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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 Announcement on Risk Warning Regarding the Dilution of Immediate Returns from the Issuance of A Shares to Specific Target Subscriber and Corresponding Mitigation Measures, along with Commitments by Relevant Parties (the “**Announcement**”) published by Chongqing Iron & Steel Company Limited (the “**Company**”) on Shanghai Securities News and the website of the Shanghai Stock Exchange (www.sse.com.cn) (Stock Code: 601005).

The 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 and 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 after deducting 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 this announcement. The Relevant Information included in this 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.

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ANNOUNCEMENT ON RISK WARNING REGARDING THE DILUTION OF IMMEDIATE RETURNS FROM THE ISSUANCE OF A SHARES TO SPECIFIC TARGET SUBSCRIBER AND CORRESPONDING MITIGATION MEASURES, ALONG WITH COMMITMENTS BY RELEVANT PARTIES

The board of directors (the “**Board**”) of the Company and all directors of the Company warrant that there are no false representations, misleading statements contained in or material omissions from this announcement and accept legal responsibility for the truthfulness, accuracy and completeness of the contents thereof.

IMPORTANT NOTICE:

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)), Chongqing Iron & Steel Company Limited (hereinafter referred to as the “Company” or the “Issuer”) has conducted a thorough analysis and calculation of the impact on the dilution of immediate returns from the issuance of A shares to specific target subscriber (hereinafter referred to as the “Issuance”). The specific details are as follows:

Important Statement: This analysis and calculation does not constitute a profit forecast for the Company. Investors should not base their investment decisions on this information. The Company shall not be liable for any losses incurred by investors who make investment decisions based on this information.

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-231.278 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. Assuming 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:

Item	For the year of 2025/ 31 December 2025	For the year of 2026/ 31 December 2026	
		Prior to the Issuance	After the Issuance
Total share capital (shares)	8,851,763,767	8,851,763,767	9,609,339,524
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			
Net profit attributable to shareholders of the listed company (RMB0'000)	-29,110.24	-29,110.24	-29,110.24
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB0'000)	-30,837.06	-30,837.06	-30,837.06
Basic earnings per share (RMB/share)	-0.03	-0.03	-0.03
Diluted earnings per share (RMB/share)	-0.03	-0.03	-0.03

Item	For the year of 2025/ 31 December 2025	For the year of 2026/ 31 December 2026	
		Prior to the Issuance	After the Issuance
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	-0.03	-0.03	-0.03
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	-0.03	-0.03	-0.03
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			
Net profit attributable to shareholders of the listed company (RMB0'000)	-29,110.24	-23,288.19	-23,288.19
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB0'000)	-30,837.06	-24,669.65	-24,669.65
Basic earnings per share (RMB/share)	-0.03	-0.03	-0.02
Diluted earnings per share (RMB/share)	-0.03	-0.03	-0.02
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	-0.03	-0.03	-0.03
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	-0.03	-0.03	-0.03

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” under the Plan on the Issuance of A shares to Specific Target Subscribers of Chongqing Iron & Steel Company Limited in 2025.

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 from the Issuance 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 (《中华人民共和国公司法》), 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 the Shanghai Stock Exchange (《上海證券交易所股票上市規則》). The Company will continuously improve its 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 (《重庆钢铁股份有限公司募集资金管理制度》) in compliance with the provisions and requirements of the Company Law of the People's Republic of China (《中华人民共和国公司法》), the Securities Law of the People's Republic of China (《中华人民共和国证券法》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海证券交易所股票上市规则》), 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 (《重庆钢铁股份有限公司募集资金管理制度》) to ensure that the raised funds are fully and effectively utilized for their intended purposes.

(III) Focus 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 Notice on Further Implementing Matters Related to Cash Dividends of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) and 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 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年-2028年)股東回報規劃》). 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 from the Issuance 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 Steel Group Corporation Limited, 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 from the Issuance:

- “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.”

Announcement is hereby given.

Board of Chongqing Iron & Steel Company Limited
19 December 2025