

*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)

### **VOLUNTARY ANNOUNCEMENT** **PROPOSED JOINT ESTABLISHMENT OF** **A JOINT VENTURE COMPANY**

#### **I. OVERVIEW OF EXTERNAL INVESTMENT**

On 9 August 2019, Chongqing Iron & Steel Company Limited (“**Chongqing Iron & Steel**”) convened the twelfth meeting of the eighth session of the board of directors at which the Proposal in Relation to Proposed Joint Establishment of a Joint Venture Company by Chongqing Iron & Steel and Siyuanhe Intelligent Manufacturing Fund and other proposals were considered and approved.

In order to speed up the promotion of intelligent manufacturing projects, Chongqing Iron & Steel proposed to establish a joint venture company with Siyuanhe Intelligent Manufacturing Fund (to be established) to carry out intelligent manufacturing related cooperation. With Chongqing Iron & Steel as the first model of application, intelligent upgrading and transformation will be gradually implemented based on the existing automatic and information-based production, and a comprehensive automatic, digital, modeled, visualized and integrated intelligent manufacturing system will be finally built, with a view to shaping Chongqing Iron & Steel into a model enterprise of intelligent manufacturing plant in southwest China.

#### **II. INFORMATION ON THE JOINT VENTURE COUNTERPARTY**

Siyuanhe Intelligent Manufacturing Fund (tentative name, which is subject to the name approved for registration) is proposed to be managed by Siyuanhe Equity Investment Management Co., Ltd. (“**Siyuanhe Investment**”) and jointly established in cooperation with telecommunications operators and industrial technology service providers.

As Siyuanhe Investment is the de facto controller of Chongqing Iron & Steel, there will be connected relationship between Siyuanhe Intelligent Manufacturing Fund (after establishment) and Chongqing Iron & Steel.

### **III. INFORMATION ON PROPOSED ESTABLISHMENT OF THE JOINT VENTURE COMPANY**

- (1) Joint venture parties: Siyuanhe Intelligent Manufacturing Fund (or its designated affiliated enterprise) and Chongqing Iron & Steel.
- (2) Registered capital: RMB5 million.
- (3) Ratio of contribution: 1:1.
- (4) Way of contribution: cash.
- (5) Scope of business: research, development and transfer of results of technology; scientific and technological information consulting services; information technology services; data processing and storage services; engineering management services, etc. (subject to mutual negotiation).
- (6) Governance structure: there will be general meetings set up by the company, at which the voting rights are exercised in proportion to shareholdings; the company will establish a board of directors, of which 2 directors will be recommended by Chongqing Iron & Steel and 1 director will be recommended by Siyuanhe Intelligent Manufacturing Fund (or its designated affiliated enterprise), and all directors shall be elected at a general meeting; the company will have two supervisors, 1 of which shall be recommended by the Chongqing Iron & Steel and Siyuanhe Intelligent Manufacturing Fund (or its designated affiliated enterprise), respectively, and both supervisors shall be elected at a general meeting. The company will have a general manager, who shall be recommended by Siyuanhe Intelligent Manufacturing Fund and appointed by the board of directors. The company will have a financial controller, who shall be recommended by Chongqing Iron & Steel to the general manager, nominated by the general manager to the board of directors, and appointed by the board of directors.
- (7) Profit distribution and risk taking: The shareholders of the joint venture company shall bear the risks of the joint venture company to the extent of their capital contribution, and be distributed with profits according to the proportion of their capital contribution to the registered capital of the company.

#### **IV. PURPOSE AND EFFECTS OF THE INVESTMENT**

The cooperation with Siyuanhe Intelligent Manufacturing Fund will further promote Chongqing Iron & Steel to focus on intelligent manufacturing development plan, extensively introduce social capital and technical strength to participate in the intelligent manufacturing of Chongqing Iron & Steel, explore new ways of intelligent manufacturing for steel enterprises, and facilitate the continuous improvement of the operations of Chongqing Iron & Steel.

#### **V. RISK WARNING**

As of now, Siyuanhe Intelligent Manufacturing Fund, as the partner of the external investment, has not been formally established and Chongqing Iron & Steel has not signed any formal cooperation agreement on the joint establishment of the joint venture company. Accordingly, there is still certain uncertainty with the establishment of the joint venture company.

The Company will fulfill its information disclosure obligations in a timely manner according to the progress of the establishment of the joint venture company, and investors are advised to pay attention to investment risks.

As all the applicable percentage ratios of the proposed establishment of the joint venture company are less than 0.1%, it is expected that the relevant proposed transaction, if materializes, will be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will not constitute a notifiable transaction under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

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

Chongqing, the PRC, 12 August 2019

*As at the date of this announcement, the Directors of the Company are: Mr. Zhou Zhuping (Non-executive Director), Mr. Song De An (Non-executive Director), Mr. Zhang Shuogong (Non-executive Director), Mr. Li Yongxiang (Executive Director), Mr. Tu Deling (Executive Director), Mr. Wang Li (Executive Director), Mr. Xu Yixiang (Independent Non-executive Director), Mr. Xin Qingquan (Independent Non-executive Director) and Mr. Wong Chunwa (Independent Non-executive Director).*