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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 2021

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://www.hkexnews.hk>) or media designated by the CSRC for details.
- 1.2 The board of directors, 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
Tel	86-23-6898 3318	86-23-6898 3482
Correspondence address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
E-mail	ir_601005@baowugroup.com	ir_601005@baowugroup.com

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	45,151,053	39,949,856	13.02
Net assets attributable to shareholders of the Company	22,743,007	20,038,467	13.50
	Reporting Period	Corresponding period last year	Year-on-year change (%)
Revenue	22,669,939	10,927,367	107.46
Net profit attributable to shareholders of the Company	2,697,041	121,355	2,122.44
Net profit attributable to shareholders of the Company after non-recurring items	2,834,482	107,793	2,529.56
Net cash flow from operating activities	1,546,388	82,586	1,772.46 Increased by 11.99 percentage points
Weighted average return on net assets (%)	12.61	0.62	
Basic earnings per share (<i>RMB per share</i>)	0.30	0.01	2,900.00
Diluted earnings per share (<i>RMB per share</i>)	0.30	0.01	2,900.00

2.3 Shareholdings of top ten shareholders

Unit: shares

Total number of shareholders as of the end of the reporting period (account)	194,546
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	532,277,821	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
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
Chongqing Huanya Construction Materials Company Limited	State-owned legal person	2.35	209,573,120	0	Pledged	100,000,000
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 Existing bonds as at the date of approval of the interim report

Applicable Not Applicable

Unit: RMB

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 1)	20 Chongqing Iron & Steel MTN001A	102000390	19 March 2020	19 March 2023	498,984,000	4.64
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	497,569,000	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 (%)	49.63	49.84
	The reporting period	Corresponding period last year
EBITDA interest coverage (times)	14.23	5.39

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 first half of 2021, the Company seized the favorable opportunity of steel market, closely centered on the mainline of “refining management, minimizing resource consumption, conducting comprehensive benchmarking to identify areas for improvement, and increasing efforts in cost reduction and efficiency enhancement”. The Company proactively and comprehensively identified differences with benchmark enterprises, paid close attention to reducing costs and increasing efficiency, constantly improved the technical and economic indicators, aimed at the market gaps of the purchase and sales, continuously strengthened the purchase system and optimized the marketing model, and therefore achieved steady improvement in production and sales efficiency with continuous improvement in production and operation. In the first half of 2021, the Company produced 4,661,100 tonnes of iron, 5,030,500 tonnes of steel and 4,856,600 tonnes of commodity billet, representing a year-on-year increase of 62.76%, 53.36% and 54.68%, respectively.

In the first half of 2021, the Company achieved a record high in the production of iron in March and the production of steel in May by leveling up and updating the processing equipment, optimizing the model of production and organization and maintaining a stable and efficient rolling process and production of iron and steel; the main technical and economic indicators repeatedly set new records, the dry coking coal proportion, coal powder injection ratio, utilization coefficient, steel and iron material consumption, hot charge ratio, and rolling operation efficiency set new records; 1# and 2# blast furnaces were continuously rewarded the first prize of Baowu Group in the first and second quarters; iron and steel materials consumption indices had continuously ranked first in Baowu Group, and had become a role model in Baowu Group; in May, the hot charging rate of 1,780mm hot-coil production line ranked first in Baowu Group.

In the first half of 2021, the Company’s major technical and economic indicators have seen a significant improvement, all sorts of consumptions significantly decreased, and thus achieving a decrease of RMB979 million in process costs by benchmarking with the industry, within Baowu Group and with excellent private enterprises.

The Company strives to create a high-quality green and smart steel manufacturing enterprise, shaping “Chongqing Iron & Steel to be beautiful and picturesque”, and becoming a leader in the steel industry in Southwest China. The Company continues to improve its competitiveness by focusing on the main philosophy of “refining management, minimizing resource consumption, conducting comprehensive benchmarking to identify areas for improvement, and increasing efforts in cost reduction and efficiency enhancement”. The Company plans to produce 8.50 million tonnes of pig iron, 10 million tonnes of steel and 9.58 million tonnes of commodity billets, and has realized sales volume of 9.58 million tonnes of commodity billets and revenue of RMB34.5 billion (tax exclusive) in the year of 2021. There has been no significant change in the Company’s possible future business development and outlook for the financial year of 2021 since the publication of the Company’s annual report for the year ended 31 December 2020.

3.3 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	22,669,939	10,927,367	107.46
Cost of sales	19,185,057	10,342,993	85.49
Distribution and selling expenses	42,999	53,355	-19.41
General and administrative expenses	245,709	244,093	0.66
Finance expenses	207,597	90,148	130.28
Research and development expenses	75,591	–	N/A
Net cash flow from operating activities	1,546,388	82,586	1,772.46
Net cash flow from investing activities	-1,864,545	251,153	-842.39
Net cash flow from financing activities	354,050	1,039,510	-65.94

Reasons for change in revenue: The increase in revenue was mainly due to the increase in sales volume and rise in sales price of commodity billet.

Reasons for change in cost of sales: The increase in cost of sales was mainly due to the rise in the prices of raw materials and fuels.

Reasons for change in distribution and selling expenses: The decrease in distribution and selling expenses was mainly due to the decrease in sales transportation fee as a result of the change of sales model of the Company.

Reasons for change in financial expenses: The increase in financial expenses was mainly due to the increase in financing and interest expenses.

Reasons for change in research and development expenses: The Company's total investment for research and development amounted to RMB622 million in the first half of the year, in which direct input amounting to RMB546 million resulted in product sales.

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

Reasons for change in net cash flow from investing activities: The decrease in net cash flow from investing activities was mainly due to the increase in the investment in fixed assets and financial management.

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 2021, the Group realized a total profit of RMB2,697 million, representing a year-on-year increase of 21 times, which was mainly due to the following reasons: the selling price of commodity billet amounted to RMB4,555/tonne, representing a year-on-year increase of 36.05% and resulting in an increase of RMB4,854 million in profit; the sales volume of commodity billet reached 4,754,200 tonnes, representing a year-on-year increase of 51.55%, and achieving an increase of RMB648 million in profit; the increase in prices of raw materials, such as ore, coal, alloy, scrap steel, etc., resulted in a decrease of RMB3,452 million in profit; the Company realized the significant increase in production scale and continuously promoted the cost reduction plan, and thus critical technical and economic indicators such as blast furnace utilization coefficient, fuel consumption of blast furnace and steel consumption in steelmaking improved significantly,

and remarked decrease in consumption of various resources, with a decrease of RMB979 million in process costs; the Group decreased RMB167 million in profit as a result of the provision for carbon emission compliance costs; it eliminated the safety risks from fire and structure and improved the working environment for staff, the Company took measures of special rectification, with a decrease of RMB103 million in profit as a result of the provision for the maintenance fees for special items.

In the first half of 2021, the Group's revenue from main business amounted to RMB22.410 billion, representing a year-on-year increase of 106.06%. In particular, the income from sales of commodity billet amounted to RMB21.656 billion, representing an increase of RMB11.154 billion as compared with the corresponding period of last year. Firstly, the sales volume of commodity billet was 4.7542 million tonnes, representing a year-on-year increase of 51.55%, resulting in an increase in the sales income of RMB6,300 million; secondly, the average sales price of commodity billet was RMB4,555/tonne, representing a year-on-year increase of 36.05%, resulting in an increase in the sales income of RMB4,854 million.

Composition of revenue from principal operations:

Type	First half of 2021		First half of 2020		Year-on-year growth (%)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plates	6,112,700	27.28	3,456,117	31.78	76.87
Hot rolled coils	11,050,037	49.30	5,313,138	48.85	107.98
Bars	134	0.001	958,786	8.82	-99.99
Wire rods	-	-	773,514	7.11	-100.00
Steel billets	4,493,015	20.05	-	-	-
Sub-total of steel products	21,655,886	96.63	10,501,555	96.56	106.22
Others	754,398	3.37	374,200	3.44	101.60
Total of commodity billets	<u>22,410,284</u>	<u>100.00</u>	<u>10,875,755</u>	<u>100.00</u>	<u>106.06</u>

Sales prices of commodity billets:

Item	Sales price in the first half of 2021 (RMB/tonne)	Sales price in the first half of 2020 (RMB/tonne)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	4,779	3,508	36.23	1,625,872
Hot rolled coils	4,594	3,252	41.27	3,228,062
Bars	4,763	3,337	42.73	40
Wire rods	-	3,356	-	-
Steel billets	4,201	-	-	-
Total of commodity billets	4,555	3,348	36.05	4,853,974

Sales volumes of commodity billets:

Item	Sales volume for the first half of 2021 (Ten thousand tonnes)	Sales volume for the first half of 2020 (Ten thousand tonnes)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	127.92	98.53	29.83	1,030,711
Hot rolled coils	240.54	163.39	47.22	2,508,837
Bars	0.003	28.73	-99.99	-958,692
Wire rods	-	23.05	-100.00	-773,514
Steel billets	106.96	-	-	4,493,015
Total of commodity billets	475.42	313.70	51.55	6,300,357

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	22,410,284	18,896,675	15.68	106.06	83.16	10.54
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 (%)
Commodity billets	21,655,886	18,191,947	16.00	106.22	83.12	10.60
Others	754,398	704,728	6.58	101.60	84.26	8.79
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	13,592,893	11,382,871	16.26	32.21	16.54	11.26
Other regions	8,817,391	7,513,804	14.78	1,383.45	1,266.55	7.29
Total	22,410,284	18,896,675	15.68	106.06	83.16	10.54

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 2021.

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 2021 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. Xin Qingquan, Mr. Xu Yixiang, Mr. Wong Chunwa and Mr. Zhou Ping with Mr. Xin Qingquan acting as the chairman of the Audit Committee as at 30 June 2021; as an election was held by the Board of the Company on 12 August 2021, the new members of the Audit Committee are 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 2021 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 2021, 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 Listing Rules and the Model Code, 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
Tu Deling	The Company	Director	Beneficial interests	1,148,000 (long position)	0.014	0.003	A share
Zhou Yaping	The Company	Supervisor representing staff	Beneficial interests	299,300 (long position)	0.004	0.003	A share
Zhao Wei	The Company	Supervisor representing staff	Beneficial interests	176,800 (long position)	0.002	0.002	A share
Yao Xiaohu	The Company	Senior vice president,	Beneficial interests	314,900 (long position)	0.004	0.004	A share

SECTION V UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2021 PREPARED IN ACCORDANCE WITH THE PRC GAAP

Consolidated Statement of Financial Position

As at 30 June 2021

Unit: RMB'000

Assets	30 June 2021	31 December 2020
Current assets:		
Cash and bank balances	5,268,501	4,943,231
Financial assets held for trading	550,000	–
Trade receivables	8,965	35,041
Receivables financing	3,605,463	2,068,546
Prepayments	449,740	534,516
Other receivables	16,959	18,013
Inventories	6,761,902	5,054,908
Other current assets	98,003	394,153
	<hr/>	<hr/>
Total current assets	16,759,533	13,048,408
	<hr/>	<hr/>
Non-current assets:		
Long-term equity investments	51,236	79,494
Other equity investments	5,000	5,000
Property, plant and equipment	16,788,978	16,630,788
Construction in progress	4,229,714	2,844,665
Right-of-use assets	3,913,459	4,095,211
Intangible assets	2,407,767	2,394,593
Goodwill	353,907	295,407
Long-term deferred expenditures	378,952	299,730
Deferred tax assets	131,468	131,468
Other non-current assets	131,039	125,092
	<hr/>	<hr/>
Total non-current assets	28,391,520	26,901,448
	<hr/>	<hr/>
Total assets	45,151,053	39,949,856
	<hr/>	<hr/>

Liabilities and shareholders' equity	30 June 2021	31 December 2020
Current liabilities:		
Short-term borrowings	1,979,336	700,788
Notes payable	1,880,137	1,272,291
Trade payables	3,884,132	2,652,728
Contract liabilities	3,322,929	2,554,165
Employee benefits payable	96,137	283,969
Taxes payable	22,902	9,177
Other payables	1,062,032	1,567,618
Non-current liabilities due within one year	2,552,245	4,056,471
Other current liabilities	431,981	332,041
Total current liabilities	15,231,831	13,429,248
Non-current liabilities:		
Long-term borrowings	435,000	450,000
Bonds payable	996,553	995,150
Lease liabilities	2,939,683	3,022,612
Long-term payables	2,615,946	1,352,264
Long-term employee benefits payable	150,258	179,557
Deferred income	37,717	35,902
Deferred tax liabilities	1,058	1,176
Other non-current liabilities		445,480
Total non-current liabilities	7,176,215	6,482,141
Total liabilities	22,408,046	19,911,389
Shareholders' equity :		
Share capital	8,918,602	8,918,602
Capital reserves	19,282,147	19,282,147
Less: Treasury shares	65,940	65,940
Special reserves	29,683	22,184
Surplus reserves	606,991	606,991
Accumulated losses	(6,028,476)	(8,725,517)
Total shareholders' equity	22,743,007	20,038,467
Total liabilities and shareholders' equity	45,151,053	39,949,856

Legal representative:
Zhang Wenxue

Chief accountant:
Zou An

*Head of the accounting
department:*
Lei Xiaodan

Consolidated Income Statement
For the six months ended 30 June 2021

Unit: RMB'000

	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue	22,669,939	10,927,367
Less: Cost of sales	19,185,057	10,342,993
Taxes and surcharges	77,932	88,595
Distribution and selling expenses	42,999	53,355
General and administrative expenses	245,709	244,093
R&D expenses	75,591	–
Finance expenses	207,597	90,148
Including: Interest expenses	249,514	110,693
Interest income	47,270	23,202
Add: Other income	28,149	6,515
Investment income	310	6,791
	<hr/>	<hr/>
Operating profit	2,863,513	121,489
Add: Non-operating income	966	684
Less: Non-operating expenses	167,556	747
	<hr/>	<hr/>
Total profit	2,696,923	121,426
Less: Income tax expenses/(credit)	-118	71
	<hr/>	<hr/>
Net Profit	2,697,041	121,355

	Six months ended 30 June 2021	Six months ended 30 June 2020
Breakdown by continuity of operations		
Net profit from continuing operations	<u>2,697,041</u>	<u>121,355</u>
Breakdown by attributable interests		
Net profit attributable to owners of the parent company	<u>2,697,041</u>	<u>121,355</u>
Non-controlling interests		
Other comprehensive income after tax		
Total comprehensive income	<u><u>2,697,041</u></u>	<u><u>121,355</u></u>
Including:		
Total comprehensive income attributable to owners of the parent company	<u>2,697,041</u>	<u>121,355</u>
Total comprehensive income attributable to non-controlling interests		
Earnings per share:		
Basic earnings per share (<i>RMB/share</i>)	<u><u>0.30</u></u>	<u><u>0.01</u></u>
Diluted earnings per share (<i>RMB/share</i>)	<u><u>0.30</u></u>	<u><u>0.01</u></u>

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2021

Unit: RMB'000

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	-	-	-	-	(7,703)	-	-	(7,703)
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>

For the six months ended 30 June 2020

	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>62,314</u>	<u>-</u>	<u>14,573</u>	<u>606,991</u>	<u>(9,363,996)</u>	<u>19,396,003</u>
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	121,355	121,355
(II) Shareholders' contribution and decrease in share capital								
1. Amount increased during the year			84,334					(84,334)
2. Amount increased during the year	-	-	(80,708)	-	-	-	-	80,708
(III) Special reserves								
1. Amount established during the year	-	-	-	-	12,954	-	-	12,954
2. Amount utilized during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,502)</u>	<u>-</u>	<u>-</u>	<u>(6,502)</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>21,025</u></u>	<u><u>606,991</u></u>	<u><u>(9,242,641)</u></u>	<u><u>19,520,184</u></u>

Consolidated Statement of Cash Flows
For the six months ended 30 June 2021

Unit: RMB'000

	Six months ended 30 June 2021	Six months ended 30 June 2020
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	21,176,838	9,248,203
Receipts of taxes refunds	15,546	–
Other cash received relating to operating activities	73,678	188,980
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	21,266,062	9,437,183
	<hr/>	<hr/>
Cash paid for purchase of goods and services	18,673,079	8,155,684
Cash paid to and on behalf of employees	837,948	650,980
Cash paid for all types of taxes	89,146	279,479
Other cash paid relating to operating activities	119,501	268,454
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	19,719,674	9,354,597
	<hr/>	<hr/>
Net cash flows from operating activities	1,546,388	82,586
	<hr/>	<hr/>
II. Cash flows from investing activities:		
Cash received from disposal of investments	–	433,000
Cash received from return on investments	310	6,791
Other cash received relating to investing activities	–	–
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	310	439,791
	<hr/>	<hr/>
Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets	1,200,406	145,638
Cash paid for acquisition of investments	550,000	43,000
Net cash payments for acquisition of subsidiaries and other business units	114,449	–
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	1,864,855	188,638
	<hr/>	<hr/>
Net cash flows from investing activities	(1,864,545)	251,153
	<hr/>	<hr/>

	Six months ended 30 June 2021	Six months ended 30 June 2020
III. Cash flows from financing activities:		
Cash received from borrowings	3,794,465	2,004,500
Other cash received relating to financing activities	65,992	–
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	3,860,457	2,004,500
	<hr/>	<hr/>
Cash repayments of borrowings	3,054,910	870,000
Cash paid for distribution of dividends or profits, and for interest expenses	172,115	85,445
Other cash paid relating to financing activities	279,382	9,545
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	3,506,407	964,990
	<hr/>	<hr/>
Net cash flows from financing activities	354,050	1,039,510
	<hr/>	<hr/>
IV. Effect of changes in exchange rate on cash and cash equivalents	9,644	–
	<hr/>	<hr/>
V. Net increase/(decrease) in cash and cash equivalents	45,537	1,373,249
Add: Cash and cash equivalents at the beginning of the year	4,698,090	1,595,323
	<hr/>	<hr/>
VI. Cash and cash equivalents at the end of the year	4,743,627	2,968,572
	<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF BALANCE SHEET

As at 30 June 2021

RMB'000

Assets	30 June 2021	31 December 2020
Current assets:		
Cash and bank balances	5,267,573	4,925,021
Financial assets held for trading	550,000	–
Trade receivables	10,978	39,503
Receivables financing	3,605,463	2,062,046
Prepayments	568,136	516,190
Other receivables	49,625	17,181
Inventories	6,726,689	5,015,067
Other current assets	90,599	383,123
Total current assets	16,869,063	12,958,131
Non-current assets:		
Long-term equity investments	1,043,524	917,104
Other equity investments	5,000	5,000
Property, plant and equipment	15,683,182	15,705,686
Construction in progress	4,228,751	2,844,665
Right-of-use assets	3,913,459	4,095,211
Intangible assets	2,333,494	2,329,901
Long-term prepaid expenses	378,952	299,730
Deferred tax assets	87,897	87,653
Other non-current assets	96,120	87,173
Total non-current assets	27,770,379	26,372,123
Total assets	44,639,442	39,330,254

	30 June 2021	31 December 2020
Liabilities and shareholders' equity		
Current liabilities:		
Short-term borrowings	1,979,336	700,788
Notes payable	1,880,137	1,256,400
Trade payables	3,955,293	2,692,577
Contract liabilities	3,322,929	2,554,123
Employee benefits payable	94,680	280,322
Taxes payable	18,660	6,822
Other payables	1,061,043	1,565,471
Non-current liabilities due within one year	2,235,977	3,711,113
Other current liabilities	431,981	332,036
	<u>14,980,036</u>	<u>13,099,652</u>
Total current liabilities	14,980,036	13,099,652
Non-current liabilities:		
Long-term borrowings	435,000	450,000
Bonds payable	996,553	995,150
Lease liabilities	2,939,683	3,022,612
Long-term payables	2,529,167	1,125,491
Long-term employee benefits payable	150,258	179,557
Deferred income	37,717	35,902
Other non-current liabilities	–	445,480
	<u>7,088,378</u>	<u>6,254,192</u>
Total non-current liabilities	7,088,378	6,254,192
Total liabilities	22,068,414	19,353,844
Shareholders' equity:		
Share capital	8,918,602	8,918,602
Capital reserves	19,313,090	19,313,090
Less: Treasury shares	65,940	65,940
Special reserves	25,466	19,398
Surplus reserves	577,012	577,012
Unappropriated profit	(6,197,202)	(8,785,752)
	<u>22,571,028</u>	<u>19,976,410</u>
Total shareholders' equity	22,571,028	19,976,410
Total liabilities and shareholders' equity	44,639,442	39,330,254

INCOME STATEMENT

For the six months ended 30 June 2021

RMB'000

	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue	22,669,481	10,933,097
Less: Cost of sales	19,339,473	10,350,437
Taxes and surcharges	73,484	88,528
Distribution and selling expenses	42,999	53,116
General and administrative expenses	228,471	244,093
R&D expenses	75,591	–
Finance expenses	191,301	90,157
Including: Interest expenses	236,212	110,693
Interest income	47,236	23,193
Add: Other income	3,766	6,515
Investment income	310	6,791
Operating profit	2,722,238	120,072
Add: Non-operating income	817	684
Less: Non-operating expenses	139,238	747
Total profit	2,583,817	120,009
Less: Income tax expenses/(credit)		
Net Profit	2,583,817	120,009
Including: Net profit from continuing operations	2,583,817	120,009
Other comprehensive income after tax		
Total comprehensive income	2,583,817	120,009

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Six months ended 30 June 2021

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	<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								
2. Amount utilized during the year					13,200			13,200
(IV) Others							4,733	4,733
III. Closing balance for the year	<u>8,918,602</u>	<u>19,313,090</u>	<u>65,940</u>	<u>-</u>	<u>25,466</u>	<u>577,012</u>	<u>(6,197,202)</u>	<u>22,571,028</u>

Six months ended 30 June 2020

	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>62,314</u>	<u>-</u>	<u>14,573</u>	<u>577,012</u>	<u>(9,368,166)</u>	<u>19,392,797</u>
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	120,009	120,009
(II) shareholders' contribution and decrease in share capital								
1. Amount increased during the year			84,334					(84,334)
2. Amount decreased during the year	-	-	(80,708)	-	-	-	-	80,708
(III) Special reserves								
1. Amount established during the year	-	-	-	-	12,954	-	-	12,954
2. Amount utilized during the year	-	-	-	-	(6,502)	-	-	(6,502)
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>21,025</u></u>	<u><u>577,012</u></u>	<u><u>(9,248,157)</u></u>	<u><u>19,515,632</u></u>

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

RMB'000

	Six months ended 30 June 2021	Six months ended 30 June 2020
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	21,155,212	8,975,505
Other cash received relating to operating activities	73,428	187,118
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	21,228,640	9,162,623
	<hr/>	<hr/>
Cash paid for purchase of goods and services	19,007,414	7,885,766
Cash paid to and on behalf of employees	802,956	650,980
Cash paid for all types of taxes	58,970	278,758
Other cash paid relating to operating activities	117,337	266,302
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	19,986,677	9,081,806
	<hr/>	<hr/>
Net cash flows from operating activities	1,241,963	80,817

	Six months ended 30 June 2021	Six months ended 30 June 2020
II. Cash flows from investing activities:		
Cash received from disposal of investments	–	433,000
Cash received from return on investments	310	6,791
Other cash received relating to investing activities	–	–
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	310	439,791
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash paid for acquisition of property plant and equipment, intangible assets and other long-term assets	1,193,206	145,638
Cash paid for investments	550,000	43,000
Cash payments for acquisition of subsidiaries and other business units	114,449	–
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	1,857,655	188,638
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash flows from investing activities	(1,857,345)	251,153
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
III. Cash flows from financing activities:		
Cash received from borrowings	3,794,465	2,004,500
Other cash received relating to financing activities	65,992	–
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	3,860,457	2,004,500
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash repayments of borrowings	2,960,000	870,000
Cash paid for distribution of dividends or profits, and for interest expenses	153,576	85,445
Other cash paid relating to financing activities	87,904	9,545
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	3,201,480	964,990
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash flows from financing activities	658,977	1,039,510
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

	Six months ended 30 June 2021	Six months ended 30 June 2020
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>9,644</u>	<u>–</u>
V. Net increase/(decrease) in cash and cash equivalents	53,239	1,371,480
Add: Cash and cash equivalents at the beginning of the year	<u>4,689,461</u>	<u>1,591,312</u>
VI. Cash and cash equivalents at the end of the year	<u><u>4,742,700</u></u>	<u><u>2,962,792</u></u>

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

Chongqing, the PRC, 30 August 2021

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).