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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 CONTINUING SUSPENSION OF TRADING OF A SHARES FOR MATERIAL ASSETS REORGANISATION

This announcement is made by the board of directors (the “**Board**”) of Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement on suspension of trading of A shares regarding the plan for significant matter of the Company dated 2 June 2016, the announcement regarding the plan for material assets reorganisation dated 4 June 2016, the announcement on continuing suspension of trading of A shares for material assets reorganisation dated 1 July 2016 and several announcements regarding the progress for material assets reorganisation on and after 14 June 2016.

On 22 August 2016, the Resolution on Continuing Suspension of Trading of A Shares regarding Material Assets Reorganisation (《關於重大資產重組A股股票繼續停牌的議案》) has been considered and approved by the 61st written resolution of the seventh session of the Board of the Company with 7 affirmed votes, 0 objected vote and 0 abstained vote. Mr. Liu Da Wei and Mr. Zhou Hong, the connected directors, abstained from voting. The resolution shall be subject to consideration by shareholders at the

general meeting and connected shareholders shall abstain from voting. The Resolution in relation to Proposing the Convention of the Second Extraordinary General Meeting of the Company in 2016 (《關於提請召開公司2016年度第二次臨時股東大會的議案》) has been considered and approved with 9 affirmed votes, 0 objected vote and 0 abstained vote. The matters on continuing suspension of trading of A shares for material assets reorganisation of the Company are as follows:

I. BASIC INFORMATION OF THE PLAN OF THE MATERIAL ASSETS REORGANISATION

1. Disclosure of information on the reorganisation

The trading of the Company's A shares has been suspended since 2 June 2016, and the Company has published an announcement on the possible involvement of material assets exchange, assets acquisition by share issuance as well as ancillary financing matters with Chongqing Yufu Assets Management Group Co., Ltd.* (重慶渝富資產經營管理集團有限公司) (the "Yufu Group"). The Company has completed the application procedures for continuing suspension of trading of A shares pursuant to relevant provisions and fulfilled the obligations of information disclosure in a timely manner on 1 July 2016 and 4 August 2016, being the dates falling on one and two month after the suspension of trading for the material assets reorganisation, respectively.

2. Background of and reasons for the material assets reorganisation

With sluggish global economic recovery and increasing downward pressure on domestic macro-economy as well as the overcapacity of the steel industry, steel prices are repeatedly hitting record lows. Meanwhile, the domestic iron and steel industry is generally confronted with tremendous operating pressure arising from the further decline in the gross profit margin of steel products as a result of the gradual increase in the costs of social human resources. Moreover, affected by the increasingly deteriorating situation in the steel market, the operating income was in the apparent decline, resulting in an increasingly worsened profitability of the Company.

To radically improve the results of the Company and safeguard the interests of minority investors, the Company proposes to dispose the existing assets related to the iron and steel business and acquire high quality assets with higher profitability.

3. Introduction to the framework plan of the reorganisation

(1) *Underlying Assets*

The plan of the reorganisation shall at least consist of the following two parts:

- a. Assets disposal: the assets proposed to be disposed by the Company are assets related to the iron and steel business.
- b. Assets acquisition: the assets proposed to be acquired by the Company are the high quality integrated assets of Yufu Group relating to finance, industrial investment, etc. The specific scope of the assets proposed to be acquired has not been finalized. The de facto controller of Yufu Group is Chongqing State-owned Assets Supervision and Administration Commission (the “**Chongqing SASAC**”).

(2) *Major Counterparties*

As discussed and negotiated with the parties concerned, the counterparty probably involved in the assets acquisition by the Company under the transaction is the de facto controller or controlling shareholder of Yufu Group. In addition, as the counterparty probably involved in the disposal of assets by the Company under the transaction is Chongqing Iron & Steel (Group) Co., Ltd., the controlling shareholder of the Company, the transaction may constitute a connected transaction.

(3) *Transaction method and its impact on the Company*

The reorganisation may involve assets disposal, assets acquisition by way of issuance of shares and ancillary financing matters. As Chongqing SASAC is the de facto controller of Yufu Group and the Company, the transaction will neither result in any changes in control nor constitute a back-door listing.

II. MAJOR ACTIVITIES CARRIED OUT BY THE COMPANY DURING THE SUSPENSION OF TRADING OF A SHARES FOR THE MATERIAL ASSETS REORGANISATION

1. Work for advancing the material assets reorganisation

Since the suspension of trading, the Company has been actively advancing the work in relation to the material assets reorganisation and working with the parties concerned to assess matters such as the feasibility of matters relating to the material assets reorganisation and the transaction plan. As of now, no framework agreement or agreement of intent has been entered into with the parties concerned in respect of the material assets reorganisation.

Since 3 June 2016, the Company has organised certain securities dealers, lawyers, accountants and other intermediaries to access the underlying assets and the listed company respectively, so as to assess the transaction plan and actively promote the sort-out of the underlying assets and due diligence investigation in the earlier stage. Meanwhile, our financial advisor assisted the Company in carrying out preliminary communication and negotiations with its financial creditors and business creditors to get a preliminary understanding of the creditors' views and concerns about the proposed transfer of assets and liabilities of the listed company, and formulated the follow-up work plan based on the creditors' feedback.

Upon defining the scope of the underlying assets, the Company will duly engage financial advisor(s) and other intermediaries to deeply investigate the materials from preliminary due diligence investigation with the counterparties, further complete the due diligence investigation work, and conduct continuing communication and negotiations on the reorganisation plan based on the due diligence investigation and its analysed result as well as the communication with creditors.

2. Information disclosure obligation fulfilled

During the suspension of trading of A shares, the Company fulfilled its information disclosure obligation in a timely manner according to the progress of material assets reorganisation. The Company issued the Announcement on Suspension of Trading of A Shares Regarding the Plan for Significant Matter on 2 June 2016 and the Announcement Regarding the Plan for Material Assets Reorganisation on 4 June 2016, pursuant to which the aforesaid matter constituted a material assets reorganisation of the Company and the suspension of trading of the Company's A shares was expected to be not more than one month commencing from 2 June 2016. The Company published the Announcement on Continuing Suspension of Trading of A Shares for Material Assets Reorganisation on 1 July 2016, pursuant to which

the trading of the Company's A shares would be further suspended for not more than one month commencing on 4 July 2016. The Company published the Announcement on Continuing Suspension of Trading of A Shares for Material Assets Reorganisation on 4 August 2016, pursuant to which the trading of the Company's A shares would be further suspended for not more than one month commencing on 4 August 2016.

During the suspension of trading, the Company has fulfilled its information disclosure obligation in a timely manner with respect to the progress of the material assets reorganisation and published an announcement on the progress of the reorganisation at the interval of five trading days.

III. NECESSITY AND REASONS FOR THE CONTINUING SUSPENSION OF TRADING OF A SHARES

The Company has worked with the parties concerned to proactively advance various works in relation to the material assets reorganisation and conducted communication and negotiations on the reorganisation plan and the matters related to the underlying assets. The due diligence investigation, audit, appraisal, legal affairs and other works involved in the material assets reorganisation are still in progress and yet to be completed. Since the material assets reorganisation involves a large scale of assets and the plan demonstration is complicated, the Company is required to further communicate and negotiate with the parties concerned on the matters related to the material assets reorganisation.

In order to ensure the authenticity, accuracy and completeness of the work report and information disclosure for the material assets reorganisation, guarantee the smooth advancement of the material assets reorganisation, ensure fair information disclosure, safeguard the interests of investors and prevent unusual fluctuation in the stock price of the Company due to information uncertainty, the Company proposes to apply for continuing suspension of trading of A shares for an expected term of not more than two months commencing on 2 September 2016.

IV. NECESSARY APPROVALS TO BE OBTAINED PRIOR TO THE DISCLOSURE OF REORGANISATION PROPOSAL

The Company is a state-owned listed company and the de facto controller of the Company is Chongqing SASAC. Pursuant to the relevant documents and requirements of Chongqing SASAC, the Company shall obtain the approval and consent of Chongqing SASAC regarding the reorganisation prior to the disclosure of reorganisation plan. At present, it is uncertain when the approval from Chongqing SASAC will be obtained.

V. SCHEDULE FOR THE SUBSEQUENT WORKS OF REORGANISATION AND ESTIMATED TIME OF RESUMPTION OF TRADING OF THE COMPANY'S SHARES

The Company will continue to discuss with the intermediaries on the feasibility of the material assets reorganisation and the detailed work involved and actively advance all the work involved in the material assets reorganisation.

To ensure fair information disclosure, safeguard the interests of investors and prevent unusual fluctuation in the stock price of the Company due to information uncertainty, the Company will apply to the Shanghai Stock Exchange for delayed resumption of trading of A shares in accordance with the Business Guide of Suspension and Resumption of Trading for Planning of Material Matters of Listed Companies (《上市公司籌劃重大事項停復牌業務指引》) of the Shanghai Stock Exchange. Therefore, the trading of the Company's A shares is expected to be further suspended for not more than two months commencing on 2 September 2016. Upon completion of all the necessary works involved, the Board will convene a Board meeting to consider the plan of material assets reorganisation and other relevant proposals, and the Company will timely issue further announcement and resume trading of its shares.

During the period of the suspension of trading of A shares, the Company will fulfill the information disclosure obligation in a timely manner with respect to the progress of the material assets reorganisation and will announce the progress of the relevant matter at the interval of five trading days.

In light of the relatively great uncertainty in the material assets reorganisation and in order to ensure fair disclosure of information and to safeguard the interests of the investors, the Company will fulfill the information disclosure obligation in a timely manner in accordance with the relevant regulations. Investors are advised to pay attention to subsequent announcements and be aware of the investment risks involved.

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

Chongqing, the PRC, 23 August 2016

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).