

*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.*



- Term of repurchase: from the date of approval by the Board to the expiry of term of repurchase as authorized at the 2018 annual general meeting, i.e. from 2 March 2020 to 20 May 2020.
- The implementation of the repurchase of the shares of the Company is subject to the following risks:
  1. the repurchase plan may be exposed to the uncertainty risk in relation to failure in implementation of the repurchase plan because the price of the shares of the Company continuously exceeds the price range as disclosed in the repurchase plan;
  2. due to major changes in the Company's production and operation, financial position, and external objective conditions, there may be the risk of change or termination of the repurchase plan according to rules.

In accordance with the Company Law of the People's Republic of China, the Securities Laws of the People's Republic of China, the Measures on Administration of Repurchase of Public Shares by Listed Companies (For Trial Implementation), the Detailed Rules of the Shanghai Stock Exchange on Implementation of Repurchase of Shares by Listed Companies and other relevant regulations, the Company prepared the report on the repurchase of the shares of the Company with detailed contents as follows:

## **I. CONSIDERATION AND IMPLEMENTATION PROCEDURES OF THE REPURCHASE PLAN**

1. On 21 May 2019, the Company convened the 2018 annual general meeting, the 2019 first class meeting of A shareholders and the 2019 first class meeting of H shareholders, at which the resolutions on, inter alia, the Grant of General Mandate to the Board to Repurchase A Shares of the Company and the Grant of General Mandate to the Board to Repurchase H Shares of the Company were considered and approved.
2. The Company convened the 18<sup>th</sup> meeting of the eighth session of the Board of the Company in writing, which considered and approved the Resolution on Repurchase of the Shares of the Company through Centralized Bidding Trading issued in writing on 26 February 2020 and signed on 2 March 2020.
3. As authorized at the 2018 annual general meeting, the 2019 first class meeting of A shareholders and the 2019 first class meeting of H shareholders and in accordance with Article 34 of the Articles of Association, the plan on the repurchase of the shares of the Company is not required to be submitted to the general meeting of the Company for consideration.

## **II. MAJOR CONTENTS OF THE REPURCHASE PLAN**

### **(I) Purposes of the proposed repurchase of shares**

Based on the confidence in the sustainable and stable development of the Company in the future and the recognition over the value of the Company, in order to boost investors' confidence, safeguard the value of the Company and the interests of its shareholders, further improve the long-term incentive mechanism of the Company and advance the long-term development of the Company, the Company proposes to repurchase certain shares of it held by the public through centralized bidding trading.

The shares repurchased will be used for the employee share ownership plans of the Company. If the Company fails to use all shares repurchased within 36 months after the completion of the repurchase of shares, the outstanding shares repurchased will be cancelled.

### **(II) Type of shares proposed to be repurchased**

The type of shares to be repurchased is the RMB-denominated ordinary shares (A shares) issued by the Company.

### **(III) Means of the proposed repurchase of shares**

The repurchase of shares will be conducted through centralized bidding trading in the trading system of the Shanghai Stock Exchange.

**(IV) Use, quantity, proportion of the shares proposed to be repurchased in the total share capital of the Company and total funds**

Use of repurchase	Quantity of shares proposed to be repurchased (0'000 shares)	Proportion in the total share capital of the Company (%)	Proposed repurchase amount (RMB0'000)	Term for implementation of repurchase
Employee share ownership plans	4,500–5,000	0.50–0.56	Calculating with the maximum repurchase price of RMB2.30 per share and the minimum repurchase quantity of 45 million shares, the estimated repurchase amount will be RMB103.5 million; calculating with the maximum repurchase price of RMB2.30 per share and the maximum repurchase quantity of 50 million shares, the estimated repurchase amount will be RMB115 million	From the date of approval by the Board to the expiry of term of repurchase as authorized at the 2018 annual general meeting, i.e. from 2 March 2020 to 20 May 2020

The Company will repurchase shares based on the above conditions according to the change in share market price and the operation condition of the Company. The specific quantity of the shares to be repurchased, the proportion in the total share capital and the total funds shall be subject to the actual amount of shares repurchased upon the maturity of the term for the repurchase.

**(V) Price of the proposed repurchase of shares**

In order to protect the interests of investors and based on the recent share price of the Company in the secondary market, the price of the repurchase of shares will be no higher than RMB2.30 per share. The price cap of the repurchase of shares is no higher than 150% of the average trading price of the share of the Company in thirty trading days before the resolution on the repurchase of shares is considered and approved by the Board.

In the event of any dividend distribution, bonus issue, conversion of capital reserve into share capital and other ex-rights or ex-dividends matters during the term of the repurchase, the Company will adjust the price cap of the repurchase of shares accordingly from the relevant ex-rights or ex-dividends date in accordance with the relevant laws and regulations.

**(VI) Total amount and source of the funds used for repurchase of shares**

If the repurchase is calculated with the maximum repurchase price of RMB2.30 per share and the minimum repurchase quantity of 45 million shares, the estimated repurchase amount will be RMB103.5 million; if calculated with the maximum repurchase price of RMB2.30 per share and the maximum repurchase quantity of 50 million shares, the estimated repurchase amount is RMB115 million. The source of funds is self-raised funds of the Company. The specific total amount of funds used for the repurchase of shares is subject to the total amount of funds actually used for the repurchase of shares at the expiry of the term of repurchase.

**(VII) Term of the proposed repurchase of shares**

The term of the repurchase is from the date of approval by the Board to the expiry of term of repurchase as authorized at the 2018 annual general meeting, i.e. from 2 March 2020 to 20 May 2020.

During the implementation of the repurchase plan, if the trading of the Company's shares is continuously suspended for more than 10 trading days due to contemplation of material matters, the implementation of the repurchase plan will be postponed until the resumption of trading and disclosed in a timely manner.

**(VIII) Expected changes in the shareholding structure of the Company after the repurchase of shares**

If the repurchase plan is fully implemented, calculating with the maximum repurchase quantity of 50 million shares, the shares to be repurchased will represent approximately 0.56% of the total share capital of the Company. Particulars of the changes in the shareholding structure are as follows:

Type of shares	Before the repurchase		Increase/ decrease (0'000 shares)	After the repurchase	
	Quantity (0'000 shares)	Proportion (%)		Quantity (0'000 shares)	Proportion (%)
Restricted shares	0.00	0.00	0.00	0.00	0.00
Non-restricted shares	891,860.23	100.00	0.00	891,860.23	100.00
Including: account designated for share repurchase	<u>3,150.00 (Note 1)</u>	<u>0.35</u>	<u>5,000.00</u>	<u>8,150.00</u>	<u>0.91</u>
Total	<u>891,860.23</u>	<u>100.00</u>	<u>0.00</u>	<u>891,860.23</u>	<u>100.00</u>

*Note:* The calculation data is for reference only, and the actual changes in shares are subject to the announcement on subsequent implementation.

*Note 1:* As at the present date, the quantity of shares in the Company's account designated for share repurchase is 31,500,000 shares, accounting for approximately 0.35% of the total share capital of the Company. For details, please refer to the Announcement on the Result of Repurchase of A Shares and Changes in Shareholding Structure disclosed by the Company on 28 June 2019.

**(IX) Analysis on the impact of the repurchase of shares on the Company's operating activities, financial position and future major development**

As at 30 September 2019, the Company's total assets, net assets attributable to the shareholders of the Company and current assets amounted to RMB26,736,867,000, RMB19,198,756,000 and RMB7,705,905,000, respectively. The cap of the total amount of funds used for the repurchase of shares is RMB115 million, representing 0.43%, 0.60% and 1.49% of the Company's total assets, net assets attributable to the shareholders of the Company and current assets, respectively. The proportions are all relatively small. The repurchase of shares does not have a significant impact on the Company's daily operations, finance, research and development, profitability, debt performance and future development.

The completion of the implementation of the repurchase will not lead to changes in the Company's total share capital or affect the Company's status as a listed company, and the shareholding structure of the Company will still meet the conditions on listing.

**(X) Opinions of independent directors on compliance, necessity and feasibility of the repurchase of shares**

In accordance with the relevant laws and regulations, the independent directors of the Company carefully reviewed the relevant materials in relation to the Resolution on Repurchase of the Shares of the Company through Centralized Bidding Trading, which was considered at the 18<sup>th</sup> meeting of the eighth session of the Board of the Company. Upon careful consideration, they have expressed the following independent opinions:

1. The plan on repurchase of the shares of the Company is in line with the Company Law of People's Republic of China, the Opinions on the Support of Repurchase of Shares by Listed Companies, the Circular on Earnest Study and Implementation of the 'Decision of the Standing Committee of the National People's Congress on Amendments to the Company Law of People's Republic of China', the Detailed Rules of the Shanghai Stock Exchange on Implementation of Repurchase of Shares by Listed Companies and other relevant laws and regulations. The procedures of convening and holding of and voting at the Board meeting are in compliance with relevant laws and regulations and the Articles of Association.
2. The implementation of the share repurchase plan will help strengthen investors' confidence in the Company's future and stable development and recognition of the Company's value, help further improve the Company's long-term incentive mechanism, and fully stimulate the enthusiasm of the Company's senior management and core and mainstay personnel to promote the long-term development of the Company. Therefore, the repurchase is necessary.
3. Calculating with the maximum repurchase price of RMB2.30 per share and the minimum repurchase quantity of 45 million shares, the expected repurchase amount will be RMB103.5 million; calculating with the maximum repurchase price of RMB2.30 per share and the maximum repurchase quantity of 50 million shares, the expected amount of repurchase will be RMB115 million. The source of funds is self-raised funds of the Company. The repurchase of shares does not have a significant impact on the Company's daily operations, finance and future development or affect the Company's status as a listed company. The repurchase of the Company's shares by way of centralized

bidding trading does not prejudice the interests of the Company and all shareholders, in particular minority shareholders. Therefore, the plan on the repurchase of the Company's shares is reasonable and feasible.

In summary, the independent directors of the Company have approved the repurchase of the Company's shares.

**(XI) Whether the Company's controlling shareholder, actual controllers, shareholders holding more than 5% of the shares and their persons acting in concert, directors, supervisors and senior management (the "Directors, Supervisors and Senior Management") deal in the shares of the Company within six months before the Board resolved on the repurchase of shares and whether they have conflict of interest with the repurchase plan, whether there is insider trading or market manipulation, and whether there is any plan on increase or decrease in shareholding in the Company during the term of repurchase, in the next 3 months and the next 6 months**

According to the Company's internal self-examination, within six months before the Board resolved on the repurchase of shares, the Company's controlling shareholder, shareholders holding more than 5% of the shares and their persons acting in concert, Directors, Supervisors and Senior Management of the Company did not deal in the shares of the Company and had no plan on increase or decrease in shareholding in the Company during the term of repurchase. They have no conflict of interest with the repurchase plan and have not engaged in any insider trading or market manipulation separately or in conjunction with others. The Company's controlling shareholder, shareholders holding more than 5% of the shares and their persons acting in concert, Directors, Supervisors and Senior Management of the Company have no plan on increase or decrease in shareholding in the Company in the next 3 months and the next 6 months.

Within six months before the Board made the resolution for the repurchase of shares, Siyuanhe Equity Investment Management Co., Ltd. (四源合股權投資管理有限公司) ("Siyuanhe"), the de facto controller of the Company, did not deal in the shares of the Company. Other than the change in shares stated in the Indicative Announcement on the Execution of the Letter of Intent by the De Facto Controller of the Company and the Proposed Change of Control disclosed by the Company on 28 December 2019, Siyuanhe has no plans on increase or decrease in shareholding during the term of repurchase, the next 3 months and the next 6 months. It has no conflict of interest with the repurchase plan and has not engaged in any insider trading or market manipulation separately or in conjunction with others.



**(12) The mandate granted at the general meeting to the Board to repurchase shares**

On 21 May 2019, the Company convened the 2018 annual general meeting, the 2019 first class meeting of A shareholders and the 2019 first class meeting of H shareholders, at which the resolutions on, inter alia, the Grant of General Mandate to the Board to Repurchase A Shares of the Company and the Grant of General Mandate to the Board to Repurchase H Shares of the Company were considered and approved.

For details of the mandate, please refer to the Announcement on Grant of General Mandate to the Board to Repurchase Shares of the Company as disclosed by the Company on 29 March 2019.

**III. OTHER ISSUES**

**(1) Opening of special account for repurchase**

In accordance with relevant provisions, the Company has applied to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for opening a special account for repurchase of shares. Information on the special account is as follows:

Name of holder: special securities account for repurchase of Chongqing Iron & Steel Company Limited

Securities account No.: B882724146

**IV. UNCERTAINTY RISK IN RELATION TO THE REPURCHASE PLAN**

1. The repurchase plan may be exposed to the uncertainty risk in relation to failure in implementation of the repurchase plan because the price of the shares of the Company continuously exceeds the price range as disclosed in the repurchase plan;
2. Due to major changes in the Company's production and operation, financial position, and external objective conditions, there may be the risk of change or termination of the repurchase plan according to rules.

The Company will perform its obligation of information disclosure depending on the progress of the repurchase. Investors are advised to be aware of investment risks.

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

Chongqing, the PRC, 3 March 2020

*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).*