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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)

DISCLOSEABLE TRANSACTION **FINANCE LEASE CONTRACT**

On 29 January 2021, the Company entered into Finance Lease Contract with China Reform Financial, pursuant to which the Company applied for financing from China Reform Financial for a term of five years with the financing amount of RMB1.5 billion by way of sale and leaseback.

Since the applicable percentage ratio(s) (as defined under the Listing Rules) exceeds 5% but less than 25%, the transaction contemplated under the Finance Lease Contract constitutes a discloseable transaction of the Company, which shall be subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules but is exempted from the Shareholders' approval requirement thereunder.

THE FINANCE LEASE CONTRACT

On 29 January 2021, the Company entered into the Financial Lease Contract with China Reform Financial, pursuant to which the Company applied for financing from China Reform Financial for a term of five years with the financing amount of RMB1.5 billion by way of sale and leaseback. The principal contents of the contract are as follows:

Date

29 January 2021

Parties to the contract

Lessor: China Reform Financial

Lessee: the Company

Leased Assets

Certain production facilities, equipment in energy control center and steel plant of the Company.

Sales and purchase arrangement

The purchase price payable by China Reform Financial to the Company for the purchase of the Leased Assets shall be RMB1.5 billion, which was determined after arm's length negotiation between the parties with reference to the value of the Leased Assets (as at 31 December 2020, the net asset value of the Leased Assets was approximately 1.581 billion).

Lease form

Sale and leaseback

Lease term

5 years. Both parties shall have the option and be entitled to decide to pay off in advance at the end of the third year and terminate the transaction.

Rental and payment method

The lease amount is RMB1.5 billion and the interest rate shall be adjusted every lease year with reference to the floating loan prime rate for a term of five-year or above, and currently it is not higher than the loan prime rate for a term of five-year or above (i.e. 4.65%). The rental shall be paid in arrears once every three months. In case of the period for the first and the last installment being less than 3 months, the rental payable shall be calculated based on the actual days. The rental and the interest rate of the rental have been arrived at after arm's length negotiation between the parties with reference to prevailing market practices, and shall be paid with the internal resources of the Company.

Inception date

The inception date shall be the date on which China Reform Financial pays the first installment of the consideration for the transfer of the Leased Assets.

Ownership

Since China Reform Financial has paid the first installment of the consideration for the transfer of the Leased Assets, the ownership of the Leased Assets lies with China Reform Financial; upon expiry of the term of lease, the Company may purchase the Leased Assets on an “as-is” basis and obtain the ownership of the Leased Assets upon payment of the consideration for buyback to China Reform Financial on the premise that the Company pays off all rental and other payables to China Reform Financial under the contract.

Consideration for buyback

RMB1.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE CONTRACT

The Company’s use of the existing production facilities and equipment to conduct financial leasing business can effectively reduce the financing costs and broaden the financing channels, so that the Company can obtain financial support required for production and operation, which is conducive to the development of the Company’s production and operation. The transactions under the Finance Lease Contract will not give rise to any disposal gain or loss to be recorded by the Company.

The proceeds of RMB1.5 billion from the disposal of the Leased Assets by the Company to China Reform Financial pursuant to the Finance Lease Contract will be used to supplement the working capital of the Company, so as to obtain financial support required for production and operation.

The Directors are of the view that the terms of the Finance Lease Contract are fair and reasonable and in the interests of the Company and the Shareholders of the Company as a whole.

INFORMATION OF THE COMPANY

The Company is principally engaged in the manufacture and sale of steel products such as medium-gauge steel plates, steel sections and wire rods.

INFORMATION OF CHINA REFORM FINANCIAL

China Reform Financial is principally engaged in financial leasing business; leasing business; purchase of leased property at home and abroad; treatment and maintenance of the residual value of the leased property; principal or secondary business-related factoring business; financial leasing business consultation. Its ultimate controller is China Reform Holdings Corporation Ltd., a central enterprise directly controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, China Reform Financial and its ultimate beneficial owners are third parties which are independent of the Company and its connected persons.

GENERAL

Since the applicable percentage ratio(s) (as defined under the Listing Rules) exceeds 5% but less than 25%, the transaction contemplated under the Finance Lease Contract constitutes a discloseable transaction of the Company, which shall be subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules but is exempted from the Shareholders' approval requirement thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Chongqing Iron & Steel Company Limited, a company incorporated in the PRC with limited liability and the shares of which are listed on the Stock Exchange
“China Reform Financial”	China Reform Financial Leasing Company Limited, a company incorporated in PRC with limited liability
“Director(s)”	the director(s) of the Company
“Finance Lease Contract”	The finance lease contract dated 29 January 2021 entered into between the Company and China Reform Financial, pursuant to which the Company applied for financing from China Reform Financial for a term of five years with the financing amount of RMB1.5 billion by way of sale and leaseback

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	the lease assets subject to sale and leaseback of the Company under the Finance Lease Contract, i.e. certain production facilities, equipment in energy control center and steel plant of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Chongqing Iron & Steel Company Limited
Liu Jianrong
Chairman

Chongqing, the PRC, 30 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).