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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 ARBITRATION

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 ARBITRATION

The Company recently received the Notice of Attending the Arbitration ((2017) Yu Zhong Zi No. 706) served by China Chongqing Arbitration Commission and became aware that: the case in relation to the construction engineering contract dispute between Chongqing Blasting Engineering Construction Co., Ltd. (重慶市爆破工程建設有限責任公司) (“**Chongqing Blasting**”) as the applicant, and the Company as the respondent, had been accepted by the arbitration commission. The main contents of the “Arbitration Application” served together with the “Notice of Attending the Arbitration” are as follows:

Applicant: Chongqing Blasting

Respondent: the Company

The applicant's claim:

1. For a ruling that the Company shall make the engineering payment of RMB16,372,696.33, and for the period from 3 September 2014 to the date of the actual payment in full, the Company shall pay the interests as calculated in accordance with the interest rate for loans of the same term and same type as published by the People's Bank of China. The calculation of the interests up to 17 April 2017 amounts to approximately RMB2.03 million;
2. The arbitration costs of the case shall be borne by the Company.

II. DESCRIPTION OF THE CASE BY THE COMPANY

On 30 March 2012, the Company entered into the "Construction Contract in Relation to the Partial Demolition Engineering Project of Old District by Chongqing Iron and Steel Co. Ltd. (I)" [Contract No.: Gang Gu He 2011-010 (Chai)] with Chongqing Blasting. The demolition engineering duly commenced in February 2012 and was completed in March 2013. It then passed the inspection and acceptance on 5 July 2013 upon completion, and completed the settlement audit on 5 August 2014. The audited settlement price amounts to RMB75,842,025.47. The outstanding engineering payment by the Company amounts to RMB16,372,696.33.

III. JUDGMENT OR ARBITRATION AWARD

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

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

As the hearing 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 arbitration.

V. OTHER MATERIAL LITIGATIONS OR ARBITRATIONS AGAINST THE COMPANY IN 2017 AS OF 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 (hearing) 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
Chongqing USUM Recycling Resources Development Co., Ltd. (重慶渝商再生資源開發有限公司)	Litigation	Sale and purchase contract dispute involving a payment for goods of RMB89,841,985.21; warranty fund of RMB6,050,000	Payment for goods of RMB89,841,985.21, warranty fund of RMB6,050,000 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, 11 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).