the Company's total share capital, the calculation is based on the total share capital of 8,851,763,767 shares as of 30 September 2025, considering only the impact of the issuance and excluding other factors (such as capital reserve conversion into share capital, stock dividend distribution, equity incentives, share repurchases, etc.) that may affect the issuer's total share capital.

The above assumptions are only intended to measure the impact of the issuance's dilution on the Company's key financial indicators and do not constitute the Company's profit forecast, nor do they represent the issuer's assessment of the operating conditions and trends.

(II) Impact on the Company's Key Financial Indicators

Based on the above assumptions, the Company has calculated the impact of the issuance on its key financial indicators, as follows:

<table>
<tr><th rowspan="2">Item</th><th rowspan="2">For the year of 2025/ 31 December 2025</th><th colspan="2">For the year of 2026/ 31 December 2026</th></tr>
<tr><th>Prior to the issuance</th><th>After the issuance</th></tr>
<tr><td>Total share capital (shares)</td><td>8,851,763,767</td><td>8,851,763,767</td><td>9,609,339,524</td></tr>
<tr><td colspan="4">Scenario 1: The net profit attributable to shareholders of the listed company, both before and after deducting non-recurring gains and losses, remains unchanged in 2026 compared to 2025</td></tr>
<tr><td>Net profit attributable to shareholders of the listed company (RMB0'000)</td><td>-29,110.24</td><td>-29,110.24</td><td>-29,110.24</td></tr>
<tr><td>Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB0'000)</td><td>-30,837.06</td><td>-30,837.06</td><td>-30,837.06</td></tr>
<tr><td>Basic earnings per share (RMB/share)</td><td>-0.03</td><td>-0.03</td><td>-0.03</td></tr>
<tr><td>Diluted earnings per share (RMB/share)</td><td>-0.03</td><td>-0.03</td><td>-0.03</td></tr>
<tr><td>Basic earnings per share after deducting non-recurring gains and losses (RMB/share)</td><td>-0.03</td><td>-0.03</td><td>-0.03</td></tr>
<tr><td>Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)</td><td>-0.03</td><td>-0.03</td><td>-0.03</td></tr>
<tr><td colspan="4">Scenario 2: The net profit attributable to shareholders of the listed company, both before and after deducting non-recurring gains and losses, reduced losses by 20% in 2026 compared to 2025</td></tr>
<tr><td>Net profit attributable to shareholders of the listed company (RMB0'000)</td><td>-29,110.24</td><td>-23,288.19</td><td>-23,288.19</td></tr>
<tr><td>Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB0'000)</td><td>-30,837.06</td><td>-24,669.65</td><td>-24,669.65</td></tr>
<tr><td>Basic earnings per share (RMB/share)</td><td>-0.03</td><td>-0.03</td><td>-0.02</td></tr>
<tr><td>Diluted earnings per share (RMB/share)</td><td>-0.03</td><td>-0.03</td><td>-0.02</td></tr>
<tr><td>Basic earnings per share after deducting non-recurring gains and losses (RMB/share)</td><td>-0.03</td><td>-0.03</td><td>-0.03</td></tr>
<tr><td>Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)</td><td>-0.03</td><td>-0.03</td><td>-0.03</td></tr>
</table>

Item	For the year of 2025/ 31 December 2025	For the year of 2026/ 31 December 2026	
		Prior to the issuance	After the issuance
Scenario 3: The net profit attributable to shareholders of the listed company, both before and after deducting non-recurring gains and losses, will be zero in 2026, meaning it will break even			
Net profit attributable to shareholders of the listed company (RMB0'000)	-29,110.24	0.00	0.00
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB0'000)	-30,837.06	0.00	0.00
Basic earnings per share (RMB/share)	-0.03	0.00	0.00
Diluted earnings per share (RMB/share)	-0.03	0.00	0.00
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	-0.03	0.00	0.00
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	-0.03	0.00	0.00

Note: The above earnings per share is calculated in accordance with the provisions of Information Disclosure and Preparation Rules for Companies Offering Securities to the Public No. 9–Calculation and Disclosure of Return on Net Assets and Earnings per Share (《公開發行證券的公司信息披露編報規則第9號-淨資產收益率和每股收益的計算及披露》).

II. RISK WARNING REGARDING THE DILUTION OF IMMEDIATE RETURNS FROM THE ISSUANCE

According to the above calculations, the Company incurred losses from January to September 2025. If the profit data for January to September 2025 is used as the basis for calculation, the issuance of additional shares will not dilute the Company's income per share. However, as the Company's operations improve and profitability is gradually achieved, the issuance of additional shares may still dilute immediate returns. After the issuance, the Company's total share capital will increase accordingly. However, it will take some time for the raised funds to generate income after being invested. If the Company's future business scale and net profit do not increase proportionally, and if the Company remains profitable at that time, certain metrics such as earnings per share may experience a short-term decline to some extent. Investors are hereby reminded to be aware of the potential risk that this share issuance may dilute immediate returns.

III. NECESSITY AND RATIONALE FOR THE ISSUANCE

For details on the necessity and rationale of the issuance, please refer to "SECTION IV FEASIBILITY ANALYSIS OF THE BOARD ON THE USE OF PROCEEDS RAISED".

IV. THE RELATIONSHIP BETWEEN THE CURRENT FUNDRAISING INVESTMENT PROJECTS AND THE COMPANY'S EXISTING BUSINESS, AS WELL AS THE COMPANY'S PERSONNEL, TECHNICAL, AND MARKET PREPAREDNESS FOR THE FUNDRAISING PROJECTS

After deducting the issuance expenses, the funds raised by the Company will be used to supplement working capital and repay bank loans, which will help strengthen the Company's capital position and risk resilience. After the issuance, the Company's business scope will remain unchanged. This fundraising project does not involve specific construction projects or the Company's reserves in personnel, technology, market, or other aspects related to such projects.

V. MEASURES THE COMPANY PLANS TO TAKE TO MITIGATE THE DILUTION OF CURRENT RETURNS FROM THE ISSUANCE

(I) Continuously Improve Corporate Governance to Provide Institutional Support for the Company's Development

The Company will strictly comply with the requirements of laws, regulations, and normative documents such as the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國公司法》), the Corporate Governance Code for Listed Companies (《上市公司治理準則 》), and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》) . We will continuously improve our corporate governance structure to ensure shareholders can fully exercise their rights and enable the Board to perform its duties in accordance with laws, regulations, and the Company's articles of association, making scientific, prompt, and prudent decisions. Continuously enhance the quality of information disclosure, strictly comply with legal and regulatory requirements, prioritize investor needs, further improve the readability of disclosed information, and consistently increase the transparency and precision of disclosures. The Company will establish an effective investor communication mechanism to actively gather and analyze market participants' assessments of listed companies' investment value and their operational expectations. The Company will establish streamlined and efficient production and operation methods with market-oriented incentive mechanisms, closely aligning the interests of employees, management, and shareholders to achieve true benefit-sharing, risk-sharing, and responsibility-sharing between employees and the Company, thereby injecting vitality and momentum into the Company's sustainable future development.

(II) Strengthen Oversight of the Raised Funds to Ensure Their Reasonable, Standardized, and Effective Use

The Board of the Company has conducted a thorough assessment of the feasibility and necessity of the capital raising. To standardize the management and use of the raised funds and ensure their proper, safe, and efficient utilization, the Company has established and enhanced the Fund Management System of Chongqing Iron & Steel Company Limited (《重慶鋼鐵股份有限公司募集資金管理制度》) in compliance with the provisions and requirements of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), and other relevant laws and regulations, taking into account the Company's actual circumstances. This system strictly regulates the deposit, use, and redirection of raised funds to facilitate effective management and oversight. At the same time, the Company will strictly manage the use of raised funds in accordance with relevant laws and regulations and the requirements of the Fund Management System of Chongqing Iron & Steel Company Limited (《重慶鋼鐵股份有限公司募集資金管理制度》) to ensure that the raised funds are fully and effectively utilized for their intended purposes.

(III) Focusing on Core Business to Drive High-Quality Development

The Company will continue to focus on its main business, continuously optimize technical and economic indicators and corporate governance, and will conduct in-depth benchmarking, comprehensively deepen reforms, deepen accounting operations, activate all-employee management, solidly promote safety and environmental protection, energy conservation and emission reduction, cost reduction and efficiency increase, and market expansion; at the same time, the Company will improve the efficiency of asset use, speed up the layout of industrial parks and ecological circles, create a new mode of harmonious symbiosis, revitalize existing assets, expand cooperation channels, optimize resource allocation, implement the strategic layout of industrial parks, implement the strategy of strengthening, supplementing and extending the chain of steel industry, effectively implement the strategic layout of "near-local layout, industrial chain coordination, industrial park innovation and ecological circle construction", comprehensively enhance core competitiveness, realize the Company's transformation and upgrading, and enhance enterprise value.

(IV) Enhance the Profit Distribution Mechanism and Strengthen Shareholder Returns

In accordance with the requirements of documents such as the Supervision Guidelines for Listed Companies No. 3–Cash Dividends of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), as well as the relevant provisions of the Articles of Association of Chongqing Iron & Steel Company Limited (《重慶鋼鐵股份有限公司章程》), the Company has formulated the Shareholder Dividend Return Plan for the Next Three Years (2026–2028) of Chongqing Iron & Steel Company Limited (《重慶鋼鐵股份有限公司未來三年(2026–2028年)股東分紅回報規劃》). The Company will strictly comply with relevant regulations, effectively safeguard the legitimate rights and interests of investors, and enhance the protection mechanisms for small and medium-sized investors. After the issuance, the Company will implement the profit distribution policy in accordance with relevant laws, regulations, and the Articles of Association, striving to enhance shareholder returns, effectively safeguard the legitimate rights and interests of investors, and protect the interests of the Company's shareholders.

To sum up, the Company will utilize the funds raised from the issuance in a scientific and effective manner, enhance the efficiency of fund utilization and operations, focus on its core business to drive high-quality development, and actively promote profit distribution to shareholders when profit distribution conditions are met. This will enhance the Company's ability to deliver returns to investors and effectively mitigate the risk of dilution in shareholders' immediate returns.

The above-mentioned measures to enhance returns implemented by the Company do not constitute a guarantee of future profit. Investors should not base their investment decisions on these measures. This serves as a reminder.

VI. COMMITMENT BY THE COMPANY'S CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER TO ENSURE THE EFFECTIVE IMPLEMENTATION OF MEASURES TO OFFSET THE DILUTION OF IMMEDIATE RETURNS IN THE ISSUANCE

To ensure the effective implementation of the Company's measures to mitigate the dilution of immediate returns and to protect the interests of small and medium-sized investors, the Company's controlling shareholder, Chongqing Iron & Steel Company Limited, and its actual controller, China Baowu, have made the following commitments regarding the measures to mitigate the dilution of immediate returns from the issuance:

"1. Do not interfere with the Company's operations and management activities beyond authorized limits, do not infringe upon the Company's interests, and prompt the Company to diligently implement the relevant measures to offset the dilution of immediate returns;

2. From the date of this commitment until the completion of the Company's issuance of A shares to specific target subscriber, if the CSRC or the SSE issues new regulatory requirements regarding measures to mitigate dilution and related commitments, and if the aforementioned commitments fail to comply with such requirements, the Company hereby undertakes to provide supplementary commitments in accordance with the latest regulations of the CSRC and SSE at that time;

3. As one of the responsible entities for the measures to fill the return gap, if the Company violates or refuses to fulfill the above commitments, it agrees to be subject to relevant penalties or management measures imposed by securities regulatory authorities such as the CSRC and the SSE in accordance with their established or published regulations and rules. If the Company violates the above commitments and causes losses to the Company or investors, it shall be legally liable for compensating the Company or investors."

VII. COMMITMENT BY THE COMPANY'S DIRECTORS AND SENIOR MANAGEMENT TO ENSURE THE EFFECTIVE IMPLEMENTATION OF MEASURES TO OFFSET THE DILUTION OF IMMEDIATE RETURNS IN THE ISSUANCE

To ensure the effective implementation of the Company's measures to mitigate the dilution of immediate returns from the issuance and to protect the interests of small and medium-sized investors, all directors and senior management of the Company hereby commit to the following measures regarding the mitigation of immediate return dilution:

"1. Do not provide benefits to other entities or individuals free of charge or under unfair conditions, nor harm the Company's interests through any other means;

2. Restrict my job-related expenses;

3. Do not use the Company's assets for investment or consumption activities unrelated to the performance of my duties;

4. Within the scope of my legal authority, I will make every effort to ensure that the compensation system established by the Board or the Compensation and Appraisal Committee is linked to the implementation of the Company's measures to supplement returns;

5. If the Company implements an equity incentive plan in the future, I commit that the vesting conditions of the equity incentive scheme will be tied to the Company's fulfillment of measures to offset dilution effects;

6. From the date of this commitment until the completion of the Company's issuance of A shares to specific target subscriber, if the CSRC or the SSE issues new regulatory requirements regarding measures to mitigate dilution and related commitments, and if the aforementioned commitments fail to comply with such requirements, I hereby undertake to provide supplementary commitments in accordance with the latest regulations of the CSRC and SSE at that time;

7. I undertake to diligently implement the relevant measures for supplementary returns as stipulated by the Company and any commitments I have made regarding such measures. Should I breach these commitments and thereby cause losses to the Company or investors, I am willing to assume legal liability for compensation to the Company or investors."

Board of Chongqing Iron & Steel Company Limited

19 December 2025