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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 THE PROVISION OF GUARANTEE IN FAVOUR OF A SUBSIDIARY**

This announcement is made voluntarily by Chongqing Iron & Steel Company Limited (the “**Company**”).

#### **IMPORTANT NOTES:**

- Name of the guaranteed party: Chongqing Iron & Steel Energy Environmental Protection Company Limited (重慶鋼鐵能源環保有限公司).
- Amount of the guarantee and the balance of the actual guarantee amount provided to the guaranteed party: The amount of the guarantee is RMB575 million. As of the date of this announcement, the balance of the guarantee amount provided to the guaranteed party by the Company is RMB0.
- Counter-guarantee arrangement: nil.
- Aggregated amount of overdue external guarantees: nil.

#### **I. OVERVIEW OF THE GUARANTEE**

The Resolution in Relation to Participation in Online Bidding for Acquisition of 100% Equity Interest in Chongqing Qianxin Energy Environmental Protection Company Limited (重慶千信能源環保有限公司) was considered and approved at the twentieth meeting of the eighth session of the board of directors held by the Company on 27 March 2020. It was approved that the Company may participate in the bidding for 100% equity interest in Chongqing Qianxin Energy Environmental Protection Company Limited (“**Qianxin Energy**”) held by Chongqing Qianxin Group Co., Ltd. (“**Qianxin Group**”) based on its business development needs.

On 15 July 2020, the Company and Qianxin Group entered into the Equity Transaction Contract in Changshou District, Chongqing. On 30 July 2020, Qianxin Energy completed the procedures for changes in industrial and commercial registration and officially became a wholly-owned subsidiary of the Company.

On 3 December 2020, Qianxin Energy completed the procedures for changes in industrial and commercial registration mainly for the purpose of change of name. The name was changed to Chongqing Iron & Steel Energy Environmental Protection Company Limited (“**Chongqing Iron & Steel Energy**”).

To cope with its business development needs, Chongqing Iron & Steel Energy borrowed RMB505 million as a long-term loan from China Construction Bank Changshou Sub-branch (中國建設銀行長壽支行) in 2017, and RMB200 million and RMB500 million in the form of finance lease from Chongqing Xinyu Financial Leasing Co., Ltd. and Cinda Financial Leasing Co., Ltd., respectively, in 2019. As of 15 December 2020, the balance of the above loans were RMB116 million, RMB117 million and RMB342 million, respectively. Prior to the acquisition by the Company of the equity interest in Qianxin Energy, Qianxin Group was the controlling shareholder of Chongqing Iron & Steel Energy and provided guarantee for the three loans, in the total amount of RMB575 million, made to Chongqing Iron & Steel Energy.

In view of Point 2 of Clause 5 under the Equity Transaction Contract entered into between the Company and Qianxin Group, which sets out that “Both parties agree that, from the date of this Contract, Qianxin Group shall no longer be liable for the guarantee on the liabilities of Chongqing Iron & Steel Energy, which shall be the responsibility of the Company accordingly”, the thirty-first meeting of the eighth session of the board of directors of the Company was held on 30 December 2020, at which the Resolution in Relation to the Provision of Guarantee to Chongqing Iron & Steel Energy Environmental Protection Company Limited was considered and passed, pursuant to which, the Company was authorized to provide the guarantee in favour of Chongqing Iron & Steel Energy, with the amount of the guarantee being RMB575 million and the term of the guarantee from 1 January 2021 to 27 September 2022.

## **II. BASIC INFORMATION ON THE GUARANTEED PARTY**

1. Name of the enterprise: Chongqing Iron & Steel Energy
2. Unified social credit code: 9150011568624093X0
3. Type: limited liability company (solely owned legal person)
4. Legal representative: Yang Bin
5. Registered capital: RMB525,694,938.14
6. Date of incorporation: 14 April 2009
7. Address: Yanjia Industrial Park, Changshou District, Chongqing
8. Scope of business: permitted items: waste heat and residual gas generation, the production and sale of electricity and heat; the development, construction and operation of solar energy, wind energy, hydroenergy, natural gas, mash gas, distributed generation projects; import and export of goods (the business activities, which are subject to approval according to the laws, can be carried out only after being approved by the relevant departments, and specific operation projects are subject to approvals or permission from the relevant departments) general items: treatment of environmental pollution; research and development, manufacturing and sale of energy conservation and environment-friendly products and related technical service; sale of electrical and electronic products and mechanical equipment and related technical service; research and development, production and sale of water treatment agent, water-based paint (excluding hazardous chemicals), lubricant, cutting compound; sale of instrument and apparatus, wire and cable, ordinary machinery and equipment and components and parts, hardware and electric equipment, galvanised pipe fittings, metallic materials, metallurgical furnace charge, nonferrous metals, metal materials, metalware, minerals, coke, building materials, steel, chemical raw material and products (excluding hazardous chemicals), cast iron and granulating slag, steel slag, steel scrap; electricity quality detection and optimization and related technical service; contract energy management service (except for items that are subject to approval in accordance with the laws, the business activities shall be conducted independently with the business licence(s) in accordance with the laws)
9. Information on shareholder: the Company holds 100% equity interest in Chongqing Iron & Steel Energy

## 10. Financial conditions:

*Unit : RMB, 100 million*

<b>Items</b>	<b>31 December</b>	<b>30 September</b>
	<b>2019</b>	<b>2020</b>
	<b>(Audited)</b>	<b>(Unaudited)</b>
Total assets	21.33	10.87
Total liabilities	19.90	5.58
Total loans	9.77	5.91
Current liabilities	6.91	-0.26
Net asset	1.43	5.30

  

<b>Items</b>	<b>2019</b>	<b>January to</b>
	<b>(Audited)</b>	<b>September 2020</b>
	<b>(Audited)</b>	<b>(Unaudited)</b>
Operating revenue	6.35	3.33
Net profit	1.65	-2.77

### III. MAJOR CONTENTS OF THE GUARANTEE AGREEMENT

Currently, the Company has not entered into any relevant guarantee agreement. The proposed amount and term of the guarantee mentioned above only represents the amount and term of the guarantee to be provided by the Company, which are subject to the relevant agreements to be actually signed. The Company will fulfill its information disclosure obligations in a timely manner based on its relevant progress.

### IV. OPINION OF THE BOARD OF DIRECTORS

The board of directors of the Company considers that: The guarantee to be provided to Chongqing Iron & Steel Energy is a financing guarantee undertaken from Qianxin Group due to the equity transaction, the overall risk of which is relatively low, and will not have substantial effect on the financial condition of the Company. The Company was authorized to provide the guarantee to Chongqing Iron & Steel Energy, with the amount of the guarantee being RMB575 million and the term of the guarantee from 1 January 2021 to 27 September 2022.

The independent directors of the Company consider that: The guarantee to be provided to Chongqing Iron & Steel Energy is a financing guarantee undertaken from Qianxin Group due to the equity transaction, and is in the interests of the Company as a whole. The guarantee has a relatively low risk overall and will not have substantial effect on the financial condition of the Company. The decision-making process for the guarantee is in compliance with the relevant laws and regulations and the Articles of Association of Chongqing Iron & Steel Company Limited, and there are no violations existing in the guarantee and no prejudice to the interests of the listed company and the shareholders. The provision of the guarantee to Chongqing Iron & Steel Energy is approved.

## **V. TOTAL AMOUNT AND OVERDUE AMOUNT OF EXTERNAL GUARANTEES**

As of the date of this announcement, the total amount of external guarantees by the Company and its controlled subsidiaries is RMB0 and the total amount of guarantees provided by the Company to its controlled subsidiaries is RMB0. The Company has no overdue guarantees.

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

Chongqing, the PRC, 31 December 2020

*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).*