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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 MATERIAL LITIGATION**

This announcement is made by the board of directors (the “**Board**”) of Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rule 13.09 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

#### **I. BASIC INFORMATION OF THE MATERIAL LITIGATION**

The Company recently received the “Notice of Appearance” (Yu 0115 Min Chu [2017] No.3109) served by the People’s Court of Changshou District, Chongqing and became aware that: the case in relation to the sale and purchase contract dispute between Taiyuan Heavy Industry Co., Ltd. (太原重工股份有限公司) (hereinafter referred to as “**Taiyuan Heavy Industry**”), the plaintiff and Zoomlion Material Handling Equipment Co., Ltd. (中聯重科物料輸送設備有限公司) (“**Zoomlion Material**”) and the Company, the defendants, had been accepted by such court. The main contents of the “Civil Complaint” served together with the “Notice of Appearance” are as follows:

Plaintiff: Taiyuan Heavy Industry

1st Defendant: Zoomlion Material

2nd Defendant: the Company

The plaintiff's claim:

1. Claim to the court for a ruling that Zoomlion Material and the Company do pay the facilities fees and warranty fund of RMB12,147,000 as in the contract immediately;
2. For a ruling that Zoomlion Material and the Company be liable for the interests of RMB1 million arising during the period of deferred payment according to laws;
3. For a ruling that all costs of the case be borne by Zoomlion Material and the Company.

## II. DESCRIPTION OF THE CASE BY THE COMPANY

On 26 September 2008, Chongqing Iron and Steel Company (Group) Company Limited (“**Chongqing Iron and Steel Group**”) and Zoomlion Finance and Leasing (Beijing) Co., Ltd. (中聯重科租賃(北京)有限公司) (formerly known Beijing Zoomlion Xinxing Construction Machinery Leasing Co., Ltd. (北京中聯新興建設機械租賃有限公司)) entered into the Finance Lease Contract and relevant attachments in relation to the facilities manufacturing and leasing for the environmental relocation project, pursuant to which Chongqing Iron and Steel Group leased the construction facilities of Zoomlion Material (formerly known as Huatai Machinery Manufacturing Co., Ltd. (華泰重工製造有限公司)). Certain leased facilities concerned were purchased by Zoomlion Material from Taiyuan Heavy Industry.

On 3 April 2013, Zoomlion Material, Chongqing Iron and Steel Group and Zoomlion Finance and Leasing (Beijing) Co., Ltd. entered into the Finance Lease Supplemental Agreement, pursuant to which the Finance Lease Contract shall be terminated and that the outstanding payment shall be payable by Chongqing Iron and Steel Group to Zoomlion Material. Meanwhile, Chongqing Iron and Steel Group and Zoomlion Material entered into the Outstanding Facilities Fees Payment Agreement and the Agreement to agree on the outstanding payment and payment methods thereof. On 29 December 2013, Chongqing Iron and Steel Group, Zoomlion Material and the Company entered into the Creditors' Rights and Debts Transfer Agreement, pursuant to which the subject payment of RMB12,147,000 involved in the case shall be payable by the Company to Zoomlion Material and then transferred by Zoomlion Material to Taiyuan Heavy Industry. However, such amount remains unpaid by the Company up to date.

### **III. JUDGMENT OR ARBITRATION AWARD**

As at the date of the announcement, the aforementioned case has not been tried.

### **IV. POSSIBLE EFFECTS OF THE LITIGATION UNDER THE ANNOUNCEMENT ON THE PROFITS OF THE CURRENT PERIOD OR SUBSEQUENT PERIODS OF THE COMPANY**

As the trial of the case has not yet commenced, the effects on the Company cannot be assessed at this moment. The Company will fulfill its obligation of information disclosure in a timely manner depending on the progress of the litigation.

### **V. AS AT THE DATE OF THE ANNOUNCEMENT, SAVE FOR THE ABOVEMENTTIONED MATERIAL LITIGATION, THE COMPANY DOES NOT HAVE ANY OTHER MATERIAL LITIGATIONS OR ARBITRATIONS IN 2017.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Chongqing, the PRC, 21 April 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).*