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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 ON ENTERING INTO THE DEBT EXEMPTION AGREEMENT**

This announcement is made by Chongqing Iron & Steel Company Limited (the “**Company**”) on voluntary basis.

On 30 September 2016, the Company entered into the Debt Exemption Agreement with Chongqing Changshou Urban and Rural Overall Development (Group) Company Limited (重慶市長壽區城鄉統籌開發（集團）有限公司) (the “**Urban and Rural Overall Development Company**”), details of which are disclosed below:

#### **I. BASIC INFORMATION ON THE DEBT EXEMPTION**

As the Company, a large state-owned enterprise for attracting investment and introducing capital in Changshou District, has made outstanding contributions to the economic development of Changshou District and is currently unable to repay the debts owing to the Urban and Rural Overall Development Company due to its financial difficulties, upon the application by the Company, the Urban and Rural Overall Development Company has agreed to exempt the Company from its debt of RMB450 million.

## **II. BASIC INFORMATION ON THE COUNTERPART OF THE DEBT EXEMPTION**

The scope of business of Chongqing Changshou Urban and Rural Overall Development (Group) Company Limited (重慶市長壽區城鄉統籌開發(集團)有限公司) includes administration of land reserves in the New North Zone, financing for (without the permission to provide financial services) and development, construction and management of major projects; administration of urban land reserves, financing for (without the permission to provide financial services) major projects including urban and rural infrastructures, and urban development and construction; administration of rural lands and reclamation of collective construction lands; reservation of forest lands and woods; forestry production, processing and sales (excluding seedlings) and protection of forest resources; construction and maintenance of water infrastructures; construction of small towns; construction and maintenance of transportation infrastructures and supporting facilities; construction of rural trade logistics facilities; construction of new villages and construction of rural infrastructures for education, culture, sanitation, etc.; and comprehensive agricultural development.

## **III. MAJOR CONTENT OF THE DEBT EXEMPTION AGREEMENT**

The Urban and Rural Overall Development Company agreed to exempt the Company from its debt of RMB450 million.

## **IV. EFFECT OF DEBT EXEMPTION ON THE COMPANY**

The Urban and Rural Overall Development Company agreed to exempt the Company from its debt of RMB450 million. To the Company, such debt exemption, in addition to decreasing its liabilities on books by RMB450 million and optimising its financial structure to a certain extent, will also decrease its gearing ratio, improve its risk resistance capability and exert positive effects on its subsequent development. The specific accounting treatment of the debt exemption, however, shall be subject to the annual audit and confirmation by the accountants. Investors are advised to be aware of the investment risks involved.

By order of the Board  
**Chongqing Iron & Steel Company Limited**  
**You Xiao An**  
*Secretary to the Board*

Chongqing, the PRC, 30 December 2016

*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).*