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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)

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

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

Reference is made to the Announcement on Acquisition of 72% Equity Interest of Xingang Changlong through Online Bidding of the Company dated 18 December 2020.

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) hold 60% and 12% equity interest, respectively.
- The transfer price of 60% and 12% equity interest in Chongqing Xingang Changlong Logistics Co., Ltd. is RMB104,954,300 and RMB20,990,856, 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.

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 related specific matters in accordance with the relevant procedures and laws and regulations.

For details, please refer to the Announcement on Acquisition of 72% Equity Interest of Xingang Changlong through Online Bidding disclosed by the Company on 18 December 2020.

II. TRANSACTION PROGRESS

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

On 31 December 2020, an equity transaction agreement was entered into between the Company and Qiancheng Industrial. The principal contents of the agreement are as follows:

1. Transferor: Chongqing Qiancheng Industrial Development Co., Ltd.
2. Transferee: Chongqing Iron & Steel Company Limited.
3. Target of the equity transfer: 60% shares held by Qiancheng Industrial in Xingang Changlong.
4. Price of the equity transfer: RMB104,954,300.

5. Method and time of the payment of the total consideration of the equity transfer: The total consideration for the equity transfer shall be paid off in a lump sum within 5 working days after the agreement comes into effect. Upon registering for the transfer, the Company has paid the transaction security deposit of RMB10 million to Chongqing United Assets and Equity Exchange. Such security deposit will become the transaction consideration after the agreement comes into effect, and will be deemed to have been paid to Qiancheng Industrial as part of the total consideration for the equity transfer.
6. Matters on completion of the equity transfer: The completion of the equity transfer falls on the date of the completion of the procedures for changes in industrial and commercial registration. Before the completion date, Qiancheng Industrial shall prepare a “list for the completion”, which sets out the objects which are required to be transferred to the Company, including the seals, financial accounts, documents and files, ownership certificates of assets of Xingang Changlong, and transfer the aforesaid objects to the Company on the completion date of the equity transfer. The receipt of the aforesaid objects by the Company shall be signed by a person bearing a written authorization issued by the Company. The Company will enter into a separate completion agreement or a document with equivalent legal force with Qiancheng Industrial on details concerning the completion of the equity transfer.
7. Change in ownership certificates: With the cooperation of the Company and Qiancheng Industrial after consultation, Xingang Changlong shall complete the procedures for ownership certificates change for the equity interest to be transferred within 10 days from the effective date of the agreement.
8. Liabilities for default: (1) The Company has paid RMB10 million as security deposit to Chongqing United Assets and Equity Exchange upon registering for the transfer. In case the Company defaults in payment of the transaction consideration, the security deposit of RMB10 million will be paid to Qiancheng Industrial as liquidated damages after deducting the transaction costs payable to Chongqing United Assets and Equity Exchange by the Company; in case the Company defaults on other provisions under the agreement, the Company shall assume its liabilities for that by paying liquidated damages with the amount equal to that of the aforesaid security deposit, which will be paid to Qiancheng Industrial after deducting the transaction costs payable to Chongqing United Assets and Equity Exchange by the Company. In case Qiancheng Industrial defaults, Qiancheng Industrial shall assume its liabilities for that by paying liquidated damages with the amount

equal to that of the aforesaid security deposit, which will be paid to the Company after deducting the transaction costs payable to Chongqing United Assets and Equity Exchange by the Qiancheng Industrial. (2) Where a party suffers from direct economic loss caused by the other party's default and the liquidated damages paid by the defaulting party are unable to cover the economic loss suffered by the other party, the defaulting party shall pay the shortfall.

9. Qiancheng Industrial undertakes to the Company that the equity interest to be transferred are real and complete, without withholding the following facts: (1) seizure of assets by enforcement institutions; (2) equity and asset guarantees; (3) withholding of assets; (4) lawsuit in progress; (5) other facts that affect the authenticity and completeness of the equity interest.
10. The agreement shall come into effect from the date of signing and sealing by the Company and Qiancheng Industrial, i.e., 31 December 2020.

(II) The Project of 12% Equity Interest of Xingang Changlong

On 31 December 2020, an equity transaction agreement was entered into between the Company and Minsheng Shipping. The principal contents of the agreement are as follows:

1. Transferor: Minsheng Shipping Co., Ltd.
2. Transferee: Chongqing Iron & Steel Company Limited.
3. Target of the equity transfer: 12% equity interest held by Minsheng Shipping in Xingang Changlong.
4. Price of equity transfer: RMB20,990,856.
5. Method and time of payment of the total consideration of the equity transfer: The total consideration for the equity transfer shall be paid off in one lump sum within five working days after the agreement comes into effect. Upon registering for the transfer, the Company has paid the transaction security deposit of RMB2 million to Chongqing United Assets and Equity Exchange. Such security deposit will become the transaction consideration after the agreement comes into effect, and will be deemed to have been paid to Minsheng Shipping as part of the total consideration for the equity transfer.

6. Matters on completion of the equity transfer: the completion of the equity transfer falls on the date of the completion of the procedures for changes in industrial and commercial registration. Before the completion date, Minsheng Shipping shall prepare a “list for the completion”, which sets out the objects which are required to be transferred to the Company, including the seals, financial accounts, documents and files, ownership certificates of assets of Xingang Changlong, and transfer the aforesaid objects to the Company on the completion date of the equity transfer. The receipt of the aforesaid objects by the Company shall be signed by a person bearing a written authorization issued by the Company. The Company will enter into a separate completion agreement or a document with equivalent legal force with Minsheng Shipping on details concerning the completion of the equity transfer.
7. Change in ownership certificates: With the cooperation of the Company and Minsheng Shipping after consultation, Xingang Changlong shall complete the procedures for ownership certificates change for the equity interest to be transferred within 10 days from the effective date of the agreement.
8. Liabilities for default: (1) The Company has paid RMB2 million as security deposit to Chongqing United Assets and Equity Exchange upon registering for the transfer. In case the Company defaults in payment of the transaction consideration, the security deposit of RMB2 million will be paid to Minsheng Shipping as liquidated damages after deducting the transaction costs payable to Chongqing United Assets and Equity Exchange by the Company; in case the Company defaults on other provisions under the agreement, the Company shall assume its liabilities for that by paying liquidated damages with the amount equal to that of the aforesaid security deposit, which will be paid to Minsheng Shipping after deducting the transaction costs payable to Chongqing United Assets and Equity Exchange by the Company. In case Minsheng Shipping defaults, Minsheng Shipping shall assume its liabilities for that by paying liquidated damages with the amount equal to that of the aforesaid security deposit, which will be paid to the Company after deducting the transaction costs payable to Chongqing United Assets and Equity Exchange by the Minsheng Shipping. (2) Where a party suffers from direct economic loss caused by the other party’s default and the liquidated damages paid by the defaulting party are unable to cover the economic loss suffered by the other party, the defaulting party shall pay the shortfall.

9. Minsheng Shipping undertakes to the Company that the equity interest to be transferred are real and complete, without withholding the following facts: (1) seizure of assets by enforcement institutions; (2) equity and asset guarantees; (3) withholding of assets; (4) lawsuit in progress; (5) other facts that affect the authenticity and completeness of the equity interest.
10. The agreement shall come into effect from the date of signing and sealing by the Company and Minsheng Shipping, i.e., 31 December 2020.

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

Chongqing, the PRC, 4 January 2021

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