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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)

### **OVERSEAS REGULATORY ANNOUNCEMENT** **ANNOUNCEMENT ON UNUSUAL MOVEMENTS IN A SHARES** **TRADING**

This announcement is made by Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to the Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### **IMPORTANT NOTICE:**

- The decrease in the closing prices of the A shares of the Company deviated by more than 15% for three consecutive trading days on a cumulative basis, which falls within the circumstances of unusual movements in shares trading.
- Upon an internal investigation by the Company and an enquiry made by means of issuing letters to the controlling shareholder of the Company, there is no material discloseable information which remains undisclosed by the Company.

#### **I. PARTICULARS OF UNUSUAL MOVEMENTS IN SHARES TRADING**

The decrease in the closing prices of A shares of the Company deviated by more than 15% for three consecutive trading days on 2 June, 5 June and 6 June 2017 on a cumulative basis, which falls within the circumstances of unusual movements in shares trading according to Article 8 of Administrative Measures for the Stock Trading on Risk Warning Board of Shanghai Stock Exchange (《上海證券交易所風險警示板股票交易管理辦法》).

## II. COMPANY'S CONCERN AND VERIFICATION ON RELEVANT MATTERS

For the unusual movements in its shares, the Company has conducted verification on relevant matters and enquired with its controlling shareholder. The relevant circumstances are explained as follows:

- (I) After conducting an internal investigation, the Company confirms that its current production and operation are running smoothly. There are no major changes in the market environment or industry policy. There is no material discloseable information which may cause unusual movements in share prices but remains undisclosed by the Company.
- (II) After a written enquiry with Chongqing Iron & Steel (Group) Co., Ltd. ("**Chongqing Iron & Steel Group**", the controlling shareholder of the Company), as of now, the Company and its controlling shareholder do not have any material discloseable information in relation to the Company which remains undisclosed, including but not limited to significant events such as material assets reorganisation, issuance of shares, acquisition of listed companies, debt restructuring, business restructuring, asset stripping and asset injection.
- (III) The Company is not aware of any media coverage or market rumours which should be clarified or other significant events that may have a material impact on the trading prices of the Company's shares. There is no need to correct or supplement the information disclosed previously.
- (IV) As verified by the Company, its controlling shareholder, as well as directors, supervisors and senior management of the Company, did not sell or purchase the shares of the Company during the unusual movements in the share price of the Company.

## III. DECLARATION ON WHETHER THERE IS MATERIAL DISCLOSEABLE INFORMATION WHICH REMAINS UNDISCLOSED

The board of directors of the Company confirms that the Company does not have any undisclosed matters which should be disclosed pursuant to relevant rules including the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (as amended in 2014) (the "**Listing Rules of Stocks**") or any planning and intention relating to such matters, nor is the board of directors aware of any information which has not been disclosed but should be disclosed pursuant to relevant rules including the Listing Rules of Stocks and may have a material impact on the trading prices of the shares of the Company and their derivatives.

#### IV. RELEVANT RISK WARNING

As of now, as the audited net profit of the Company was negative in 2015 and 2016 and the audited net assets of the Company as at the end of 2016 were negative, according to Rules 13.2.1(1) to (2) of the Listing Rules of Stocks, a delisting risk warning has been imposed on the A shares of the Company. According to relevant requirements under Rules 14.1.1(1) to (2) of the Listing Rules of Stocks, if the audited net profit of the Company remains negative in the year of 2017, or the audited net assets of the Company as at the end of 2017 remain negative, the trading of its A shares will be suspended from the disclosure date of its 2017 annual report, and the Shanghai Stock Exchange will make a decision on whether to suspend the listing of the shares of the Company within fifteen trading days after the suspension of trading.

According to the Certain Opinions on Reformation, Improvement and Strictly Implementation of Delisting System for Listed Companies (《關於改革完善並嚴格實施上市公司退市制度的若干意見》), the A shares of the Company are subject to delisting risks in the event that the daily closing price of its A shares is lower than the nominal value for twenty consecutive trading days (excluding the day of suspension of trading).

On 24 April 2017, the Company received a notice from Chongqing Laiquyuan Trading Co., Ltd. (“**Laiquyuan 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. Details of the relevant matter are set out in the announcement headed Indicative Announcement on Creditor’s Application for Reorganisation of the Company (Announcement No. 2017-037) issued by the Company on 25 April 2017. As at the disclosure date of this announcement, the Company has not yet received the judgement from the court on the application by Laiquyuan Company for reorganisation of the Company. There is great uncertainty as to whether such creditor’s application will be accepted by the Court and whether the Company will proceed with the reorganisation procedures.

In accordance with relevant requirements under the Enterprise Bankruptcy Law of the People’s Republic of China (《中華人民共和國企業破產法》), if the applicant’s application for reorganisation of the Company is accepted by the Court, the Court will designate an administrator and the creditors shall report the creditor’s 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.

On 2 May 2017, the Company issued a letter in relation to the application for its reorganisation and termination of the material assets reorganisation to Chongqing Iron & Steel Group, its controlling shareholder, and it subsequently received a reply from Chongqing Iron & Steel Group on 3 May 2017: “We understand and support reorganisation of the Company and will spare no effort to support and cooperate with the Company on relevant reorganisation works in case the people’s court accepts the reorganisation. However, in the process of reorganisation, the Company should pay due attention to the following matters: firstly, to perform information disclosure obligations earnestly, in order to protect the legitimate interests of minority shareholders; secondly, to keep smooth communications with financial institutional creditors and operational creditors to protect their legitimate interests; thirdly, to protect the legitimate interests of the employees for the stability of staff team; and fourthly, to push forward with adjustments of products mix, deepen the internal market-oriented reforms and accelerate the implementation of measures for cost reduction and efficiency enhancement in order to guarantee a stable production and operation of the Company.”

The reorganisation of the Company will allow the Company to improve its asset-liability structure and avoid recording continuous losses. However, the trading of shares of the Company is still subject to subsequent requirements under relevant regulations; otherwise, it will be subject to the risks of suspension or delisting.

The designated media for disclosure of Company information include the website of the Shanghai Stock Exchange, Shanghai Securities News, China Securities Journal, Securities Times and Securities Daily. Information of the Company published on the above designated media shall prevail. Investors are advised to pay attention to the announcements published by the Company and the investment risks.

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

Chongqing, the PRC, 7 June 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).*