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 IN RELATION TO PROVISION FOR ASSET IMPAIRMENT FOR 2025

This announcement is made by the board of directors of Chongqing Iron & Steel Company Limited (the "**Company**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

At the 24th meeting of the tenth session of the board of directors of the Company held on 30 March 2026, the Proposal on Provision for Asset Impairment for 2025 was considered and approved, details of which are as follows:

I. SUMMARY OF THE PROVISION FOR ASSET IMPAIRMENT

In order to present the assets and financial conditions of the Company in a true, accurate and fair manner, the Company conducted a comprehensive review of assets as of the end of 2025 in accordance with the relevant requirements of the Accounting Standards for Business Enterprises and its accounting policies. Impairment provision was made for assets that might be subject to impairment losses and such assets were scrapped and disposed of. The Company's current credit impairment loss and asset impairment loss are RMB2,446,770,000 in total, and the gain from the disposal of impaired assets provided for in previous years is RMB2,570,000, which will reduce the net profit attributable to the shareholders of the listed company for the year 2025 by RMB2,444,200,000, exceeding 10% of the absolute value of the audited net profit of the Company for the last accounting year.

The Company makes provision for bad debts for receivables based on the amount of expected credit losses during the entire duration of the receivables. Prepayment is measured at the lower of carrying amount and recoverable amount as at the balance sheet date, and a provision for bad debts is made when the recoverable amount is lower than the carrying amount. Inventory is measured at the lower of cost and net realizable value as at the balance sheet date, and a provision for inventory write-down shall be made while the cost is higher than the net realizable value. Long-term assets such as fixed assets, construction in progress, right-of-use assets, intangible assets and goodwill are measured at the lower of carrying amount and recoverable amount as at the balance sheet date. An asset's recoverable amount should be calculated as the higher of its fair value less disposal costs and the present value of its estimated future cash flows. If the asset's recoverable amount is less than its carrying amount, a provision for impairment of the asset is made.

A breakdown of the Company's current credit impairment loss, asset impairment loss and asset disposal gain by category is set out as follows:

Unit: RMB0'000

Items	**Amount for the current period**	**Amount for the previous period**
Credit impairment loss	428	353
Asset impairment loss – inventory write-down loss	3,287	5,064
Asset impairment loss – impairment loss on long-term assets	240,962	118,326
Subtotal of impairment loss on assets	244,677	123,743
Less: gain from the disposal of impaired assets provided for in previous years	257	256
Total	244,420	123,487

II. PARTICULARS OF THE PROVISION FOR ASSET IMPAIRMENT

(I) Bad debt provision

After assessment, the Company should make a balance of bad debt provision of RMB9,120,000 at the end of 2025 and a balance of bad debt provision of RMB5,670,000 at the beginning of the period, and has made a provision of RMB4,960,000 for the current period. The reversal for the current period is RMB680,000, and the write-off for the current period is RMB830,000.

Unit: RMB0'000

Items	Balance at the beginning of the period	Provision for the current period	Reversal for the current period	Write-off for the current period	Balance at the end of the period
Accounts receivable	227	46	(68)	(72)	133
Prepayment	203	268	–	(11)	460
Other receivables	137	182	–	–	319
Subtotal	567	496	(68)	(83)	912

(II) Provision for inventory write-down

After assessment, the Company should make a balance of inventory write-down provision of RMB108,290,000 at the end of 2025 and a balance of inventory write-down provision of RMB167,600,000 before 2025, and has made a provision of RMB32,870,000 for the current period. The reversal and write-off for the current period is RMB92,180,000.

Unit: RMB0'000

Items	Opening balance of impairment provision	Provision for the current period	Reversal for the current period	Write-off for the current period	Closing balance of impairment provision
Raw materials	10,882	–	(599)	(7,199)	3,084
Goods in process	466	1,685	(466)	–	1,685
Goods in stock	394	1,602	(394)	–	1,602
Low-value consumables and repair parts	5,018	–	(560)	–	4,458
Subtotal	16,760	3,287	(2,019)	(7,199)	10,829

1. After assessment, the net realizable value of inventories such as goods in process and goods in stock held by the Company at the end of the year was lower than their cost, resulting in an impairment of RMB32,870,000.

2. In 2025, the raw materials, goods in process and goods in stock that were impaired in 2024 were subsequently processed and sold, and the corresponding inventory impairment provision of RMB14,590,000 was reversed; the Company sold and scrapped the repair spare parts that were impaired in previous years, and the corresponding inventory impairment provision of RMB5,600,000 was reversed. To sum up, the inventory impairment provision of RMB20,190,000 was reversed for the current period.

3. An actual loss was incurred in respect of the subsidence ores for which impairment was provided in previous years, and the corresponding inventory impairment provision of RMB71,990,000 was written off for the current period.

(III) Provision for impairment of long-term assets

After evaluation, the Company should make a provision for impairment of long-term assets of RMB2,409,620,000, including the impairment of scrapped fixed assets of RMB76,900,000, the impairment of other fixed assets of RMB2,040,250,000, the impairment of construction in progress that was suspended or canceled of RMB7,290,000, and the impairment of goodwill of RMB285,180,000.

1. Impairment of scrapped fixed assets

The Company sorted out fixed assets to be dismantled in 2026, and made a provision of RMB76,900,000 for impairment of such fixed assets in accordance with accounting standards.

Unit: RMB0'000

Category	Original amount	Accumulated depreciation	Net value	Provision for impairment for the current period
Buildings and structures	2,835	877	1,958	1,958
Mechanical equipment	9,738	4,612	5,126	5,126
Transport equipment	1,626	1,031	595	595
Management equipment	15	4	11	11
Total	14,214	6,524	7,690	7,690

2. Impairment of other fixed assets

In 2025, the Company produced and sold plates and hot-rolled coils, while some production lines, including the long products series, are currently suspended. In December 2025, the board of directors of the Company resolved to approve the transfer of the assets of double high rod production line through public tender. In accordance with accounting standards, the Company performed impairment tests on long-term assets with indicators of impairment, and engaged an appraisal firm to evaluate the recoverable amount of the long-term assets to provide a value reference. Based on calculations, the amount of long-term asset impairment (excluding impairment of scrapped fixed assets and goodwill) in 2025 was RMB2,040,250,000.

3. For fixed asset investment projects that have been suspended or canceled in 2026, a provision for impairment of construction in progress of RMB7,290,000 is made in accordance with accounting standards.

4. ***Impairment of goodwill of subsidiaries***

Unit: RMB0'000

Subsidiary	Carrying amount of goodwill	Provision for impairment for the current period	Balance of goodwill upon impairment
Xingang Changlong	3,265	2,905	360
Chongqing Iron & Steel Energy	29,540	25,613	3,927
Subtotal	32,805	28,518	4,287

According to the assessment results of goodwill from the appraisal firm, the asset groups to which the goodwill of the wholly-owned subsidiaries (Chongqing Iron & Steel Energy Environmental Protection Company Limited (重慶鋼鐵能源環保有限公司) and Chongqing Xingang Changlong Logistics Company Limited (重慶新港長龍物流有限責任公司)) belonged showed indicators of impairment, and an impairment provision of RMB285,180,000 was made for the current period.

III. DISPOSAL OF ASSETS IMPAIRED IN PREVIOUS YEARS

The net book value of the net fixed assets disposed of, for which provision for impairment had been made in the current period and previous years, amounted to RMB73,400,000. The estimated recoverable amount is RMB0 and the actual gain on disposal is RMB2,570,000.

Unit: RMB0'000

Items	Provision for Impairment in previous year	Provision for Impairment for the current period	Total impairment	Estimated recoverable amount	Actual disposal gain
Equipment	22,452	5,732	28,184	–	257
Of which: disposed of	6,267	108	6,375	–	257
to be disposed of	16,185	5,624	21,809	–	–
Buildings and structures	7,263	1,958	9,221	–	–
Of which: disposed of	965	–	965	–	–
to be disposed of	6,298	1,958	8,256	–	–
Total	29,715	7,690	37,405	–	257

IV. IMPACT OF THE PROVISION FOR IMPAIRMENT AND DISPOSAL OF ASSETS IMPAIRED IN PREVIOUS YEAR ON THE COMPANY

The Company's current credit impairment loss and asset impairment loss are RMB2,446,770,000 in total, and the gain from the disposal of impaired assets provided for in previous years is RMB2,570,000, which will reduce the net profit attributable to the shareholders of the listed company for the year 2025 by RMB2,444,200,000.

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

Chongqing, the PRC, 30 March 2026

As at the date of this announcement, the Directors of the Company are: Mr. Wang Huxiang (Executive Director), Mr. Kuang Yunlong (Executive Director), Mr. Chen Yingming (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).