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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 SCALE OF THE FOURTH PHASE OF EMPLOYEE SHARE OWNERSHIP PLAN

I. BASIC INFORMATION ON EMPLOYEE SHARE OWNERSHIP PLAN

Chongqing Iron & Steel Company Limited (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 in relation to 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 in relation to 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 the 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 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. For details of the above-mentioned matters, please refer to the relevant announcements of the Company published on the China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) on 22 March 2018, 16 May 2018 and 31 December 2020, respectively.

II. INFORMATION ON ADJUSTMENT TO THE EMPLOYEE SHARE OWNERSHIP PLAN

The scale of the fourth phase of the employee share ownership plan: after the total profit under the consolidated statements for 2020 was audited and determined, the incentive fund with a total amount of RMB98,827,048.45 was withdrawn for the current phase of the employee share ownership plan, of which 50% will be converted into the granted shares (i.e. 13,427,588 shares) at a price of RMB3.68 per share and the remaining 50% will be converted into the granted shares (i.e. 32,296,421 shares) based on the average closing price (i.e. RMB1.53 per share) of the Company's A shares for the 30 trading days prior to 19 March 2021 (the date of consideration and approval of the Company's annual report by the board of directors), totaling 45,724,009 shares.

According to the authorisation by the general meeting and the requirements of the 2018-2020 Employee Share Ownership Plan of the Company and relevant management documents, the scale of the fourth phase of the employee share ownership plan of the Company is hereby rounded down to 45,724,000 shares so as to facilitate the completion of purchase of the shares under the fourth phase of the employee share ownership plan of the Company.

III. DECISION-MAKING PROCESS OF THE ADJUSTMENT

The Company convened the 41st meeting of the eighth session of the board of directors on 20 July 2021, at which the Proposal in relation to the Adjustment to the Scale of the Fourth Phase of Employee Share Ownership Plan (《關於調整第四期員工持股計劃規模的議案》) was considered and approved. It was approved to adjust the scale of the fourth phase of the 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 scale of the fourth phase 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.

By order of the Board
Chongqing Iron & Steel Company Limited
Zou An
Secretary to the Board

Chongqing, the PRC, 21 July 2021

As at the date of this announcement, the Directors of the Company are: 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).