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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 THE IMPOSITION OF DELISTING RISK WARNING ON A SHARES**

This announcement is made by Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rule 13.17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

#### **1. ABBREVIATION OF TYPE OF SHARES, CODE OF SECURITIES AND DATE OF IMPOSING THE RISK WARNING**

##### **(1) Type of shares and abbreviation**

Abbreviation of A shares will be changed from “Chongqing Iron & Steel” to “\*ST Chonggang”.

**(2)** Stock code of A shares remains to be 601005, the limitation on daily stock price variation is 5%.

**(3)** Date of imposition of risk warning: 5 April 2017.

#### **2. APPLICABLE SITUATIONS OF THE IMPOSITION OF THE RISK WARNING**

As the audited net profit attributable to the shareholders of the Company was negative in 2015 and 2016, according to Rule 13.2.1(1) of the Rules Governing the Listing of Shares on the Shanghai Stock Exchange, delisting risk warning will be imposed on the A shares of the Company.

### **3. INDICATION ON ISSUES IN RELATION TO THE IMPOSITION OF THE RISK WARNING**

According to the relevant requirements under Rule 13.2.4 of the Rules Governing the Listing of Shares on the Shanghai Stock Exchange, A shares of the Company will be suspended for 1 day on 31 March 2017 and delisting risk warning will be imposed starting from 5 April 2017. After the imposition of the delisting risk warning, the limitation on daily stock price variation of A shares is 5%. Also, after the imposition of the delisting risk warning, A shares of the Company will be traded on the risk alert board.

### **4. OPINION OF THE BOARD OF DIRECTORS OF THE COMPANY AND MAJOR MEASURES IN RELATION TO STRIVING FOR THE CANCELLATION OF DELISTING RISK WARNING**

The first is to improve the capital structure and minimise financial expenses through measures such as assets reorganisation in order to create favourable conditions to make up deficits and overcome difficulties.

The second is to lower the costs of production in all aspects. Through benchmarking itself against leading industry enterprises, identifying differences, analysing reasons and finding the appropriate solutions, it shall endeavour to keep the overall product costs below the industry average level and to achieve the leading level in the industry as soon as possible to enjoy absolute cost advantage in the south-western region.

The third is to combine the actual situation of the Company, further enhance the establishment of an internal control system of the Company, improve on the weaknesses of internal control management, lower the costs of management, and enhance the management efficiency. Risk prevention and control shall be strengthened and risks of various types shall be lowered.

The fourth is to fully enhance labour productivity, endeavour to achieve labour productivity which is above the industry average level by streamlining management and auxiliary positions through information technology and intelligent transformation.

The fifth is to implement product structure adjustment proactively. The competitive advantage in the regional market shall be seized, the production with building materials shall be restored quickly, systems shall be refined where gaps shall be filled, the share in the regional market shall be increased and the competitiveness of the products shall be enhanced.

The sixth is to deepen marketisation reform, develop an energetic, efficient institutional mechanism which is more adaptive to market requirements and beneficial to the scientific development, develop into a subject of competition of relatively strong competitiveness with competitiveness in market adaptation, clear rights and responsibilities, scientific management and efficient utilisation of resources.

**5. INDICATION ON THE RISK OF POSSIBLE SUSPENSION OR DELISTING OF THE A SHARES OF THE COMPANY**

According to the relevant requirements under Rule 14.1.1 of the Rules Governing the Listing of Shares on the Shanghai Stock Exchange, if the audited net profit attributable to the shareholders of the Company is still negative in the year of 2017, the listing of the A shares of the Company may be suspended.

According to the relevant requirements under Rule 6.10 of the Rules Governing the Listing of Debt Securities on the Shanghai Stock Exchange, the trading of the debt securities of the Company (abbreviation of the debt securities: 10 Chonggang Zhai; code of debt securities: 122059) may be temporarily suspended.

**6. DURING THE PERIOD OF IMPOSITION OF THE RISK WARNING, INVESTORS MAY ENQUIRE THE COMPANY THROUGH THE FOLLOWING MEANS OF CONTACT:**

- (1) Contact persons: You Xiaoan, Peng Guoju
- (2) Correspondence address: No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing, the PRC
- (3) Contact numbers: 023-6887 3311, 023-6898 3482
- (4) Fax number: 023-6887 3307
- (5) E-mails: yxa@email.cqgt.cn, clarapeng@email.cqgt.cn

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

Chongqing, the PRC, 31 March 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).*