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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 WRITE-OFF OF RECEIVABLES OF THE COMPANY

At the 16th meeting of the eighth session of the board of directors of Chongqing Iron & Steel Company Limited (the “Company”) held on 27 December 2019, the resolution in relation to the write-off of receivables of the Company was considered and approved, and relevant particulars are hereby disclosed as follows:

(I) GENERAL INFORMATION ON THE WRITE-OFF OF RECEIVABLES

In order to further strengthen the management of the Company’s assets and give a fair reflection of the Company’s financial status, the Company, pursuant to the provisions of the Accounting Standards for Business Enterprises and relevant administrative measures of the Company, sorted out non-recoverable trade receivables charged to the book for a long period due to long-term uncollectible accounts, deregistration or revocation of the debtor, inability to find relevant information and contact the debtor and other reasons, and wrote off the same. Provision for bad debts has been made in full for the written-off receivables of RMB185.42 million. Particulars are as follows:

1. Trade receivables: due from 322 debtors, totalling RMB152.27 million.

Category	Amount (RMB’0,000)	Impairment	Note
Deregistration or revocation	1,961	Full provision for impairment	A total of 40 debtors under the corporate status of deregistration or being revoked

Category	Amount (RMB'0,000)	Impairment	Note
No information available on the National Enterprise Credit Information Publicity System	10,081	Full provision for impairment	A total of 226 debtors who have debts overdue for more than 10 years and cannot be reached
Others	3,185	Full provision for impairment	A total of 56 debtors who have debts overdue for more than 10 years and cannot be reached

2. Other receivables: including 16 items, totalling RMB33.15 million.

Category	Amount (RMB'0,000)	Impairment	Note
Litigations	2,086	Full provision for impairment	A total of 4 items, the litigations ended up in favor of the Company and were brought to the execution phase, but there were barely enforceable properties.
Others	1,229	Full provision for impairment	A total of 12 items, the debts have been overdue for over 10 years and attempts to contact the debtors were in vain.

3. List of major written-off receivables

No.	Company name	Amount (RMB'0,000)	Cause	Aging	Impairment
1	Chongqing Iron & Steel Group Southwestern Sales Company (重鋼集團公司西南銷售公司)	1,369	Business transactions	Over 3 years	Full provision
2	Chongqing Iron & Steel Group Industrial Company Limited (重慶鋼鐵集團產業有限公司)	1,095	Business transactions	Over 3 years	Full provision

No.	Company name	Amount (RMB'0,000)	Cause	Aging	Impairment
3	Chongqing Iron & Steel Industry and Trade (ZhanJiang) Company (湛江重鋼工貿公司)	1,024	Business transactions	Over 3 years	Full provision
4	Changzhou Chunzhixin Metal Material Co., Ltd. (常州市春之鑫金屬材料有限公司)	722	Business transactions	Over 3 years	Full provision
5	Jinxi Chemical Machinery Works (錦西化工機械廠)	714	Business transactions	Over 3 years	Full provision
6	Guanghan Hi-tech Industry and Trade Materials Corporation (廣漢高新工貿物資總公司)	699	Business transactions	Over 3 years	Full provision
7	Chongqing Runjiang Green Construction Materials Company Limited (重慶潤江環保建材有限公司)	694	Business transactions	Over 3 years	Full provision
8	Chongqing Special Steel Company Limited (重慶特殊鋼股份有限公司)	624	Business transactions	Over 3 years	Full provision
9	CIS Chengdu Supply and Marketing Department (重鋼成都供銷經營部)	600	Business transactions	Over 3 years	Full provision
10	Guanghan Gangdu Industry and Trade Corporation (廣漢鋼都工貿總公司)	559	Business transactions	Over 3 years	Full provision
11	Jiangsu Hetuo International Trade Co., Ltd. (江蘇和拓國際貿易有限公司)	559	Business transactions	Over 3 years	Full provision
12	Kunming Chonggang Industry and Trade Company Limited (昆明重鋼工貿公司)	458	Business transactions	Over 3 years	Full provision
13	Fushun Machinery Factory (撫順機械廠)	442	Business transactions	Over 3 years	Full provision
14	Zigong Carbon Plant (自貢碳黑廠)	439	Business transactions	Over 3 years	Full provision
15	Shanghai Yuegui Minerals Company Limited (上海越桂礦產品有限公司)	413	Business transactions	Over 3 years	Full provision

No.	Company name	Amount (RMB'0,000)	Cause	Aging	Impairment
16	Shanghai Gutai Metallic Materials Company Limited (上海谷泰金屬材料有限公司)	392	Business transactions	Over 3 years	Full provision
17	Power Plant (動力廠)	375	Business transactions	Over 3 years	Full provision
18	Chongqing International Cultural Undertakings Corporation (重慶國際文化事業總公司)	365	Business transactions	Over 3 years	Full provision
19	Nanning Chonggang Industry and Trade Company Limited (南寧重鋼工業貿易公司)	317	Business transactions	Over 3 years	Full provision
20	Chonggang Zhanjiang Industry and Trade Company Limited Xingda operation branch (重鋼湛江工貿公司興達經營部)	278	Business transactions	Over 3 years	Full provision
21	Chongqing Iron & Steel Group Yingsite Mould Company Limited (重慶鋼鐵集團英斯特模具有限公司)	276	Business transactions	Over 3 years	Full provision
22	Zigong High Pressure Vessel Plant (自貢高壓容器廠)	256	Business transactions	Over 3 years	Full provision
23	CPPCC of Anyang, Henan (河南安陽市政協)	204	Business transactions	Over 3 years	Full provision
24	Fuling Shengda Construction Materials Company Limited (涪陵盛達建材有限公司)	188	Business transactions	Over 3 years	Full provision
25	Huachuan (Sichuan) Materials Development Company Limited (華川(四川)物資開發公司)	183	Business transactions	Over 3 years	Full provision
26	Sichuan Neijiang Coal Plant (四川省內江煤機廠)	182	Business transactions	Over 3 years	Full provision
27	Chonggang Three Gorges Development Company Limited (重鋼三峽發展公司)	181	Business transactions	Over 3 years	Full provision

No.	Company name	Amount (RMB'0,000)	Cause	Aging	Impairment
28	China Communications Materials Southwest Company (中國交通物資 西南公司)	169	Business transactions	Over 3 years	Full provision
29	Jiangsu Kunshan Production Materials Company (江蘇 昆山生產資料公司)	168	Business transactions	Over 3 years	Full provision
30	Sichuan Construction Materials Factory (四川省 建材機械廠)	158	Business transactions	Over 3 years	Full provision
Total	/	14,103	/	/	/

(II) BASIS OF THE WRITE-OFF OF RECEIVABLES

Pursuant to the relevant provisions of the Accounting Standards for Business Enterprises and Measures of Chongqing Iron & Steel Company Limited for Management of Asset Impairment, where any receivables are sure to be uncollectible and non-recoverable due to deregistration or bankruptcy of the debtors or other reasons, and have been overdue for over 3 years, such receivables shall be recognized as losses on bad debts and be written down from the provision for bad debts already made.

(III) IMPACT OF THE WRITE-OFF OF RECEIVABLES ON THE COMPANY

As impairment provision has been made in full for the abovementioned receivables written-off in a total amount of RMB185.42 million, no impact will be brought to the current profits and losses of the Company. The write-off is in line with the actualities of the Company and the requirements of the accounting policies, and has no bearing on the related parties of the Company. In addition, after the write-off, the Company has kept the breakdown of all receivables written-off this time on file for future reference and will reserve its right of recourse. In view of the foregoing, the write-off will not prejudice the interests of the Company and the shareholders as a whole.

(IV) INDEPENDENT OPINION OF INDEPENDENT DIRECTORS ON THE WRITE-OFF OF RECEIVABLES OF THE COMPANY

1. The write-off of receivables is conducted by the Company based on the accounting principle of prudence, and complies with the Accounting Standards for Business Enterprises and relevant accounting treatment requirements of the Company.

2. The write-off is well founded, reflects the financial status and operating results of the Company in a fair manner, has no bearing on related parties, and will not prejudice the interests of the Company and the shareholders as a whole.
3. The decision-making procedures in regard to the write-off of receivables of the Company are in compliance with relevant laws and regulations as well as the requirements of regulatory documents.
4. The independent directors agree on the Company's write-off of receivables.

(V) OPINION OF THE SUPERVISORY COMMITTEE ON THE COMPANY'S WRITE-OFF OF RECEIVABLES

The write-off of receivables of the Company complies with the Accounting Standards for Business Enterprises and the requirements of the relevant regulations of the Company; the write-off is in line with the actualities of the Company, reflects the financial status and operating results of the Company in a fair manner, and has no bearing on related parties; the decision-making procedures in regard to the write-off are in compliance with relevant laws and regulations and the Articles of Association without prejudice to the interests of the Company and the shareholders as a whole.

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

Chongqing, the PRC, 28 December 2019

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