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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 judgment
- Position of the Company in the litigation: defendant
- Amount involved in the case: RMB14,803,428.75
- As the case is still in the stage of first instance judgment, the effects on the profits 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: Shanghai Pudong Development Bank Co., Ltd. Beijing Branch (“**SPD Bank Beijing Branch**”)

1st Defendant: Beijing Shuoren Hitech Energy Technology Co., Ltd. (“**Shuoren Hitech**”)

2nd Defendant: Nie Hailiang

3rd Defendant: the Company

4th Defendant: Jiangsu Yonggang Group Co., Ltd. (“**Jiangsu Yonggang**”)

5th Defendant: Gao Ning

Cause: dispute over financial borrowing contract

The plaintiff’s claim:

1. For a ruling that the 1st defendant repay the principal of borrowing of RMB14,803,428.75, together with the interests, default interests and compound interests incurred up to the date of actual repayment (the aggregate interests temporarily incurred up to 31 August 2015 amounted to RMB570,524.47), to the plaintiff;
2. For a ruling that the 1st defendant assume the counsel fee of RMB153,000 actually paid by the plaintiff for realisation of the creditor’s rights involved in the case;
3. For a ruling that the plaintiff be entitled to the priority of compensation for the accounts receivable pledged by the 1st defendant;
4. For a ruling that the 2nd and 5th defendants assume joint guarantee liability for the aforementioned debt of the 1st defendant;
5. For a ruling that the 3rd and 4th defendants directly pay the accounts receivable pledged by the 1st defendant to the plaintiff;
6. All the costs of the case be borne by five defendants.

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

As the Company has no business contact with SPD Bank Beijing Branch, the Contract on Pledge of Maximum Accounts Receivable and the Supplementary Contract entered into between Shuoren Hitech and SPD Bank Beijing Branch have no binding effects on the Company and the Company shall not assume the guarantee liability.

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

Recently, the Company received the “Civil Judgment” (2015 Xi Min (Shang) Chu Zi No. 28825) served by the People’s Court of Xicheng District, Beijing and became aware of the first instance judgment as follows:

1. Shuoren Hitech, a defendant, do repay the principal of borrowing of RMB14,508,013.75 and interests, default interests and compound interests of RMB2,823,397 as at 2 November 2016, as well as the interests, default interests and compound interests for the period from 3 November 2016 to the date of actual repayment (calculated in accordance with the Financing Limit Agreement and Working Capital Borrowing Contract), to SPD Bank Beijing Branch, the plaintiff, within 10 days from the effective date of the judgment;
2. Shuoren Hitech, a defendant, do repay counsel fee of RMB153,000 to SPD Bank Beijing Branch, the plaintiff, within 10 days from the effective date of the judgment;
3. Nie Hailiang, a defendant, be entitled to claim compensation from Shuoren Hitech upon assumption of joint guarantee liability for the aforementioned first and second debts of Shuoren Hitech;
4. SPD Bank Beijing Branch, the plaintiff, be entitled to the priority of compensation for the abovementioned first and second payment obligations to be assumed by Shuoren Hitech, a defendant, to the extent of the scope of accounts receivable to be paid by Shuoren Hitech, a defendant, to the Company under the Contract on Pledge of Maximum Accounts Receivable;
5. The Company do pay the accounts receivable, for which Shuoren Hitech provided pledge, to the plaintiff directly;
6. Other litigation claims of SPD Bank Beijing Branch, the plaintiff, 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 profits 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.

**V. DOCUMENT AVAILABLE FOR INSPECTION:**

“Civil Judgment” (2015 Xi Min (Shang) Chu Zi No. 28825) served by the People’s Court of Xicheng District, Beijing

**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).*