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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)

CLARIFICATION ANNOUNCEMENT **NEW SERVICE AND SUPPLY AGREEMENT**

Reference is made to the announcement dated 14 January 2017 in relation to the New Service and Supply Agreement (the “**Announcement**”) of Chongqing Iron & Steel Company Limited (the “**Company**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcement.

Upon audit of the historical data under the Original Service and Supply Agreement for 2014 to 2016 and that under the Electronic Information and Automobile Transportation Service and Supply Agreement for 2015 to 2016, the Company makes the following clarifications and corrections:

The historical transaction figures of the total amount paid by the Group to Chonggang Holding Group under the Original Service and Supply Agreement are as follows (please refer to the underlined figures):

	Year ended 31/12/2014		Year ended 31/12/2015		Year ended 31/12/2016	
	<i>RMB million</i>		<i>RMB million</i>		<i>RMB million</i>	
	Historical transaction figures		Historical transaction figures		Historical transaction figures	
	Annual cap (approximately)		Annual cap (approximately)		Annual cap (approximately)	
Chonggang Holding Group's production and raw materials caps (production and raw materials such as pig iron, iron ore, ferroalloys, coal, scrap steel, refractory materials, ancillary products (including dolomite and limestone etc.), electricity, water, oxygen, equipment and spare parts)	11,201.90	4,769.16	15,325.60	2,807.08	17,738.00	<u>1,142.86</u>
Chonggang Holding Group's services caps (water and road transportation and technical services (including construction, design and supervision and labour services etc.))	1,092.20	496.97	1,198.70	311.71	1,291.00	<u>183.25</u>
Chonggang Holding Group's lease caps (lease of Chonggang Holding Group's factory premises)	4.00	0.35	2.00	0.57	2.00	<u>0.58</u>
Welfare caps	126.40	34.51	132.70	43.29	139.30	<u>81.02</u>

The historical transaction figures of the total amount paid by Chonggang Holding Group to the Group under the Original Service and Supply Agreement are as follows (please refer to the underlined figures):

	Year ended 31/12/2014		Year ended 31/12/2015		Year ended 31/12/2016	
	<i>RMB million</i>		<i>RMB million</i>		<i>RMB million</i>	
	Historical transaction figures		Historical transaction figures		Historical transaction figures	
	Annual cap (approximately)		Annual cap (approximately)		Annual cap (approximately)	
Group's production materials caps (including water, electricity and natural gas used in the Chonggang Holding Group's production process, steel products (such as rolled steel, steel billets etc.) and ancillary products (cement, hardware, and timber etc.))	1,367.60	435.86	1,715.40	468.89	2,376.90	<u>447.43</u>
Group's lease caps (lease of the Group's factory premises)	3.00	0.94	3.00	0.85	3.00	<u>0.87</u>

The historical figures of the total amount paid by the Company to Chongqing Holding Group under the Electronic Information and Automobile Transportation Service and Supply Agreement are as follows (please refer to the underlined figures):

	Year ended 31/12/2015		Year ended 31/12/2016	
	<i>RMB million</i>		<i>RMB million</i>	
		Historical transaction figures		Historical transaction figures
	Annual cap (approximately)	Annual cap (approximately)	Annual cap (approximately)	Annual cap (approximately)
Electronic information service	145.00	108.49	145.00	93.79
Automobile Transportation Service	115.00	79.98	115.00	<u>59.84</u>

Save as disclosed above, the Board confirms that all information in the Announcement remains unchanged.

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

Chongqing, the PRC, 20 April 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).