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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 IN RELATION TO PROVISION FOR ASSET IMPAIRMENT

This announcement is made by the board of directors (the “**Board**”) of Chongqing Iron & Steel Company Limited (the “**Company**”) pursuant to Rule 13.09(2) and Rule 13.10B 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 in the Listing Rules) under Part XIVA of Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

At the 8th meeting of the eighth session of the Board and the 6th meeting of the eighth session of the supervisory committee of the Company held on 28 March 2019, the Proposal on Provision for Asset Impairment was considered and approved, the details of which are as follows:

I. SUMMARY OF THE PROVISION FOR ASSET IMPAIRMENT

In order to better present its assets and financial conditions in a true, accurate and fair manner, the Company prudentially conducted a comprehensive review of its assets as at the end of 2018 in accordance with the relevant requirements of the Accounting Standards for Business Enterprises and its accounting policies. The net realizable value and recoverable amounts in respect of various assets were fully assessed and analyzed, and impairment provision was made for assets that might be subject to impairment losses. The Company, after conducting impairment tests, made a provision of RMB39,480,000 for asset impairment for

the current period, which exceeds 10% of the audited net profit of the Company for the last accounting year. A breakdown of the provision by category is set out as follows:

Unit: RMB'000

Provision for asset impairment	Amount for the current period	Percentage in the audited net profit of 2017 (%)	Amount for the previous period
Bad debt loss	8,752	2.74	-1,516
Inventory write-down loss	30,728	9.61	294,115
Total	39,480	12.35	292,599

II. PARTICULARS OF THE PROVISION FOR ASSET IMPAIRMENT

1. Bad debt provision for accounts receivable

Test results show that bad debt provision of RMB190,722,000 should be made as at the end of 2018. As provision of RMB183,235,000 had been made and other receivables of RMB1,265,000 were written off, an additional provision of RMB8,752,000 was made in the current period.

Unit: RMB'000

Item	Opening balance of impairment provision	Bad debt provision made in the current period that affects the current profit or loss			Amount written off in the current period	Closing balance of impairment provision
		Provision	Reversal	Subtotal		
Accounts receivable	143,500	12,628	3,273	9,355		152,855
Other receivables	39,735	7,293	7,896	-603	1,265	37,867
Subtotal	183,235	19,921	11,169	8,752	1,265	190,722

2. Provision for inventory write-down

Test results show that a provision of RMB331,632,000 should be made for inventory write-down as at the end of 2018. As RMB334,230,000 had been provided for and RMB33,326,000 was written off, an additional provision of RMB30,728,000 was made in the current period.

Unit: RMB'000

Item	Opening balance of impairment provision	Inventory write-down		Amount written off in the current period	Closing balance of impairment provision
		provision made in the current period that affects the current profit or loss			
		Provision	Reversal		
Raw materials	169,466	-	-	32,850	136,616
Goods in process	476	-	-	476	-
Goods in stock	-	4,954	-	-	4,954
Low-value consumables and repair parts	164,288	25,774	-	-	190,062
Subtotal	334,230	30,728	-	33,326	331,632

III. IMPACT OF THE PROVISION FOR ASSET IMPAIRMENT ON THE COMPANY

The provision for asset impairment for the current period amounts to RMB39,480,000, resulting in a decrease of RMB39,480,000 in the net profit attributable to the shareholders of the Company.

In the future, the Company will boost the recovery of receivables and reduce bad debt rate by enhancing the collection of receivables and initiating legal actions; and will strengthen management of spare parts to avoid losses, and accelerate the disposal of useless spare parts.

IV. OPINIONS OF THE BOARD, THE INDEPENDENT DIRECTORS AND THE SUPERVISORY COMMITTEE ON PROVISION FOR ASSET IMPAIRMENT

1. Opinions of the Board

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises and the Company's accounting policies, the provision for asset impairment enables a better presentation of the Company's assets and financial conditions in a true, accurate and fair manner and complies with the accounting principle of prudence.

2. Opinions of independent directors

The independent directors are of the view that the provision for asset impairment complies with the Accounting Standards for Business Enterprises as well as the relevant requirements of the accounting policies of the Company, and complies with the accounting principle of prudence; the provision was made on the basis of sufficient supporting information, and would enable a better presentation of the Company's assets and financial conditions in a true, accurate and fair manner; and the decision making procedures for the provision are in compliance with the requirements of relevant laws and regulations and the Articles of Association of the Company, without causing any prejudice to the interests of the Company and its minority shareholders. Therefore, the independent directors agree with the provision for asset impairment.

3. Opinions of the supervisory committee

The supervisory committee is of the view that the provision for asset impairment complies with the Accounting Standards for Business Enterprises, the relevant requirement in the accounting policies of the Company as well as the actual situations of the Company, and would enable a better presentation of the Company's assets and financial conditions in a fair and objective manner; and the decision making procedures of the Board in respect of the provision are in compliance with the requirements of relevant laws and regulations and the Articles of Association of the Company. Therefore, the supervisory committee agrees with the provision for assets impairment.

By order of the Board
Chongqing Iron & Steel Company Limited
Meng Xiangyun
Secretary to the Board

Chongqing, the PRC, 29 March 2019

As at the date of this announcement, the Directors of the Company are: Mr. Zhou Zhuping (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) and Mr. Wong Chunwa (Independent Non-executive Director).