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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)

VOLUNTARY ANNOUNCEMENT **SUPPLEMENTAL AGREEMENT ON MATERIAL PROCESSING**

Reference is made to the announcement of the Company dated 19 April 2016 (the “**Announcement**”) regarding the entering into the Material Processing Agreement between the Company and Panhua on 18 April 2016. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

On 18 April 2016, the Company entered into the Material Processing Agreement (the “**Original Agreement**”) with Panhua and carried out cooperation on material processing. The proactive efforts of both parties have given rise to certain achievements. Nevertheless, certain terms under the Original Agreement were hard to be fulfilled due to various factors including significant changes in the market, uncontrollable material transportation and difficulty in standardizing indicators including consumption. As such, upon friendly negotiation, the Company entered into the Supplemental Agreement on Material Processing with Panhua on 31 December 2016, pursuant to which both parties unanimously agreed to terminate the Original Agreement on 31 December 2016 and to proceed with the follow-up matters arising from the termination of the Original Agreement through negotiation on a fair, reasonable and reciprocal basis. Both parties agreed to maintain a long-term strategic cooperation relationship.

The Company opines that the entering into of the abovementioned Supplemental Agreement on Material Processing with Panhua will be beneficial to the Company for its full utilization of assets, stabilization of basic scale of production and sales and reduction of relevant costs. The board of directors of the Company is of the view that the termination of the Original Agreement will have no material adverse impact on the overall performance of the existing business and financial position of the Company. Investors are advised to be aware of the investment risks.

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

Chongqing, the PRC, 4 January 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).