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)

ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION COMPLETION OF AUCTION FOR THE TARGET ASSETS

Reference is made to the announcement (the "**Announcement**") of Chongqing Iron & Steel Company Limited (the "**Company**") dated 27 March 2025 in relation to the proposed participation in auction for the Target Assets. Unless otherwise defined, the terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Company hereby announces that as of the date of this announcement, the above-mentioned auction has been completed. The Company entered into the Assets Transfer Agreement (the "**Transfer Agreement**") with CISG on 16 June 2025 to purchase the Target Assets at the price of RMB1,080,659,977.20 (tax inclusive) (the "**Transaction Price**").

As the applicable percentage ratios (as defined in the Listing Rules) are more than 5% but less than 25%, the transaction contemplated under the Transfer Agreement constitutes a discloseable transaction of the Company, which shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

Reference is made to the Announcement of the Company dated 27 March 2025 in relation to the proposed participation in auction for the Target Assets. Unless otherwise defined, the terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Company hereby announces that as of the date of this announcement, the above-mentioned auction has been completed. The Company entered into the Transfer Agreement with CISG on 16 June 2025 to purchase the Target Assets at the price of RMB1,080,659,977.20 (tax inclusive).

THE TRANSFER AGREEMENT

The details of the Transfer Agreement are as follows:

Date	16 June 2025
Parties	Seller: CISG Buyer: the Company
Target Assets	No. 2 steelmaking series, the 4100mm wide and heavy plates, 2700mm sheets, wires, bars and section production lines for the steel rolling and other related assets
Condition of the Target Assets	CISG guarantees the authenticity, clarity, and legality of the property rights of the Target Assets, with no restrictions on the transfer of rights or mortgage rights.
Transaction Price	RMB1,080,659,977.20 (tax inclusive)
Payment	After the Transfer Agreement takes effect and a valid invoice is received from CISG, the Company shall pay 30% of the Transaction Price (including the transaction deposit) and the transaction service fee charged by Chongqing United Assets and Equity Exchange. The remaining amount shall be paid in installments within one year according to the following method, and the interest during the installment payment period shall be calculated based on the bank loan interest rate of the same period and paid along with the principal.

(1) Phase 1: Before 31 December 2025, the Company shall pay the transaction price and corresponding interest in an amount not less than (including) RMB100 million;

(2) Phase 2: From the effective date of the Transfer Agreement until the expiration of one-year period, the Company shall pay the remaining transaction price and corresponding interest.

Transitional Period Arrangement The transitional period starts from the date of signing the Transfer Agreement and ends on the date of completion of the assets delivery. During the transitional period, without the written consent of the Company, CISG shall not make any significant disposal of or change the use of the Target Assets.

Completion Within 5 days from the effective date of the Transfer Agreement and the completion of payment of 30% of the transaction price (including the transaction deposit) by the Company, CISG shall transfer the assets on an "as is" basis, and both parties shall enter into an asset delivery statement to complete the transfer of assets ownership.

Effectiveness The Transfer Agreement shall come into effect from the date of signature and seal by both the Company and CISG.

BASIS FOR THE DETERMINATION OF CONSIDERATION

The Transaction Price is determined with reference to the appraisal value, RMB1,092,433,800, of the Target Assets made by China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司) (a qualified independent asset valuer in China) using the replacement cost method with 31 October 2024 as the valuation benchmark date (the "**Valuation Benchmark Date**") (the "**Valuation**"). The Target Assets are publicly listed and traded on the Chongqing United Assets and Equity Exchange. Based on the auction process, the Listing Price of the auction in which the Company participated was lower than the above appraisal value. The Board is of the view that participating in the auction and entering into the Transfer Agreement are in line with the interests of the Company as a whole. For further information on the Valuation, please refer to the appendix to this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The Company is a joint stock limited company incorporated in the PRC and is mainly engaged in the manufacturing and sales of steel products such as medium and thick steel plates, profiles and wires. The Target Assets are important to the Company's production and operation, and the included steel production lines are complied with the national "Guiding Catalogue of Industrial Structure Adjustment (2024 Version)" and national policy requirements for production capacity. Entering into the Transfer Agreement is an important measure to maintain the Company's sustainable and stable production and operation, to support the high-quality development of the Company's core business and to optimise the Company's product structure. Based on its current financial position and capital situation, the Company has conducted a prudent assessment of entering into the Transfer Agreement and is of the view that the Company is able to purchase the Target Assets.

The directors are of the view that the terms of the Transfer Agreement are fair and reasonable, and in line with the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) are more than 5% but less than 25%, the transaction contemplated under the Transfer Agreement constitutes a discloseable transaction of the Company, which shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE COMPANY AND CISG

Company

The Company is mainly engaged in the manufacturing and sales of medium and thick steel plates, profiles and wires.

CISG

CISG, a limited liability company (wholly state-owned) established in the PRC, is mainly engaged in (1) permitted activities: construction engineering design; and (2) general activities: business management; manufacturing of metal materials; sales of metal materials; sales of foundry machinery; manufacturing of foundry machinery; manufacturing of household appliances; manufacturing of computer hardware and software and peripheral equipment; manufacturing of electronic components; wholesale of electronic components; manufacturing of weighing apparatus; sales of timber;

sales of metal ores; domestic freight transport agency; leasing of non-residential real estate; leasing of residential property; leasing of land use rights; property management; information consulting services (excluding licensed information consulting services); conference and exhibition services; parking services; business agency services; planning and design management; asset management, investment, and property rights trading within the scope of authorisation. (Except for projects that require approval according to law, business activities may be independently conducted based on the business license in accordance with the law). Its ultimate beneficial owner is the Chongqing State-owned Assets Supervision and Administration Commission.

To the best of the directors' knowledge, information and belief after making all reasonable inquiries, CISG and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

By order of the Board
Chongqing Iron & Steel Company Limited
Kuang Yunlong
Secretary to the Board

Chongqing, the PRC, 16 June 2025

As at the date of this announcement, the directors of the Company are: Mr. Wang Huxiang (Executive Director), Mr. Meng Wenwang (Executive Director), Mr. Kuang Yunlong (Executive Director), Mr. Song De An (Non-executive Director), Mr. Lin Changchun (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Ms. Tang Ping (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).

Appendix – Details of the Valuation Report

Further information on the valuation report is set out below:

I. VALUATION SCOPE

The subject of the Valuation is the Target Assets acquired by the Company through public bidding, as detailed in the following table:

Unit: RMB'0,000

Item	Original Book Value	Net Book Value
Thick plate	56,059.95	4,113.78
Medium plate	56,304.81	3,007.29
Bar materials	15,454.54	375.02
Wire rods	15,862.69	439.68
Section	26,097.59	962.87
No. 2 Steel Plant	75,212.45	1,702.26
Total	244,992.05	10,600.89

II. VALUATION APPROACH

The Target Assets purchased by the Company through public tender process are divided into two parts, the production lines under normal operation as at the Valuation Benchmark Date and the production lines pending operation as at the Valuation Benchmark Date. As the aforementioned Target Assets are identified to be in normal operation but are awaiting operation solely due to market economic conditions, the replacement cost approach is selected for the Valuation.

III. EVALUATION PARAMETERS

If the replacement cost approach is adopted for valuation:

Appraised value = full replacement price $\times$ integrated newness rate

Full replacement price = purchase prices + freight and miscellaneous expenses + installation and commissioning costs + basic fees + other expenses + capital cost – deductible value-added taxes

(1) Purchase prices (tax inclusive)

It is mainly determined by inquiring prices with manufacturers or trading companies, accessing to the 2024 Mechanical & Electrical Product Price Handbook, and referring to the recent contract prices of similar equipment. For a limited number of equipment that purchase prices are unavailable through inquiry, the purchase prices are imputed based on the price change rates of the same type of equipment in the same generation.

(2) Freight and miscellaneous expenses

The freight and miscellaneous expenses of equipment mainly include freight, loading and unloading fees, insurance costs, etc., which are generally based on the purchase price of the equipment and charged at different freight and miscellaneous expenses taking into account factors such as the distance between the manufacturer and location of the equipment, the weight and external dimensions of equipment.

(3) Installation and commissioning costs and basic fees

According to the characteristics, weight and difficulty in installation of the equipment, the installation and commissioning costs are charged at different rates based on the purchase price. For equipment that does not need installation and commissioning or the installation and commissioning costs have been already included in the equipment fee, installation and commissioning costs will be not charged again.

The Target Assets does not contain basic fees and therefore equipment basic fees (buildings and equipment foundation structures are owned by the Company) shall not be in the Valuation.

(4) Other expenses

Other expenses include project construction management cost, survey and design fee, feasibility study expense, engineering supervision fee and others, which are calculated based on the other cost standards for construction projects of the region where the equipment is located and combined with self-characteristics. It is the sum of purchase prices of equipment, freight and miscellaneous expenses, installation and commissioning costs and basic fees (all tax inclusive).

(5) Capital cost

The capital cost is calculated evenly over the construction period according to the reasonable period of the project and based on the loan interest rate applicable on the Valuation Benchmark Date. All constituent items are calculated on a tax-inclusive basis.

Capital Cost = (Equipment Purchase Price + Freight and Miscellaneous Expenses + Installation and commissioning Fees + Basic Fees + Other Expenses) × Loan Interest Rate × Construction Period × 1/2

After reviewing historical construction data and similar production line projects, the construction period is generally determined to be 2 years.

As of the Valuation Benchmark Date, the Loan Prime Rate (LPR) published by the National Interbank Funding Center is as follows:

Period	Annual Interest Rate%
Within one year (inclusive)	3.45

(6) Deductible VAT

In accordance with the provisions of documents such as the Cai Shui [2008] No.170, Cai Shui [2013] No.106 and Cai Shui [2016] No.36, on the Valuation Benchmark Date, the input tax incurred from purchase or self-manufactured fixed assets by ordinary appreciation tax payers could be deducted from the output tax with the specific invoice for appreciation tax, specific payment letter on import appreciation tax issued by the Customs and the settlement receipt for transportation fees. The input tax is recorded under the item entitled "tax payable-value-added tax payable, input tax". Therefore,

Deductible VAT = Purchase Price of Equipment × 13%/(1 + 13%)+ (Freight and Miscellaneous Expenses + Installation and Commissioning Costs + Basic Fees) × 9%/(1 + 9%) + Deductible Amount of Other Costs

(7) Newness rate

For major equipment, the comprehensive newness rate is applied, while general equipment uses the age-based newness rate.

Comprehensive Newness Rate = Age-based Newness Rate × 40% + Observational Newness Rate × 60%

Age-based Newness Rate = (Economic Service Life – Years in Service)/ Economic Service Life

Observational Newness Rate: Valuers determine this rate by scoring equipment conditions based on the enterprise-completed Equipment Survey Form and on-site inspections.

Additionally, a reasonable economic depreciation rate is estimated.

Economic Depreciation Rate = [1 – (Estimated Usable Production Capacity of the Asset/Original Design Capacity of the Asset)^x] × 100% × Economies of scale index (0.6-0.7), typically 0.7

Capacity Utilization Rate = Estimated Usable Production Capacity of the Asset/Original Design Capacity of the Asset × 100%

IV. VALUATION ASSUMPTIONS

1. The Valuation takes the specific valuation purpose listed in the asset valuation report as its basic assumptions;

2. The Valuation assumes that there is no unforeseeable significant change in external economic environment after the Valuation Benchmark Date;

3. The relevant basic information and financial information provided by the property owner and the principal are true, accurate and complete;

4. Unless otherwise specified, the Valuation does not take into account the impact of the pledges and guarantees that may be undertaken by the related assets of the property owner on the appraised value, or the impact of change in national macroeconomic policy as well as acts of God and other force majeure on the appraised value;

5. The valuation scope is strictly based on the valuation declaration form provided by the principal;

6. Open market assumption: it is assumed that the parties to the assets transaction or the proposed assets transaction in the market have equal bargaining power and have the opportunities and time to obtain sufficient market information in order to make a rational judgment on the assets, including their functions, uses and transaction prices;

7. Transaction assumption: it is assumed that all assets to be appraised are already in the transaction process, and the asset valuers make a valuation based on simulated market conditions such as the transaction conditions of the assets to be appraised;

8. Continued use-in-situ assumption: It is assumed that all assets to be appraised will continue to be used in their current manner and for their existing purposes after any changes in ownership or asset-related transactions occur.

Where there are events that are not in line with the abovementioned assumptions, the valuation results will be generally void.

V. VALUATION CONCLUSION

As at the Valuation Benchmark Date, the net book value of the Target Assets totaled RMB106.0089 million. Through the application of the replacement cost approach, the total appraised value was determined to be RMB1,092.4338 million (tax inclusive). The appreciation in valuation was equal to the appraised value less the net book value, representing an appreciation of RMB986.4249 million with an appreciation rate of 930.51%.

Reasons for appreciation in valuation are as follows:

On 31 December 2017, the one-off provision for impairments of RMB2,089,372,900 was made by CISG, and the net book value as of the Valuation Benchmark Date amounted to RMB106,008,900, with the book value being only the residual value of the equipment as a result of accounting treatment, while the Target Assets within the scope of the Valuation were all in normal working condition as at the Valuation Benchmark Date with a certain market value and were appraised as normally functioning assets. Therefore, the appreciation is relatively high.

VI. VALIDITY PERIOD OF VALUATION CONCLUSION

The validity period of the valuation conclusion is one year from the Valuation Benchmark Date.