

Document of Chongqing Economic Committee
JJTZ [2004] No. 214

**Official and Written Reply to the Feasibility Study Report
on the Project of Technical Reform for Constructing
12,000KW Condensing Steam Turbine Generator of
Chongqing Iron and Steel Co., Ltd.**

Chongqing Iron and Steel (Group) Co., Ltd.,

We have received your Company's Request for Examining and Approving the Feasibility Study Report on the Project of Technical Reform for constructing the 12,000KW Condensing Steam Turbine Generator of Chongqing Iron and Steel Co., Ltd. (CGW [2004] No. 61).

According to the development planning of Chongqing Iron and Steel (Group) Co., Ltd., for further decreasing the cost, improving the refining conditions and environmental state, and enhancing the enterprise's economic benefits and market competitiveness, Chongqing Iron and Steel Co., Ltd. plans to conduct technical reform of the Power Factory by comprehensively making use of the waste gases discharged from coke oven, blast furnace and converter, and to construct 12,000KW condensing type steam turbine generator. This Company has entrusted Chongqing Iron and Steel Design Institute, with industrial grade-A qualifications, to finish compiling the feasibility study report of this project. After the examination of related departments of our Committee, we agree with the feasibility study report of this project in principle, and hereby give the following official and written reply:

I. Main construction contents:

1. The project is planned to be constructed within the existing area, and no new area will be required for this project.

Make sufficient use of the production building area 1994m², including the existing factory building and expanded factory building, etc.

2. Purchase domestically-made 12,000KW condensing type steam turbine generator, and construct public and auxiliary facilities accordingly.

II. Investment and capital sources:

The estimated total investment in the turbine is 30.60 million Yuan¹, including 28.74 million Yuan fixed assets investment. Among the fixed assets investment are 3.76 million Yuan for civil construction investment, 20.20 million Yuan for equipment purchasing and installation, and 4.78 million Yuan for other investments.

The fixed assets investment of the project shall be solved by the enterprise through self fund raising. The initial working fund 1.86 million Yuan required shall be solved by the enterprise through self fund raising or bank loan.

III. Production scale and economic benefits

After being completed, this project is estimated to form a scale of annual power generation of 83 million kW.h (quantity of electricity sold 72 million kW.h), could increase sales income, revenue and tax by 31.75 million Yuan, 5.17 million Yuan and 2.55 million Yuan respectively, and could exert benign social benefits of improving the environment, saving and comprehensively using energy resources.

Hopefully, after receiving the document, your company could fulfill capital and construction conditions as soon as possible, perfect related formalities according to national related laws, rules and related regulations as well as project management procedures, strive to commence the work at an early date, and try to complete the project and put it into operation within this year.

The document has been seriously considered.

Attachment: Review Opinions on the Feasibility Study Report on the Project of Technical

¹ [Plus an additional 333,564 investment for the boiler, which is given separate approval]

Reform for Expanding 12,000KW Condensing Steam Turbine Generator of Chongqing Iron and Steel Co., Ltd.

Chongqing Economic Committee (Seal)

August 18, 2004

Key words: Metallurgy, Technical Reform, Project, Official and Written Reply

Make a copy for: Chongqing Administration of Environmental Protection, Safety Production Bureau, Fire Fighting Bureau, Statistical Bureau, Chongqing Iron and Steel Co., Ltd.

Office of Chongqing Economic Committee

Printed and issued on Aug. 19, 2004