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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: first instance judgment
- Position of the Company in the litigation: defendant
- Amount involved in the case: RMB18,652,027.19
- As the Company has commenced the reorganisation procedures, 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: Wuhan Iron & Steel Engineering and Technology Group Co., Ltd. (武漢鋼鐵工程技術集團有限責任公司) (“**Wuhan Iron & Steel**”) with its address at No. 16 Guanshan Road, East Lake High-tech Zone, Hongshan District, Wuhan

Defendant: the Company with its address at No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing

Defendant: Chongqing Iron & Steel (Group) Co., Ltd. (“**Chongqing Iron & Steel Group**”) with its address at No.1, Building No.1, Dayan Village III, Dadukou District, Chongqing

Cause: dispute over contracting agreement

The plaintiff’s claim:

1. For the payment of both defendants for works of RMB18,752,027.19 and interests of RMB4,461,368.51 (at the interest rate for loans of the same term as published by the bank up to the date of enforcement of the judgment and temporarily calculated up to 1 November 2016).
2. The costs of the case and other expenses be borne by the defendants.

II. DESCRIPTION OF THE CASE

On 16 March 2011, 4 February 2008, 15 June 2010 and 4 February 2008, Wuhan Iron & Steel and Chongqing Iron & Steel Group entered into the General Contract on Design and Construction of Molten Iron Tank Wagon Tracks and Clean Circulating Water Station of Molten Iron Desulphurization Engineering for the Environmental Relocation and Steelmaking Project of Chongqing Iron & Steel Group (Chong Ji Qian 2011 – Zong 002) (重鋼集團環保搬遷煉鋼專案鐵水脫硫工程鐵水罐車軌道、淨迴圈水站設計及建設總承包合同)(重集遷2011-總002)), the General Contract on Engineering Design, Manufacturing (or Purchase) and Construction of LF Furnace for the Environmental Relocation and Ironmaking Project of Chongqing Iron & Steel Group (Chong Ji Qian 2008 – Zong 007) (《重鋼集團環保搬遷煉鋼專案LF爐工程設計、製造或採購)、施工總承包合同)(重集遷2008-總007)), the General Contract on Engineering Design, Manufacturing (or Purchase) and Construction of Pig Machine for the Environmental Relocation and Ironmaking Project of Chongqing Iron & Steel Group (Chong Ji Qian Chu 2010 – Zong 008) (《重鋼集團環保搬遷煉鐵專案鑄鐵機工程設計、製造或採購)、施工總承包合同)(重集遷出2010-總008)), the Contract on Design, Manufacturing, Supply and Service of Converter Sublance System for the Environmental Relocation and Steelmaking Project of Chongqing Iron & Steel Group (《重鋼集團環保搬遷煉鋼專案轉爐副槍系統設計、製造、供貨及服務合同》) (156080201H), respectively. The works under the contracts have been completed and settled. Chongqing Iron & Steel Group has made payments for certain works, and transferred certain debts to the Company on 20 August 2012.

III. PROGRESS OF THE LITIGATION

Recently, the Company received the civil judgment ((2016) Yu 01 Min Chu No. 1138) of the First Intermediate People's Court of Chongqing and became aware of the judgment as follows:

1. Chongqing Iron & Steel Company Limited, defendant, do make payments for works of RMB18,652,027.19 and interests as calculated at the interest rate for loans of the same term as published by the People's Bank of China for the period from 1 January 2016 to the date of full repayment with the aforementioned figure as the base figure to Wuhan Iron & Steel Engineering and Technology Group Co., Ltd., the plaintiff, within 30 days from the effective date of the judgment;
2. Other litigation claims of Wuhan Iron & Steel Engineering and Technology Group Co., Ltd., the plaintiff, be rejected.

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, the plaintiff of the case has reported its creditor's rights in accordance with the laws.

V. DOCUMENT AVAILABLE FOR INSPECTION:

Civil judgment ((2016) Yu 01 Min Chu No. 1138) 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, 13 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).