

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT ON ACQUISITION OF 72% EQUITY INTEREST OF XINGANG CHANGLONG THROUGH ONLINE BIDDING

This announcement is made voluntarily by Chongqing Iron & Steel Company Limited (the “**Company**”).

IMPORTANT NOTES:

- Bidding target: 72% equity interest of Chongqing Xingang Changlong Logistics Co., Ltd. (重慶新港長龍物流有限責任公司), of which, Chongqing Qiancheng Industrial Development Co., Ltd. (重慶千誠實業發展有限公司) and Minsheng Shipping Co., Ltd. (民生輪船股份有限公司) holds 60% and 12% equity interest, respectively.
- The transaction does not constitute a connected transaction or material asset reorganisation, and there are no significant legal impediments in the implementation of the transaction.
- The Resolution in Relation to Acquisition of 72% Equity Interest of Xingang Changlong through Online Bidding was considered and approved at the 30th meeting of the eighth session of the board of directors of the Company. The bidding falls within the scope of approval of the board of directors of the Company and does not need to be submitted to the general meeting of the Company for consideration.
- There are certain uncertainties on whether the Company can win the online bidding.

I. TRANSACTION OVERVIEW

On 5 March 2019, the Resolution in Relation to Participation in Online Bidding for Acquisition of Equity Interest was considered and approved at the 7th meeting of the eighth session of the board of directors of the Company. It approved the Company to participate in the online bidding for the 28% equity interest in Chongqing Xingang Changlong Logistics Co., Ltd. (“**Xingang Changlong**”) with self-owned funds based on its business development needs. Xingang Changlong completed the procedures for industrial and commercial registration of changes and filing on 14 May 2019. In accordance with the articles of association of Xingang Changlong, the Company is entitled to the voting rights corresponding to its equity interest in Xingang Changlong.

On 17 December 2020, the Resolution in Relation to Acquisition of 72% Equity Interest of Xingang Changlong through Online Bidding was considered and approved at the 30th meeting of the eighth session of the board of directors of the Company. It approved the Company to acquire 60% and 12% equity interest of Xingang Changlong held by Chongqing Qiancheng Industrial Development Co., Ltd. (重慶千誠實業發展有限公司) (“**Qiancheng Industrial**”) and Minsheng Shipping Co., Ltd. (民生輪船股份有限公司) (“**Minsheng Shipping**”), respectively, through online bidding and authorised the management of the Company to execute relevant agreements, documents and handle other specific matters in accordance with the relevant procedures and laws and regulations.

As at the date of this announcement, the Company, Qiancheng Industrial and Minsheng Shipping holds 28%, 60% and 12% equity interest of Xingang Changlong, respectively.

II. BASIC INFORMATION OF THE ASSIGNOR

(I) Basic Information of Qiancheng Industrial

1. Name of the enterprise: Chongqing Qiancheng Industrial Development Co., Ltd.
2. Unified social credit code: 91500115MA5YNQL829
3. Type: limited liability company
4. Legal representative: Jin Zili (金自力)
5. Registered capital: RMB250,000,000
6. Date of incorporation: 28 November 2017

7. Address: Room 2-1, No. 20 Qixin Avenue, Yanjia Street, Changshou District, Chongqing
8. Scope of business: licensed items: note-based operation: hazardous chemicals; import and export of goods and technology; general road freight transportation, various engineering construction activities (the business activities, which is subject to approval according to the laws, can be carried out only after being approved by the relevant departments, and specific operation projects are subject to approvals or licenses from the relevant departments) general items: sale and sale through the Internet: general merchandise, household appliances, computers and consumables, instruments and apparatuses, wires and cables, ordinary machinery and equipment and components and parts, hardware and electrical equipment, galvanised pipe fittings, automobiles and accessories, motorcycles and accessories, rubber products, metallic materials, metallurgical furnace charge, nonferrous metals, metal materials, metalware, minerals, coke, building materials, steel, chemical raw materials and products (excluding hazardous chemicals outside the scope certified by the license), cast iron and granulating slag, steel slag, steel scrap; information consultation of chemicals; freight transportation agency; warehousing service (excluding storage of hazardous goods); logistics and delivery services (excluding express delivery business); lease of engineering machinery and equipment; enterprise management consultation; corporate marketing planning; property lease agency; technology development in the field of new energy, technology service, technology consultation, domestic shipping agency, sale of coal and products, non-vessel shipping business. (Except for projects that are subject to approval in accordance with the laws, the business activities shall be conducted independently with the business licence(s) in accordance with the laws)
9. Information of shareholders: Chongqing Qianxin Group Co., Ltd. (重慶千信集團有限公司), Chengyuan Port Group Co., Ltd. (誠源港務集團有限公司) (invested by natural persons), Chongqing Changshou Economic and Technological Development Zone Development & Investment Group Co., Ltd. (重慶長壽經濟技術開發區開發投資集團有限公司) holds 51%, 43% and 6% equity interest, respectively
10. Relationship with the target enterprise: Xingang Changlong is held as to 60% by Qiancheng Industrial
11. Relationship with the Company: Qiancheng Industrial has no connected relationship with the Company

(II) Basic Information of Minsheng Shipping

1. Name of the enterprise: Minsheng Shipping Co., Ltd.
2. Unified social credit code: 91500000202841406C
3. Type: company limited by shares
4. Legal representative: Lu Xiaoyu (盧曉渝)
5. Registered capital: RMB205,000,000
6. Date of incorporation: 18 August 1997
7. Address: No. 83 Xinhua Road, Yuzhong District, Chongqing
8. Scope of business: the general cargo ship transportation in domestic coastal and along the trunk streams of the Yangtze River, foreign trade container extension liner shipping along the trunk streams of the Yangtze River (the above businesses are carried out within the operation period specified in the licenses), packing, sub-packaging of the parts and components of products, logistics planning, management and related consulting services, logistics software development, warehousing (excluding hazardous articles), undertaking international and domestic freight transport agency by waterway, land and air and transport information consulting business (excluding shipping agency). (For items subject to approval according to the laws, operation can be carried out only after being approved by the relevant departments)
9. Information of shareholder: Minsheng Industrial (Group) Co., Ltd. (民生實業(集團)有限公司) (a state-owned holding) and Shanghai International Port Group Limited (上海國際港務(集團)股份有限公司) (a state-owned holding) holds 80% and 20% equity interest, respectively
10. Relationship with the target enterprise: Xingang Changlong is held as to 12% by Minsheng Shipping
11. Relationship with the Company: Minsheng Shipping has no connected relationship with the Company

III. BASIC INFORMATION OF THE TRANSACTION TARGET

1. Name of the enterprise: Chongqing Xingang Changlong Logistics Co., Ltd.
2. Unified social credit code: 915001156664186811
3. Type: limited liability company
4. Legal representative: Jin Zili (金自力)
5. Registered capital: RMB110,000,000
6. Date of incorporation: 12 September 2007
7. Address: Zone D, Yanjia Industrial Park, Chongqing
8. Scope of business: freight forwarding; shipping agency; through-freight traffic agency; automobile transportation agency; transportation technical consultation; provision of cargo handling (groceries) and warehousing (excluding hazardous articles warehousing). (For items subject to approval according to the laws in the above scope can be carried out only after being approved by the relevant departments)
9. Information of shareholders: The Company, Qiancheng Industrial and Minsheng Shipping holds 28%, 60% and 12% equity interest of Xingang Changlong, respectively
10. The audited major financial indicators for the latest period:

Unit: RMB0'000

Item	2019
Operating income	5,043
Total profit	-327
Total assets	24,726
Net asset	9,685

11. Appraisal:

Appraisal institution: Chongqing Diwei Assets and Real Estate Appraisal Co., Ltd. (重慶諦威資產評估房地產土地估價有限公司)

Appraisal method: income approach

Appraisal reference date: 31 December 2019

Appraised value: RMB174,923,800

Book value: RMB96,644,800

Value-added ratio: 81%

IV. INFORMATION ON THE LISTING-FOR-SALE OF THE TRANSACTION TARGET

On 3 December 2020, the project of 60% equity interest in Xingang Changlong and the project of 12% equity interest in Xingang Changlong were officially listed on the official website of Chongqing United Assets and Equity Exchange. Information in relation to the listing-for-sale is as follows:

(I) The project of 60% equity interest in Xingang Changlong

Listing-for-sale period: from 3 December 2020 to 30 December 2020

Base price of transfer: RMB104,954,300

Deposit: RMB10,000,000

(II) The project of 12% equity interest in Xingang Changlong

Listing-for-sale period: from 3 December 2020 to 30 December 2020

Base price of transfer: RMB20,990,856

Deposit: RMB2,000,000

V. MAIN TRANSACTION CONDITIONS

- (I) Listing-for-sale period: 20 working days commencing from the official announcement date of the listing-for-sale
- (II) Total listing-for-sale price: RMB125,945,156
- (III) Transaction method: online bidding
- (IV) Transaction deposit: The Notice on Confirmation of Transaction Qualification shall be issued by the Equity Exchange and the transaction deposit shall be paid by the Company within 3 working days upon confirmation of the qualification as an assignee.
- (V) Payment of the consideration: The Notice on Transaction Result shall be issued by the Equity Exchange and the Equity Transaction Agreement shall be entered into with the assignor within 5 working days after being confirmed as the assignee. The remaining transaction consideration shall be paid in a lump sum to the customer reserves account designated by Chongqing United Assets and Equity Exchange within 5 working days after the agreement comes into effect.

VI. ANALYSIS OF NECESSITY AND FEASIBILITY OF THE TRANSACTION

Located in the factory area of the Company and adjacent to the wharf for raw materials, Xingang Changlong Wharf serves as a key waterway channel for the Company's finished products. Acquisition of the above equity interest will facilitate the Company's unified scheduling, coordinated operation, efficiency improvement and cost reduction, which is in line with the Company's operation philosophy of "expanding scale, adjusting structure, and reducing costs".

Based on the current financial and capital conditions of the Company, it has the ability for the acquisition. The transaction is beneficial to the promotion of the construction of the Company's 10 million ton steel base, improving the industrial chain, optimizing the allocation of resources and creating the most competitive steel production base in the southwest region, which is in line with the Company's development strategy.

VII. RISKS CONCERNING THE BIDDING

There is a certain degree of uncertainties on whether the Company can win the online bidding. The Company will perform its information disclosure obligation in a timely manner based on the relevant progress. Investors are advised to make decisions in a prudent manner and pay attention to investment risks.

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

Chongqing, the PRC, 18 December 2020

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