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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 GRANT OF GENERAL MANDATE TO THE BOARD TO ISSUE CORPORATE BONDS

On 27 March 2020, Chongqing Iron & Steel Company Limited (the “**Company**”) held the 20th meeting of the eighth session of the board of directors (the “**Board**”), at which the Resolution in relation to the Grant of General Mandate to the Board to Issue Corporate Bonds was considered and approved. The said resolution is subject to consideration and approval by the general meeting of the Company, details of which are as follows:

I. OVERVIEW OF PUBLIC ISSUANCE OF CORPORATE BONDS

In order to satisfy the production and operation needs of the Company, expand the financing channels, optimize the debt structure, replenish the liquidity and reduce the financing costs, the Board has resolved to propose the domestic public issuance of corporate bonds (the “**Corporate Bonds**”).

According to the requirements of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China (Revised in 2019) and the Administrative Measures on the Issuance and Transaction of Corporate Bonds and other relevant laws, regulations and regulatory documents, combining with self-examination and verification in light of its actual situation, the Company was confirmed to be in compliance with the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China (Revised in 2019), the Administrative Measures on the Issuance and Transaction of Corporate Bonds and other laws, regulations and regulatory documents in relation to the public issuance of corporate bonds, and was qualified for and fulfilled the conditions for public issuance of corporate bonds.

II. PLAN OF PUBLIC ISSUANCE OF CORPORATE BONDS

(I) Issue size

The size of the Corporate Bonds issuance is no more than RMB3 billion (including RMB3 billion). The bonds may be issued in one or multiple tranches within the validity period of the approved issuance. The specific issue size and modes of tranches are proposed to be determined by the Board and authorized persons of the Board upon authorization at the general meeting of the Company, according to the capital requirements of the Company and market conditions at the time of issuance, and within the scope mentioned above.

(II) Method of issuance

The Corporate Bonds will be issued by way of public issuance.

(III) Nominal value and issuance price

The nominal value of the Corporate Bonds is RMB100 and the bonds will be issued at nominal value.

(IV) Term and types of bonds

The term of the Corporate Bonds is no more than 10 years (including 10 years), and it may be variety of a single-term or a mixture of multiple terms. The specific maturity composition of the Corporate Bonds and the issue scale of each maturity varieties are proposed to be determined by the Board and authorized persons of the Board before the issuance upon authorization at the general meeting of the Company according to market conditions and capital requirements of the Company, and within the scope mentioned above.

(V) Interest rate of bonds and method of determination

The Corporate Bonds adopt a fixed interest rate with simple interest calculated annually and without compound interest. The specific interest rate level and determination method of the Corporate Bonds are proposed to be determined by the Board and authorized persons of the Board before the issuance after negotiation with the lead underwriter and according to market conditions and the capital requirements of the Company upon authorization at the general meeting of the Company.

(VI) Guarantee arrangement

Whether the Corporate Bonds will be guaranteed and the specific method of guarantee are proposed to be determined by the Board and authorized persons of the Board before the issuance in accordance with the relevant regulations and market conditions upon authorization at the general meeting of the Company.

(VII) Use of proceeds

Upon deduction of the issuance expenses, the proceeds of the Corporate Bonds are intended to be used for operating activities of enterprises such as repayment of debts of the Company, replenishment of liquidity or project construction in accordance with the national laws, regulations and policy requirements. The specific use of the proceeds is proposed to be determined by the Board and authorized persons of the Board before the issuance according to the actual situation such as demand of funds of the Company upon authorization at the general meeting of the Company.

(VIII) Underwriting method and listing arrangement

The Corporate Bonds to be issued shall be underwritten by the underwriting syndicate organized by the lead underwriter by way of standby underwriting. Upon completion of the issuance of the Corporate Bonds and subject to the fulfillment of the conditions precedent for listing, the Company will apply for the listing and trading of the Corporate Bonds on the Shanghai Stock Exchange. It is proposed that the general meeting of the Company do authorize the Board and the authorized persons of the Board to handle the matters relating to the listing of the Corporate Bonds in accordance with relevant requirements of the stock exchange.

(IX) Validity of resolution

The validity of the resolution of the Corporate Bonds is 24 months from the date of consideration and approval at the general meeting. If the Board and (or) the authorized persons of the Board has (or have) determined matters in relation to the issuance of the Corporate Bonds within the authorized validity period, and the Company has also obtained the issuance approval, permission, filing, registration or enrollment (if applicable) from the regulatory authorities within the authorized validity period, the Company may complete the issuance or partial issuance of the Corporate Bonds within the validity period of confirmation of such approval, permission, filing, registration or enrollment.

(X) Guarantee measures for repayment

The Company has good credit standing in the past three years. Upon issuance of the Corporate Bonds, if it is expected that the Company will fail to repay the principal or interest of the bonds on schedule or at the maturity of the bonds, the Company shall at least adopt the following measures, and it is proposed that the general meeting of the Company do authorize the Board to handle all the matters in relation to the following measures:

1. No profit distribution to shareholders;
2. Suspension of implementation of capital expenditure projects such as major external investment, mergers and acquisition;
3. Reduction or suspension of salary and bonus to directors and senior management personnel;
4. Principal person-in-charge shall not be transferred.

III. CONSIDERATING AND APPROVING THE ISSUANCE OF CORPORATE BONDS IN THE FOLLOWING FORMS, AND GENERALLY AND UNCONDITIONALLY AUTHORIZING THE BOARD AND THE AUTHORIZED PERSONS OF THE BOARD TO HANDLE THE FOLLOWING MATTERS IN ACCORDANCE WITH THE SPECIFIC NEEDS OF THE COMPANY AND THE MARKET FACTORS:

- (I) Formulating the detailed issuance plan and revising and adjusting the issuance terms of the issuance of the Corporate Bonds, including but not limited to the specific issue size, method of issuance, term of bonds, types of bonds, reversal mechanism, interest rate of bonds and their determination methods, issuance timing (including whether to issue in tranches and number of tranches), guarantee arrangements, whether to set the terms of resale, the terms of redemption and terms of adjustment to the right of option of nominal rate, use of proceeds, underwriting arrangement, rating arrangement, term and method of repayment of principal and interests, guarantee for repayment, guarantee arrangement, specific subscription method, specific placing arrangement, place of listing of bonds, termination of issuance and all other matters in relation to the issuance, in accordance with the national laws, regulations and relevant requirements of the securities regulatory authorities and the internal resolutions and based on the actual situation of the Company and the market;
- (II) Engaging intermediary institutions for the Corporate Bonds, determining the professional service fees, and handling the reporting procedures of the issue of the Corporate Bonds.

- (III) Selecting trustee for the Corporate Bonds, approving the entering into of bond trustee management agreement, and formulating and revising rules for bondholders' meeting.
- (IV) Handling the matters in relation to reporting and transaction circulation after the issuance of the Corporate Bonds, including but not limited to: preparing, authorising, signing, executing, revising and completing all necessary legal documents, contracts and agreements in relation to the issuance of the Corporate Bonds and its listing; making relevant information disclosure in accordance with laws, regulations and requirements stipulated in regulatory documents; preparing and submitting relevant reporting documents to regulatory authorities, and conducting relevant replenishment and adjustment to the reporting documents in accordance with the requirements of the regulatory authorities; upon completion of the issuance, taking sole responsibilities for handling relevant matters of listing and transactions of bonds.
- (V) Dealing with other matters in relation to the issuance of corporate bonds and those relating to the issuance not mentioned above.
- (VI) In the event of changes in the policies or changes in market conditions of the regulatory authorities in respect of the issuance of corporate bonds, save as the matters of re-voting at the general meeting as required by relevant laws, regulations and the Articles of Association of the Company, making corresponding adjustment to the specific plan of the issuance of Corporate Bonds and relevant matters in accordance with the opinions of the regulatory authorities and deciding on whether to continue with the issuance of the Corporate Bonds based on the actual situation.
- (VII) In the event that the corporate bonds are issued, during the continuance of the corporate bonds of the Company, when it is expected that the Company will fail to repay the principal and/or interest of the corporate bonds on schedule or at the maturity of the corporate bonds, deciding on guarantee measures for repayment such as not distributing profits to shareholders in accordance with the requirements of relevant laws and regulations.

This authorization will take effect from the date of approval at the general meeting of the Company until the date on which the aforesaid authorization is completed.

The Board of the Company proposes that the general meeting do approve the Board to authorize the senior management as the authorized persons of the Board for issuance the Corporate Bonds, for the purpose of handling the matters in relation to the issuance and the signing of the relevant legal documents. The aforesaid authorized persons shall be entitled to handle the above matters in relation to the issuance of Corporate Bonds in the course of issuance of the Corporate Bonds on behalf of the Company in accordance with the scope of authorization as determined in the resolution of the general meeting of the Company and the authorization of the Board.

IV. RISK WARNING

The proposed grant of the general mandate by the general meeting of the Company to the Board to issue Corporate Bonds is merely an authorization to the Board to handle matters relevant to the issuance of corporate bonds in accordance with law. No specific plans for issuance of bonds have been formulated by the Company. Upon the consideration and approval by the general meeting, the Company will determine whether it will proceed with the issuance of corporate bonds and formulate specific plan for the issuance of bonds based on the production and operation needs of the Company.

The Company will perform its obligation of information disclosure in strict compliance with relevant laws, regulations and the applicable listing rules. Investors are advised to make rational investments and be aware of risks.

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

Chongqing, the PRC, 30 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)