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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: termination of enforcement
- Position of the Company in the litigation: defendant
- Amount involved in the case: RMB37,307,263.85
- As the Company has entered into the bankruptcy reorganisation procedures, the plaintiff in the case has declared and registered creditor's rights in accordance with the relevant provisions under the Enterprise Bankruptcy Law of the People's Republic of China. There is uncertainty in the subsequent enforcement results. At present, the effects on the Company's profit cannot be assessed.

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: Shanxi Poly Tongda Coal Transport and Sales Co., Ltd. (“**Poly Tongda**”)

Defendant: the Company

The plaintiff’s claim:

1. Claim to the People’s Court for a ruling that the Company do repay the loan of RMB37,307,263.85 and interest losses (interests shall be calculated at the lending interest rate published by the banks for loans of the same term for the period from 1 May 2016 to the date of full repayment) to Poly Tongda;
2. The costs of the case be borne by the Company.

## **II. DESCRIPTION OF THE CASE**

Poly Tongda has declared creditor’s rights to the administrator. The administrator has conducted examination according to laws and will submit the results at the creditors’ meeting for verification upon preliminary confirmation in accordance with laws.

## **III. JUDGMENT ON THE LITIGATION**

### **1. First instance judgment**

In accordance with the “Civil Judgment” ((2016) Yu 01 Min Chu No. 610) served by the First Intermediate People’s Court of Chongqing:

- (1) the Company do make payment for goods of RMB37,307,263.85 and interest losses with the outstanding payment for goods of RMB37,307,263.85 as the base figure and at the interest rate of the People’s Bank of China for loans of the same term and same type denominated in RMB for the period from 9 June 2016 to the date of full payment for goods to Poly Tongda within ten days from the effective date of the judgment;
- (2) Other litigation claims of Poly Tongda be rejected.

## **2. Enforcement of first instance judgment**

In accordance with the “Notice of Enforcement” ((2016) Yu 01 Zhi No. 1539) served by the First Intermediate People’s Court of Chongqing, the “Civil Judgment” ((2016) Yu 01 Min Chu No. 610) dated 27 September 2016 in relation to the dispute over the purchase and sales contract between Poly Tongda and the Company has become legally binding. As the Company failed to fulfill its obligations under the aforementioned legal instrument within the time limit as prescribed in the legal instrument, Poly Tongda has applied for compulsory enforcement. The court ordered:

The Company do pay RMB37,307,263.85 and multiplied debt interests for the period of delay in performance to Poly Tongda.

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

The Company received the second “Document of Ruling” ((2016) Yu 01 Zhi No. 1539) served by the First Intermediate People’s Court of Chongqing and became aware of:

Enforcement of the case ((2016) Yu 01 Zhi No. 1539) shall be terminated.

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

As the Company has entered into the bankruptcy reorganisation procedures, the plaintiff in the case has declared and registered creditor’s rights in accordance with the relevant provisions under the Enterprise Bankruptcy Law of the People’s Republic of China. There is uncertainty in the subsequent enforcement results. At present, the effects on the Company’s profit cannot be assessed.

## **VI. DOCUMENT AVAILABLE FOR INSPECTION:**

The second “Document of Ruling” ((2016) Yu 01 Zhi No. 1539) served by the First Intermediate People’s Court of Chongqing.

**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, 22 August 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).*