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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)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

SECTION I IMPORTANT NOTICE

- 1.1 This summary of the Interim Report is extracted from the full text of the Interim Report. To fully understand the operating results, financial position and future development plans of Chongqing Iron & Steel Company Limited (the “**Company**”), investors are advised to read carefully the full text of the Interim Report which has also been published on the websites of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the Stock Exchange of Hong Kong Limited (<https://sc.hkex.com.hk>) or media designated by the CSRC for details.
- 1.2 The board of directors (the “**Board**”), the supervisory committee and directors, supervisors and senior executives of the Company guarantee that the contents of the Interim Report are true, accurate and complete, without false representations, misleading statements or material omissions, and assume several and joint responsibility in respect thereof.
- 1.3 All directors of the Company attended the Board meeting.
- 1.4 The Interim Report is unaudited.
- 1.5 The profit distribution proposal or proposal to transfer capital reserve to share capital for the reporting period as passed by the Board resolution

Nil

SECTION II BASIC INFORMATION ON THE COMPANY

2.1 Company Information

Stock Profile

Class	Place of listing	Abbreviated name	Stock code	Stock abbreviation before adjustment
A shares	Shanghai Stock Exchange	Chongqing Iron & Steel	601005	N/A
H shares	The Stock Exchange of Hong Kong Limited	Chongqing Iron	01053	N/A

Contact information

Secretary to the Board

Securities affairs representative

Name	Zou An	Peng Guoju
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2.2 Major financial data

Unit: RMB'000

	At the end of the reporting period	At the end of last year	Change from the end of last year to the end of the reporting period (%)
Total assets	39,856,278	42,995,956	-7.30
Net assets attributable to shareholders of the Company	22,896,001	22,375,209	2.33
	Reporting period	Corresponding period last year	Year-on-year change (%)
Revenue	18,016,176	22,669,939	-20.53
Net profit attributable to shareholders of the Company	516,416	2,697,041	-80.85
Net profit attributable to shareholders of the Company after non-recurring items	546,619	2,834,482	-80.72
Net cash flow from operating activities	936,511	1,546,388	-39.44
Weighted average return on net assets (%)	2.28	12.61	Decreased by 10.33 percentage points
Basic earnings per share (<i>RMB per share</i>)	0.06	0.30	-80.00
Diluted earnings per share (<i>RMB per share</i>)	0.06	0.30	-80.00

2.3 Shareholdings of top ten shareholders

Unit: shares

Total number of shareholders as of the end of the reporting period (account)	184,246
Total number of preferred shareholders with restored voting rights as of the end of the reporting period (account)	0

Shareholdings of top 10 shareholders						
Name of shareholder	Type of shareholder	Shareholding percentage (%)	Number of shares held	Number of shares held with trading restrictions	Number of shares pledged or frozen	
Chongqing Changshou Iron & Steel Company Limited	Domestic nonstate-owned legal person	23.51	2,096,981,600	0	Nil	0
HKSCC NOMINEES LIMITED	Foreign legal person	5.97	532,258,621	0	Unknown	
Chongqing Qianxin Group Co., Ltd.	State-owned legal person	4.79	427,195,760	0	Pledged	427,190,070
Chongqing Rural Commercial Bank Co., Ltd.	State-owned legal person	3.24	289,268,939	0	Nil	0
Chongqing Guochuang Investment and Management Co., Ltd.	State-owned legal person	3.12	278,288,059	0	Nil	0
Bank of Chongqing Co., Ltd.	State-owned legal person	2.53	226,042,920	0	Nil	0
Industrial Bank Co., Ltd. Chongqing Branch	Unknown	2.46	219,633,096	0	Nil	0
Baowu Group Zhongnan Steel Co., Ltd.	State-owned legal person	2.43	216,899,843	0	Nil	0
Agricultural Bank of China Limited Chongqing Branch	State-owned legal person	2.43	216,403,628	0	Nil	0
China Shipbuilding Industry Complete Equipment Logistics Co., Ltd.	State-owned legal person	2.37	211,461,370	0	Nil	0
Description on the associated relationship or acts in concert among the above shareholders	Chongqing Changshou Iron & Steel Company Limited is the controlling shareholder of the Company, Chongqing Changshou Iron & Steel Company Limited and Baowu Group Zhongnan Steel Co., Ltd. are under common control by China Baowu Steel Group Corporation Limited, a de facto controller of the Company, thus the two are related parties, and has no associated relationship with the other 8 shareholders and they are not parties acting in concert as stipulated in the Administrative Measures for Management of Information Disclosure of Changes in Shareholdings of Shareholders of Listed Companies. The Company is also not aware of whether there is any associated relationship among the other 8 shareholders or whether they are parties acting in concert.					
Description on the preferred shareholders with restored voting rights and their shareholdings	N/A					

2.4 Particulars of the total number of preferred shareholders and top ten preferred shareholders as of the end of the reporting period

Applicable Not Applicable

2.5 Changes in controlling shareholder or de facto controller

Applicable Not Applicable

2.6 Existing bonds as at the date of approval of the interim report

Applicable Not Applicable

Unit: RMB'000 Currency: Renminbi

Name of bond	Abbreviated name	Stock code	Issuance date	Due date	Balance of bonds	Interest rate (%)
Chongqing Iron & Steel Company Limited 2020 first tranche of medium-term notes (Type 2)	20 Chongqing Iron & Steel MTN001B	102000391	19 March 2020	19 March 2023	498,984	5.13

Indicators reflecting the solvency of the issuer:

Applicable Not Applicable

Major indicators	End of the reporting period	At the end of last year
Gearing ratio	42.55	47.96
	The reporting period	Corresponding period last year
EBITDA interest coverage (times)	8.73	14.23

SECTION III SIGNIFICANT EVENTS

3.1 The Company shall explain the significant changes in the operation of the Company during the reporting period under the principle of materiality and events that occurred during the reporting period had material impact on the operation of the Company and expected to have a material impact in the future.

Applicable Not Applicable

3.2 Discussion and Analysis of Business Operations

In the first half of 2022, due to the impact of overlapping factors such as the intensified global inflation pressure, the sporadic and recurring pandemic, as well as the poor operation both on the supply and industrial chains, which had struck a severe blow to the production and profitability of steel enterprises, the Company faced extraordinarily severe risks and challenges. The Company adopted an economic operation model with strict management, minimum consumption and low cost, and invested limited resources in the production of high value-added products according to the profitability to ensure the maximum benefit of the Company. The accumulated iron, steel and commercial billet production in the first half of 2022 was 3,698,000 tonnes, 3,845,900 tonnes and 3,808,800 tonnes respectively, representing a year-on-year decrease of 20.66%, 23.55% and 21.57%.

- (1) Overcoming the production pressure and the technical and economic indicators repeatedly reaching record-breaking high. In the “comprehensive alignment for difference, to create a world first-class enterprises” labour competition in China Baowu, the No. 1 blast furnace was granted the honorary title of the “Most Improved 2000-class Furnace” for low-carbon and low-consumption in the first quarter of the blast furnace economic operation labour competition; the average hot charging rate of hot-coil production line in the first quarter reached 78.78%, which won the third place for hot charging rate in the first quarter of the hot rolling process efficiency improvement labour competition in China Baowu. In April, the heat delivery rate of 4100 production line was 64.86%. The average life of a series of continuous casting tundish in steel-making was 19.17 furnaces in May, both of which had set new record high.
- (2) Comprehensive aligning for difference to promote cost reduction and efficiency work. In 2022, by targeting precision alignment as the driver, the Company further promoted the endeavours in cost reduction implementation by insisting on “all costs can be reduced”, practicing strict management, promoting refined management, and continuously stepping up precision research through comprehensive coordination and deployment, with concerted efforts to promote the implementation, which the industry ranking of coking, sintering, hot rolling process improved considerably compared to the same period of previous year.

- (3) Innovating business model and building a collaborative and efficient steel ecosystem. The Company promoted the layout of “steel plant network”, achieving a breakthrough in company scale and improved market share. On 30 December 2021, the Company officially signed a strategic cooperation agreement with Sichuan Ya’an Anshan Iron and Steel Co., Ltd. (“**Anshan Iron and Steel**”), to launch an operational model featuring “steel plant network”. On 21 February 2022, Chongqing Iron & Steel and Anshan Iron and Steel officially opened the “steel plant network”, making a substantial breakthrough.
- (4) Reducing comprehensive financing costs. By introducing green financial credits, improving capital planning and management, strengthening budget accuracy, and reducing the amount of ineffective funds and other methods, we have tightened the control of capital costs and drastically reduced the scale of interest-bearing liabilities. As of 30 June 2022, the Company’s interest-bearing liabilities decreased from RMB10,490 million at the beginning of the year to RMB6,910 million, a cumulative decrease of RMB3,580 million, or 34%. In terms of funding cost, with the support of the policy to continue to promote the stable but decreasing effective lending rate, the cost of new short-term borrowing this year was more than 30% lower than the current LPR.

The Company started the layout of green manufacturing and smart manufacturing, launched a new round of development plan, built a high-quality green and intelligent steel enterprise, built “Beautiful Chongqing Iron & Steel, Pastoral Chongqing Iron & Steel”, committed to becoming a leader in the steel industry in Southwest China, and firmly moving towards the goal of high-quality development. In 2022, the Company intended to achieve iron production of 7.22 million tonnes, steel production of 7.12 million tonnes, material production of 7 million tonnes, and operating revenue of RMB42,000 million. There has been no significant change in the possible future development of the Company’s business and the Company’s outlook for the financial year of 2022 since the publication of the Company’s annual report for the year ended 31 December 2021.

3.3 Analysis of Principal Business

(1) *Analysis of changes in certain items from financial statements*

Unit: RMB’000 Currency: Renminbi

Item	For the reporting period	For the corresponding period last year	Change (%)
Revenue	18,016,176	22,669,939	-20.53
Cost of sales	16,784,705	19,185,057	-12.51
Distribution and selling expenses	38,921	42,999	-9.48
General and administrative expenses	166,364	245,709	-32.29
Finance expenses	231,105	207,597	11.32
Research and development expenses	104,832	75,591	38.68
Net cash flow from operating activities	936,511	1,546,388	-39.44
Net cash flow from investing activities	-1,841,168	-1,864,545	N/A
Net cash flow from financing activities	-2,379,299	354,050	-772.02

Reasons for change in management expenses: The decrease in management expenses was mainly due to the decrease in losses from the suspension of work.

Reasons for change in research and development expenses: The increase in research and development expenses was mainly due to the increase in R&D projects.

Reasons for change in net cash flow from operating activities: The decrease in cash flow from operating activities was mainly due to the decrease in net profits.

Reasons for change in net cash flow from financing activities: The decrease in net cash flow from financing activities was mainly due to the repayment of borrowings.

(2) *Detailed description of major changes in the Company's type of business, profit structure or profit sources*

Applicable Not Applicable

In the first half of 2022, the Group realized a total profit of RMB636 million, representing a year-on-year decrease of 2,061 million, which was mainly due to the following reasons: the selling price of commodity billet amounted to RMB4,522/tonne, representing a year-on-year decrease of 0.72% and resulting in an decrease of RMB376 million in profit; the sales volume of commodity billet reached 3,745,800 tonnes, representing a year-on-year decrease of 21.21%, and achieving a decrease of RMB831 million in profit; the increase in prices of raw materials, such as ore, coal, alloy, scrap steel, etc., resulted in a decrease of RMB1,429 million in profit. The Company continuously promoted the cost reduction plan, and further promoted the work of reducing costs and tapping potentials. The Company also stepped up precision research, and the hot charging rate of the hot-coil production line and the thick plate production line progressed with great stride. We have made an effort to be more prudent in production organization and adjusted our production policy from efficient operation to economic operation, achieving a decrease of RMB444 million in process cost.

In the first half of 2022, the Group's revenue from main business amounted to RMB17,821 million, representing a year-on-year decrease of 20.48%. In particular, the income from sales of commodity billet amounted to RMB16,937 million, representing a decrease of RMB4,719 million as compared with the corresponding period of last year. Firstly, the sales volume of commodity billet was 3,745,800 tonnes, representing a year-on-year decrease of 21.21%, resulting in a decrease in the sales income of RMB4,343 million; secondly, the average sales price of commodity billet was RMB4,522/tonne, representing a year-on-year decrease of 0.72%, resulting in a decrease in the sales income of RMB376 million.

Composition of revenue from principal operations:

Type	First half of 2022		First half of 2021		Year-on-year growth (%)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plates	5,996,760	33.65	6,112,700	27.28	-1.90
Hot rolled coils	9,346,746	52.45	11,050,037	49.30	-15.41
Bars	128,262	0.72	134	-	95,617.91
Double high rods	1,113,210	6.25	-	-	-
Wire rods	347,681	1.95	-	-	-
Steel billets	3,994	0.02	4,493,015	20.05	-99.91
Sub-total of commodity billets	16,936,653	95.04	21,655,886	96.63	-21.79
Others	884,242	4.96	754,398	3.37	17.21
Total	17,820,895	100.00	22,410,284	100.00	-20.48

Sales prices of steel products:

Item	Sales price in the first half of 2022 <i>(RMB/tonne)</i>	Sales price in the first half of 2021 <i>(RMB/tonne)</i>	Year-on-year growth <i>(%)</i>	Income increase <i>(RMB'000)</i>
Plates	4,743	4,779	-0.75	-45,519
Hot rolled coils	4,449	4,594	-3.16	-304,632
Bars	3,979	4,763	-16.46	-25,270
Double high rods	4,153	-	-	-
Wire rods	4,393	-	-	-
Steel billets	4,105	4,201	-2.29	-93
Total	4,522	4,555	-0.72	-375,514

Sales volumes of steel products:

Item	Sales volume for the first half of 2022 <i>(Ten thousand tonnes)</i>	Sales volume for the first half of 2021 <i>(Ten thousand tonnes)</i>	Year-on-year growth <i>(%)</i>	Income increase <i>(RMB'000)</i>
Plates	126.44	127.92	-1.16	-70,421
Hot rolled coils	210.09	240.54	-12.66	-1,398,660
Bars	3.223	-	-	153,398
Double high rods	26.806	-	-	1,113,210
Wire rods	7.92	-	-	347,681
Steel billets	0.10	106.96	-99.91	-4,488,928
Total	374.58	475.42	-21.21	-4,343,719

Principal operations by sectors, products and regions:

Unit: RMB'000 Currency: Renminbi

Main operations by sectors						
By sectors	Revenue	Cost of sales	Gross Margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in cost of sales (%)	Year-on-year increase/decrease in gross margin (%)
Iron and steel	17,820,895	16,605,456	6.82	-20.48	-12.12	-8.86
Main operations by products						
By products	Revenue	Cost of sales	Gross Margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in cost of sales (%)	Year-on-year increase/decrease in gross margin (%)
Steel products	16,936,653	15,725,199	7.15	-21.79	-13.56	-8.85
Others	884,242	880,257	0.45	17.21	24.91	-6.13
Main operations by regions						
By regions	Revenue	Cost of sales	Gross Margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in cost of sales (%)	Year-on-year increase/decrease in gross margin (%)
Southwest region	12,252,969	11,494,020	6.19	-9.86	0.98	-10.07
Other regions	5,567,926	5,111,436	8.20	-36.85	-31.97	-6.58
Total	17,820,895	16,605,456	6.82	-20.48	-12.12	-8.86

SECTION IV OTHER SIGNIFICANT EVENTS

4.1 Compliance with the Corporate Governance Code

To the best knowledge of the Board, the Company had complied with the requirements of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the reporting period, and no deviation from the Code has been identified.

4.2 Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code for trading of the Company’s securities by directors. All directors of the Company confirmed upon specific enquiries that they had complied with the required standards as set out in the Model Code for the six months ended 30 June 2022.

4.3 Interim Dividend

Given the fact that the accumulated undistributed profit of the Company remained negative as of the end of the reporting period, the Company does not recommend distribution of any interim dividend for the six months ended 30 June 2022 according to the Article 250 of the Articles of Association.

4.4 Purchase, Sale or Redemption of Listed Securities of the Company

No purchase, sale and redemption of the listed securities of the Company during the reporting period.

4.5 Major acquisition and disposal of subsidiaries and affiliates

No major acquisition and disposal of subsidiaries and affiliates occurred during the reporting period.

4.6 Audit Committee

The Audit Committee is comprised of three independent non-executive directors and one non-executive director, namely, Mr. Zhang Jinruo, Mr. Sheng Xuejun, Mr. Guo Jiebin and Mr. Zhou Ping with Mr. Zhang Jinruo acting as the chairman of the Audit Committee.

The unaudited interim financial report of the Company for the six months ended 30 June 2022 had been reviewed by the members of the Audit Committee before being submitted to the Board for approval.

4.7 Interests or Short Positions

As at 30 June 2022, the interests and short positions (including interests or short positions which they were taken or deemed to have under relevant provisions of the Securities and Futures Ordinance (“SFO”)) of the directors, supervisors and senior management members in the shares or underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange, to be notified to the Company and the Stock Exchange, were as follows:

Name	The Company/ associated corporations	Capacity	Nature of interests	Total number of interested shares held (<i>share</i>)	Percentage in the share capital of A shares of the Company (%)	Percentage in the total share capital of the Company (%)	Class of shares
Zhou Yaping	The Company	Representing staff Supervisor	Beneficial interests	487,300 (long position)	0.006	0.005	A股
Zhang Liquan	The Company	Representing staff Supervisor	Beneficial interests	1,020,000 (long position)	0.012	0.011	A股

SECTION V UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2022 PREPARED IN ACCORDANCE WITH THE PRC GAAP

Consolidated Statement of Financial Position

As at 30 June 2022

Unit: RMB'000

Assets	30 June 2022	31 December 2021
Current assets:		
Cash and bank balances	2,880,483	6,410,645
Including: Deposits in finance company	790,849	19,443
Financial assets held for trading	–	600,000
Trade receivables	63,882	53,885
Receivables financing	1,018,586	1,536,724
Prepayments	951,406	756,710
Other receivables	80,863	52,279
Inventories	4,421,481	3,840,198
Other current assets	131,002	100,221
Total current assets	9,547,703	13,350,662
Non-current assets		
Long-term equity investments	105,218	58,160
Other equity investments	5,000	5,000
Fixed assets	23,963,353	21,891,662
Construction in progress	2,833,184	4,174,369
Right-of-use assets	453,528	518,318
Intangible assets	2,398,936	2,384,882
Goodwill	328,055	328,055
Long-term deferred expenditures	254	271
Deferred tax assets	99,599	142,568
Other non-current assets	121,448	142,009
Total non-current assets	30,308,575	29,645,294
Total assets	39,856,278	42,995,956

Liabilities and shareholders' equity	30 June 2022	31 December 2021
Current liabilities		
Short-term borrowings	1,235,643	2,629,734
Notes payable	324,413	1,261,138
Trade payables	4,004,838	4,567,985
Contract liabilities	2,979,444	2,185,095
Employee benefits payable	102,657	112,844
Taxes payable	26,169	16,744
Other payables	2,022,653	2,770,510
Non-current liabilities due within one year	2,096,444	1,582,635
Other current liabilities	387,328	284,736
	<u>13,179,589</u>	<u>15,411,421</u>
Total current liabilities		
Non-current liabilities		
Long-term borrowings	1,223,000	1,792,800
Bonds payable	–	498,434
Lease liabilities	343,997	408,135
Long-term payables	2,029,792	2,301,299
Long-term employee benefits payable	116,549	144,977
Deferred income	60,817	56,903
Deferred tax liabilities	6,533	6,778
	<u>3,780,688</u>	<u>5,209,326</u>
Total non-current liabilities		
Total liabilities	<u>16,960,277</u>	<u>20,620,747</u>
Shareholders' equity		
Share capital	8,918,602	8,918,602
Capital reserves	19,282,147	19,282,147
Special reserves	22,969	18,593
Surplus reserves	606,991	606,991
Accumulated losses	(5,934,708)	(6,451,124)
	<u>22,896,001</u>	<u>22,375,209</u>
Total shareholders' equity		
Total liabilities and shareholders' equity	<u>39,856,278</u>	<u>42,995,956</u>

Consolidated Income Statement
For the six months ended 30 June 2022

Unit: RMB'000

	Six months ended 30 June 2022	Six months ended 30 June 2021
Revenue	18,016,176	22,669,939
Less: Cost of sales	16,784,705	19,185,057
Taxes and surcharges	75,111	77,932
Distribution and selling expenses	38,921	42,999
General and administrative expenses	166,364	245,709
R&D expenses	104,832	75,591
Finance expenses	231,105	207,597
Including: Interest expenses	157,545	249,514
Interest income	39,581	47,270
Add: Other income	29,472	28,149
Investment income	26,765	310
	<hr/>	<hr/>
Operating profit	671,375	2,863,513
Add: Non-operating income	751	966
Less: Non-operating expenses	36,288	167,556
	<hr/>	<hr/>
Total profit	635,838	2,696,923
Less: Income tax expenses/(credit)	119,422	(118)
	<hr/>	<hr/>
Net Profit	516,416	2,697,041

	Six months ended 30 June 2022	Six months ended 30 June 2021
Breakdown by continuity of operations		
Net profit from continuing operations	<u>516,416</u>	<u>2,697,041</u>
Breakdown by attributable interests		
Net profit attributable to owners of the parent company	<u>516,416</u>	<u>2,697,041</u>
Non-controlling interests	<u> </u>	<u> </u>
Other comprehensive income after tax		
Total comprehensive income	<u>516,416</u>	<u>2,697,041</u>
Including:		
Total comprehensive income attributable to owners of the parent company	<u>516,416</u>	<u>2,697,041</u>
Total comprehensive income attributable to non-controlling interests	<u> </u>	<u> </u>
Earnings per share:		
Basic earnings per share (<i>RMB/share</i>)	<u>0.06</u>	<u>0.30</u>
Diluted earnings per share (<i>RMB/share</i>)	<u>0.06</u>	<u>0.30</u>

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2022

Unit: RMB'000

For the six months ended 30 June 2022

	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated profit	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current year	<u>8,918,602</u>	<u>19,282,147</u>	<u>-</u>	<u>-</u>	<u>18,593</u>	<u>606,991</u>	<u>(6,451,124)</u>	<u>22,375,209</u>
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	516,416	516,416
(II) Shareholders' contribution and decrease in share capital								
1. Amount increased during the year	-	-	-	-	-	-	-	-
2. Amount increased during the year	-	-	-	-	-	-	-	-
(III) Special reserves								
1. Amount established during the year	-	-	-	-	18,941	-	-	18,941
2. Amount utilized during the year	-	-	-	-	(14,565)	-	-	(14,565)
III. Closing balance for the year	<u><u>8,918,602</u></u>	<u><u>19,282,147</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>22,969</u></u>	<u><u>606,991</u></u>	<u><u>(5,934,708)</u></u>	<u><u>22,896,001</u></u>

For the six months ended 30 June 2021

	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated profit	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current year	<u>8,918,602</u>	<u>19,282,147</u>	<u>65,940</u>	<u>-</u>	<u>22,184</u>	<u>606,991</u>	<u>(8,725,517)</u>	<u>20,038,467</u>
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	2,697,041	2,697,041
(II) Shareholders' contribution and decrease in share capital								
1. Amount increased during the year	-	-	-	-	-	-	-	-
2. Amount increased during the year	-	-	-	-	-	-	-	-
(III) Special reserves								
1. Amount established during the year	-	-	-	-	15,202	-	-	15,202
2. Amount utilized during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,703)</u>	<u>-</u>	<u>-</u>	<u>(7,703)</u>
III. Closing balance for the year	<u><u>8,918,602</u></u>	<u><u>19,282,147</u></u>	<u><u>65,940</u></u>	<u><u>-</u></u>	<u><u>29,683</u></u>	<u><u>606,991</u></u>	<u><u>(6,028,476)</u></u>	<u><u>22,743,007</u></u>

Consolidated Statement of Cash Flows
For the six months ended 30 June 2022

Unit: RMB'000

	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	19,674,054	21,176,838
Receipts of taxes refunds	8,601	15,546
Other cash received relating to operating activities	63,284	73,678
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	19,745,939	21,266,062
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash paid for purchase of goods and services	17,577,201	18,673,079
Cash paid to and on behalf of employees	791,679	837,948
Cash paid for all types of taxes	376,656	89,146
Other cash paid relating to operating activities	63,892	119,501
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	18,809,428	19,719,674
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash flows from operating activities	936,511	1,546,388
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

	Six months ended 30 June 2022	Six months ended 30 June 2021
II. Cash flows from investing activities:		
Cash received from disposal of investments	600,000	–
Cash received from return on investments	28,607	310
Other cash received relating to investing activities	<u>–</u>	<u>–</u>
Sub-total of cash inflows from investing activities	628,607	310
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,420,875	1,200,406
Cash paid for acquisition of investments	48,900	550,000
Net cash payments for acquisition of subsidiaries and other business units	<u>–</u>	<u>114,449</u>
Sub-total of cash outflows from investing activities	2,469,775	1,864,855
Net cash flows from investing activities	<u>(1,841,168)</u>	<u>(1,864,545)</u>

	Six months ended 30 June 2022	Six months ended 30 June 2021
III. Cash flows from financing activities:		
Cash received from borrowings	395,000	3,794,465
Other cash received relating to financing activities	20	65,992
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	395,020	3,860,457
	<hr/>	<hr/>
Cash repayments of borrowings	2,194,165	3,054,910
Cash paid for distribution of dividends or profits, and for interest expenses	189,309	172,115
Other cash paid relating to financing activities	390,845	279,382
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	2,774,319	3,506,407
	<hr/>	<hr/>
Net cash flows from financing activities	(2,379,299)	354,050
	<hr/>	<hr/>
IV. Effect of changes in exchange rate on cash and cash equivalents	24,528	9,644
	<hr/>	<hr/>
V. Net increase/(decrease) in cash and cash equivalents	(3,259,428)	45,537
Add: Cash and cash equivalents at the beginning of the year	5,832,238	4,698,090
	<hr/>	<hr/>
VI. Cash and cash equivalents at the end of the year	2,572,810	4,743,627
	<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF BALANCE SHEET

As at 30 June 2022

RMB'000

Assets	30 June 2022	31 December 2021
Current assets		
Cash and bank balances	2,880,147	6,410,521
Deposits in finance company	790,849	19,443
Financial assets held for trading	–	600,000
Trade receivables	92,795	69,402
Receivables financing	1,018,586	1,536,724
Prepayments	1,005,119	833,678
Other receivables	192,446	180,813
Inventories	4,397,260	3,815,186
Other current assets	129,520	98,251
Total current assets	9,715,873	13,544,575
Non-current assets		
Long-term equity investments	1,097,506	1,050,448
Other equity investments	5,000	5,000
Fixed assets	22,902,632	20,791,030
Construction in progress	2,834,111	4,175,296
Right-of-use assets	453,528	518,318
Intangible assets	2,325,167	2,307,776
Long-term prepaid expenses	254	271
Deferred tax assets	92,252	121,492
Other non-current assets	80,802	102,289
Total non-current assets	29,791,252	29,071,920
Total assets	39,507,125	42,616,495

	30 June	31 December
Liabilities and shareholders' equity	2022	2021
Current liabilities		
Short-term borrowings	1,235,643	2,629,734
Notes payable	324,413	1,261,138
Trade payables	4,113,672	4,676,051
Contract liabilities	2,979,398	2,185,095
Employee benefits payable	101,283	108,454
Taxes payable	16,831	13,915
Other payables	1,969,616	2,690,068
Non-current liabilities due within one year	1,989,730	1,355,853
Other current liabilities	387,322	284,736
	<u>13,117,908</u>	<u>15,205,044</u>
Total current liabilities		
Non-current liabilities		
Long-term borrowings	1,223,000	1,792,800
Bonds payable	–	498,434
Lease liabilities	343,997	408,135
Long-term payables	2,029,792	2,301,299
Long-term employee benefits payable	116,549	144,977
Deferred income	60,817	56,903
	<u>3,774,155</u>	<u>5,202,548</u>
Total non-current liabilities		
Total liabilities		
	<u>16,892,063</u>	<u>20,407,592</u>
Shareholders' equity		
Share capital	8,918,602	8,918,602
Capital reserves	19,313,090	19,313,090
Special reserves	16,134	13,365
Surplus reserves	577,012	577,012
Unappropriated profit	(6,209,776)	(6,613,166)
	<u>22,615,062</u>	<u>22,208,903</u>
Total shareholders' equity		
Total liabilities and shareholders' equity		
	<u>39,507,125</u>	<u>42,616,495</u>

INCOME STATEMENT

For the six months ended 30 June 2022

RMB'000

	Six months ended 30 June 2022	Six months ended 30 June 2021
Revenue	18,224,541	22,669,481
Less: Cost of sales	17,111,179	19,339,473
Taxes and surcharges	68,787	73,484
Distribution and selling expenses	38,921	42,999
General and administrative expenses	159,729	228,471
R&D expenses	104,832	75,591
Finance expenses	226,247	191,301
Including: Interest expenses	152,624	236,212
Interest income	39,475	47,236
Add: Other income	2,926	3,766
Investment income	26,765	310
Operating profit	544,537	2,722,238
Add: Non-operating income	734	817
Less: Non-operating expenses	36,294	139,238
Total profit	508,977	2,583,817
Less: Income tax expenses/(credit)	105,587	–
Net Profit	403,390	2,583,817
Including: Net profit from continuing operations	403,390	2,583,817
Other comprehensive income after tax	–	–
Total comprehensive income	403,390	2,583,817

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

Six months ended 30 June 2022

RMB '000

	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated profit	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current year	8,918,602	19,313,090	-	-	13,365	577,012	(6,613,166)	22,208,903
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	403,390	403,390
(II) shareholders' contribution and decrease in share capital								
1. Amount increased during the year	-	-	-	-	-	-	-	-
2. Amount decreased during the year	-	-	-	-	-	-	-	-
(III) Special reserves								
1. Amount established during the year	-	-	-	-	16,950	-	-	16,950
2. Amount utilized during the year	-	-	-	-	(14,181)	-	-	(14,181)
III. Closing balance for the year	<u>8,918,602</u>	<u>19,313,090</u>	<u>-</u>	<u>-</u>	<u>16,134</u>	<u>577,012</u>	<u>(6,209,776)</u>	<u>22,615,062</u>

Six months ended 30 June 2021

	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated profit	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current year	<u>8,918,602</u>	<u>19,313,090</u>	<u>65,940</u>	<u>-</u>	<u>19,398</u>	<u>577,012</u>	<u>(8,785,752)</u>	<u>19,976,410</u>
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	2,583,817	2,583,817
(II) shareholders' contribution and decrease in share capital								
1. Amount increased during the year	-	-	-	-	-	-	-	-
2. Amount decreased during the year	-	-	-	-	-	-	-	-
(III) Special reserves								
1. Amount established during the year	-	-	-	-	13,200	-	-	13,200
2. Amount utilized during the year	-	-	-	-	(7,132)	-	-	(7,132)
(IV) Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,733</u>	<u>4,733</u>
III. Closing balance for the year	<u><u>8,918,602</u></u>	<u><u>19,313,090</u></u>	<u><u>65,940</u></u>	<u><u>-</u></u>	<u><u>25,466</u></u>	<u><u>577,012</u></u>	<u><u>(6,197,202)</u></u>	<u><u>22,571,028</u></u>

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

RMB'000

	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	19,672,487	21,155,212
Other cash received relating to operating activities	<u>63,125</u>	<u>73,428</u>
Sub-total of cash inflows from operating activities	<u><u>19,735,612</u></u>	<u><u>21,228,640</u></u>
Cash paid for purchase of goods and services	17,781,842	19,007,414
Cash paid to and on behalf of employees	761,219	802,956
Cash paid for all types of taxes	345,321	58,970
Other cash paid relating to operating activities	<u>36,825</u>	<u>117,337</u>
Sub-total of cash outflows from operating activities	<u><u>18,925,207</u></u>	<u><u>19,986,677</u></u>
Net cash flows from operating activities	<u><u>810,405</u></u>	<u><u>1,241,963</u></u>

	Six months ended 30 June 2022	Six months ended 30 June 2021
II. Cash flows from investing activities:		
Cash received from disposal of investments	600,000	–
Cash received from return on investments	28,607	310
Other cash received relating to investing activities	<u>–</u>	<u>–</u>
Sub-total of cash inflows from investing activities	<u>628,607</u>	<u>310</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,420,875	1,193,206
Cash paid for investments	48,900	550,000
Cash payments for acquisition of subsidiaries and other business units	<u>–</u>	<u>114,449</u>
Sub-total of cash outflows from investing activities	<u>2,469,775</u>	<u>1,857,655</u>
Net cash flows from investing activities	<u>(1,841,168)</u>	<u>(1,857,345)</u>
III. Cash flows from financing activities:		
Cash received from borrowings	395,000	3,794,465
Other cash received relating to financing activities	<u>–</u>	<u>65,992</u>
Sub-total of cash inflows from financing activities	<u>395,000</u>	<u>3,860,457</u>
Cash repayments of borrowings	2,194,165	2,960,000
Cash paid for distribution of dividends or profits, and for interest expenses	183,407	153,576
Other cash paid relating to financing activities	<u>270,833</u>	<u>87,904</u>
Sub-total of cash outflows from financing activities	<u>2,648,405</u>	<u>3,201,480</u>
Net cash flows from financing activities	<u>(2,253,405)</u>	<u>658,977</u>

	Six months ended 30 June 2022	Six months ended 30 June 2021
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>24,528</u>	<u>9,644</u>
V. Net increase/(decrease) in cash and cash equivalents	(3,259,640)	53,239
Add: Cash and cash equivalents at the beginning of the year	<u>5,832,114</u>	<u>4,689,461</u>
VI. Cash and cash equivalents at the end of the year	<u><u>2,572,474</u></u>	<u><u>4,742,700</u></u>

By order of the Board
Chongqing Iron & Steel Company Limited
Zou An
Secretary to the Board

Chongqing, the PRC, 31 August 2022

As at the date of this announcement, the Directors of the Company are: Mr. Zhang Wenxue (Executive Director), Mr. Xie Zhixiong (Executive Director), Mr. Zou An (Executive Director), Mr. Song De An (Non-executive Director), Mr. Lai Xiaomin (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Mr. Zhang Jinruo (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).