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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 IN RELATION TO THE INVESTORS BRIEFING SESSION REGARDING TERMINATION OF MATERIAL ASSETS REORGANISATION

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 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 of the Company dated 23 May 2017 in relation to the advance notice on convening investors briefing session regarding termination of material assets reorganisation.

For the purpose of safeguarding the interests of investors, an investors briefing session regarding the termination of material assets reorganisation was held by way of online interaction through the E-Interaction Platform of the Shanghai Stock Exchange at 10 a.m. to 11 a.m. on 25 May 2017. At the briefing session, with regard to the relevant matters regarding the termination of the material assets reorganisation, the Company interacted and communicated with the investors and answered questions of general concern to the investors within the permitted scope of information disclosure. Details of the briefing session are set out below:

I. Information on the convening of the investors briefing session

Mr. Liu Da Wei (chairman of the Board), Mr. Tu De Ling (vice chairman of the Board), Mr. You Xiao An (secretary to the Board), controlling shareholders’ representatives, financial adviser, auditing institution, evaluation institution and legal representative of the Company attended the briefing session. The Company interacted and communicated with investors and answered questions of general concern to the investors within the prescribed time at the briefing session.

II. Main questions raised by investors and answers given by the Company

1. When will trading (in the A shares) of the Company be resumed?

Reply: Upon conclusion of the briefing session, the Company will apply to the Shanghai Stock Exchange for resumption of trading in the (A) shares of the Company, details of which will be set out in announcement to be made by the Company in due course.

2. Did the reorganisation succeed or fail? If it failed, will the Company initiate another reorganisation?

Reply: The Board of the Company decided to terminate the reorganisation on 2 May 2017. The Company has committed that it will no longer plan any material assets reorganisation within six months from the date of publication of the announcement in relation to the investors briefing session. As to whether the Company will be involved in any reorganisation thereafter, investors should refer to announcement(s) of the Company.

3. Does the Company has any subsequent plan in case of delisting (of the A shares)?

Reply: Should the audited net profit of the Company for 2017 be a negative figure, the (A) shares of the Company will be subject to suspension of listing after the publication of the Company's 2017 annual report. The Company has proactively taken multiple measures to enhance its ability to continue as a going concern, so as not to trigger suspension of listing. However, it is hard to accurately predict whether the Company will be able to achieve profits in the current year as it is subject to a variety of factors. Investors are advised to pay attention to relevant risks, and exercise caution and be reasonable when making investment decisions.

Currently, the steel market as a whole is under great operating pressure. In the future, with focus on enhancing and optimising its principal iron and steel operations, emphasising quality and cost and promoting product differentiation, the Company will strive to further enhance its ability to continue as a going concern and its competitiveness so as to strengthen its management and operation, improve its profitability and create economic benefits, thereby ensuring maximal benefits for its investors. The Company will take the following actions to improve its operation: 1. To improve capital and debt structure and minimise financial expenses in order to create favourable conditions to make up deficits and overcome difficulties. 2. 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 a leading level in the industry as soon as possible to enjoy absolute cost advantage in the southwestern region. 3. To combine the actual situation of the Company, further enhance the establishment of an internal control system of the Company, improve the weaknesses of internal control management, lower management costs, and enhance the management efficiency. Risk prevention and control shall be strengthened and risks of various types shall be lowered. 4. 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. 5. To implement product structure adjustment proactively. The competitive advantage in the regional market shall be seized, the production of 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. 6. 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, well-defined powers and responsibilities, scientific management and efficient utilisation of resources.

4. Why did the creditors dissent from the reorganisation plan? Will the government and Chongqing Iron & Steel Group continue to support the development of the Company?

Reply: the iron and steel assets intended to be disposed involve large scale of debt with numerous creditors and complex liabilities associated with litigations. Besides, a written consent from the creditors shall be obtained prior to any debt transfer pursuant to the requirements of the Contract Law. In spite of repeated communications, the Company has not reached an agreement on the aforesaid reorganisation plan with major creditors. Chongqing SASAC, as the de facto controller of the Company, will continue to support the Company to become better and stronger in terms of our principal business of iron and steel and improve the assets quality of the Company; and Chongqing Iron & Steel Group will also continue to give the Company as much support as possible in terms of improving the sustained operation capability and corporate governance structure of the Company.

5. Has the Court accepted Chongqing Laiquyuan's application for reorganisation of Chongqing Iron & Steel yet? When will it be decided whether the reorganisation procedures will be carried out or not?

Reply: since the Court is scrutinising the admissibility of the application for reorganisation in accordance with laws, the Company will make information disclosure in a timely manner with respect to the progress of the reorganisation in the form of announcement. Investors are advised to pay attention to subsequent announcements of the Company.

6. It is said that a creditor has applied for debt restructuring against the Company. Will the Company go bankrupt? How will the interest of us minority shareholders be safeguarded?

Reply: A reorganisation application against the Company has been applied by a creditor, of which the Court is scrutinising the admissibility. As such, there is certain uncertainty as to whether the Company will proceed with the reorganisation procedures. Nevertheless, the Company will make information disclosure in a timely manner with respect to the progress of the scrutiny. 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 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. If the Company commences the reorganisation procedures, the management of the Company will proactively cooperate with the Court and the administrator in the relevant reorganisation work. In case of any significant events concerning the interest of minority shareholders during the reorganisation, the Company will also proactively listen to the recommendations of minority shareholders and guarantee the effective exercise of rights of minority shareholders themselves by way of online voting at the general meeting. If the reorganisation turns out to be a success, the Company will be saved from liquidation, thereby safeguarding the interest of minority shareholders to the utmost. If the Court dismisses the application for reorganisation, the Company will also proactively seek for a settlement regarding the debts with the creditors. Meanwhile, the Company will take such measures as cost reduction and efficiency enhancement, improvement of internal control, adjustment to product structure and others to improve operation in terms of production and operation so as to avoid the suspension of listing of the Company and safeguard the interest of minority shareholders.

7. What are the differences between the so-called debt restructuring and liquidation?

Reply: Reorganisation procedures are targeted to save the debtor's enterprise, maintain the debtor's qualification as a legal entity and restore the sustained profitability. During the reorganisation, the Company will conduct debt restructuring with the creditors under the leadership of the court. Upon successful reorganisation, the enterprise will maintain its qualification as a legal entity; whereas the bankruptcy liquidation procedures will result in the cancellation of the enterprise's qualification as a legal entity upon the completion of distribution of the bankrupt property to the creditors. As the Company is insolvent at present, the value of equity interest held by shareholders will be 0 in case of liquidation. Therefore, in comparison to bankruptcy liquidation, the reorganisation procedures can exert protective and remediable effects on the Company at the current stage and sufficiently protect the interest of minority shareholders as well.

8. What is the future development of the iron and steel industry?

Reply: Along with the steady progress of national structural supply side reform and the policy of "de-capacity, de-stocking, de-leverage, cost reduction and improvement of shortcomings" in 2016, the domestic economy maintained stable operation as a whole. The steel price showed a recovery trend and the operating conditions of iron and steel enterprises improved obviously as compared with last year. In the first quarter of 2017, many listed companies in the iron and steel industry of the PRC realised profit or business recovery. With the further deepening of supply side reform, the iron and steel industry of the PRC may usher in a new round of development opportunities.

9. How will the Company maintain a stable share price after the termination of reorganisation?

Reply: The trend of the share price of the Company is subject to a number of factors in the secondary market. Therefore, the Company is unable to make relevant predictions as to the share price. Investors are advised to pay attention to investment risks and make prudent and rational investments. The Company will focus on operation and development works to improve sustainable production and operation and competitiveness and proactively repay investors, particularly medium and small investors.

10. What are the regional competitive advantages of the Company?

Reply: Upon environmental relocation, the Company formed the annual production capacity of 3.10 million tonnes of hot rolling, 2.50 million tonnes of cut deal and 1.40 million tonnes of building materials. According to the data of National Bureau of Statistics, in 2015, the Southwest China (Yunnan, Guizhou, Sichuan and Chongqing) recorded a steel production of 62.72 million tonnes, representing 5.6% of national production, and the steel consumption of approximately 87.50 million tonnes, indicating a new inflow of steel in Southwest China. The regional competitive advantages mainly include: I. upon environmental relocation, the Company had obvious advantages in terms of technology, process and equipment, and the overall efficiency will be gradually revealed. II. The extension of the iron and steel industrial chain started rapidly and the steel structure companies in Chongqing, led by Chongqing Iron & Steel Group, a substantial shareholder of the Company, continuously expanded the production industry of steel structures for green buildings, driving the demands for steel and shoring up traditional steel products. III. The Company was engaged in joint venture cooperation with Posco to steadily propel the cold rolling and galvanisation project, a introduce advanced technologies and management, and lead to the upgrading of the products to provide strong support for development.

11. What is the progress of negotiation with the local government on the return of income from the old land parcel at the later stage?

Reply: The land use right of the land parcel at the Company's former site belongs to Chongqing Iron & Steel Group which has collected income from land transfer according to the provisions under relevant agreements. The income has been fully used for the construction of environmental relocation project, and has been injected into the Company through material assets reorganisation in 2013.

12. Is there any other good way of self-saving other than debt restructuring?

Reply: According to the cases of listed companies which have completed reorganisation, reorganisation can effectively solve the debt crisis and business difficulties of listed companies and is believed to provide powerful support and assistance for solving the problems currently faced by the Company. However, it is uncertain as to whether the Company will proceed with the reorganisation. While proactively cooperating with the court in reviewing the application, the Company is also negotiating with relevant parties on proper solutions, striving to conclude a debt settlement plan. Meanwhile, the Company improves its profitability and profit level through production and operation measures including cost reduction and efficiency enhancement, improvement of internal control and product structure reform.

13. Why did the Company record losses for two consecutive years? What are the lessons learnt?

Reply: The iron and steel industry hit a low point in 2015, resulting in industry losses, and started to recover at the end of 2016. In addition, the Company shouldered heavy debt and financial burdens due to borrowings for relocation, and had an unreasonable product structure and high production cost. All these factors caused losses of the Company. However, the management of the Company has always been striving in all aspects and stressed on loss reduction and control works. With the implementation and gradual effectiveness of various measures for turning losses and overcoming difficulties, the Company's losses have decreased and production and operation are in a trend of improvement.

14. How does the Company position the iron and steel business?

Through adjustment to the production line structure, the products of the Company mainly target at Chongqing and its surrounding markets as well as the markets along the Yangtze River. The construction of the cold rolling and galvanisation project through cooperation with Posco extends the industrial chain and improves the added value of products. The project is mainly about the production of automotive steel, structural steel and construction steel. The Company endeavours to achieve over 80% of market share of its products in the local market in 2020.

15. Why is the trading of H shares is not suspended?

Given the differences between the regulatory rules of the 2 places, the Company strictly complies with the regulatory rules on suspension and resumption of trading of shares of the stock exchange in both places.

For details on the investors briefing session, please refer to the “e talk” section of the “e interaction” online platform of the Shanghai Stock Exchange (<http://sns.sseinfo.com>).

Thanks to all investors attending the investors briefing session of the Company. Due to the time limit for the investors briefing session, the Company regrets for not answering all questions from investors at the briefing session. The Company would like to express its sincere gratitude to the investors for their attention and support for and proactive suggestions on the development of the Company for a long time.

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

Chongqing, the PRC, 26 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).