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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 REGARDING THE PROGRESS FOR MATERIAL ASSETS REORGANISATION AND RISK WARNING**

#### Special note:

The plan of the material assets reorganisation is relatively complicated. The main assets of Chongqing Yufu Assets Management Group Co., Ltd. (“**Yufu Group**”) which are intended to be acquired are subject to the requirements of the relevant regulatory policies. There is fairly great uncertainty in whether the intended assets acquisition plan can satisfy the regulatory requirements of both the A shares and H shares market. In addition, the iron and steel assets intended to be disposed involve large scale of debt with numerous creditors and complex liabilities associated with litigations. There is also fairly great uncertainty in whether agreement can be reached with the main creditors on the intended disposal plan. In view of the above reasons, it is expected that the risks of whether the transactions can continue to proceed is relatively great and investors are advised to pay attention to the above risks.

On 24 April 2017, Chongqing Iron & Steel Company Limited (the “**Company**”) received a notice (the “**Notice**”) from Chongqing Laiquyuan Trading Co., Ltd., a creditor of the Company, (“**Laiquyuan Company**”). The Notice sets out the application by Laiquyuan Company to Chongqing Municipal First Intermediate People’s Court (the “**Court**”) for reorganisation of the Company on the ground that the Company is unable to repay the due debts and its assets are insufficient for the repayment of all its debts. There is great uncertainty as to whether the application will be accepted by the Court and whether the Company will proceed with the reorganisation procedures.

If the Court formally accepts the application for reorganisation of the Company, the Company will be exposed to the risk of declaration of bankruptcy due to the failure of reorganisation. The implementation and completion of the reorganisation plan of the Company will be beneficial to the improvement of the asset-liability structure of the Company and will prevent continuous losses, but the trading of shares of the Company is still required to be in line with the subsequent requirements under relevant regulatory provisions; otherwise, the A shares of the Company will be exposed to the risk of suspension of listing or delisting.

This announcement is made by the board of directors (the “**Board**”) of the Company pursuant to Rules 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 (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement dated 2 June 2016 regarding suspension of trading of A shares regarding the plan for significant matter, the announcement dated 4 June 2016 regarding the plan for material assets reorganisation, the announcements dated 1 July 2016 and 4 August 2016 regarding the continuing suspension of trading of A shares for material assets reorganisation, the announcement dated 1 September 2016 regarding the material assets reorganisation framework agreement, the overseas regulatory announcement dated 6 September 2016 regarding convening an investor briefing session regarding continuing suspension of trading of shares for material assets reorganisation, the overseas regulatory announcement dated 9 September 2016 regarding information about the convening of the investor briefing session regarding continuing suspension of trading of shares for material assets reorganisation, the announcement dated 12 October 2016 regarding the results of 2016 second extraordinary general meeting, the announcement dated 1 November 2016 regarding delay in resumption of trading of A shares regarding the plan for material assets reorganisation, and several announcements dated on and after 14 June 2016 regarding the progress for material assets reorganisation of the Company.

As at the date of this announcement, the Company has determined intermediaries regarding this reorganisation such as independent financial adviser, audit firm, appraisal agencies and legal advisers to conduct due diligence, audit and evaluation and other relevant works. Since the suspension of trading, the Company, Chongqing Yufu Holding Group Co., Ltd., Yufu Group and other transaction parties have carried forward the relevant matters, contemplated the reorganisation plan repeatedly, and identified the scope of the subject assets and carried out thorough discussions. The plan of the major asset reorganisation is relatively complicated. The main assets of Yufu Group which are intended to be acquired are subject to the requirements of the relevant regulatory policies. There is fairly great uncertainty in whether the intended assets acquisition plan can satisfy the regulatory requirements of both the A shares and H shares market. In addition, the iron and steel assets intended to be disposed involve large scale of debt with numerous creditors and complex liabilities associated with litigations. There is also fairly great uncertainty in whether agreement can be reached with the main creditors on the intended disposal plan. In view of the above reasons, it is expected that the risks of whether the transactions can continue to proceed is relatively great and investors are advised to pay attention to the above risks.

On 24 April 2017, the Company received the Notice from Laiquyuan Company, a creditor of the Company. The Notice sets out the application by Laiquyuan Company to the Court for reorganisation of the Company on the ground that the Company is unable to repay the due debts and its assets are insufficient for the repayment of all its debts. The Company published the Indicative Announcement on Creditor's Application for Reorganisation of the Company for disclosing the details of relevant matters on 25 April 2017. As at the date of the announcement, the Company has not received the written determination in relation to the application of Laiquyuan Company for reorganisation of the Company from the Court. There is great uncertainty as to whether the creditor's application will be accepted by the Court and whether the Company will proceed with the reorganisation procedures.

In accordance with the relevant requirements under the Enterprise Bankruptcy Law of the People's Republic of China, if the Court accepts the applicant's application for reorganisation of the Company, the Court will designate an administrator and the creditors shall report the creditors' rights to the administrator according to laws. The administrator or the Company shall formulate the draft reorganisation plan of the Company according to laws and present the same at the creditors' meeting for consideration and voting within the specified period. The creditors of the Company will be repaid in accordance with the reorganisation plan as approved by the Court. If the draft reorganisation plan is not approved by the Court, the Court will order the termination of the Company's reorganisation, and the Company will be declared bankrupt.

The implementation and completion of the reorganisation plan of the Company will be beneficial to the improvement of the asset-liability structure of the Company and will prevent continuous losses, but the trading of shares of the Company is still required to be in line with the subsequent requirements under relevant regulatory provisions; otherwise, the A shares of the Company will be exposed to the risk of suspension of listing or delisting.

Pursuant to the Administrative Measures on Significant Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) of China and 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 Shanghai Stock Exchange, the trading in A shares of the Company will remain suspended. The Company undertakes that during the period of the suspension, the Company will fulfill the obligations of information disclosure in a timely manner with respect to the progress of the material assets reorganisation and will announce the progress of the matter at the interval of five trading days of A shares.

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 obligations of information disclosure in a timely manner in accordance with 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**  
**You Xiao An**  
*Secretary to the Board*

Chongqing, the PRC, 28 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).*