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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 OF THE ADMINISTRATOR OF CHONGQING IRON & STEEL COMPANY LIMITED IN RELATION TO THE CHANGE IN ACCOUNTING POLICIES

Important Notice:

The change in accounting policies affects the presentation of financial statements of the Company only, but does not materially affect the financial position, operating results and cash flows of the Company, nor does it involve in retrospective adjustment to profits and losses of the previous years.

This announcement is made by Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

I. Introduction

On 28 April 2017, the Ministry of Finance promulgated the “Accounting Standards for Business Enterprises No. 42 – Non-current Assets Held for Sale, Disposal Groups and Discontinued Operation” which has been implemented since 28 May 2017 and requires enterprises to adopt the prospective application method for non-current assets held for sale, disposal groups and discontinued operation as of the date of implementation.

On 10 May 2017, the Ministry of Finance revised the “Accounting Standards for Business Enterprises No. 16 – Government Grants”. The revised standards have been implemented since 12 June 2017, which requires enterprises to adopt the prospective application method for the treatment of existing government grants as of 1 January 2017 and to make adjustments to newly added government grants during the period from 1 January 2017 to the date of implementation according to the revised standards.

Due to the abovementioned requirements of the Ministry of Finance, the Company has made corresponding changes to the original accounting policies and executed the said accounting treatments from the commencing date as required by the aforesaid provisions.

1. Pursuant to the requirements as set out in the “Accounting Standards for Business Enterprises No. 16 – Government Grants” issued by the Ministry of Finance, the Company will modify the presentation of financial statements and government grants relating to ordinary activities shall be transferred from “non-operating income” to “other income” in the income statement. The change has no material effect on the financial position, operating results and cash flows.
2. Save for the aforementioned, other changes in accounting policies as a result of the implementation of new standards will neither affect the items or amounts in the financial statements, nor require retrospective adjustments.

II. Review process

At the 10th meeting of the seventh session of the board of directors and the 11th meeting of the seventh session of the supervisory committee held by the Company on 30 August 2017, the Proposal in Relation to the Change in Accounting Policies of the Company was considered and approved, under which corresponding changes to the accounting policies were approved to be made by the Company pursuant to relevant requirements of the Ministry of Finance.

III. Opinions of the independent directors and the supervisory committee

The independent directors are of the view that: the change in accounting policies of the Company was reasonably made pursuant to the Interpretation of Accounting Standards and the amendments thereto promulgated by the Ministry of Finance. The implementation of the new accounting policies can precisely reflect the financial position and operating results of the Company and is in the interests of the Company and its shareholders. The decision-making process of the change in accounting policies was in compliance with the requirements of the relevant laws, regulations and the Articles of Association of the Company and without prejudice to the interests of the Company and its minority shareholders. Therefore, the changes in accounting policies were approved.

The supervisory committee is of the view that: as a result of the implementation of the relevant Accounting Standards and the amendments thereto lately promulgated by the Ministry of Finance, the Company made changes to the accounting policies by making corresponding adjustments. The decision-making process was in compliance with the requirements of the relevant laws, regulations and the Articles of Association of the Company. The changes in accounting policies will not have material effect on the financial position, operating results and cash flows of the Company, and will not harm the interests of the Company and its shareholders. Therefore, the supervisory committee approved the changes in accounting policies.

Administrator of Chongqing Iron & Steel Company Limited

Chongqing, the PRC, 31 August 2017

As at the date of this announcement, the directors of the Company are: Mr. Liu Da Wei (non-executive director), Mr. Zhou Hong (non-executive director), Mr. Tu De Ling (executive director), Mr. Li Ren Sheng (executive director), Mr. Zhang Li Quan (executive director), Mr. Yao Xiao Hu (executive director), Mr. Xu Yi Xiang (independent non-executive director), Mr. Xin Qing Quan (independent non-executive director) and Mr. Wong Chun Wa (independent non-executive director).