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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

COOPERATION AGREEMENT FOR COOL-ROLLING AND GALVANIZING JOINT VENTURE PROJECT WITH POSCO

On 6 August 2015, the Company and POSCO entered into the Cooperation Agreement in relation to the joint development of the Cool-Rolling Project and Galvanizing Project in Chongqing, PRC.

PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

Date: 6 August 2015

Parties: (1) the Company
(2) POSCO

To the best knowledge of the Directors after making all reasonable enquiries, POSCO is an Independent Third Party.

1. Productivity

Major equipment: pickling cool-rolled machine (PCM) (酸軋機組), continuous annealing line (CAL) (連續退火線), cool-rolled galvanized line (CGL) (熱鍍鋅機組), pickling and oiling line (POL) (酸洗塗油機組) and corresponding public supporting facilities and auxiliary equipment

Type of products: advanced cool-rolled and galvanized steel plates for automobiles and home appliances

Scale of production: 2.4 million ton/year

2. Total amount of investment

The tentative total investment amount for the Cool-Rolling Project and Galvanizing Project amounts to approximately RMB6.2 billion.

3. Shareholding proportion

For the cool-rolling joint venture company, the Company will be the controlling shareholder and has the right of operation, where POSCO will contribute 10–25% of the investment amount.

For the galvanizing joint venture company, POSCO will be the controlling shareholder and has the right of operation under the principle that POSCO will contribute 51% of the investment amount, and the Company will contribute 49% of the investment amount.

4. Method of contribution

The Company will contribute by utilizing its own land use rights to the cool-rolling or galvanizing joint venture company and the remaining part will be contributed by cash in RMB. POSCO will contribute in RMB or equivalent amount of US dollar to the investment.

INFORMATION OF THE COMPANY AND POSCO

The Company is principally engaged in the manufacture and sale of steel products such as medium-gauge steel plates, steel sections and wire rods.

POSCO was established on 1 April 1968 under the laws of the Republic of Korea with the registered capital of KRW482,403,125,000 and its business scope includes:

- (1) production and sales of puddling, steelmaking and rolling steel material
- (2) harbor loading and unloading, transportation and storage
- (3) gas project, power generating project and resources exploitation project in urban areas
- (4) leasing in the real estate industry and circulation industry
- (5) regional heating project
- (6) domestic and international shipping, processing and sales of minerals

- (7) education services and other related services
- (8) manufacturing, processing and sales of non-ferrous metals
- (9) ancillary projects directly or indirectly related to the aforesaid projects

IMPACTS OF THE COOPERATION AGREEMENT

The implementation of the Cooperation Agreement entered into between the Company and POSCO will be beneficial to the Company to leverage its market advantage and its advantage of the technical quality of the advanced-processing for steel materials by the joint venture company to cater for the large demands for production materials in automobiles and other industries particularly in Chongqing and its surrounding regions. It will have significant and profound influence on the adjustment and optimization of product structure for the profitability improvement of the Company.

APPROVAL PROCEDURES

The execution of the Cooperation Agreement has been considered and approved by the eleventh written resolution of the seventh session of the Board of the Company.

The Cooperation Agreement was entered into as a cooperation framework agreement, the terms of which are subject to the approval by the relevant authorities of both parties. For the term which has not been confirmed prior to obtaining the approval and when a specific project is involved, depending on the project amount, the term will be submitted to the management, the Board and the Shareholders' general meeting of the Company for consideration.

The cooperation framework agreement is not the final version and is subject to both parties' approval and especially from the council board of POSCO. There is uncertainty regarding the specific implementation of the content and progress and both parties have to further discuss, implement and obtain approval from the relevant authorities.

GENERAL

Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules and other applicable rules.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Chongqing Iron & Steel Company Limited, a company incorporated in PRC with limited liability and the shares of which are listed on the Stock Exchange
“Cool-Rolling Project”	the cool-rolling joint venture project between the Company and POSCO
“Cooperation Agreement”	Cooperation agreement for cool-rolling and galvanizing joint venture project entered into between the Company and POSCO on 6 August 2015
“Director(s)”	the director(s) of the Company
“Galvanizing Project”	Galvanizing joint venture project between the Company and POSCO
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person who himself/herself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons
“KRW”	South Korean Won, the lawful currency of South Korea
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“POSCO”	POSCO was established on 1 April 1968 under the laws of the Republic of Korea
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US dollars”	the lawful currency of the United States of America
“%”	per cent

The board of directors of
Chongqing Iron & Steel Company Limited

10 August 2015

As at the date of this announcement, the Directors of the Company are: Mr. Zhou Hong (Non-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).