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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 **POSITIVE PROFIT ALERT**

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

I. PROJECTED RESULTS FOR THE PERIOD

1. Projected period

From 1 January 2012 to 31 December 2012

2. Projected results

Based on a preliminary estimate by the finance department of the Company, the Company is expected to record turnaround in annual operating results in 2012 as compared with the same period last year, with a profit of approximately RMB100,000,000.

3. The projected results were not audited by certified public accountants.

II. RESULTS FOR THE CORRESPONDING PERIOD IN 2011

1. Net profit attributable to the Company's shareholders for 2011 was RMB-1,471,082,000.
2. Earnings per share of the Company for 2011: RMB-0.849.

III. MAJOR REASONS OF THE PROJECTED PROFITS FOR THE PERIOD

Affected by macroeconomic situation, deterioration of the operation environment in the iron and steel industry and continued slump of the market of steel products, the selling prices of the Company's products fell substantially in 2012. At the same time, liabilities increased and finance costs rose sharply due to the Company's environmental relocation. Operating costs were also higher as the new district has not yet fully fulfilled production targets and effectiveness after relocation. In this respect, the Company proactively adopted various measures such as reducing consumption and costs, adjusting the product mix and disposing non-core assets. Together with the government subsidy of RMB2 billion received by the Company for its environmental relocation (as set out in the Company's announcements dated 19 December 2012, 21 December 2012 and 27 December 2012 respectively), the Company expects to record profits for the year of 2012.

IV. OTHER MATTERS

The above projected data are only preliminarily verified. Specific and accurate financial data should be referred to the audited Annual Report 2012 officially disclosed by the Company.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Chongqing, the PRC, 28 January 2013

As at the date of this announcement, the Directors of the Company are: Mr. Deng Qiang (Non-executive Director), Mr. Yuan Jin Fu (Non-executive Director), Mr. Xia Tong (Executive Director), Mr. Chen Hong (Executive Director), Mr. Sun Yi Jie (Executive Director), Mr. Li Ren Sheng (Executive Director), Mr. Zhang Guo Lin (Independent Non-executive Director), Mr. Liu Tian Ni (Independent Non-executive Director) and Mr. Ran Mao Sheng (Independent Non-executive Director).