

# **POLICIES FOR DEVELOPMENT OF IRON AND STEEL INDUSTRY**

National Development and Reform Commission

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The Policies for Development of Iron and Steel Industry, which were adopted at the executive meeting of the State Council, are hereby promulgated upon the consent of the State Council and shall come into force as of the date of promulgation.

Director of the National Development and Reform Commission: Ma Kai

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## **Policies for Development of Iron and Steel Industry**

The iron and steel industry is an important basic industry of the national economy, a supporting industry for realizing the industrialization and an intensive industry in technologies, capital, resources and energy, and its development requires a comprehensive balancing of all kinds of external conditions. China is a big developing country with a comparatively big demand of iron and steel in the economic development for a long time to go. China's production capacity of iron and steel has ranked the first place in the world for many years. However, there is a large gap in terms of the technological level and material consumption of the iron and steel industry compared with the international advanced level, so the focus of development for the future shall be put on technical upgrading and structural adjustment. In order to enhance the whole technical level of the iron and steel industry, promote the structural adjustment, improve the industrial layout, develop a recycling economy, lower the consumption of materials and energy, pay attention to the environmental protection, raise the comprehensive competitive capacity of enterprises, realize the industrial upgrading, and develop the iron and steel industry into an industry with international competitive capacity that may basically satisfy the demand of the national economy and social development in terms of quantity, quality and varieties, we have formulated the policies for development of the iron and steel industry according to the relevant laws and regulations and the domestic and international situations that the iron and steel industry faces so as to guide the sound development of the iron and steel industry.

## **Chapter I Aim of the Policy**

### **Article 1**

According to the requirement of our country's economic and social development and the situation of resources, energy and environmental protection, the production capacity of iron and steel shall maintain at a reasonable scale, which may be specifically resolved in the relevant planning. The comprehensive competitive capacity of iron and steel industry may

reach to the international advanced level so that China may become a large country in iron and steel production and a great power country in world-wide competitive.

## Article 2

By the year 2010, through the means of structural adjustment of products, the proportion of good iron and steel products shall be elevated considerably, the majority of products shall be basically satisfied the development requirements of most industries in the national economy such as construction, machinery, chemical industry, auto-mobiles, household appliances, vessels, traffic, railway, military industry and new industries.

## Article 3

We may elevate the industrial concentration by means of organizational and structural adjustment of the iron and steel industry, and expand the scale of those backbone enterprise groups with comparative advantages by means of amalgamate and reorganization . By 2010, the number of iron and steel smelting enterprises shall be considerably reduced and the production capacity of the iron and the output of steel enterprise groups that rank top 10 in the domestic market shall be reached to 50 % and above of the national total production capacity; by 2020, the proportion shall be reached to 70% and above.

## Article 4

By means of layout adjustment of the iron and steel industry, by 2010, the unreasonable layout shall be improved; by 2020, a comparatively reasonable industrial layout that complies with the supply of resources and energy, allocation of traffic and transportation, supply and demand of the market and environmental capacity shall be formed.

## Article 5

According to the concept of sustainable development and recycling economy, we should elevate the comprehensive level of environmental protection and resource utilization, and should save energy and lower consumption. We should elevate the comprehensive utilization capacity of waste gases, water and rubbishes to the largest possible extent, strive for the goal of realizing "zero discharge" and establish iron and steel factories of the recycling type. The iron and steel enterprises

must develop the business of generating power by using reclaimed heat and energy. An iron and steel associated enterprise with the production scale of more than 5 million tons shall strive for the goal of having more than enough power to support itself and providing the surplus to outsiders. By 2005, the comprehensive energy consumption for each ton of steel shall be lowered to 0.76 ton of standard coal, the comparable energy consumption for each ton of iron shall be lowered to 0.70 ton of standard coal and the water consumption for each ton of steel shall be lowered to less than 12 tons in the whole industry; by 2010, the corresponding index shall be lowered to 0.73 ton of standard coal, 0.685 ton of standard coal and less than 8 tons of water, respectively; by 2020, the corresponding index shall be lowered to 0.7 ton of standard coal, 0.64 ton of standard coal and less than 6 tons of water, respectively. That is, in the coming 10 years, the iron and steel industry shall, on the precondition that the total consumption of water resources decreases and the total energy

consumption increases by a small margin, and realize a proper development in total quantity.

#### Article 6

Before the end of 2005, all the wastes as discharged by iron and steel enterprises shall have been met the standards of the state and local provisions, and the total discharge volume of major wastes shall have been met the controlling index as verified by the local environmental department.

### Chapter II Industrial Development Planning

#### Article 7

The state shall guide the iron and steel industry to develop in a sound, sustainable and harmonious manner through the development policies and the mid- and long-term development planning of the iron and steel industry. The mid- and long-term development planning of the iron and steel industry shall be formulated by the National Development and Reform Commission (hereinafter referred to the NDRC) in collaboration with other relevant departments.

#### Article 8

An enterprise group with a production capacity of more than 5 million tons in 2003 may, according to the state mid- and long-term development planning of the iron and steel industry and the overall planning of the city where it is located, formulate the planning of its own, which shall be implemented upon the approval of the State Council or the NDRC after making necessary cohesion and balancing efforts. The specific construction projects of the planning shall not be required to be subject to the examination and approval or verification of the NDRC, but shall be organized and implemented by the enterprise itself after such formalities for examination and approval of land, environmental protection, security and credit have been handled, and shall be reported to the NDRC for archival filing according to the relevant provisions.

#### Article 9

The development of any other iron and steel enterprise shall also meet the requirements of the development policies and mid- and long-term development planning of the iron and steel industry.

### Chapter III Adjustment of Industrial Layout

#### Article 10

For the adjustment of industrial layout, we should take such conditions as mineral resources, energy, water resources, traffic and transportation, environmental capacity, market allocation and overseas resources into account in a comprehensive manner. For the layout adjustment of the iron and steel industry, we shall not establish any new iron and steel associated enterprise alone, independent iron-smelting or steel-smelting factory as a general principle. It's not encouraged to establish any independent steel-rolling factory. We should, on the basis of those established enterprises that meet relevant conditions and in combination with merger

and relocation, carry out reform and expansion in those regions with such comparative advantages as water resources, raw materials, transportation and market consumption. We should combine new increase of production capacity with elimination of backward production capacity and shall not, as a general rule, substantially expand the production capacity.

In the important regions of environmental protection, the regions in serious short of water, the urban district of big cities, the iron and steel smelting and production capacity shall not be expanded any more. Those enterprises established within the districts shall, in combination of the adjustment of organizational structure, equipment structure and product structure, cut production and move to other places so as to meet the requirements of environmental protection and resource economization.

## Article 11

Thinking over the bulk ores, energy, resources, water resources, transportation condition and the domestic and overseas market the large-scale iron and steel enterprises shall be mainly located along the coastal areas. The iron and steel enterprises in inland regions shall, in combination with the local market and bulk ore resources, determine their production according to the mines available, and shall regard the sustainable production as the main factor for consideration other than strive for any expansion of production scale.

There are abundant resources of iron mines in the Anshan-Benxi region in north-east China, which is near the production bases of coal and has a certain condition of water resources. According to the development strategy of vitalizing the old north-east industrial base, the iron and steel enterprises in this region shall, according to the requirements of associated reorganization and establishing a top-quality production base, eliminate the backward production capacity so as to build up a large enterprise group with international competitive capacity. .

As the region of North China is in short of water resources and the production capacity and level thereof is low and excessive, we should, according to the ecological requirements of environmental protection, put the focus on structural adjustment, carry out merger and reorganization, strictly control the continuous over-increase of production factories and expansion of production capacity. We should relocate the Capital Steel Corporation and the reorganize it with the iron and steel industry of Hebei Province.

The steel material market in North China has a big potential. However, the layout of iron and steel enterprises thereof are over-intensified and thus, the large backbone enterprises with comparative advantages within this region may, in combination of the adjustment of organizational structure and product structure, elevate their production concentration and international competitive capacity .

As the central-southern region has abundant water resources and

convenient water transportation, the south-east coastal regions shall make full use of the advantage of deep waters and good harbors to build up large iron and steel associated enterprises in combination with the industrial reorganization and the relocation of urban steel factories.

There are abundant water resources in the west-south regions, and in the Panzhihua-Xichang area has a large storage capacity of iron mines and coal resources but with inconvenient transportation. The key backbone enterprises existed shall improve their equipments level, adjust the variety structure, develop high-value-added products, determine the production capacity according to the sustainable supplying capacity of bulk ores rather than blindly pursue the increase of quantity.

As the west-north region is in short of bulk iron ores and water resources, the backbone enterprises existed shall put the focus on satisfying the requirement of local regional economic development other than pursue the expansion of production scale, and shall make good use of the mineral resources in neighboring countries actively.

## Chapter IV Industrial Technical Policies

### Article 12

In order to guarantee the industrial upgrading of the iron and steel industry, realize the sustainable development and prevent any low-level repetitive construction, we hereby prescribe the conditions to access into the iron and steel industry on the equipment level and the technical and economic indexes as follows, which the enterprises existed shall make efforts to reach the standard by way of technical innovation:

The building areas for agglomeration machines shall be 180 sq meters or above; the height of coke-oven carbonization rooms shall be 6 meters or above; the available volume of blast furnaces shall be 1,000 cubic meters or above; the nominal volume of converters shall be 120 tons or above; and the nominal volume of electronic furnaces shall be 70 tons or above.

For the iron and steel projects as constructed in deep water harbors along the coast, the available volume of blast furnaces shall be more than 3, 000 cubic meters; the nominal volume of converters shall be more than 200 tons, and the production scale of steel shall be 8 million tons or above. The technical and economic indexes for iron and steel associated enterprises shall be: the comprehensive energy consumption for each ton of steel in the procedure of blast furnaces shall be less than 0.7 ton of standard coal and that in the procedure of electronic furnaces shall be less than 0.4 ton of standard coal; the new water consumption for each ton of steel in the procedure of blast furnaces shall be less than 6 tons, and that in the procedure of electronic furnaces shall be less than 3 tons, the recycling utilization rate of water shall be 95% or above. The other iron and steel enterprises shall reach the average level of key large/medium-sized iron and steel enterprises in respect of energy consumption in working procedures.

For any iron and steel construction project, we should economize our use of land and strictly carry out the administration of land. The relevant departments shall make efforts to accomplish the revision work of land use indexes for iron and steel factories and the standard of building coefficient.

### Article 13

All production enterprises shall reach the local and state standards of waste discharge. The controlling index of total discharging volume of major wastes from construction projects shall be strictly implemented according to the provisions of the Appraisal Report Document

(Form) of Environmental Influence as approved. Any enterprise, which exceeds the scope as prescribed by the waste discharging index and the total volume as verified, shall be stopped from carrying out its operations.

For those projects that are newly initiated, the blast furnaces shall be synchronously equipped with pressure recovery turbine (TRT) devices and coal injection devices; the coke oven shall be synchronously equipped with coke dry quenching devices and with filtering devices as well as gas desulfurizing devices for the coke ovens. The coke ovens, blast furnaces and converters shall be synchronously equipped with gas recovering devices. The electric furnaces shall be equipped with smoke and dust recovering devices.

Enterprises shall, according to the requirements of developing a recycling economy, establish a comprehensive treatment system for waste water and residue, adopt the technologies of drying quenching cokes, technologies for the recovery and utilization of gas from coke ovens, blast furnaces and converters, power generation by jointly using gas and steam, TRT of blast furnaces, evaporative cooling, technologies for the recovery and re-utilization of such energy and resources as smoke, dust and waste residue, so as to elevate the utilization efficiency of energy and the recovery and utilization rate of resources and to improve the environment.

#### Article 14

We should accelerate the cultivation of independent innovation capacity of the iron and steel industry, support enterprises to establish the institutions for development and scientific research of products and techniques. We should enhance the capacity of development and innovation, develop the working techniques, equipment techniques and products with the independent intellectual property right. We should support enterprises to follow up, research, develop and adopt such frontier techniques in the production procedures of iron and steel as continuous strip casting and melting reduction and etc..

#### Article 15

Enterprises shall actively adopt such advanced techniques and equipment as feeding concentrated materials into furnaces, oxygen-enriched coal spraying, iron pretreatment, large-sized blast furnaces, converters and electric furnaces with superpower, ex-furnace refining, continuous casting, continuous rolling and controlling rolling and controlling cooling.

#### Article 16

We should support and organize the implementation of equipment localization of the iron and steel industry, enhance the research and development as well as designing and manufacture levels of major technical equipment of our iron and steel industry. For a major iron and steel project that is based on home-made equipment as newly developed, the state shall grant policy supports in such aspects as taxation, interest subsidy and scientific research funds.

#### Article 17

We should accelerate the elimination and prohibition of such backward working techniques and equipment as newly-built sintering with indigenous method, indigenous carbonization

(including improved carbonization), melting iron and refining steel, hot agglomeration mines, blaster furnaces with a volume of 300 cubic meters or below (except for the special factories of iron pipe casting), converters with the nominal capacity of 20 tons or below, electric furnaces with the nominal capacity of 20 tons or below (except for the mechanical casting or the production of high-alloy steel), tight rolling sheet mills, roughing mill for ordinary steel, blank medium-sized rolling mills, three-roller Lotus medium plate rolling mills, double drive wire mills, row small-sized millers, hot narrow strip rolling mills, assembling units of hot rolling seamless pipes with diameter below 76 centimeters and intermediate frequency furnaces.

Enterprises in the iron and steel industry shall strictly abide the Catalog of Repetitive Construction as Prohibited in the Field of Industry and Commerce and the Catalog of Backward Production Capacity, Working Techniques and Products to Be Eliminated as amended by the state at the opportune moment, or eliminate backward working techniques, products and techniques according to the requirements of the provisions on environmental protection.

#### Article 18

The policies of imported technologies and equipment: enterprises are encouraged to use home-made equipment and technologies and reduce export. For any equipment or technology that cannot be produced domestically or fails to meet the demand and, thus, must be introduced from abroad, the introduced equipment or technology shall be advanced and practical. For the equipment in large amount and big scope, we should organize and implement the localized production thereof from now on.

Enterprises are prohibited from adopting any second-handed backward production equipment of iron and steel from home or abroad that has been eliminated.

#### Article 19

Enterprises of special steel shall make an effort to develop towards conglomerated and specialized direction. They are encouraged to adopt the techniques with short workflow that use waste steel as raw materials. Enterprises of special steel are discouraged to adopt any technotechnical procedure of small blast furnace that use of s electric furnaces with high consumption and serious pollution. Enterprises of special steel shall be encouraged to carry out research, develop and produce special steel for the use of the military industry, bearing, gears, models, heat resistance, cold resistance and corrosion resistance, etc. so as to enhance the product quality and technical level.

### Chapter V Adjustment of the Organizational Structure of Enterprises

#### Article 20

The iron and steel enterprises are encouraged to develop into groups and carry out strategic reorganization by way of alliance between mighty enterprises, merger and reorganization, mutual shareholding, etc. so as to reduce the number of iron and steel production enterprises and realize the organization structural adjustment, optimization and industrial upgrading of the iron and steel industry.

Where possible, large-scale enterprise groups are supported and encouraged to carry out trans-regional alliance and reorganization. By 2010, the oversized enterprise group possessing international competitive capacities shall be formed by two enterprise groups with the production capacity of 300 million tons and several particularly large enterprise groups with the production capacity of several hundred million tons.

All the large iron and steel enterprises shall carry out stock reforms and are supported to get listed in the stock market. All kinds of social capital including private capital are encouraged to participate in the reorganization of the iron and steel enterprises as existed by means of stock purchase and merger and acquisition so as to promote the adjustment of capital structure and mechanism innovation thereof.

#### Article 21

The state supports large iron and steel associated enterprises with good conditions and that have been formed by alliance and reorganization to expand the production scale in a proper manner by way of structural adjustment and industrial upgrading and to enhance the production intensification. Such enterprises will be given policy support in such aspects as segmentation of the major and minor, resettlement of personnel and social security.

### Chapter VI Investment Management

#### Article 22

The state shall carry out the necessary administration on the economic activities by investors of all kinds of economic types in the domestic iron and steel industry and the investment activities by domestic enterprises in the iron and steel field outside the territory. The investment in any iron and steel project shall be subject to the examination and approval or verification of the NDRC according to the relevant provisions.

#### Article 23

For the construction of such projects as iron smelting, steel smelting and steel rolling, the proportion of self-owned capital of enterprises shall reach 40% or above.

To start an iron and steel project, an enterprise shall, apart from meeting the requirements of such laws and regulations of the state on environmental protection and safety production, have comparably strong capital strength, advanced technologies and management capability as well as stable, reliable external conditions such as perfect marketing networks, water resources, raw materials of bulk ores, coal, and power energy, and transportation, etc. which shall have been basically carried into effect.

Where an iron and steel enterprise invests in the construction of any cross-region iron and steel associated enterprise project, if it is an enterprise of common steel, the steel production thereof in the previous year shall reach 5 million tons or more; if it is an enterprise of special steel, the production thereof shall reach 0.5 million or more. Where a non-iron-and-steel enterprise invests in any iron and steel associated enterprise project, it shall have the capital strength and comparatively high public creditworthiness. An asset assessment shall be carried out to the enterprise's registered capital. the bank concerned shall provide a credit certification, and the relevant accounting firm shall provide a performance report. Where



possible, the form of bidding invitation shall be adopted to choose the project owner.

Any iron and steel enterprise outside the territory that invests in the iron and steel industry of China shall have intellectual property right and techniques of its own and its production of common steel in the previous year shall reach 10 million tons or above or the production of special high-alloy steel shall reach 1 million tons. An non-iron-and-steel enterprise outside the territory that invests in the iron and steel industry of China shall have a strong capital strength and comparatively high public creditworthiness, and shall provide an asset assessment report as issued by a bank and an enterprise performance certification as issued by an accounting firm. Where an enterprise outside the territory invests in the domestic iron and steel industry, it shall implement the investment in combination with the reform and relocation of domestic iron and steel enterprises and shall not establish any new business site. For any foreign investment in the iron and steel industry of China, foreign investors are not allowed to have a controlling share, as is the general principle.

#### Article 24

For any project that fails to comply with the development policies for the iron and steel industry and hasn't been subject to examination and approval or where the examination and approval thereof fails to comply with the relevant provisions, the department of state land and resources shall not handle the formalities for land use and the department of industry and commerce shall not accept its registration, the administrative department of commerce shall not approve its contract and constitution, the financial institution shall not provide any loan or give credit support in any other form, the customs shall not handle the formalities for tax refund of imported equipment, the department of quality supervision shall not issue any production permit, and the department of environmental protection shall not examine or approve the appraisal document of environmental influence on the project or issue any license of waste discharge.

#### Article 25

To grant mid- and long-term loans for the fixed-asset investment to the projects of iron smelting, steel smelting and steel rolling, a financial institution shall comply with the development policies for the iron and steel industry, and strengthen their risk management. For any fix-asset investment loan granted to any project of iron smelting, steel smelting and steel rolling with newly increased production capacity, the relevant reply, verification or archival documents as issued by the NDRC shall be required to be provided.

#### Article 26

Where an enterprise makes an initial public offering of stocks or seeks any financing in the securities market, wants to invest the raised funds to the iron and steel industry it shall comply with the development policies for the iron and steel industry and provide the investment document for the raised funds as issued by the NDRC to the administrative department of securities.

#### Article 27

The state encourages the enterprises that engage in the production of iron and steel and equipment manufacture to export the technologies and set equipment of metallurgy with

domestic advantages by way of integrating processing with trade or integrating techniques with trade and shall grant supports in aspect of export credit, etc..

## Chapter VII Policy of Raw Materials

### Article 28

The mineral resources shall belong to the state. The state encourages large-scale iron and steel enterprises to carry out the exploration and development of such resources as iron mines. For the exploration of mines, a mining license shall be legally obtained. A mining construction project of iron resources with a storage capacity of 50 million tons or more shall be subject to the verification or examination and approval of the NDRC. At the same time, we should do a good job in such environmental protection work as the planning of mines, safety production and re-claiming of land, conservation of water and top soil, and the filing of underground coal mines. Any unauthorized collection or unrestrained digging is prohibited. As for any unauthorized collection or unrestrained digging that hasn't gone through the legal procedures of examination and approval, the department of state land and resources shall revoke the mining right and stop the illegal mining.

### Article 29

According to the practical situation that China has few rich mines but many poor mines, the state encourages enterprises to develop the selection technologies of low-grade mines and make full use of domestic poor mineral resources. The department of state land and resources shall intensify the exploration of mineral resources, protect mineral resources and give necessary punishments to and carry out rectification on any unauthorized collection or unrestrained digging.

### Article 30

We should, according to the principles of making their advantages complement each other and achieving the win-win situation, intensify the international cooperation regarding overseas mineral resources. We should support those large backbone enterprise groups to establish overseas production and supplying bases of iron mines, chrome ore mines, manganese mines, nickel ore mines, waste steel and coking coal, etc. by way of setting up solely-funded enterprises, joint-equity enterprises, contractual enterprises and purchase of mineral resources. For such important raw materials and auxiliary materials as bulk ores and coke as needed by the enterprises in coastal areas, the state encourages them to solve it by way of overseas market.

The iron and steel industrial association shall do a good job in the industrial self-discipline and coordination and stabilize the raw material market both at home and abroad. Where two or more domestic enterprises are engaged in vicious competition for overseas resources, the state may adopt administrative coordination to hold alliance or select one of them to make investment so as to avoid vicious competition. The relevant enterprises shall be subject to the administrative coordination of the state.

The export of such preliminarily processed products as coke, iron alloy, pig iron, waste steel and steel base (ingot) with high energy-consumption and serious pollution shall be restricted

and the tax refund for export of these products shall be decreased or canceled.

## Chapter VIII Economical Use of Steel

### Article 31

The whole society shall set up the consciousness of using steel in an economical and scientific manner. It is encouraged to use renewable materials as a substitution and to recover wasted steel so as to reduce the quantity of steel as used.

### Article 32

The departments of construction shall organize the revision and improvement of the designing norms and standards for the use of construction steel so as to reduce the coefficient of steel use under the precondition of ensuring safety. The departments of design shall, according to the designing norms and standards, carry out their designs and incorporate the economical and thrifty products as developed and researched into the standardized design in a timely manner.

### Article 33

It is encouraged to research, develop and use new materials of good performance, low costs and low consumption to substitute steel.

### Article 34

The iron and steel enterprises are encouraged to produce high-strength steel and corrosion resisting steel, elevate the strength and service term of steel and lower the quantity of steel as used.

We should lower the steel consumption by means of popularizing such steel varieties as hot rolling strip reinforcing bar at or above Grade III£"400mpa£©, the high-strength steel plates for all kinds of purposes, and h-steel, etc.

We should elevate the corrosion resistance and service term of steel by means of applying the oil well pipes and pipeline steel plates capable of resisting the corrosion of hydrothion and carbon dioxide, steel plates and structural steel capable of resisting the corrosion of atmosphere, and fire-resisting steel.

### Article 35

With the increase of the number of iron and steel products in the market and the reclaimed quantity of waste steel as well, we should gradually decrease the proportion of iron ores and increase the proportion of wasted steel.

## Chapter IX Other Matters

### Article 36

Consultation, designing and construction entities that engage in the activity of iron and steel

industry shall observe the present industrial policies. The relevant industrial associations shall establish a mechanism of self-discipline and mutual supervision. For any violation of the present industrial policies, the person and entity as held responsible shall be given punishments by relevant departments such as the NDRC, the Ministry of Construction and the State Administration of Industry and Commerce, etc. according to the relevant provisions.

The present industrial development policies are the basic requirements for the iron and steel industry. All relevant departments and industrial associations may formulate and revise the relevant technical norms and standards according to the present industrial policies.

#### Article 37

We should regulate the market order and maintain the market steadiness. The iron and steel enterprises are encouraged to establish a long-term strategic alliance with users, stabilize the supply and demand relations, enhance the processing and distribution capacity of steel, and extend the services thereof.

#### Article 38

We should give full play to the functions of the industrial associations. The industrial associations shall establish and improve a periodical information publication system and an industrial early-warning system in respect to the supply and demand of the iron and steel market, production capacity and technical and economic indexes, shall report the industrial trend to the administrative department of government and set forth policy suggestions in a timely manner, coordinate the significant matters regarding industrial development, intensify the industrial self-discipline and offer guidance to the enterprise development.

#### Article 39

The present industrial policies are promulgated upon the authorization of the State Council and shall be abided by all the administrative departments of the governments. For any construction entity or administrative entity which violates the present policies for industrial development, the departments of supervision, investment, land, industry and commerce, taxation, quality inspection, environmental protection, commerce, finance and securities supervision at all levels shall investigate into the violations and fix responsibilities to the violator.

#### Article 40

The NDRC shall organize the relevant departments to formulate and revise the policies for development of the iron and steel industry, report it to the State Council for approval and supervise the implementation thereof.

#### Notes:

##### 1.

The term "the iron and steel industry" as mentioned in the present Policies covers: the selection of iron mines, manganese mines and chromium mines and working techniques and relevant supporting techniques such as agglomeration, carbonization, iron alloy, carbon

products, fire-resisting materials, iron smelting, steel rolling and metal products.

2

The term "trans-regional investment" refers to the investment across different countries, provinces, autonomous regions or municipalities directly under the Central Government.

3.

The term "enterprises outside the territory" includes the enterprises that have been registered abroad or in the regions of Hong Kong, Macao or Taiwan.

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