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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 ON RECEIPT OF RELOCATION REWARD**

On 19 December 2014, Chongqing Iron & Steel Company Limited (the “**Company**”) entered into the Relocation Reward Agreement (《搬遷獎勵協議》) with Chongqing Yufu Assets Management (Group) Co. Ltd.\* (重慶渝富資產經營管理集團有限公司) (“**Yufu Group**”) and Chongqing Iron & Steel Group Company Limited (重慶鋼鐵(集團)有限責任公司)(“**Chonggang Holding**”). The amount of RMB800 million shall be paid by Yufu Group to the designated bank account of the Company by one-off payment as the reward to the Company for its initiative cooperation in relocation and earlier completion of relocating the target within 2 days after the execution of the Relocation Reward Agreement.

The Company’s original steel production facilities were located on leased land in Dadukou District in Chongqing City from Chonggang Holding, the controlling shareholder of the Company.

The CI&S Assets Acquisition Agreement (No. YFDC (2007)-01) (《重鋼資產收購協議書》) was entered into by Chonggang Holding and Yufu Group in May 2007, pursuant to which both parties reached an agreement on the acquisition of the land use right of the land for production and operation purposes with an area of 7,446.22 mu located in Dadukou District and Jiulongpo District of Chongqing City by Yufu Group from Chonggang Holding. Part of the land acquired by Yufu Group as its land reserve (the “Acquisition and Reservation of Land”) was previously leased by Chonggang Holding to the Company.

In light of the importance of the Acquisition and Reservation of Land in the strategic planning, Yufu Group has an urgent demand for the Acquisition and Reservation of Land in a timely manner that upon numerous negotiations with Chonggang Holding, it would like the Company to complete the relocation as quickly as possible with the verbal promise of reward payment. In order to facilitate the Acquisition and Reservation of Land by Yufu Group, the Company proactively conducted the relocation by overcoming many difficulties such as staff settlement, productivity and efficiency achievement in the new district and the simultaneous safe dismantlement of the assets in the old district, etc., and promptly removing relevant production facilities erected on the leased land, which created favourable conditions for the Acquisition and Reservation of Land by Yufu Group in a timely manner.

## **PRINCIPAL TERMS OF RELOCATION REWARD AGREEMENT**

### **Date:**

19 December 2014

### **Parties:**

- (i) The Company
- (ii) Yufu Group
- (iii) Chonggang Holding

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

The main scope of business of Yufu Group is the acquisition and disposal of assets and relevant property investment, investment advisory, financial consultancy, consultancy and agency for corporate reorganizations and mergers, custody of enterprises and assets (businesses requiring pre-requisite approval under the laws and regulations of the country shall not be conducted before such approval is obtained) under the authority of the municipal government. To the best knowledge, information and belief of the Company's directors, after making all reasonable enquiries, Yufu Group and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Chonggang Holding, together with its subsidiaries, are engaged in a wide variety of businesses, including the production of iron and steel products, refractory materials, equipments and spare parts, mining, infrastructure and building maintenance, equipment installation and maintenance, automotive transportation, industrial design and technology consultancy services relating to the iron and steel industry, import and export agency and trading of steel materials and electronic machinery products.

**Reward Amount:**

With unanimous consent through negotiations, Yufu Group shall pay RMB800 million to the Company.

**Payment Method:**

After the execution of the Relocation Reward Agreement, Yufu Group shall pay the Company within 2 days by one-off payment.

**Effectiveness of the Agreement:**

The Relocation Reward Agreement shall come into effect upon being signed and sealed by the three parties.

The payment had been transferred to the Company's account on 19 December 2014. The receipt of such reward payment has positive influence on the results of the Company in 2014. The specific accounting treatment, however, shall be subject to the confirmation by auditors after audit. Investors are advised to pay attention to investment risks.

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

Chongqing, the PRC, 20 December 2014

*As at the date of this announcement, the Directors of the Company are: Mr. Zhu Jian Pai (Non-executive Director), 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. Liu Tian Ni (Independent Non-executive Director) and Mr. Xin Qing Quan (Independent Non-executive Director).*