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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 OF DISPOSAL OF REMAINING SHARES FOR DEBT SETTLEMENT THROUGH OPEN TENDER OFFER

This announcement is made by the board of directors of Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

On 3 July 2017, the First Intermediate People’s Court of Chongqing (the “**FIPCC**”) ruled that the Company was to be reorganized given that the Company was unable to pay its debts as they fell due and its existing assets were insufficient to repay all of its debts, thus meeting the conditions for reorganisation. On 20 November 2017, the FIPCC, upon the application of the administrator, ruled that the Company’s reorganisation plan (the “**Reorganisation Plan**”) was approved and the reorganisation procedures were terminated. On 29 December 2017, the FIPCC ruled that the implementation of the Company’s Reorganisation Plan was completed. On 3 January 2018, the Company published an announcement disclosing that the implementation of the Reorganisation Plan had been completed. For details of the above, please refer to the Company’s announcement dated 4 July 2017 regarding the court’s ruling on the acceptance of the Company’s reorganisation, the announcement of the administrator of Chongqing Iron & Steel Company Limited dated 21 November 2017 regarding the court’s ruling on the approval of the Reorganisation Plan and the clarification announcement of the administrator of Chongqing Iron & Steel Company Limited dated 22 November 2017 regarding the Announcement in relation to the Court’s Ruling on the Approval of the Reorganisation Plan, as well as the announcement dated 3 January 2018 regarding the completion of the implementation of the Reorganisation Plan.

Pursuant to the plan on adjustment of the rights and interests of capital contributors under the Reorganisation Plan, with the total share capital of A shares of the Company as the base number, the conversion of capital reserve into share capital shall be implemented by way of issuance of 11.5 bonus shares for every 10 shares, and an aggregate of 4,482,579,687 A shares will be issued. The shares issued under the conversion of capital reserve into share capital will not be distributed to shareholders. For all such shares, the administrator will conduct distribution to the creditors to offset the Company's debts in accordance with the Reorganisation Plan. The shares issued will be directly transferred to the securities accounts as designated by the creditors. Upon completion of the conversion, the total share capital of the Company will increase from 4,436,022,580 shares to 8,918,602,267 shares. For details, please refer to the announcement of the Company dated 23 December 2017 in relation to the implementation of conversion of capital reserve into share capital under the Reorganisation Plan.

According to the provisions of the Reorganisation Plan regarding the withdrawal and disposal of debt repayment funds and shares for debt settlement, after the expiry of three years from the announcement of the completion of the implementation of the Reorganisation Plan, the Company is required to comprehensively sort out the specific situation of the repayment of various types of debt funds and the receiving of shares involved in the reorganisation, and the remaining funds will be used to replenish the Company's liquidity; a disposal proposal will be made for the remaining shares in the temporary securities account.

On 21 December 2021, the Resolution regarding the Disposal of the Remaining Shares for Debt Settlement in the Temporary Securities Account of Chongqing Iron & Steel was considered and approved at the 6th meeting of the ninth session of the board of directors of the Company, details of which are set out below:

I. RELEVANT PROVISIONS OF THE REORGANISATION PLAN

The Reorganisation Plan contains detailed provisions for the allocation, withdrawal and reservation of the shares for debt settlement available for each type of creditor's rights, as follows:

1. If a creditor whose right is confirmed by a court ruling does not receive the shares for debt settlement in accordance with the provisions of the Reorganisation Plan, the shares to be distributed to him/her under the Reorganisation Plan will be withdrawn and deposited into the temporary securities account of the administrator, and the shares withdrawn will be deemed to be abandoned if the creditor does not receive them for his/her own reasons after the expiry of three years from the date of announcement of the completion of the Reorganisation Plan. The shares for debt settlement that have been withdrawn and renounced will be disposed of in accordance with the resolution in effect passed at the general meeting of the Company.
2. If the creditor's right verified in writing is not finally confirmed by a court decision, the debt-servicing shares withdrawn for it under the Reorganisation Plan will be disposed of in accordance with the effective resolution formed at the Company's general meeting.

3. If there is a difference between the amount of the creditor's right for which the administrator is temporarily unable to conclude due to pending litigation or arbitration, unfulfilled conditions or other reasons, and the amount of the creditor's right finally confirmed, the amount of the creditor's right finally confirmed shall prevail, and the debts shall be paid at the rate stipulated in the Reorganisation Plan. If there are any remaining debt-servicing shares reserved in accordance with the Reorganisation Plan after the above-mentioned debts have been settled, the remaining debt-servicing shares shall be disposed of in accordance with the effective resolution formed at the general meeting of the Company.
4. For creditors who have not reported their claims and have not asserted their rights to the Company after the expiry of three years from the date of announcement of the completion of the implementation of the Reorganisation Plan, the debt-servicing shares reserved for them under the Reorganisation Plan will be disposed of in accordance with the resolution in effect at the general meeting of the Company.

II. RESULTS OF SORTING OUT OF THE SHARES FOR DEBT SETTLEMENT

According to the sorting out results, 222,433,743 debt-servicing shares were withdrawn and deposited into the administrator's temporary securities account upon completion of the implementation of the Reorganisation Plan, 160,384,083 debt-servicing shares were transferred within three years after the completion of the implementation of the Reorganisation Plan, and 62,049,660 debt-servicing shares are currently deposited into the administrator's temporary securities account, of which: 6,510,100 debt-servicing shares have been reserved for outstanding claims and 55,539,560 debt-servicing shares remain. The details are as follows:

No.	Type of creditor's right	Number of reserved shares (Shares)	Number of cumulative settled shares (Shares)	Number of shares continue to be reserved (Shares)	Number of remained shares (Shares)
1.	Confirmed creditor's right with shares unreceived	29,075,247	28,740,281	0	334,966
2.	Creditor's right froze by the court	62,640,135	62,291,965	348,170	0
3.	Creditor's right with confirmation deferred	69,859,702	61,272,294	3,100,195	5,487,213
4.	Undeclared creditor's right	43,384,514	3,324,880	0	40,059,634
5.	Secured creditor's right	17,474,145	4,754,663	3,061,735	9,657,747
	Total	<u>222,433,743</u>	<u>160,384,083</u>	<u>6,510,100</u>	<u>55,539,560</u>

1. Confirmed creditor's right with shares unreceived reserved for settlement

At the completion of the implementation of the Reorganisation Plan, as for the creditor's right confirmed by court ruling, 29,075,247 debt-servicing shares had not been received by the creditors and withdrawn and deposited into the temporary securities account in accordance with the provisions of the Reorganisation Plan. Within three years from the completion of the implementation of the Reorganisation Plan, 28,740,281 shares were repaid, leaving a balance of 334,966 shares.

2. Shares froze by the court that are reserved for settlement

At the completion of the implementation of the Reorganisation Plan, as for the creditor's right confirmed by court ruling, 62,640,135 debt-servicing shares were outstanding given that they were froze by the court and were not withdrawn and deposited into the temporary securities account. Within three years from the completion of the implementation of the Reorganisation Plan, 62,291,965 shares were repaid and the remaining 348,170 shares were reserved.

3. Shares for creditor's right with confirmation deferred that are reserved for settlement

At the completion of the implementation of the Reorganisation Plan, as for those creditor's right for which the administrator was temporarily unable to reach a review conclusion due to pending litigation or arbitration, unfulfilled conditions or other reasons, 69,859,702 debt-servicing shares were reserved and withdrawn and deposited into the temporary securities account. Within three years from the completion of the implementation of the Reorganisation Plan, 61,272,294 shares were repaid, of the remaining 8,587,408 shares, 3,100,195 shares were reserved and 5,487,213 shares were suspended.

4. Shares for undeclared creditor's right that are reserved for settlement

At the completion of the implementation of the Reorganisation Plan, as for those creditor's right for which claim had not been made on time, 43,384,514 debt-servicing shares were reserved and withdrawn and deposited into the temporary securities account. Within three years from the completion of the implementation of the Reorganisation Plan, 3,324,880 shares were repaid as a result of additional or compensatory claims, leaving a balance of 40,059,634 shares.

5. Shares for secured creditor's right that are reserved for settlement

At the completion of the implementation of the Reorganisation Plan, the remaining portion of the creditor's right secured by property after repayment was converted into ordinary creditor's right and 17,474,145 debt-servicing shares were reserved and withdrawn and deposited into the temporary securities account (including the number of the debt-servicing shares secured by Chongqing Iron & Steel (Group) Co. Ltd (重慶鋼鐵 (集團) 有限公司)). Within three years from the completion of the implementation of the debt repayment plan, 4,754,663 shares were repaid, leaving a balance of 9,657,747 shares, of which 3,061,735 shares were retained.

III. MATTERS ON DECISION

1. In accordance with the provisions of the Reorganisation Plan and the debt-servicing shares that are reserved for settlement, it is agreed that:

- (1) The above remaining 55,539,560 debt-servicing shares are intended to be disposed of by way of open tender offer at a price not lower than the average closing price of the share during the 20 trading days prior to the date of the announcement of the resolution of the board of directors, on a "highest bidder first" basis, for an announcement period of 15 days. The cash proceeds from the tender offer will be used to replenish the Company's liquidity.
 - (2) The remaining portion, if any, after repayment with the 6,510,100 shares that have been reserved, will be disposed of through the above mentioned open tender offer.
2. The management is authorised to formulate and announce the public tender offer proposal after the approval of this resolution upon consideration at the general meeting, organise on-site public bidding activities, identify the transferee according to the principle of highest bidder first and enter into the Sales Confirmation Letter with the transferee. In the event that the bidding is aborted, the management has the right to adjust the price limit and the announcement period according to the actual situation, re-publish an announcement and organise the public bidding transaction. In order to ensure the openness and transparency of the bidding activities, the Company may entrust a notary to supervise the bidding activities on site. After the confirmation of the transaction, the Company will request the FIPCC to transfer the shares to the transferee.

IV. EFFECT ON THE COMPANY

After the disposal of the remaining shares for debt settlement in the manner described above, the cash proceeds will be used to replenish the Company's liquidity and increase the Company's net assets, which will have a positive effect on the production and operation of the Company.

The above matters have yet to be submitted to the general meeting of the Company for consideration. Subject to the consideration and approval at the general meeting, the Company will formulate the public tender offer proposal as soon as possible, and fulfill its information disclosure obligations in a timely manner in strict compliance with the relevant laws and regulations and the requirements of the Listing Rules.

By order of the Board
Chongqing Iron & Steel Company Limited
Zou An
Secretary to the Board

Chongqing, the PRC, 22 December 2021

As at the date of this announcement, the Directors of the Company are: Mr. Zhang Wenxue (Executive Director), Mr. Xie Zhixiong (Executive Director), Mr. Zou An (Executive Director), Mr. Song De An (Non-executive Director), Mr. Lai Xiaomin (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Mr. Zhang Jinruo (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).