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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 NOTICE:

- Litigation stage of the case: civil mediation
- Position of the Company in the litigation: defendant
- Amount involved in the case: RMB32,570,520.17
- As the Company has commenced the reorganisation procedures, Hesheng Huibang, the plaintiff of the case, has reported its creditor's rights in accordance with the laws.

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: Chongqing Hesheng Huibang Assets Management Co., Ltd. (重慶市和勝匯邦資產管理有限公司) (“**Hesheng Huibang**”)

Defendant: the Company

Third party: Chongqing Yuxi Mining (Group) Co., Ltd. (重慶渝西礦業(集團)有限公司) (“**Yuxi Mining**”)

The plaintiff's claim:

1. Claim for a ruling that the Company do make payment for coal purchase of RMB32,570,520.17 and capital occupancy fee as calculated at an interest rate of 6% per annum from the date of litigation to the date of actual repayment in full;
2. The costs of the case be borne by the Company.

For details, please refer to the Announcement on Material Litigation of the Company dated 15 June 2017.

II. DESCRIPTION OF THE CASE

There is no sale and purchase contract entered into between the Company and Hesheng Huibang. The amount due is part of the debt transferred for the outstanding payments due to Yuxi Mining for coal purchase.

III. PROGRESS OF THE LITIGATION

The Company recently received the "Civil Mediation Paper" ((2017) Yu 01 Min Chu No. 755) served by the First Intermediate People's Court of Chongqing and became aware that upon mediation at the court, the following arrangements were agreed by the parties on a voluntary basis:

1. Both parties confirmed that the outstanding sale and purchase amount payable by the Company to Hesheng Huibang is RMB32,570,520.17. Hesheng Huibang has reported the creditor's rights to the administrator of the Company within the period for reporting creditors' rights. Upon verification with the Company and after careful examination, the administrator of the Company confirmed the amount of the aforesaid creditor's rights;
2. An amount of RMB102,326, being half of the case acceptance fee totaling RMB204,652 (prepaid by Hesheng Huibang, the plaintiff) shall be borne by the Company, the defendant, and be reported as creditor's rights by Hesheng Huibang to the administrator of the Company after the mediation agreement becomes legally effective;
3. Hesheng Huibang is entitled to get repaid for the above-mentioned No.1 and 2 creditor's rights under the repayment scheme concerning ordinary creditors' rights in accordance with the requirements of the reorganisation plan of the Company in effect.

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

As the Company has commenced the reorganisation procedures, Hesheng Huibang, the plaintiff of the case, has reported its creditor's rights in accordance with the laws.

V. DOCUMENT AVAILABLE FOR INSPECTION:

Civil Mediation Paper ((2017) Yu 01 Min Chu No. 755) issued 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, 8 September 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).