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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)

### **SUPPLEMENTAL ANNOUNCEMENT ON THE ENTERING INTO OF THE PURCHASE AND SALE COOPERATION FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 4 January 2017 regarding the entering into of the Purchase and Sale Cooperation Framework Agreement between the Company and Qianxin Company on 30 December 2016 (the “**Announcement**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company entered into the Purchase and Sale Cooperation Framework Agreement with Qianxin Company on 30 December 2016, the basic information of which was disclosed by the Company on 4 January 2017. The major contents of the agreement are further disclosed as follows:

#### **1. MODE OF COOPERATION**

Both parties agreed to cooperate in respect of the purchase of major materials and the sale of steel products required for the production of the Company in the mode of purchase-and-sale.

#### **2. MECHANISM OF COOPERATION**

In performance of the agreement, both parties shall assign personnel to establish a long-term working mechanism for the completion of raw materials plans, product purchase orders, product sales confirmation, advances confirmation, settlements and other work in a regular and timely manner, so as to optimise the processes of supply, production and sale and guarantee the smooth purchase, production and sale of raw materials of both parties.

### **3. SUPPLY OF GOODS AND RAW MATERIALS**

- 1) The Company shall, in accordance with the market demand for products, be responsible for confirming the procurement plans on a quarterly/monthly basis, specifying the types, quantities and quality requirements of the goods and raw materials, such as coals, ores, furnace refractories (including alloys, scrap steel, endurable materials, accessories and others), equipment (spare parts).
- 2) Qianxin Company shall, in accordance with the procurement plans of the Company, deliver the goods and raw materials required by the Company to the designated places of the Company.
- 3) The prices of the goods supplied by Qianxin Company shall be reported to and approved by the Company in advance, and the settlement prices shall be confirmed in accordance with market pricing principle after negotiations.

### **4. SALE OF STEEL PRODUCTS**

- 1) The Company agreed that, during the cooperation period, Qianxin Company shall have the priority to be supplied with steel products by the Company under same conditions.
  - 2) Qianxin Company shall provide the Company with the order plan of the following month concerning the types and quantities of steel products required on a monthly basis, and, upon the acceptance by the Company, enter into a contract with the Company and arrange production accordingly.
  - 3) The prices for the steel products sold by the Company to Qianxin Company shall be determined through negotiations based on the market pricing principles with reference to the prevailing prices of similar products in Chongqing.
5. This agreement serves only as the basis for further specific cooperation between both parties, and the specific matters in respect of the cooperation between both parties are subject to the formal cooperation agreement to be entered into by both parties.
6. The term of cooperation is tentatively scheduled for three years from 1 January 2017 to 31 December 2019.

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

Chongqing, the PRC, 5 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).*