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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, Adducing Evidence and Summons” ((2017) Yu 01 Min Chu No. 608) served by the First Intermediate People’s Court of Chongqing and became aware that: the case in relation to the sale and purchase contract dispute between Chongqing USUM Recycling Resources Development Co., Ltd. (重慶渝商再生資源開發有限公司) (“**Chongqing USUM**”), the plaintiff, and the Company, the defendant, had been accepted by such court. The main contents of the “Civil Complaint” served together with the “Notice of Appearance, Adducing Evidence and Summons” are as follows:

Plaintiff: Chongqing USUM

Defendant: the Company

The plaintiff's claim:

1. Claim to the court for a ruling that the Company do make payment for the goods of RMB89,841,985.21 and the loss on capital occupancy interests (the base figure of the loss shall be RMB89,841,985.21, as calculated in accordance with the interest rate for loans of the same term as published by the People's Bank of China for the period from 1 January 2017 to the date of actual repayment in full, and the interests shall be repaid together with the principal. The temporary calculation of the loss on capital occupancy interests up to 31 March 2017 amounts to RMB952,940.4) to Chongqing USUM immediately;
2. For a ruling that the Company do return the guarantee of RMB6.05 million to Chongqing USUM immediately;
3. For a ruling that all costs of the case be borne by the Company.

II. DESCRIPTION OF THE CASE BY THE COMPANY

From 2015 to 2016, the Company and Chongqing USUM entered into 12 contracts on the purchase and sales of operating products with a total contract amount of RMB220,592,500. The actual amount incurred was RMB164,384,661.1, and the amount paid was RMB89,841,985.21. In addition, Chongqing USUM paid a quality guarantee of RMB5 million, a contract guarantee of RMB1 million and a bidding guarantee of RMB50,000 to the Company. Therefore, the outstanding balance owed by the Company to Chongqing USUM amounts to RMB95,891,985.21.

III. JUDGMENT OR ARBITRATION AWARD

As at the date of the announcement, the trial of the aforementioned case has not yet commenced.

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. OTHER MATERIAL LITIGATIONS OR ARBITRATIONS AGAINST THE COMPANY IN 2017 AS AT THE DATE OF THE ANNOUNCEMENT ARE AS FOLLOWS:

Plaintiff (applicant)	Type of litigation or arbitration	Basic information of litigation (arbitration)	Amount involved in litigation (arbitration) (including corresponding interests and legal costs)	Progress of litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof
Taiyuan Heavy Industry Co., Ltd. (太原重工股份有限公司)	Litigation	Sale and purchase contract dispute involving a payment for goods of RMB12,147,000	Payment for goods of RMB12,147,000 and interests and legal costs	In trial	Uncertain effects

Note: In the above material litigations or arbitrations, the Company is the respondent

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, 10 May 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).