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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 2020

I IMPORTANT

- 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 designated by the CSRC including the website of the Shanghai Stock Exchange 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 considered by the Board

Nil

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	Meng Xiangyun	Peng Guoju
Tel	86-23-6898 3482	86-23-6898 3482
Correspondence address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing, the PRC	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing, the PRC
E-mail	IR@email.cqgt.cn	IR@email.cqgt.cn

2.2 Major financial data of the Company

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 (%)
	Reporting Period (January to June)	Corresponding period last year	Year-on-year change (%)
Total assets	28,611,251	26,975,726	6.06
Net assets attributable to shareholders of the Company	19,520,184	19,396,003	0.64
Net cash flow from operating activities	82,586	88,417	-6.59
Revenue	10,927,367	11,483,560	-4.84
Net profit attributable to shareholders of the Company	121,355	615,728	-80.29
Net profit attributable to shareholders of the Company after non- recurring items	107,793	589,097	-81.70
Weighted average return on net assets (%)	0.62	3.27	Down by 2.65 percentage points
Basic earnings per share (RMB per share)	0.01	0.07	-85.71
Diluted earnings per share (RMB per share)	0.01	0.07	-85.71

2.3 Shareholdings of top ten shareholders

Unit: shares

Total number of shareholders as of the end of the reporting period (account)	145,157
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 non-state-owned legal person	23.51	2,096,981,600	0 Pledged	2,096,981,600
HKSCC NOMINEES LIMITED	Foreign legal person	5.96	531,217,021	0 Unknown	
Chongqing Qianxin Energy Environmental Protection Company Limited	Unknown	4.79	427,195,760	0 Pledged	427,190,070
Chongqing Rural Commercial Bank Co., Ltd.	Unknown	3.24	289,268,939	0 Nil	0
Chongqing Guochuang Investment and Management Co., Ltd.	Unknown	3.12	278,288,059	0 Nil	0
Sinosteel Equipment & Engineering Co., Ltd.	Unknown	2.83	252,411,692	0 Nil	0
Bank of Chongqing Co., Ltd. Industrial Bank Co., Ltd.	Unknown	2.53	226,042,920	0 Nil	0
Chongqing Branch	Unknown	2.46	219,633,096	0 Nil	0
Agricultural Bank of China Limited Chongqing Branch	Unknown	2.43	216,403,628	0 Nil	0
China Shipbuilding Industry Complete Equipment Logistics Co., Ltd.	Unknown	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 and has no associated relationship with the other 9 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 9 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 Undue and unpaid overdue corporate bonds

Applicable Not Applicable

III MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Discussion and Analysis of Business Operations

In first half of 2020, under the influence of the rapid release of production capacity in the iron and steel industry and the COVID-19 pandemic, the Company followed the production and operation policy of “expanding scale, adjusting structure and reducing costs”, and stuck to the working keynotes of “conducting comprehensive benchmarking to identify areas for improvement, increasing efforts in cost reduction and efficiency enhancement, refining management and minimizing resource consumption”. With a focus on “scale + cost” and “efficiency + benefit”, the Company carried out various tasks such as comprehensive benchmarking to identify areas for improvement. Accordingly, the Company maintained stable production and operation, and promoted the technical renovation plan in an efficient way, thus cementing a solid foundation for the further development of the Company.

In the first half of 2020, in response to the rising temperature of the blast furnace wall, the Company suspended the operation of No.1 blast furnace for a quick revamping, and enabled the blast furnace to achieve the expected production and efficiency in a short period, with its utilization factor reaching the advanced level of the industry. Meanwhile, the Company strengthened the daily maintenance of the other two blast furnaces, achieving a cumulative iron output of 2.86 million tonnes. In addition, the Company adopted appropriate refined material policies and optimized coal and ore blending plans. As a result, the fuel ratio reached 515kg/t iron, representing a year-on-year decrease of 13kg/t iron. As for steel making, the Company adopted measures such as saving iron to increase steel and using more scrap steel to increase production. The ratio of iron to steel reached the best level of 822kg/t steel in June and the cumulative steel output amounted to 3.28 million tonnes, representing a year-on-year increase of 2.96%. Meanwhile, the consumption of steel and iron materials was 1,063kg/t steel, representing a year-on-year decrease of 13kg/t steel. As for rolled steel, the Company optimized the structure to increase production according to the market demand and production line performance. The Company produced 3.14 million tonnes of steel products, representing a year-on-year increase of 4.25%, and sold 3.14 million tonnes of steel products, achieving a balance between production and sales.

In the first half of 2020, the Company's profit was reduced by RMB612 million due to lower steel price and higher raw material price. However, the Company vigorously conducted comprehensive benchmarking to identify areas for improvement and adopted proactive measures for cost reduction and efficiency enhancement, resulting in significant improvement of the main economic and technical indicators and a year-on-year decrease of RMB146 million in process costs. After defusing the adverse factors impacting the profit in the external market, the Company achieved a profit of RMB121 million.

In the future, the Company will strive to build itself into a 10 million-tonne-level iron and steel enterprise, shape "Chongqing Iron & Steel to be beautiful and picturesque", and take "becoming a leader in the steel industry in Southwest China" as its vision and goal. Meanwhile, it will make every effort to promote its production and operation, project construction and various reform and development initiatives, and continuously enhance the competitiveness of the Company. In 2020, the Company plans to produce 6.12 million tonnes of pig iron, 6.80 million tonnes of steel and 6.38 million tonnes of steel products, and realize sales volume of 6.38 million tonnes of steel products and sales revenue of RMB22.0 billion (tax exclusive).

3.2 Analysis of Principal Business

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

Unit: RMB'000

Item	For the Reporting Period	For the corresponding period last year	Change (%)
Revenue	10,927,367	11,483,560	-4.84
Cost of sales	10,342,993	10,342,032	0.01
Distribution and selling expenses	53,355	45,161	18.14
General and administrative expenses	244,093	330,030	-26.04
Finance expenses	90,148	75,985	18.64
Research and development expenses	–	–	–
Net cash flow from operating activities	82,586	88,417	-6.59
Net cash flow from investing activities	251,153	-214,233	N/A
Net cash flow from financing activities	1,039,510	370,217	180.78

Reasons for change in distribution and selling expenses: The increase in distribution and selling expenses was mainly due to the fact that higher steel inventory as a result of the COVID-19 led to an increase in freight transportation.

Reasons for change in general and administrative expenses: The decrease in general and administrative expenses was mainly due to the decrease in provision for the incentive fund and the apportionment according to the nature of expenses.

Reasons for change in financial expenses: The increase in financial expenses was mainly due to the increase in interest expenses as a result of increased financing.

Reasons for change in net cash flow from investing activities: The increase in net cash flow from investing activities was mainly due to the decrease in financial investments.

Reasons for change in net cash flow from financing activities: The increase in net cash flow from financing activities was mainly due to the increase in financing.

(2) Others

- ① Detailed description of major changes in the Company's profit structure or profit sources

Applicable Not Applicable

In the first half of 2020, the Group realized a total profit of RMB121 million, representing a year-on-year decrease of 80.33%, which was mainly due to the following reasons: the overall selling price of steel products amounted to RMB3,348/tonne, representing a year-on-year decrease of 4.62% and resulting in a decrease of RMB485 million in profit; the rising prices of raw materials, such as ore, coal, alloy, scrap steel, etc., resulted in a decrease of RMB127 million in profit; the Company vigorously conducted comprehensive benchmarking to identify areas for improvement and adopted proactive measures for cost reduction and efficiency enhancement, resulting in significant improvement of the main economic and technical indicators and remarked decrease in consumption of various resources, and thus achieving a year-on-year decrease of RMB146 million in process costs.

In the first half of 2020, the Group's revenue from principal operations amounted to RMB10,876 million, representing a year-on-year decrease of 4.94%. In particular, the average sales price of steel products was decreased by 4.62% year-on-year to RMB3,348/tonne, leading to a decrease of RMB485 million in sales revenue.

Composition of revenue from principal operations:

Type	First half of 2020		First half of 2019		Year-on-year growth (%)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plates	3,456,117	31.78	3,542,337	30.96	-2.43
Hot rolled coils	5,313,138	48.85	5,158,288	45.08	3.00
Bars	958,786	8.82	1,142,570	9.99	-16.09
Wire rods	773,514	7.11	1,151,350	10.06	-32.82
Sub-total of steel products	10,501,555	96.56	10,994,545	96.09	-4.48
Others	374,200	3.44	446,743	3.91	-16.24
Total	10,875,755	100.00	11,441,288	100.00	-4.94

Sales prices of steel products:

Item	Sales price in the first half of 2020 (RMB/tonne)	Sales price in the first half of 2019 (RMB/tonne)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	3,508	3,622	-3.15	-113,023
Hot rolled coils	3,252	3,389	-4.04	-223,701
Bars	3,337	3,659	-8.80	-92,675
Wire rods	3,356	3,599	-6.75	-56,085
Total	<u>3,348</u>	<u>3,510</u>	<u>-4.62</u>	<u>-485,484</u>

Sales volumes of steel products:

Item	Sales volume for the first half of 2020 (Ten thousand tonnes)	Sales volume for the first half of 2019 (Ten thousand tonnes)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	98.53	97.79	0.76	26,803
Hot rolled coils	163.39	152.22	7.34	378,551
Bars	28.73	31.22	-7.98	-91,109
Wire rods	23.05	31.99	-27.95	-321,751
Total	<u>313.70</u>	<u>313.22</u>	<u>0.15</u>	<u>-7,506</u>

② Others

Applicable Not Applicable

Principal operations by sectors, products and regions

Unit: RMB'000

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	10,875,755	10,316,945	5.14	-4.94	0.09	-4.77
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	10,501,555	9,934,475	5.40	-4.48	0.70	-4.87
Others	374,200	382,470	-2.21	-16.24	-13.47	-3.27
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	10,281,370	9,767,107	5.00	-5.44	-0.39	-4.82
Other regions	594,385	549,838	7.49	4.60	9.63	-4.25
Total	10,875,755	10,316,945	5.14	-4.94	0.09	-4.77

3.3 Changes of accounting policies, estimations and methods and their reasons and impact as compared to the last accounting period

Applicable Not Applicable

3.4 Correction of significant accounting errors requiring restatement, correction amount, and their reasons and impact during the reporting period.

Applicable Not Applicable

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 (the “**Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (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 2020.

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 2020 according to the Article 250 of the Articles of Association.

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

From 6 March 2020 to 12 March 2020, the Company accumulatively repurchased a total of 50,000,000 A shares through centralized bidding trading, representing approximately 0.56% of its total share capital. The highest, lowest and average price transacted for such shares were RMB1.71 per share, RMB1.65 per share and RMB1.69 per share, respectively. The total amount paid for such shares was RMB84,333,550.00 (excluding transaction fees).

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, Xin Qing Quan, Xu Yi Xiang, Wong Chun Wa and Zhou Ping with Mr. Xin Qing Quan acting as the chairman of the Audit Committee.

The unaudited interim financial report of the Company for the six months ended 30 June 2020 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 2020, 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 Rules Governing the Listing of Securities on the Stock Exchange and the Model Code for Securities Transactions by Directors of Listed Companies, 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 (share)	Percentage in the share capital of A shares of the Company (%)	Percentage in the total share capital of the Company (%)	Class of shares
Wang Li	The Company	Director	Beneficial interests	113,800 (long position)	0.00136	0.00128	A share

V. UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2020 PREPARED IN ACCORDANCE WITH THE PRC GAAP

Consolidated Statement of Financial Position

As at 30 June 2020

Unit: RMB'000

Items	30 June 2020	31 December 2019
Current assets:		
Cash and bank balances	3,208,632	1,783,747
Financial assets held for trading	–	400,000
Trade receivables	11,747	5,610
Receivables financing	2,528,817	861,373
Prepayments	647,644	751,498
Other receivables	7,203	78,132
Inventories	2,979,319	3,931,513
Other current assets	5,055	43,410
	<hr/>	<hr/>
Total current assets	9,388,417	7,855,283
	<hr/>	<hr/>
Non-current assets:		
Long-term equity investments	28,258	28,258
Other equity investments	15,000	5,000
Property, plant and equipment	16,112,970	16,442,264
Construction in progress	637,162	171,858
Intangible assets	2,361,008	2,392,114
Deferred tax assets	68,436	68,436
Other non-current assets	–	12,513
	<hr/>	<hr/>
Total non-current assets	19,222,834	19,120,443
	<hr/>	<hr/>
Total assets	28,611,251	26,975,726
	<hr/> <hr/>	<hr/> <hr/>

Items	30 June 2020	31 December 2019
Current liabilities:		
Short-term borrowings	695,273	384,528
Notes payable	88,805	91,127
Trade payables	2,104,786	1,726,883
Contract liabilities	1,175,270	1,145,615
Employee benefits payable	125,703	257,143
Taxes payable	146,648	70,867
Other payables	555,798	421,768
Non-current liabilities due within one year	456,526	841,576
Other current liabilities	152,785	150,208
Total current liabilities	<u>5,501,594</u>	<u>5,089,715</u>
Non-current liabilities:		
Bonds payable	993,347	–
Long-term payables	333,333	–
Long-term employee benefits payable	175,707	201,737
Deferred income	37,086	38,271
Other non-current liabilities	2,050,000	2,250,000
Total non-current liabilities	<u>3,589,473</u>	<u>2,490,008</u>
Total liabilities	<u>9,091,067</u>	<u>7,579,723</u>
Shareholders' equity :		
Share capital	8,918,602	8,918,602
Capital reserves	19,282,147	19,282,147
Less: Treasury shares	65,940	62,314
Special reserves	21,025	14,573
Surplus reserves	606,991	606,991
Accumulated losses	(9,242,641)	(9,363,996)
Total shareholders' equity	<u>19,520,184</u>	<u>19,396,003</u>
Total liabilities and shareholders' equity	<u>28,611,251</u>	<u>26,975,726</u>

Statement of Financial Position of the Parent Company

As at 30 June 2020

Unit: RMB'000

Items	30 June 2020	31 December 2019
Current assets:		
Cash and bank balances	3,202,852	1,779,736
Financial assets held for trading	–	400,000
Trade receivables	11,774	5,610
Receivables financing	2,528,817	861,373
Prepayments	609,907	707,289
Other receivables	7,098	78,027
Inventories	2,971,875	3,931,513
Other current assets	4,087	43,410
Total current assets	9,336,410	7,806,958
Non-current assets:		
Long-term equity investments	28,258	28,258
Other equity investments	15,000	5,000
Property, plant and equipment	16,112,806	16,442,087
Construction in progress	637,162	171,858
Intangible assets	2,361,008	2,392,114
Deferred tax assets	68,192	68,192
Other non-current assets	–	12,513
Total non-current assets	19,222,426	19,120,022
Total assets	28,558,836	26,926,980

Items	30 June 2020	31 December 2019
Current liabilities:		
Short-term borrowings	695,273	384,528
Notes payable	88,805	91,127
Trade payables	2,104,540	1,726,883
Contract liabilities	1,133,379	1,105,972
Employee benefits payable	125,703	257,143
Taxes payable	146,538	70,398
Other payables	555,628	421,590
Non-current liabilities due within one year	456,526	841,576
Other current liabilities	147,339	144,958
Total current liabilities	<u>5,453,731</u>	<u>5,044,175</u>
Non-current liabilities:		
Bonds payable	993,347	–
Long-term payables	333,333	–
Long-term employee benefits payable	175,707	201,737
Deferred income	37,086	38,271
Other non-current liabilities	2,050,000	2,250,000
Total non-current liabilities	<u>3,589,473</u>	<u>2,490,008</u>
Total liabilities	<u>9,043,204</u>	<u>7,534,183</u>
Shareholders' equity :		
Share capital	8,918,602	8,918,602
Capital reserves	19,313,090	19,313,090
Less: Treasury shares	65,940	62,314
Special reserves	21,025	14,573
Surplus reserves	577,012	577,012
Accumulated losses	(9,248,157)	(9,368,166)
Total shareholders' equity	<u>19,515,632</u>	<u>19,392,797</u>
Total liabilities and shareholders' equity	<u>28,558,836</u>	<u>26,926,980</u>

Consolidated Income Statement
For the six months ended 30 June 2020

Unit: RMB'000

Items	Six months ended 30 June 2020	Six months ended 30 June 2019
I. Revenue	10,927,367	11,483,560
Less: Cost of sales	10,342,993	10,342,032
Taxes and surcharges	88,595	92,194
Distribution and selling expenses	53,355	45,161
General and administrative expenses	244,093	330,030
Finance expenses	90,148	75,985
Including: Interest expenses	110,693	106,499
Interest income	23,202	33,469
Add: Other income	6,515	1,227
Investment income	6,791	5,351
	<hr/>	<hr/>
II. Operating profit	121,489	604,736
Add: Non-operating income	684	13,252
Less: Non-operating expenses	747	665
	<hr/>	<hr/>
III. Total profit	121,426	617,323
Less: Income tax expenses	71	1,595
	<hr/>	<hr/>

Items	Six months ended 30 June 2020	Six months ended 30 June 2019
IV. Net Profit	121,355	615,728
(I) Breakdown by continuity of operations		
1. Net profit from continuing operations	121,355	615,728
(II) Breakdown by attributable interests		
1. Net profit attributable to owners of the parent company	121,355	615,728
2. Non-controlling interests	<u>–</u>	<u>–</u>
V. Other comprehensive income after tax	<u>121,355</u>	<u>615,728</u>
VI. Total comprehensive income	<u>121,355</u>	<u>615,728</u>
Total comprehensive income attributable to owners of the parent company	121,355	615,728
Total comprehensive income attributable to non-controlling interests	<u>–</u>	<u>–</u>
VII. Earnings per share:		
(I) Basic earnings per share (<i>RMB/share</i>)	<u>0.01</u>	<u>0.07</u>
(II) Diluted earnings per share (<i>RMB/share</i>)	<u>0.01</u>	<u>0.07</u>

Income Statement of the Parent Company
For the six months ended 30 June 2020

Unit: RMB'000

Items	Six months ended 30 June 2020	Six months ended 30 June 2019
I. Revenue	10,933,097	11,486,217
Less: Cost of sales	10,350,437	10,350,441
Taxes and surcharges	88,528	91,997
Distribution and selling expenses	53,116	44,950
General and administrative expenses	244,093	330,030
Finance expenses	90,157	75,989
Including: Interest expenses	110,693	106,499
Interest income	23,193	33,463
Add: Other income	6,515	1,227
Investment income	6,791	9,571
	<hr/>	<hr/>
II. Operating profit	120,072	603,608
Add: Non-operating income	684	13,252
Less: Non-operating expenses	747	665
	<hr/>	<hr/>
III. Total profit	120,009	616,195
Less: Income tax expenses	–	–
	<hr/>	<hr/>
IV. Net Profit	120,009	616,195
Breakdown by continuity of operations		
1. Net profit from continuing operations	120,009	616,195
	<hr/>	<hr/>
V. Other comprehensive income after tax	120,009	616,195
	<hr/>	<hr/>
VI. Total comprehensive income	120,009	616,195
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

Unit: RMB'000

Items	Six months ended 30 June 2020								
	Total equity attributable to shareholders of the parent company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Accumulated losses		
I. Closing balances of the preceding year and opening balances of the current period	8,918,602	19,282,147	62,314	-	14,573	606,991	(9,363,996)	-	19,396,003
II. Changes in the current period (decrease is represented by "-")	-	-	3,626	-	6,452	-	121,355	-	124,181
(I) Total comprehensive income	-	-	-	-	-	-	121,355	-	121,355
(II) Shareholders' contribution and decrease in share capital	-	-	3,626	-	-	-	-	-	(3,626)
1. Others	-	-	3,626	-	-	-	-	-	(3,626)
(III) Special reserves	-	-	-	-	6,452	-	-	-	6,452
1. Amount established during the period	-	-	-	-	12,954	-	-	-	12,954
2. Amount utilized during the period	-	-	-	-	6,502	-	-	-	6,502
III. Closing balance for the period	<u>8,918,602</u>	<u>19,282,147</u>	<u>65,940</u>	<u>-</u>	<u>21,025</u>	<u>606,991</u>	<u>(9,242,641)</u>	<u>-</u>	<u>19,520,184</u>
	Six months ended 30 June 2019								
	Total equity attributable to shareholders of the parent company							Non-controlling interests	Total shareholders' equity
Items	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Accumulated losses		
I. Closing balances of the preceding year and opening balances of the current period	8,918,602	19,282,147	-	-	13,644	606,991	(10,289,719)	-	18,531,665
II. Changes in the current period (decrease is represented by "-")	-	-	62,314	-	8,604	-	615,728	-	562,018
(I) Total comprehensive income	-	-	-	-	-	-	615,728	-	615,728
(II) Shareholders' contribution and decrease in share capital	-	-	62,314	-	-	-	-	-	(62,314)
1. Others	-	-	62,314	-	-	-	-	-	(62,314)
(III) Special reserves	-	-	-	-	8,604	-	-	-	8,604
1. Amount established during the period	-	-	-	-	12,840	-	-	-	12,840
2. Amount utilized during the period	-	-	-	-	4,236	-	-	-	4,236
III. Closing balance for the period	<u>8,918,602</u>	<u>19,282,147</u>	<u>62,314</u>	<u>-</u>	<u>22,248</u>	<u>606,991</u>	<u>(9,673,991)</u>	<u>-</u>	<u>19,093,683</u>

Statement of changes in Equity of the Parent Company
For the six months ended 30 June 2020

Unit: RMB'000

Items	Six months ended 30 June 2020							
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Accumulated losses	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current period	8,918,602	19,313,090	62,314	-	14,573	577,012	(9,368,166)	19,392,797
II. Changes in the current period(decrease is represented by "-")	-	-	3,626	-	6,452	-	120,009	122,835
(I) Total comprehensive income	-	-	-	-	-	-	120,009	120,009
(II) Shareholders' contribution and decrease in share capital	-	-	3,626	-	-	-	-	(3,626)
1. Others	-	-	3,626	-	-	-	-	(3,626)
(III) Special reserves	-	-	-	-	6,452	-	-	6,452
1. Amount established during the period	-	-	-	-	12,954	-	-	12,954
2. Amount utilized during the period	-	-	-	-	6,502	-	-	6,502
III. Closing balance for the period	<u>8,918,602</u>	<u>19,313,090</u>	<u>65,940</u>	<u>-</u>	<u>21,025</u>	<u>577,012</u>	<u>(9,248,157)</u>	<u>19,515,632</u>
Items	Six months ended 30 June 2019							
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Accumulated losses	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current period	8,918,602	19,313,090	-	-	13,644	577,012	(10,292,036)	18,530,312
II. Changes in the current period(decrease is represented by "-")	-	-	62,314	-	8,604	-	616,195	562,485
(I) Total comprehensive income	-	-	-	-	-	-	616,195	616,195
(II) Shareholders' contribution and decrease in share capital	-	-	62,314	-	-	-	-	(62,314)
1. Others	-	-	62,314	-	-	-	-	(62,314)
(III) Special reserves	-	-	-	-	8,604	-	-	8,604
1. Amount established during the period	-	-	-	-	12,840	-	-	12,840
2. Amount utilized during the period	-	-	-	-	4,236	-	-	4,236
III. Closing balance for the period	<u>8,918,602</u>	<u>19,313,090</u>	<u>62,314</u>	<u>-</u>	<u>22,248</u>	<u>577,012</u>	<u>(9,675,841)</u>	<u>19,092,797</u>

Consolidated Statement of Cash Flows
For the six months ended 30 June 2020

Unit: RMB'000

Items	Six months ended 30 June 2020	Six months ended 30 June 2019
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	9,248,203	10,334,249
Other cash received relating to operating activities	<u>188,980</u>	<u>61,079</u>
Sub-total of cash inflows from operating activities	<u><u>9,437,183</u></u>	<u><u>10,395,328</u></u>
Cash paid for purchase of goods and services	8,155,684	9,030,724
Cash paid to and on behalf of employees	650,980	743,222
Cash paid for all types of taxes	279,479	365,205
Other cash paid relating to operating activities	<u>268,454</u>	<u>167,760</u>
Sub-total of cash outflows from operating activities	<u><u>9,354,597</u></u>	<u><u>10,306,911</u></u>
Net cash flows from operating activities	<u><u>82,586</u></u>	<u><u>88,417</u></u>
II. Cash flows from investing activities:		
Cash received from disposal of investments	433,000	404,400
Cash received from return on investments	<u>6,791</u>	<u>5,351</u>
Sub-total of cash inflows from investing activities	<u><u>439,791</u></u>	<u><u>409,751</u></u>
Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets	145,638	36,926
Cash paid for acquisition of investments	<u>43,000</u>	<u>587,058</u>
Sub-total of cash outflows from investing activities	<u><u>188,638</u></u>	<u><u>623,984</u></u>
Net cash flows from investing activities	<u><u>251,153</u></u>	<u><u>(214,233)</u></u>

Items	Six months ended 30 June 2020	Six months ended 30 June 2019
III. Cash flows from financing activities:		
Cash received from borrowings	2,004,500	105,000
Other cash received relating to financing activities	—	795,088
	<u> </u>	<u> </u>
Sub-total of cash inflows from financing activities	<u>2,004,500</u>	<u>900,088</u>
Cash repayments of borrowings	870,000	200,000
Cash paid for distribution of dividends or profits, and for interest expenses	85,445	79,446
Other cash paid relating to financing activities	9,545	250,425
	<u> </u>	<u> </u>
Sub-total of cash outflows from financing activities	<u>964,990</u>	<u>529,871</u>
Net cash flows from financing activities	<u>1,039,510</u>	<u>370,217</u>
IV. Effect of changes in exchange rate on cash and cash equivalents	—	—
	<u> </u>	<u> </u>
V. Net increase in cash and cash equivalents	1,373,249	244,401
Add: Cash and cash equivalents at the beginning of the period	1,595,323	1,969,543
	<u> </u>	<u> </u>
VI. Cash and cash equivalents at the end of the period	<u>2,968,572</u>	<u>2,213,944</u>

Statement of Cash Flows of the Parent Company
For the six months ended 30 June 2020

Unit: RMB'000

Items	Six months ended 30 June 2020	Six months ended 30 June 2019
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	8,975,505	10,328,057
Other cash received relating to operating activities	187,118	61,079
	<u>9,162,623</u>	<u>10,389,136</u>
Sub-total of cash inflows from operating activities	9,162,623	10,389,136
Cash paid for purchase of goods and services	7,885,766	9,030,724
Cash paid to and on behalf of employees	650,980	743,222
Cash paid for all types of taxes	278,758	363,825
Other cash paid relating to operating activities	266,302	167,564
	<u>9,081,806</u>	<u>10,305,335</u>
Sub-total of cash outflows from operating activities	9,081,806	10,305,335
Net cash flows from operating activities	80,817	83,801

Items	Six months ended 30 June 2020	Six months ended 30 June 2019
II. Cash flows from investing activities:		
Cash received from disposal of investments	433,000	404,400
Cash received from return on investments	6,791	9,571
	<u>439,791</u>	<u>413,971</u>
Sub-total of cash inflows from investing activities	<u>439,791</u>	<u>413,971</u>
Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets	145,638	36,926
Cash paid for acquisition of investments	43,000	587,058
	<u>188,638</u>	<u>623,984</u>
Sub-total of cash outflows from investing activities	<u>188,638</u>	<u>623,984</u>
Net cash flows from investing activities	<u>251,153</u>	<u>(210,013)</u>
III. Cash flows from financing activities:		
Cash received from borrowings	2,004,500	105,000
Other cash received relating to financing activities	–	795,088
	<u>2,004,500</u>	<u>900,088</u>
Sub-total of cash inflows from financing activities	<u>2,004,500</u>	<u>900,088</u>
Cash repayments of borrowings	870,000	200,000
Cash paid for distribution of dividends or profits, and for interest expenses	85,445	79,446
Other cash paid relating to financing activities	9,545	250,425
	<u>964,990</u>	<u>529,871</u>
Sub-total of cash outflows from financing activities	<u>964,990</u>	<u>529,871</u>
Net cash flows from financing activities	<u>1,039,510</u>	<u>370,217</u>

Items	Six months ended 30 June 2020	Six months ended 30 June 2019
IV. Effect of changes in exchange rate on cash and cash equivalents	—	—
V. Net increase in cash and cash equivalents	1,371,480	244,005
Add: Cash and cash equivalents at the beginning of the period	<u>1,591,312</u>	<u>1,967,354</u>
VI. Cash and cash equivalents at the end of the period	<u>2,962,792</u>	<u>2,211,359</u>

By order of the Board
Chongqing Iron & Steel Company Limited
Meng Xiangyun
Secretary to the Board

Chongqing, the PRC, 26 August 2020

As at the date of this announcement, the Directors of the Company are: Mr. Zhang Jingang (Non-executive Director), Mr. Song De An (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Liu Jianrong (Executive Director), Mr. Tu Deling (Executive Director), Mr. Zou An (Executive Director), Mr. Xin Qingquan (Independent Non-executive Director), Mr. Xu Yixiang (Independent Non-executive Director) and Mr. Wong Chunwa (Independent Non-executive Director).