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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 PROGRESS OF 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) (formerly known as: Chongqing Qianxin Energy Environmental Protection Company Limited (重慶千信能源環保有限公司)).
- 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 RMB408 million.
- Counter-guarantee arrangement: nil.
- Aggregated amount of overdue external guarantees: nil.

## I. OVERVIEW OF THE GUARANTEE

To cope with its business development needs, Chongqing Iron & Steel Energy Environmental Protection Company Limited (“**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) (“**Construction Bank**”) in 2017, and RMB200 million and RMB500 million in the form of finance lease from Chongqing Xinyu Financial Leasing Co., Ltd. (“**Chongqing Xinyu**”) and Cinda Financial Leasing Co., Ltd. (“**Cinda Leasing**”), 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 Chongqing Iron & Steel Energy, Qianxin Group Co., Ltd. (“**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.

For details of the above, please refer to the Announcement on the Provision of Guarantee in favour of a Subsidiary published on 31 December 2020.

## **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 2019 (Audited)</b>	<b>31 December 2020 (Unaudited)</b>
Total assets	21.33	12.17
Total liabilities	19.90	6.24
Total loans	9.77	5.74
Current liabilities	6.91	3.97
Net asset	1.43	5.93
	<b>2019</b>	<b>2020</b>
<b>Items</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
Operating revenue	6.35	4.52
Net profit	1.65	1.46

### III. MAJOR CONTENTS OF THE GUARANTEE CONTRACTS

As of 29 April 2021, the Company has entered into relevant guarantee contracts or agreements with Construction Bank, Chongqing Xinyu and Cinda Leasing, respectively. The major contents are as follows:

**(I) The maximum principal guarantee contract signed by the Company and Construction Bank**

It is recognised that in order to handle the business of (1) releasing Renminbi or foreign currency loans to and (2) accepting commercial bills of credit for Chongqing Iron & Steel Energy (the “**Debtor**”), during the period of 10 August 2012 to 26 March 2014 (the “**Main Contract Signing Period**”), Construction Bank will enter into (and/or has entered into) Renminbi fund loan contracts, foreign exchange fund loan contracts, bank acceptance agreements, letter of credit issuance contracts, letter of guarantee agreements and/or other legal documents (the above-mentioned contracts, agreements and/or other legal documents signed during the Main Contract Signing Period are hereinafter referred to as the “**Main Contracts**”) with the Debtor.

### ***1. Scope of guarantee***

The principal balance under the Main Contracts not exceeding RMB600 million; as well as interest (including compound interest and penalty interest), damages, compensation, and other payments that the Debtor should pay to Construction Bank (including but not limited to the relevant administrative fees paid by Construction Bank in advance, telecommunications fees, miscellaneous fees, relevant bank charges that the beneficiary refused to bear under the letter of credit, etc.), all costs incurred by Construction Bank for the realization of claims and security rights (including but not limited to litigation costs, arbitration costs, property preservation fees, travel expenses, execution fees, evaluation fees, auction fees, notarization fees, delivery fees, announcement fees, attorney fees, etc.).

### ***2. Mode of guarantee***

The guarantee provided by the Company under the contract is a joint liability guarantee.

### ***3. Period of guarantee***

The guarantee period under the contract is calculated according to every single credit business handled by Construction Bank for the Debtor, that is, from the date of signing the Main Contract for each credit business to three years after the expiry of the Debtor's obligation fulfilment period for the debt under such Main Contracts.

From January to April 2021, in accordance with the relevant terms of the Main Contracts, Chongqing Iron & Steel Energy repaid a total of RMB52 million to Construction Bank as scheduled.

## **(II) The security and guarantee contract signed by the Company and Chongqing Xinyu**

It is to guarantee the performance of the Finance Lease Contract [Xinyu Leasing [2019] Huizi No.0016] (the "**Main Contract**") signed by Chongqing Xinyu and Chongqing Iron & Steel Energy (the "**Debtor**") on 2 July 2019.

### ***1. Scope of guarantee***

The scope of the guarantee under the contract is mainly the rent under the contract, the advance fees, the nominal purchase price, the deposit, as well as damages, compensation of loss, capital occupation costs, and the costs of the creditor's realization of the creditor's rights, etc.

The costs of the creditor's realization of the claim refer to the litigation (arbitration) costs, attorney fees, travel expenses, execution fees, preservation fees, preservation guarantee fees, evaluation fees, auction fees, announcement fees, notarization fees, appraisal fees and other necessary expenses for the realization of creditor's rights.

## **2. *Mode of guarantee***

The Company assumes irrevocable joint guarantee liability under the contract.

## **3. *Period of guarantee***

The guarantee period is two years after the expiry of the fulfilment period of the main debt.

From January to April 2021, Chongqing Iron & Steel Energy repaid a total of RMB33 million to Chongqing Xinyu as scheduled in accordance with the relevant terms of the Main Contract.

### **(III) The irrevocable letter of guarantee contract signed with Cinda Leasing**

It is to guarantee the performance of the Finance Lease Contract [XDZL2019-077] (the "**Main Contract**") signed by Chongqing Iron & Steel Energy (the "**Lessee**") with Cinda Leasing on 25 September 2019.

#### **1. *Scope of guarantee***

This letter of guarantee covers all the pre-rental interest (if any) and rent (including the first rent and each rent other than the first rent), lease risk deposit, overdue interest, damages, compensation of loss (if any), agreed damages (if any), nominal purchase price, various expenses paid by Cinda Leasing to realize the creditor's rights (including but not limited to litigation costs, arbitration costs and attorney fees, notarization fees, announcement fees, travel expenses, and storage, maintenance, transportation, auction, evaluation fees, etc. when the leased property is retrieved under the Main Contract) and other payables that the Lessee should pay to Cinda Leasing under the Main Contract, and other obligation which the Lessee shall perform under the Main Contract in addition to the aforementioned payment or compensation obligations. In case of interest rate changes or lease cost adjustments, the amount adjusted accordingly due to the changes should also be included.

## **2. Mode of guarantee**

The mode of guarantee under the letter of guarantee shall be joint liability guarantee.

## **3. Period of guarantee**

The guarantee period is from the date of issuance of the letter of guarantee to three years after the expiry of the Lessee's last fulfilment period of the debt under the Main Contract.

From January to April 2021, Chongqing Iron & Steel Energy repaid Cinda Leasing a total of RMB82 million as scheduled in accordance with the relevant terms of the Main Contract.

## **IV. 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 RMB575 million and the total amount of guarantees provided by the Company to its controlled subsidiaries is RMB575 million. The Company has no overdue guarantees.

By order of the Board  
**Chongqing Iron & Steel Company Limited**  
**Liu Jianrong**  
*Chairman*

Chongqing, the PRC, 30 April 2021

*As at the date of this announcement, the Directors of the Company are: Mr. Liu Jianrong (Executive Director), Mr. Zhang Wenxue (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).*