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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 OF THE ADMINISTRATOR OF CHONGQING IRON & STEEL COMPANY LIMITED IN RELATION TO THE PROGRESS OF MATERIAL LITIGATION

IMPORTANT NOTE:

- Litigation stage of the case: first instance judgement
- Position of the Company in the litigation: defendant
- Amount involved in the case: RMB12,147,000
- As the case is still in the stage of first instance judgment, the effects on the profit of the Company cannot be assessed at this moment.

This announcement is made by 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

Plaintiff:	Taiyuan Heavy Industry Co., Ltd. (太原重工股份有限公司) (“ Taiyuan Heavy Industry ”)
1st Defendant:	Zoomlion Material Handling Equipment Co., Ltd. (中聯重科物料輸送設備有限公司) (“ Zoomlion Material ”)
2nd Defendant:	the Company

The plaintiff's claim:

1. Claim to the court for a ruling that Zoomlion Material and the Company do pay the facilities fees and warranty fund of RMB12,147,000 as in the contract immediately;
2. For a ruling that Zoomlion Material and the Company be liable for the interests of RMB1 million arising during the period of deferred payment according to laws;
3. For a ruling that all costs of the case be borne by Zoomlion Material and the Company.

For details, please refer to the announcement on material litigation published by the Company on 21 April 2017.

II. DESCRIPTION OF THE CASE

The Company is not a proper defendant of the case as the Company has never entered into any contract with Taiyuan Heavy Industry and the People's Court of Yuelu District, Changsha, Hunan has already made a judgement on the debtor-creditor relationship between the Company and Zoomlion Material arising from the facilities as alleged by Taiyuan Heavy Industry; therefore, the Company shall not be subject to any joint and several liability in the case. The overdue interests as alleged by Taiyuan Heavy Industry are also not supported by any facts or laws. The Company thus applied for the rejection of the litigation claim filed by Taiyuan Heavy Industry.

III. JUDGMENT ON THE LITIGATION

The Company received the "Civil Judgment" (Yu 0115 Min Chu [2017] No.3109) served by the People's Court of Changshou District, Chongqing on 17 July 2017 and became aware of the first instance judgment as follows:

1. Zoomlion Material do make payment for goods of RMB12,147,000 and capital occupancy losses (such losses shall be calculated at the interest rate published by the People's Bank of China for loans of the same term for the period from 1 January 2012 to the date of actual full repayment with the outstanding payment for goods as the base figure) to Taiyuan Heavy Industry within ten days from the effective date of the judgment;
2. The litigation claim against the Company filed by Taiyuan Heavy Industry be rejected.

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

As the case is still in the stage of first instance judgment, the effects on the profit of the Company cannot be assessed at this moment. The administrator will fulfill its obligation of information disclosure in a timely manner depending on the progress of the litigation.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Administrator of Chongqing Iron & Steel Company Limited

Chongqing, the PRC, 20 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).