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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)

### **DISCLOSABLE TRANSACTION** **THE COLD-ROLLED PLATE AND AUTOMOTIVE PLATE** **JOINT VENTURE AGREEMENTS**

Reference is made to the announcement of the Company dated 10 August 2015 in relation to the Cooperation Agreement for the joint development of the Cold-rolling Project and Galvanizing Project between the Company and POSCO.

On 6 April 2016, the Company entered into the separate Cold-Rolled Plate Joint Venture Agreement and the Automobile Plate Joint Venture Agreement with POSCO, setting forth the terms and conditions under which a joint venture is jointly invested and established by the parties in Chongqing, the PRC.

As the applicable percentage ratios (within the meaning of the Listing Rules) exceed 5% but are lower than 25%, the transactions contemplated under the Cold-Rolled Plate and Automotive Plate Joint Venture Agreements constitute disclosable transactions, which shall be subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules but are exempted from the Shareholders' approval requirement thereunder.

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 10 August 2015 in relation to the Cooperation Agreement for the joint development of the Cold-rolling Project and Galvanizing Project between the Company and POSCO.

On 6 April 2016, the Company entered into the separate Cold-Rolled Plate Joint Venture Agreement and the Automobile Plate Joint Venture Agreement with POSCO, setting forth the terms and conditions under which a joint venture is jointly invested and established by the parties in Chongqing, the PRC.

# **PRINCIPAL TERMS OF COLD-ROLLED PLATE JOINT VENTURE AGREEMENT**

Date: 6 April 2016

Parties: (1) The Company

(2) POSCO

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

## **1. Scope of business of the joint venture**

The scope of business of the joint venture is the production and sale of iron and steel products and their by-products and research and development and services of various kinds of manufacturing technologies of iron and steel (the specific scope of business shall be the scope of business approved by the administration for industry and commerce).

## **2. Total amount of investment**

The total amount of investment at the time of the establishment of the joint venture shall be RMB1,900.00 million, and shall be increased to RMB3,675.68 million by way of resolutions approved by the board of directors of the joint venture upon the establishment; after the completion and implementation of injection of the aforesaid total amount of investment, the total amount of investment may be increased to RMB3,893.13 million upon mutual agreement of the parties.

## **3. Registered capital and proportion of capital contribution**

At the time of the establishment of the joint venture, the registered capital subscribed for by the Company and POSCO shall be RMB1,470.27 million, of which the total registered capital subscribed for by the Company shall be RMB1,323.243 million, representing 90% of the equity interests of the joint venture, whilst the registered capital subscribed for by POSCO shall be RMB147.027 million, representing 10% of the equity interests of the joint venture. When the total amount of investment in the joint venture will be increased to RMB3,893.13 million upon mutual agreement, they shall increase the registered capital of the joint venture to RMB86.98 million in the meantime. In particular, the additional capital contribution subscribed for by the Company shall be RMB78.282 million (the subscribed capital contribution of the Company shall as a result increase to RMB1,401.525 million), whilst the additional capital contribution subscribed for by POSCO shall be RMB8.698 million.

#### **4. Ways of contribution**

The Company has proposed to contribute by cash in RMB.

POSCO has proposed to contribute by cash in RMB or the equivalent in USD.

### **PRINCIPAL TERMS OF AUTOMOBILE PLATE JOINT VENTURE AGREEMENT**

Date: 6 April 2016

Parties: (1) The Company

(2) POSCO

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

#### **1. Scope of business of the joint venture**

The scope of business of the joint venture is the production and sale of iron and steel products and their by-products and research and development and services of various kinds of manufacturing technologies of iron and steel (the specific scope of business shall be the scope of business approved by the administration for industry and commerce).

#### **2. Total amount of investment**

Total amount of investment at the time of the establishment of the joint venture is RMB1,330.77 million, and after the completion and implementation of injection of the aforesaid total amount of investment, the total amount of investment may be increased to RMB2,342.14 million upon mutual agreement by the parties.

#### **3. Registered capital and proportion of capital contribution**

At the time of the establishment of the joint venture, the aggregate registered capital subscribed for by the Company and POSCO shall be RMB532.31 million, of which the registered capital subscribed for by the Company shall be RMB260.8319 million, representing 49% of the equity interests of the joint venture; the registered capital subscribed for by POSCO shall be RMB271.4781 million, representing 51% of the equity interests of the joint venture. Should the parties decide to increase the total investment, they shall make an additional contribution of RMB404.55 million to the joint venture in the meantime. In particular, the additional capital contribution subscribed for by the Company shall be RMB198.2295 million (the subscribed registered capital of the Company shall as a result increase to RMB459.0614 million), whilst the additional capital contribution subscribed for by POSCO shall be RMB206.3205 million.

#### **4. Ways of contribution**

The Company has proposed to contribute by cash in RMB.

POSCO has proposed to contribute by cash in RMB or the equivalent in USD.

#### **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) Iron making, steel making, manufacturing and sale of rolled steel
- (2) Loading and unloading at ports, transportation business, warehousing business
- (3) City gas projects, power generating projects and resources exploitation projects
- (4) Real estate leasing industry and circulation industry
- (5) Regional heat supply projects
- (6) Domestic and international shipping, processing and sales of minerals
- (7) Education services and other related services
- (8) Manufacturing, processing and sale of non-ferrous metals
- (9) Ancillary projects directly or indirectly related to the foregoing projects and other businesses

#### **IMPACT OF COLD-ROLLED PLATE AND AUTOMOTIVE PLATE JOINT VENTURE AGREEMENTS**

The Cold-Rolled Plate and Automotive Plate Joint Venture Agreements signed by the Company and POSCO will be beneficial for the Company to focus on certain automobiles industries of short distance in Chongqing and the surrounding area which have greater demand for material usage, leverage market advantages and the quality and strength of techniques for deep processing of steels in the joint venture, thereby creating significant and long-term influence on the Company's adjustment to and optimization of product structure for improving profitability.

## **PROCEDURES OF APPROVAL**

The Cold-Rolled Plate and Automotive Plate Joint Venture Agreements have been considered and approved via written resolutions in the forty-first meeting of the seventh session of the Board of the Company, subject to the permission from the approval authorities.

Pursuant to the articles of association of the Company, the Cold-Rolled Plate Joint Venture Agreement shall be submitted to the general meeting of the Company for consideration and approval.

## **GENERAL INFORMATION**

As the applicable percentage ratios (within the meaning of the Listing Rules) exceed 5% but are lower than 25%, the transactions contemplated under the Cold-Rolled Plate and Automotive Plate Joint Venture Agreements constitute disclosable transactions, which shall be subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules but are exempted from the Shareholders' approval requirement thereunder.

As the Cold-Rolled Plate and Automotive Plate Joint Venture Agreements are still subject to permission from relevant approval authorities, there shall be essential cycles for the construction of joint venture projects and uncertainties arising from product market changes. Investors are advised to be aware of the investment risks.

## **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 the PRC with limited liability and the shares of which are listed on the Stock Exchange
“Cold-Rolled Plate Joint Venture Agreement”	the joint venture agreement in relation to Chongqing Chonggang High Intensity Cold-Rolled Plate Co., Ltd. between Chongqing Iron & Steel Company Limited and POSCO entered into by and between the Company and POSCO on 6 April 2016
“Cold-Rolled Plate and Automotive Plate Joint Venture Agreements”	Cold-Rolled Plate Joint Venture Agreement and Automotive Plate Joint Venture Agreement
“Director(s)”	the director(s) of the Company

“Automobile Plate Joint Venture Agreement”	the joint venture agreement in relation to Chongqing POSCO Chonggang Automotive Steel Co., Ltd. between Chongqing Iron & Steel Company Limited and POSCO entered into by and between the Company and POSCO on 6 April 2016
“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
“USD”	United States dollars, the lawful currency of United States of America
“%”	per cent

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

Chongqing, the PRC, 7 April 2016

*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)*