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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 ADJUSTMENT TO THE FIRST, SECOND AND THIRD PHASES OF EMPLOYEE SHARE OWNERSHIP PLAN

References are made to the announcement of Chongqing Iron & Steel Company Limited (the “**Company**”) dated 22 March 2018 in relation to the proposed adoption of the employee share ownership plan, the circular dated 25 April 2018 in relation to, among other things, the proposed adoption of the employee share ownership plan and the further announcements dated 27 September 2019 and 28 December 2020 in relation to the employee share ownership plan.

I. BASIC INFORMATION ON EMPLOYEE SHARE OWNERSHIP PLAN

The Company convened the 15th meeting of the seventh session of the board of directors and the 18th meeting of the seventh session of the supervisory committee on 20 March 2018 and the 2017 annual general meeting on 15 May 2018, at which the Proposal for the Employee Share Ownership Plan from 2018 to 2020 (Draft) of Chongqing Iron & Steel Company Limited and its Summary (《關於〈重慶鋼鐵股份有限公司2018年至2020年員工持股計劃(草案)〉及其摘要的議案》), the Proposal for the Proposed Authorisation to the Board of Directors by the General Meeting to Handle Relevant Matters Regarding Employee Share Ownership Plan (《關於提請股東大會授權董事會辦理公司員工持股計劃相關事宜的議案》) and other relevant proposals were considered and approved. In order to establish and improve the mechanism in which labourers and owners share both benefits and risks, enhance employees’ cohesion and the Company’s competitiveness, maintain a close relationship with core employees, coordinate the interests of management team, core personnel and shareholders, and promote the Company’s stable development in the long run and enhancement of shareholders’ value, the Company has implemented this employee share ownership plan in accordance with the requirements under relevant laws and regulations and the Articles of Association. Meanwhile, the general meeting of the Company had authorised the board of directors to handle relevant matters regarding the establishment, implementation, change and termination of the employee share ownership plan.

The Company convened the 5th meeting of the eighth session of the board of directors and the 4th meeting of the eighth session of the supervisory committee on 18 December 2018, at which the Proposal in relation to the First Phase of Employee Share Ownership Plan of the Company (《關於公司第一期員工持股計劃的議案》) was considered and approved.

The Company convened the 14th meeting of the eighth session of the board of directors and the 10th meeting of the eighth session of the supervisory committee in writing on 26 September 2019, at which the Proposal in relation to the Implementation of the Second Phase of Employee Share Ownership Plan of the Company (《關於公司實施第二期員工持股計劃的議案》) was considered and approved.

The Company convened the 16th meeting of the eighth session of the board of directors and the 12th meeting of the eighth session of the supervisory committee on 27 December 2019, at which the Proposal in relation to the Third Phase of Employee Share Ownership Plan of the Company (《關於公司第三期員工持股計劃的議案》) was considered and approved.

II. INFORMATION ON ADJUSTMENT TO THE EMPLOYEE SHARE OWNERSHIP PLAN

In accordance with the authorisation by the general meeting, in order to enhance the flexibility and implementation efficiency of the employee share ownership plan, the relevant statements regarding the way of distribution of rights and interests under the first, second and third phases of the employee share ownership plan are adjusted as follows:

The original statement of “disposing of the underlying shares held under the employee share ownership plan” is adjusted to “disposing of the underlying shares held under the employee share ownership plan or transferring the shares held under the employee share ownership plan to the employees’ personal securities accounts by non-transaction transfer upon payment of relevant taxes and fees (if any)”.

For details of the above adjustment, please refer to the relevant announcements in relation to the First Phase of Employee Share Ownership Plan (Revised), the Second Phase of Employee Share Ownership Plan (Revised) and the Third Phase of Employee Share Ownership Plan (Revised) disclosed by the Company on the same day (for Chinese version only).

III. DECISION-MAKING PROCESS OF THE ADJUSTMENT

The Company convened the 31st meeting of the eighth session of the board of directors and the 20th meeting of the eighth session of the supervisory committee on 30 December 2020, at which the Proposal in relation to the Fourth Phase of Employee Share Ownership Plan and Adjustment to the Way of Distribution of Rights and Interests under the First, Second and Third Phases of Employee Share Ownership Plan (《關於公司第四期員工持股計劃及調整第一、二、三期員工持股計劃權益分配方式的議案》) was considered and approved. It was approved to adjust the way of distribution of rights and interests under the first, second and third employee share ownership plan of the Company.

In accordance with the authorisation to the board of directors by the 2017 annual general meeting of the Company, the adjustment to the way of distribution of rights and interests under the first, second and third phases of employee share ownership plan of the Company falls within the scope of the consideration and approval of the board of directors, and is not subject to the approval of the general meeting of the Company.

IV. OPINION OF INDEPENDENT DIRECTORS

1. The Proposal in relation to the Fourth Phase of Employee Share Ownership Plan and Adjustment to the Way of Distribution of Rights and Interests under the First, Second and Third Phases of Employee Share Ownership Plan is in compliance with the requirements under the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Guiding Opinions on the Implementation of the Pilot Program on Employee Share Ownership Plans by Listed Companies (《關於上市公司實施員工持股計劃試點的指導意見》) and other laws and regulations, and the Articles of Association and the Employee Share Ownership Plan from 2018 to 2020 of the Company (《公司2018年至2020年員工持股計劃》). There is no prohibition on the implementation of the employee share ownership plan by the Company.
2. The adjustment by the Company to the way of distribution of rights and interests under the first, second and third phases of the employee share ownership plan is in line with the actual situation of the Company, which is conducive to improving the flexibility and implementation efficiency of the employee share ownership plan.
3. The connected directors have abstained from voting in accordance with the relevant laws and regulations, and the procedures for the consideration and voting by the board of directors are in compliance with the requirements under the relevant laws, regulations and normative documents.

4. The Company is approved to adjust the way of distribution of rights and interests under the first, second and third phases of the employee share ownership plan.

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).