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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 CHANGES OF UNDERTAKINGS BY INDIRECT CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER**

References are made to the announcement of the administrator of Chongqing Iron & Steel Company Limited in relation to the court ruling on approval of the reorganisation plan dated 21 November 2017, the clarification announcement of the administrator of Chongqing Iron & Steel Company Limited on announcement in relation to the court ruling on approval of the reorganisation plan dated 22 November 2017, and the announcement on release of share pledge and judicial transfer of shareholder's equity interests and completion of transfer thereof dated 29 December 2017 of Chongqing Iron & Steel Company Limited (the “**Company**” or “**Chongqing Iron & Steel**”).

Pursuant to the requirements under the Regulatory Guideline No. 4 for Listed Companies – Undertaking and Fulfillment by De Facto Controllers, Shareholders, Related Parties and Buyers of Listed Companies as well as Listed Companies (China Securities Regulatory Commission Announcement [2013] No. 55, hereinafter referred to as the “**Regulatory Guideline No. 4 for Listed Companies**”) issued by China Securities Regulatory Commission, Siyuanhe (Shanghai) Steel Industry Equity Investment Fund Center (LP) (“**Siyuanhe Fund**”), the indirect controlling shareholder of the Company, and Siyuanhe Equity Investment Management Co., Ltd. (“**Siyuanhe Investment**”), the de facto controller, submitted the Application for Changes of Undertakings and applied for changing particular undertakings made by them.

## I. DETAILS ABOUT CHANGES OF UNDERTAKINGS ARE AS FOLLOWS:

### (I) Original undertakings and their performance

On 3 July 2017, the First Intermediate People’s Court of Chongqing (the “**FIPCC**”) accepted of the application by a creditor for the reorganisation of the Company. On 1 November 2017, Chongqing Changshou Iron & Steel Company Limited (重慶長壽鋼鐵有限公司) (“**Changshou Iron & Steel**”), which is jointly invested and established by Siyuanhe Fund and Chongqing Strategic Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (重慶戰略性新興產業股權投資基金合夥企業(有限合夥)), as the restructuring party, and the administrator entered into the Framework Agreement for the Investments in Chongqing Iron & Steel Company Limited by the Administrator of Chongqing Iron & Steel Company Limited and Chongqing Changshou Iron & Steel Company Limited (《重慶鋼鐵股份有限公司管理人與重慶長壽鋼鐵有限公司關於對重慶鋼鐵股份有限公司投資之框架協議》) (the “**Framework Agreement**”) to participate in the reorganisation of the Company as an investor. On 20 November 2017, the FIPCC ruled on the approval of the Reorganisation Plan of Chongqing Iron & Steel Company Limited (the “**Reorganisation Plan**”). Upon completion of the reorganisation of the Company, Changshou Iron & Steel held 2,096,981,600 A shares in the Company, representing 23.51% of the total share capital of the Company, and thus became the controlling shareholder of the Company. Siyuanhe Fund holds 75% equity interests of Changshou Iron & Steel and is the indirect controlling shareholder of the Company. Siyuanhe Investment is a general partner of Siyuanhe Fund and is the de facto controller of the Company.

According to the Framework Agreement and the Reorganisation Plan, Siyuanhe Fund and Siyuanhe Investment made the following undertakings:

Siyuanhe Fund undertook that: “In five years after the date of completion of the implementation of the bankruptcy reorganisation plan of Chongqing Iron & Steel, the controlling interests held by the company in Changshou Iron & Steel will not be lost by transfer, capital increase or other means, except when the company transfers such controlling interests to China Baowu Steel Group Corporation Limited or its controlling subsidiaries.”

Siyuanhe Investment undertook that: “In five years after the date of completion of the implementation of the bankruptcy reorganisation plan of Chongqing Iron & Steel, the company will procure Siyuanhe Fund not to lose the controlling interests in Changshou Iron & Steel by transfer, capital increase or other means, except when Siyuanhe Fund transfers such controlling interests to China Baowu Steel Group Corporation Limited or its controlling subsidiaries.”

So far, Siyuanhe Fund and Siyuanhe Investment have strictly performed the above undertakings. Siyuanhe Fund holds 75% equity interests of Changshou Iron & Steel and is the controlling shareholder of Changshou Iron & Steel.

## (II) Changes of undertakings

On 27 April 2018, the People’s Bank of China, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission and the State Administration of Foreign Exchange jointly issued the Guideline on Regulating Asset Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) (Yin Fa [2018] No. 106) (the “**New Regulation on Asset Management**”). According to Clause 22 of the New Regulation on Asset Management, asset management products may reinvest in other asset management products provided that the asset management products invested shall not reinvest in other asset management products other than public securities investment funds. Currently, Siyuanhe Fund no longer meets the foregoing requirement of the newly issued New Regulation on Asset Management. Pursuant to the New Regulation on Asset Management, disqualified products shall be rectified within a prescribed period. As a result, Siyuanhe Fund is required to complete relevant rectification as soon as possible based on the requirements of the New Regulation on Asset Management. To ensure the completion of rectification by Siyuanhe Fund in compliance with laws and avoid possible adverse effects on Changshou Iron & Steel or the Company arising therefrom, Siyuanhe Fund proposes to transfer all of its equity interests in Changshou Iron & Steel to other entities controlled by Siyuanhe Investment as soon as possible. The shareholding and governance structure with Changshou Iron & Steel as the controlling shareholder of Chongqing Iron & Steel and Siyuanhe Investment as the de facto controller of Chongqing Iron & Steel will remain unchanged.

In light of the above actual conditions and based on the provisions of the Regulatory Guideline No. 4 for Listed Companies, Siyuanhe Fund and Siyuanhe Investment propose to make the following changes to their foregoing undertakings and submit them to the general meeting for approval subject to the approval by the board of directors of Chongqing Iron & Steel.

Siyuanhe Fund's undertakings will be adjusted as follows: "In five years after the date of completion of the implementation of the bankruptcy reorganisation plan of Chongqing Iron & Steel, the controlling interests held by the company in Changshou Iron & Steel will not be lost by transfer, capital increase or other means, except the following circumstances: (I) when the company transfers such controlling interests to China Baowu Steel Group Corporation Limited or its controlling subsidiaries; and (II) when the company transfers equity interests in Changshou Iron & Steel to other entities controlled by Siyuanhe Equity Investment Management Co., Ltd. on the premise that the Siyuanhe Equity Investment Management Co., Ltd.'s controlling interests in Changshou Iron & Steel are maintained." In order to guarantee Siyuanhe Investment's controlling interests in Changshou Iron & Steel and on the basis of the adjustments to the contents of the foregoing undertakings, Siyuanhe Fund additionally undertakes that: "On the premise that Siyuanhe Equity Investment Management Co., Ltd.'s controlling interests in Changshou Iron & Steel are maintained, when the company transfers equity interests in Changshou Iron & Steel to other entities controlled by Siyuanhe Equity Investment Management Co., Ltd., the company undertakes that the transferees will make undertakings with the same contents as this letter of undertaking".

Siyuanhe Investment undertakes that: "In five years after the date of completion of the implementation of the bankruptcy reorganisation plan of Chongqing Iron & Steel, the company will procure Siyuanhe Fund not to lose the controlling interests in Changshou Iron & Steel by transfer, capital increase or other means, except the following circumstances: (I) when Siyuanhe Fund transfers such controlling interests to China Baowu Steel Group Corporation Limited or its controlling subsidiaries; and (II) when the company transfers equity interests in Changshou Iron & Steel to other entities controlled by the Company on the premise that the Company's controlling interests in Changshou Iron & Steel are maintained." In order to guarantee Siyuanhe Investment's controlling interests in Changshou Iron & Steel and on the basis of the adjustments to the contents of the foregoing undertakings, Siyuanhe Investment additionally undertakes that: "On the premise that the Company's controlling interests in Changshou Iron & Steel are maintained, when Siyuanhe Fund transfers the interests in Changshou Iron & Steel to other entities controlled by the Company, the Company undertakes that the transferees will make undertakings with the same contents as the undertakings made by Siyuanhe Fund on maintaining the controlling interests in Changshou Iron & Steel and will procure the transferees to perform the undertakings made thereon".

## **II. PROCEDURES TO BE PERFORMED FOR THE CHANGES OF UNDERTAKINGS:**

Pursuant to the Regulatory Guideline No. 4 for Listed Companies and relevant laws and regulations, the changes of undertakings by the indirect controlling shareholder and the de facto controller of Chongqing Iron & Steel have been submitted for consideration and approved at the fourth meeting of the eighth session of the board of directors and the third meeting of the eighth session of the supervisory committee of the Company. Related directors and related supervisors of the Company have abstained from voting on the resolution and independent directors of the Company have expressed their opinions in compliance with laws. The resolution will be submitted to the second extraordinary general meeting of the Company in 2018 for consideration and approval. Relevant parties and related parties shall abstain from voting on the resolution.

## **III. INDEPENDENT OPINIONS:**

1. Independent opinions expressed by independent directors: After inspection, the plan on the changes of undertakings by the indirect controlling shareholder and the de facto controller met the requirements of the Company Law, the Regulatory Guideline No. 4 for Listed Companies and other relevant laws and regulations and the changes of undertakings cause no damage to the interest of the Company and other investors.

Related directors have abstained from voting on the resolution. The consideration and voting procedures of the board of directors met relevant laws and regulations. Independent directors approved the changes of undertakings by the indirect controlling shareholder and the de facto controller of the Company.

2. After review, the supervisory committee believed that: the changes of undertakings proposed by the indirect controlling shareholder and the de facto controller of the Company met the requirements of the Securities Law, the Company Law, the Regulatory Guideline No. 4 for Listed Companies and other relevant laws and regulations and the changes of undertakings cause no damage to the interest of the Company and other non-related shareholders.

A circular containing, inter alia, the details concerning the changes of undertakings by the indirect controlling shareholder and the de facto controller of the Company and a notice of the extraordinary general meeting will be dispatched to the shareholders in due course.

By order of the Board  
**Chongqing Iron & Steel Company Limited**  
**Yu Hong**  
*Secretary to the Board*

Chongqing, the PRC, 30 October 2018

*As at the date of this announcement, the Directors of the Company are: Mr. Zhou Zhuping (Non-executive Director), Mr. Zheng Jie (Non-executive Director), Mr. Li Yongxiang (Executive Director), Mr. Tu Deling (Executive Director), Mr. Zhang Shuogong (Executive Director), Mr. Xu Yixiang (Independent Non-executive Director), Mr. Xin Qingquan (Independent Non-executive Director), Mr. Wong Chunwa (Independent Non-executive Director) and Mr. Zheng Yuchun (Independent Non-executive Director).*