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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 PARTICIPATION IN ONLINE BIDDING FOR ACQUISITION OF EQUITY INTEREST

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

IMPORTANT NOTES:

- Bidding target: 28% equity interest of Chongqing Xingang Changlong Logistics Co., Ltd. (重慶新港長龍物流有限責任公司); listing-for-sale price: RMB28,481,740.
- The transaction does not constitute a connected transaction or material asset reorganisation, and there are no significant legal impediments in the implementation of the transaction.
- The Resolution in Relation to Participation in Online Bidding for Acquisition of Equity Interest was approved at the 7th meeting of the eighth session of the board of directors of the Company by voting. It approved the Company to participate in the online bidding for the 28% equity interest in Chongqing Xingang Changlong Logistics Co., Ltd. with self-owned funds based on its business development demands and authorised the management of the Company to execute relevant agreements, documents and handle other specific matters in accordance with relevant procedures and laws and regulations. The bidding falls within the scope of approval of the board of directors of the Company and does not need to be submitted to the general meeting of the Company for consideration.
- There are uncertainties on whether the Company can win the bidding.

I. TRANSACTION INTRODUCTION

Based on the information on the equity transaction published on the official website of Chongqing United Assets and Equity Exchange, Wuhan Changhang New Phoenix Logistics Co., Ltd. (武漢長航新鳳凰物流有限責任公司) (“**Wuhan Changhang**”) listed 28% equity interest in Chongqing Xingang Changlong Logistics Co., Ltd. (“**Xingang Changlong**”) held by it for transfer at the listing-for-sale price of RMB28,481,740.

On 5 March 2019, the Resolution in Relation to Participation in Online Bidding for Acquisition of Equity Interest was approved at the 7th meeting of the eighth session of the board of directors of the Company by voting. It approved the Company to participate in the online bidding for the 28% equity interest in Chongqing Xingang Changlong Logistics Co., Ltd. with self-owned funds based on its business development demands and authorised the management of the Company to execute relevant agreements, documents and handle other specific matters in accordance with relevant procedures and laws and regulations.

On the same day, the Resolution in Relation to Participation in Online Bidding for Acquisition of Equity Interest was considered and approved at the 5th meeting of the eighth session of the supervisory committee of the Company. The supervisory committee of the Company is of the view that: the procedures in the consideration and approval of the Resolution in Relation to Participation in Online Bidding for Acquisition of Equity Interest are in compliance with the requirements under the Company Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Articles of Association of Chongqing Iron & Steel Company Limited and other laws and regulations. The participation in the online bidding for 28% equity interest in Chongqing Xingang Changlong Logistics Co., Ltd. with self-owned funds is based on its business development demands without prejudice to the interest of the Company and the shareholders and will not affect the independence of the Company.

II. BASIC INFORMATION OF THE ASSIGNOR AND THE TRANSACTION TARGET

(I) Basic Information of the Assignor

1. Name of the enterprise: Wuhan Changhang New Phoenix Logistics Co., Ltd.
2. Type: Limited liability company (wholly owned by a legal person that is invested in or controlled by a natural person)
3. Legal representative: Wang Tao (王濤)

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| 4. Registered capital: | RMB50,000,000 |
| 5. Date of incorporation: | 15 December 2015 |
| 6. Address: | 12/F, Tower A, Huijiang Building, No. 35 Minquan Road, Jiangnan District, Wuhan City |
| 7. Scope of business: | Freight forwarding, domestic shipping agency, leases, sales, repairing and maintenance and technological development of ships, property management, labour services, waterway transportation, international shipping transportation and international shipping management. |
| 8. Information of shareholder: | Chang Jiang Shipping Group Phoenix Co., Ltd. (長航鳳凰股份有限公司) (stock short name: Changhang Phoenix; stock code on Shenzhen Stock Exchange: 000520) |
| 9. Relationship with the target enterprise: | Xingang Changlong is held as to 28% by Wuhan Changhang |
| 10. Relationship with the Company: | Wuhan Changhang has no connected relationship with the Company. |

(II) Basic Information of the Transaction Target

The target of the public listing for transfer is 28% equity interest in Xingang Changlong held by Wuhan Changhang. Basic information of the target enterprise is as follow:

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| 1. Name of the enterprise: | Chongqing Xingang Changlong Logistics Co., Ltd. |
| 2. Type of the enterprise: | Limited liability company |
| 3. Type of economy: | State-owned enterprise |
| 4. Legal representative: | Jin Zili (金自力) |
| 5. Registered capital: | RMB110,000,000 |

6. Date of incorporation: 12 September 2007
7. Term of operation: From 12 September 2007 to 11 September 2037
8. Address: Zone D, Yanjia Industrial Park, Chongqing
9. Scope of business: Freight forwarding; shipping agency, through-freight traffic agency, automobile transportation agency, transportation technical consultation and provision of cargo handling (groceries) and warehousing (excluding hazardous articles warehousing).
10. Information of shareholders: Chongqing Qiancheng Industrial Development Co., Ltd. (重慶千誠實業發展有限公司), Wuhan Changhang and Minsheng Shipping Co., Ltd. (民生輪船股份有限公司) holds 60%, 28% and 12% equity interest, respectively.
11. Appraisal: Upon the special audit by Shinewing Certified Public Accountants, as at the appraisal reference date of the equity transfer (being 31 December 2018), the total assets, liabilities, net asset, net asset per share of Xingang Changlong amounted to RMB244,753,700, RMB144,634,800, RMB100,118,900 and RMB0.9102, respectively. In 2018, it recorded operating revenue and total profit of RMB57,812,600 and RMB10,062,100, respectively.

As appraised by China Tong Cheng Assets Appraisal Co., Ltd. (中通誠資產評估有限公司) with the cost approach, the net asset of Xingang Changlong is RMB101,720,500 with the net asset per share amounting to RMB0.9247, representing an appreciation of 1.597% as compared to the book value of net asset.

The 28% equity interest (30,800,000 shares) under the transfer correspond to an appraised value of RMB28,481,740 in proportion, representing an appreciation of RMB448,448 as compared to the book value of net asset; which is equivalent to RMB0.9247 per share, representing an appreciation of RMB0.0145 as compared to the book value of net asset per share.

Item	Book value	Appraised value
Total assets	RMB244,753,700	RMB246,610,600
Total liabilities	RMB144,634,800	RMB144,890,100
Net asset	RMB100,118,900	RMB101,720,500
Proportion under the transfer	28% Corresponding appraised value	RMB28,481,740

III. MAIN TRANSACTION CONDITIONS

- (I) Listing-for-sale period: 10 working days commencing from the announcement date of the listing-for-sale.
- (II) Listing-for-sale price: RMB28,481,740.
- (III) Transaction method: online bidding.
- (IV) Transaction deposit: A transaction deposit of RMB5,700,000 shall be paid within 3 working days upon confirmation of the transaction qualification.

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| (V) Payment of the consideration: | After being confirmed as the assignee, it shall enter into the Equity Transaction Agreement with the assignor within 5 working days. The remaining transaction consideration shall be paid in a lump sum to the customer reserves account designated by Chongqing United Assets and Equity Exchange within 5 working days after the agreement came into effect. |
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IV. ANALYSIS OF NECESSITY AND FEASIBILITY OF THE TRANSACTION

(I) Necessity

Located in the area where the factory of the Company is located and adjacent to the wharf for raw materials, Xingang Changlong Wharf serves as a key waterway channel for the Company's finished products. It was originally designed as a wharf for the delivery of the Company's ship plate and was controlled by Chongqing Iron & Steel Company (Group) Limited. As the Company cannot afford acquiring it due to continuous losses, its equity interest has been transferred many times.

Currently, the Company has no wharf for its own finished products, which is unfavorable for its normal operation. The acquisition of the equity interest in Xingang Changlong will further enhance the influence towards it, strengthen the partnership, fill the gap in shoreline resources for finished products and guarantee the smooth logistics for the Company's finished products. Meanwhile, it will meet the warehousing demand in the factory in stages.

(II) Feasibility

1. The Company is qualified as a bidder

According to the project information on the 28% Equity Interest in Chongqing Xingang Changlong Logistics Co., Ltd. published by Chongqing United Assets and Equity Exchange on its official website, it set no conditions on bidders. Therefore, the Company is qualified for the bidding as a domestic legal person established and validly existing according to laws.

2. *The Company has the ability for bidding*

The listing-for-sale price of the target in the bidding by the Company is RMB28,481,740. Based on the current financial and capital conditions of the Company, it has the ability for acquisition.

V. RISKS CONCERNING THE BIDDING

There are uncertainties on whether the Company can win the bidding. The Company will perform its information disclosure obligation in a timely manner based on the progress of the bidding. Investors are advised to make decisions in a prudent manner and pay attention to investment risks.

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

Chongqing, the PRC, 6 March 2019

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