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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 COURT RULING ON ACCEPTANCE OF THE APPLICATION OF REORGANISATION OF THE COMPANY

Important Note:

- Chongqing Iron & Steel Company Limited (the “**Company**” or “**Chongqing Iron & Steel**”) received the Civil Ruling Paper ((2017) Yu 01 Po Shen No. 5) from the First Intermediate People’s Court of Chongqing (the “**FIPCC**”) on 3 July 2017 in relation to acceptance of the application by Chongqing Laiquyuan Trading Co., Ltd., a creditor of the Company, (“**Laiquyuan Company**”) for the reorganisation of the Company.
- Since delisting risk warning has been imposed on A shares of the Company already, according to the requirement under Rule 13.2.12 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised in 2014) (the “**SSE Shares Listing Rules**”), the trading of A shares of the Company will be suspended from the next trading day upon expiry of twenty trading days from 4 July 2017, i.e. 1 August 2017.
- Type of court ruling: Reorganisation

This announcement is made by the board of directors (the “**Board**”) of 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).

Reference is made to the indicative announcement of the Company dated 25 April 2017 in relation to the creditor’s application for reorganisation of the Company.

I. OVERVIEW OF THE COURT RULING ON ACCEPTANCE OF THE APPLICATION FOR REORGANISATION

The Company received the Civil Ruling Paper ((2017) Yu 01 Po Shen No. 5) and the Written Decision ((2017) Yu 01 Po No. 3) from the FIPCC on 3 July 2017. It is ruled in the Civil Ruling Paper that the FIPCC accepts the application of Laiquyuan Company for reorganisation of Chongqing Iron & Steel. In the Written Decision, the liquidation team of Chongqing Iron & Steel Company Limited (the “**Liquidation Team of Chongqing Iron & Steel**”) is designated as the administrator of the Company. The relevant information is hereby announced as follows:

(I) Overview of the application for reorganisation

1. *Basic information on the applicant*

Applicant: Chongqing Laiquyuan Trading Co., Ltd.

Address: Room 2–4–25, No. 126 Wenti Road, Dadukou District, Chongqing

Legal representative: Wu Zhonglan

Cause of application: On 24 April 2017, Laiquyuan Company applied to the FIPCC for reorganisation of the Company on the ground that the Company is unable to repay the due debts and the Company’s assets are insufficient for the repayment of all its debts.

2. *Basic information on the respondent*

Respondent: Chongqing Iron & Steel Company Limited

Legal representative: Liu Dawei

Address: No. 1 of Gangcheng Avenue, Changshou Economic & Technological Development Zone, Chongqing

(II) Time and main content of the court ruling on acceptance of the application for reorganisation

1. Time of ruling: 3 July 2017
2. Main content of the Civil Ruling Paper: Laiquyuan Company, as the applicant, applied to the FIPCC for reorganisation of Chongqing Iron & Steel, as the respondent, on the ground that Chongqing Iron & Steel is unable to repay the due debts and the Company's assets are insufficient for the repayment of all its debts. Chongqing Iron & Steel has no objection against the application for its reorganisation by Laiquyuan Company.

It was ascertained after review by FIPCC that: Changshou District People's Court of Chongqing made the civil judgement ((2016) Yu 0115 Min Chu No. 7536) on 10 November 2016 that Chongqing Iron & Steel shall repay the loan of RMB4,074,504.95, the overdue payment interests and debt interests incurred during the delayed performance to Laiquyuan Company; however, Chongqing Iron & Steel has not made the aforementioned payment up to now.

Chongqing Iron & Steel was incorporated with Chongqing Administration for Industry and Commerce with the registered capital of RMB4,436,022,600 on 11 August 1997. Its shares were listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange on 17 October 1997 and 28 February 2007, respectively; and its address is at No. 1 of Gangcheng Avenue, Changshou Economic & Technological Development Zone, Chongqing.

According to the 2016 annual report of Chongqing Iron & Steel, as at 31 December 2016, as set out in the consolidated statements of Chongqing Iron & Steel, the operating revenue amounted to RMB4,414 million, the total operating costs amounted to RMB9,799 million, the net profit attributable to the shareholders of the parent company amounted to RMB-4,685 million, the revenue of head office amounted to RMB3,889 million and the net profit amounted to RMB-4,684 million; as set out in the consolidated statements of Chongqing Iron & Steel, the total assets amounted to RMB36,438 million, the total liabilities amounted to RMB36,545 million and the net assets amounted to RMB-107 million; for the head office of Chongqing Iron & Steel, the total assets amounted to RMB36,438 million, the total liabilities amounted to RMB36,638 million and the net assets amounted to RMB-200 million;

FIPCC is of the view that, as the address of Chongqing Iron & Steel at No. 1 of Gangcheng Avenue, Changshou Economic & Technological Development Zone, Chongqing is under the jurisdiction of the court, and Chongqing Iron & Steel was incorporated with Chongqing Administration for Industry and Commerce, the court has the jurisdiction over the case under laws. Laiquyuan Company, as the creditor confirmed by the People's Court with an effective judgment, is entitled to apply for reorganisation of Chongqing Iron & Steel; Chongqing Iron & Steel meets the conditions of bankruptcy reorganisation as it failed to repay the due debts and its existing assets are insufficient for the repayment of all its debts. In accordance with clauses 2.2, 3, 7.2, 70.1 and 71 of the Enterprise Bankruptcy Law of the People's Republic of China, the ruling was made as follows:

Acceptance of the application by Chongqing Laiquyuan Trading Co., Ltd. for reorganisation of Chongqing Iron & Steel Company Limited.

II. MAIN CONTENT OF THE COURT'S WRITTEN DECISION ON DESIGNATION OF ADMINISTRATOR

(I) Main content of the Written Decision: pursuant to the Written Decision ((2017) Yu 01 Po No. 3) issued by the FIPCC, FIPCC designates the Liquidation Team of Chongqing Iron & Steel as the administrator of Chongqing Iron & Steel. Zhang Zhikui serves as the leader of the Liquidation Team of Chongqing Iron & Steel and Beijing office of King & Wood Mallesons serves as the vice leader of the liquidation team. The administrator shall be diligent and responsible in faithful fulfillment of its duties as the administrator in accordance with the Enterprise Bankruptcy Law of the People's Republic of China, make work report to the People's Court and accept the supervision of creditors' meeting and creditors' committee. The duties of the administrator are as follows:

1. Take over control of the debtor's properties, seal and books, instruments and other information;
2. Investigate into the debtor's properties and prepare a report on properties;
3. Decide the internal management affairs of the debtor;
4. Decide the daily expenditure and other necessary expenditures of the debtor;

5. Decide to continue or discontinue the debtor's operation before convening the first creditors' meeting;
6. Manage and dispose of the debtor's properties;
7. Participate in litigation, arbitration or other legal procedures on behalf of the debtor;
8. Propose convening a creditors' meeting;
9. Other duties as considered by the FIPCC to be fulfilled by the administrator.

(II) Management mode: during the reorganisation of the Company, the mode of management of properties and business affairs by the administrator shall be adopted.

(III) Contact information of the administrator is as follows:

Contacts: Zeng Zhe, Hong Jing

Address: 1/F, North Area 1, Sports Center, No. 1 Wenyuan Avenue, Changshou District, Chongqing

Tel.: 023-68873039, 68873040

III. EFFECTS OF THE COURT RULING ON ACCEPTANCE AND TRIAL OF THE APPLICATION FOR REORGANISATION

(I) Trading of A shares

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 was negative, according to Rules 13.2.1(1) and (2) of the SSE Shares Listing Rules, delisting risk warning was imposed on the A shares of the Company on 5 April 2017 and the abbreviation of A shares was changed to “*ST Chonggang”. Upon the court ruling on acceptance of the application for reorganisation of the Company, the delisting risk warning will continue to be imposed on the A shares of the Company.

(II) Arrangements for suspension and resumption of trading of A shares

1. Since delisting risk warning has been imposed on A shares of the Company already, according to the requirement under Rule 13.2.12 of the SSE Shares Listing Rules, the trading of A shares of the Company will be suspended from the next trading day upon expiry of twenty trading days from 4 July 2017, i.e. 1 August 2017.
2. In accordance with Rule 13.2.13 of the SSE Shares Listing Rules, the Company will apply to the Shanghai Stock Exchange for resumption of trading of shares in accordance with relevant provisions upon approval of the Company's reorganisation plan or termination of reorganisation procedures by the court.

(III) Person in charge of information disclosure

Upon commencement of reorganisation procedures of the Company, the administrator shall be in charge of information disclosure during the reorganisation.

(IV) Undertaking of the administrator

According to the Written Decision ((2017) Yu 01 Po No. 3) issued by the FIPCC and relevant requirements under the SSE Shares Listing Rules, the administrator of Chongqing Iron & Steel undertakes to fulfill relevant obligations including information disclosure in a prompt way in accordance with laws and assume corresponding responsibilities in accordance with relevant laws, regulations, administrative rules and the SSE Shares Listing Rules.

(V) Application for continuous operation

The Company proposes to apply to the administrator for continuous operation during reorganisation. During reorganisation, the Company will proactively cooperate with relevant parties, stabilise employees and continue to maintain production, operation and other work related to the reorganisation on the basis of the existing condition.

(VI) Other matters

In accordance with Rule 11.11.1 of the SSE Shares Listing Rules, the Company shall disclose the progress of reorganisation of the Company on a monthly basis to remind investors of the risk of delisting of A shares.

IV. RISK WARNING

(I) In case of the following circumstance, the A shares of the Company will be exposed to the risk of suspension of listing:

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

If the People's Court does not grant its approval for the reorganisation plan during the period between 4 July 2017 and the publication date of the 2017 annual report of the Company, and trading of A shares of the Company cannot be resumed, the listing of A shares of the Company will be suspended, such that it will be impossible to resume the trading of A shares of the Company and that the stage of suspension of listing will be entered directly.

(II) In case of the following circumstances, the A shares of the Company will be exposed to the risk of delisting:

Firstly, if the listing of A shares of the Company is suspended, and the annual report for the first year after the suspension of listing (i.e. 2018) indicates that the lower of the net profit before and after the deduction of the non-recurring profit and loss of the Company is negative, the net assets at the end of the year is negative, the operating income is less than RMB10 million or the auditor issues a qualified audit report or an audit report without opinion or with adverse opinion, or the Company fails to disclose its 2018 annual report within the statutory period, in accordance with Rules 14.3.1(1) and (2) of the SSE Shares Listing Rules, the A shares of the Company will be delisted.

Secondly, although the Court has ruled that the Company shall commence reorganisation proceedings, the Company is still exposed to the risk of being declared bankrupt due to failure of reorganisation. If the Company is declared bankrupt, pursuant to Rule 14.3.1(12) of the SSE Shares Listing Rules, the A shares of the Company will be exposed to the risk of delisting.

Finally, 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 requirements under relevant subsequent regulatory regulations; otherwise, the A shares of the Company will still be exposed to the risk of suspension of listing or delisting.

In light of the great uncertainty with the reorganisation of the Company, the Company would like to remind all the investors that the designated media for information disclosure of the Company include China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>), and all the information of the Company shall be subject to the information as published on the aforementioned designated media. The Company shall comply with the relevant disclosure and other requirements under the Listing Rules where appropriate. Investors are advised to exercise caution and beware of investment risks.

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
You Xiao An
Secretary to the Board

Chongqing, the PRC, 4 July 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).