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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)

FIRST QUARTERLY REPORT OF 2020

I. IMPORTANT NOTICE

- 1.1 The board of directors (the “**Board**”), the supervisory committee and the directors, supervisors and senior management of Chongqing Iron & Steel Company Limited (the “**Company**”) warrant the truthfulness, accuracy and completeness of the contents in the quarterly report, confirm that there are no false representations or misleading statements contained in or material omissions from this report, and jointly and severally accept legal responsibility.
- 1.2 All directors of the Company attended the Board meeting to consider the quarterly report.
- 1.3 Mr. Zhou Zhuping, the chairman of the Company and Mr. Zou An, the chief financial officer and Lei Xiaodan, the chief accountant (accounting officer), warrant the truthfulness, accuracy and completeness of the financial statements contained in the quarterly report.
- 1.4 The first quarterly report of the Company was unaudited.

1.5 Operating highlights of the Company

In the first quarter, by strictly implementing the prevention and control measures against the epidemic, ensuring its production and operation and striving to achieve stable production, the Company minimized the effect of the epidemic on its production and operation. In the first quarter, the Company produced 1,508,200 tonnes of iron, 1,640,900 tonnes of steel and 1,580,800 tonnes of steel products, and completed 24.64%, 24.13% and 24.78% of annual planned targets, respectively, representing an increase of 28,400 tonnes, 72,100 tonnes and 89,800 tonnes, or 1.92%, 4.60% and 6.02% as compared with the same period of the previous year, respectively.

In the first quarter, the Company focused on the operation policy of “expanding scale, adjusting structure and reducing costs” and simultaneously implemented two basic works of “finding differences from excellent enterprises comprehensively, paying close attention to reducing costs and increasing efficiency” and “promoting the implementation of plans and achieving scale benefit”. By positively advancing management transform, efficiency improvement, cost reduction and portfolio optimization, the Company made breakthroughs in reducing procedure costs. Safety margin of costs was further elevated. In the first quarter, over 77% of the critical technical and economic indicators at the company level outpaced those in the previous year, of which, critical technical and economic indicators such as steel consumption in steelmaking, yield of rolled steel and etc., were improved significantly and cost consumption levels were reduced substantially, thus resulting in an increase of RMB84 million in profit from cost reduction in the aspect of process.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

Unit: RMB'000

	As at the end of the reporting period	As at the end of the previous year	Changes from the end of the previous year (%)
Total assets	28,377,210	26,975,726	5.20
Net assets attributable to the shareholders of the Company	19,321,334	19,396,003	-0.38
	From the beginning of the year to the end of the reporting period	From the beginning of the previous year to the end of the reporting period of the previous year	Changes from the same period last year (%)
Net cash flow from operating activities	-213,075	-138,559	N/A
	From the beginning of the year to the end of the reporting period	From the beginning of the previous year to the end of the reporting period of the previous year	Changes from the same period last year (%)
Operating income	5,178,323	5,307,920	-2.44
Net profit attributable to the shareholders of the Company	4,173	150,437	-97.23
Net profit attributable to the shareholders of the Company after extraordinary profit or loss	253	128,191	-99.80
Return on net assets (weighted average) (%)	0.02	0.81	Decreased by 0.79 percentage point
Basic earnings per share (<i>RMB per share</i>)	0.0005	0.02	-97.50
Diluted earnings per share (<i>RMB per share</i>)	0.0005	0.02	-97.50

Extraordinary profit or loss items and amounts

Applicable Not applicable

Unit: RMB'000

Item	Amount for the period
Government grants included in profit or loss of the period other than those closely related with the normal operation of the Company and in compliance with national policies and regulations and conferred on the standard quota or quantity basis	592
Capital occupancy fee from non-financial enterprises recognized through profit or loss	283
Gains or losses on changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other equity investments, excluding those arising from effective hedging business related to operating activities of the Company	3,159
Other non-operating income and expenses other than the above items	-114
Total	<u><u>3,920</u></u>

2.2 Total number of shareholders and shareholdings of the top 10 shareholders and the top 10 holders of tradable shares (or holders of shares not subject to trading moratorium) as at the end of the reporting period

Unit: Share

Total number of shareholders 132,905

Shareholdings of the top 10 shareholders

(Full) Name of shareholder	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged and frozen status		Nature of shareholders
				Share status	Number	
Chongqing Changshou Iron & Steel Company Limited	2,096,981,600	23.51	0	Pledged	2,096,981,600	Domestic non-state-owned legal person
HKSCC NOMINEES LIMITED	531,217,421	5.96	0	Unknown	–	Overseas legal person
Chongqing Qianxin Energy Environmental Protection Company Limited	427,195,760	4.79	0	Pledged	427,190,070	Unknown
Chongqing Rural Commercial Bank Co., Ltd.	289,268,939	3.24	0	Nil	0	Unknown
Chongqing Guochuang Investment and Management Co., Ltd.	278,288,059	3.12	0	Nil	0	Unknown
Sinosteel Equipment & Engineering Co., Ltd.	252,411,692	2.83	0	Nil	0	Unknown
Bank of Chongqing Co., Ltd.	226,042,920	2.53	0	Nil	0	Unknown
Industrial Bank Co., Ltd. Chongqing Branch	219,633,096	2.46	0	Nil	0	Unknown
Agricultural Bank of China Limited Chongqing Branch	216,403,628	2.43	0	Nil	0	Unknown
China Shipbuilding Industrial Complete Equipment & Logistics Co., Ltd.	211,461,370	2.37	0	Nil	0	Unknown

Shareholdings of the top 10 holders of shares not subject to trading moratorium

Name of shareholder	Number of shares not subject to trading moratorium	Class and number of shares	
		Class	Number
Chongqing Changshou Iron & Steel Company Limited	2,096,981,600	RMB-denominated ordinary shares	2,096,981,600
HKSCC NOMINEES LIMITED	531,217,421	Overseas listed foreign shares	531,217,421
Chongqing Qianxin Energy Environmental Protection Company Limited	427,195,760	RMB-denominated ordinary shares	427,195,760
Chongqing Rural Commercial Bank Co., Ltd.	289,268,939	RMB-denominated ordinary shares	289,268,939
Chongqing Guochuang Investment and Management Co., Ltd.	278,288,059	RMB-denominated ordinary shares	278,288,059
Sinosteel Equipment & Engineering Co., Ltd.	252,411,692	RMB-denominated ordinary shares	252,411,692
Bank of Chongqing Co., Ltd.	226,042,920	RMB-denominated ordinary shares	226,042,920
Industrial Bank Co., Ltd. Chongqing Branch	219,633,096	RMB-denominated ordinary shares	219,633,096
Agricultural Bank of China Limited Chongqing Branch	216,403,628	RMB-denominated ordinary shares	216,403,628
China Shipbuilding Industrial Complete Equipment & Logistics Co., Ltd.	211,461,370	RMB-denominated ordinary shares	211,461,370

Explanation about connected relationship and acts in concert of the above shareholders

There is no connected relationship between Chongqing Changshou Iron & Steel Company Limited (the Controlling Shareholder of the Company) and the other 9 shareholders and they are not parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Companies' Shareholders. The Company is not aware of any connected relationship among the other 9 shareholders or whether they are parties acting in concert.

Explanation on preferential shareholders with voting rights restored and their shareholdings

Not applicable.

2.3 Total number of preferential shareholders and shareholdings of the top 10 preferential shareholders and the top 10 holders of preferential shares not subject to trading moratorium as at the end of the reporting period

Applicable Not applicable

III. SIGNIFICANT EVENTS

3.1 Material changes in items of major accounting statements and financial indicators of the Company and the reason therefor

Applicable Not applicable

From January to March in 2020, the Group recorded a total profit of RMB4.33 million, decreasing by 97.15% as compared to the corresponding period last year, which was mainly due to the followings: the increase in prices of raw materials such as ore, coal, alloy, steel scrap, etc., resulted in a decrease of RMB117.76 million in profit; the selling price of steel products amounted to RMB3,335 per tonne, representing a year-on-year decrease of 1.51%, resulting in a decrease of RMB77.20 million in the profit; sales volume of steel products was 1,484,600 tonnes, representing a year-on-year decrease of 1.20%, resulting in a decrease of RMB3.91 million in profit; the Company improved basic management, found differences from excellent enterprises comprehensively, paid close attention to reducing costs and increasing efficiency and as a result, critical technical and economic indicators such as steel consumption in steelmaking, yield of rolled steel and etc., were improved significantly and cost consumption levels were reduced substantially, thus resulting in an increase of RMB84.35 million in profit from cost reduction in the aspect of process. The year-on-year 18.36% increase in the expenses for the period gave rise to a decrease of RMB31.83 million in profit.

(1) Main business by sectors, products and regions

Unit: RMB'000

Main business by sectors						
By sectors	Operating income	Operating cost	Gross Margin (%)	Year-on-year increase/decrease in operating income (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross margin (%)
Iron and steel	5,164,839	4,920,411	4.73	-2.27	-0.96	-1.27

Main business by products						
By products	Operating income	Operating cost	Gross Margin (%)	Year-on-year increase/decrease in operating income (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross margin (%)
Rolled steel billet	4,951,905	4,715,431	4.78	-2.70	-1.02	-1.61
Other	212,934	204,980	3.74	8.76	0.56	7.85

(2) Analysis on material changes in assets and liabilities

Unit: RMB'000 Audit type: unaudited

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Changes from the end of the previous period (%)	Explanation
Cash and bank balances	3,205,523	11.3	1,783,747	6.61	79.71	Issuance of medium-term notes and new loans from Baosteel Group Finance Company
Financial assets held for trading	233,000	0.82	400,000	1.48	-41.75	Disposal of wealth management products
Receivables financing	1,385,969	4.88	861,373	3.19	60.90	Decrease in notes paid and notes discounted
Other receivables	8,785	0.03	78,132	0.29	-88.76	Special fund for industrial development received for 2019
Other current assets	5,476	0.02	43,410	0.16	-87.39	Decrease in input VAT to be verified
Construction in process	365,104	1.29	171,858	0.64	112.45	New technical transformation and technical measure projects
Other non-current assets	0	0	12,513	0.05	-100.00	Prepayments for engineering spare parts recognized as engineering materials
Short-term borrowings	695,358	2.45	384,528	1.43	80.83	New loans from Baosteel Group Finance Company
Debentures payable	992,500	3.5	0	0	N/A	Issuance of first tranche of medium-term notes

As of 31 March 2020, the gearing ratio of the Company was 31.91%.

3.2 Analysis and explanation of progress and impact of significant events and their solutions

Applicable Not applicable

(1) *The Third Phase of Employee Share Ownership Plan*

As authorized at the 2017 annual general meeting of the Company, the Company convened the 16th meeting of the eighth session of the Board and the 12th meeting of the eighth session of the supervisory committee on 27 December 2019, at which the Resolution in relation to the Third Phase of the Employee Share Ownership Plan of the Company (《關於公司第三期員工持股計劃的議案》) was considered and approved. According to the operations in 2019, the bonus fund provision for Employee Share Ownership Plan is made at 9.5% of the total profit (before the withdrawal of the bonus fund) under the audited consolidated statements for 2019.

The Company convened the first holders' meeting of the Third Phase of the Employee Share Ownership Plan on 22 January 2020, at which the Constitution of the Meeting of the Holders of the Third Phase of the Employee Share Ownership Plan (《第三期員工持股計劃持有人會議章程》), the Resolution in relation to the Establishment of the Management Committee of the Third Phase of Employee Share Ownership Plan and Authorisation to the Management Committee to be Responsible for Matters Relevant to the Employee Share Ownership Plan (《關於設立第三期員工持股計劃管理委員會並授權管理委員會負責員工持股計劃管理事宜的議案》) and the Resolution for the Election of the Candidates for the Members of the Management Committee of the Third Phase of the Employee Share Ownership Plan (《關於選舉第三期員工持股計劃管理委員會候選委員的議案》) were considered and approved.

(2) *Repurchase of A shares of the Company*

As authorized at the 2018 annual general meeting, the 2019 first class meeting of A shareholders and the 2019 first class meeting of H shareholders, the Resolution on Repurchase of the Shares of the Company through Centralized Bidding Trading was considered and approved at the 18th meeting of the eighth session of the Board of the Company. For the details of the repurchase of A shares of the Company, please refer to the Report on the Repurchase of the Shares of the Company through Centralized Bidding Trading (Announcement No.: 2020-002) and Announcement of Resolutions Passed at the 18th Meeting of the Eighth Session of the Board (Announcement No.: 2020-003) disclosed by the Company on 3 March 2020.

As at the close of trading on 6 March 2020, the Company repurchased 10,000,000 A shares through centralized bidding trading under the first repurchase, representing 0.11% of the total share capital of the Company. The highest price and the lowest price transacted for such shares were RMB1.71 per share and RMB1.68 per share, respectively. The total amount paid for such shares was RMB16,967,061.00 (excluding transaction costs). Please refer to the Announcement on the First Repurchase of the Shares of the Company Through Centralized Bidding Trading (Announcement No.: 2020-006) disclosed by the Company on 7 March 2020 for details.

As at the close of trading on 12 March 2020, the Company repurchased a total of 50,000,000 A shares through centralized bidding trading, representing approximately 0.56% of the total share capital of the Company. The highest, lowest and average prices 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 costs). As such, the total number of shares for repurchase of the Company has reached the cap, and the share repurchase plan was fully implemented. Please refer to the Announcement on the Result of Repurchase of the Shares and Changes in Shareholding Structure (Announcement No.: 2020-007) disclosed by the Company on 13 March 2020 for details.

(3) *The issuance of 2020 first tranche of medium-term notes*

On 21 May 2019, the Company held the 2018 annual general meeting, at which the Proposal for the Grant of General Mandate to the Board of Directors to Issue Debt Financing Instruments was considered and approved. The Company was approved to apply to the National Association of Financial Market Institutional Investors (the “NAFMII”) for new registration and issuance of debt financing instruments of non-financial enterprises in the inter-bank market (the “**Debt Financing Instruments**”), including but not limited to medium-term notes and short-term financing bonds, etc. For relevant details, please refer to the Announcement of Resolutions Passed at the 8th Meeting of the Eighth Session of the Board (Announcement No.: 2019-006), the Announcement on Grant of General Mandate to the Board to Issue Debt Financing Instruments (Announcement No.: 2019-009) disclosed by the Company on 29 March 2019 and the Announcement of Resolutions Passed at the 2018 Annual General Meeting, 2019 First Class Meeting of A Shareholders and 2019 First Class Meeting of H Shareholders (Announcement No.: 2019-017) disclosed on 22 May 2019.

On 2 March 2020, the Company has received the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2020] No. MTN106) issued by the NAFMII stating that the registration of medium-term notes of the Company has been accepted. The registered amount was RMB1 billion and such registered amount will be effective for 2 years commencing from the date of issue of the notice. Please refer to the Announcement on the Acceptance of Registration of Medium-Term Notes (Announcement No.: 2020-004) disclosed by the Company on 3 March 2020 for details.

From 17 to 18 March 2020, the Company issued the 2020 first tranche of medium-term notes with a principal amount of RMB1 billion and the proceeds raised were fully received on 19 March 2020. Please refer to the Announcement on the Issuance Results of 2020 First Tranche of Medium-Term Notes (Announcement No.: 2020-008) disclosed by the Company on 20 March 2020 for details.

3.3 Undertakings not being fully performed during the reporting period

Applicable Not applicable

3.4 Warning and explanation on the forecast of any possible loss in accumulated net profit from the beginning of the year to the end of next reporting period or any material changes compared to the corresponding period of last year

Applicable Not applicable

Company Name **Chongqing Iron & Steel Company Limited**
Legal Representative **Zhou Zhuping**
Date 29 April 2020

IV. APPENDICES

4.1 Financial statements

Consolidated Balance Sheet
31 March 2020

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	31 March 2020	31 December 2019
Current assets:		
Cash and bank balance	3,205,523	1,783,747
Balances with clearing companies		
Placements with banks and other financial institutions		
Held-for-trading financial assets	233,000	400,000
Derivative financial assets		
Bills receivable		
Accounts receivable	6,892	5,610
Receivables financing	1,385,969	861,373
Prepayments	596,992	751,498
Premiums receivable		
Accounts receivable from reinsurers		
Deposits receivable from reinsurers		
Other receivables	8,785	78,132
Including: Interests receivable		
Dividends receivable		
Proceeds from financial assets purchased under agreements to resell		
Inventories	3,815,913	3,931,513
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	5,476	43,410
Total current assets	9,258,550	7,855,283

Item	31 March 2020	31 December 2019
Non-current assets:		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	28,254	28,258
Other equity instruments investments	5,000	5,000
Other non-current financial assets		
Investment properties		
Fixed assets	16,275,305	16,442,264
Construction in progress	365,104	171,858
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	2,376,561	2,392,114
Development expenses		
Goodwill		
Long-term deferred expenditures		
Deferred income tax assets	68,436	68,436
Other non-current assets		12,513
	_____	_____
Total non-current assets	<u>19,118,660</u>	<u>19,120,443</u>
Total assets	<u>28,377,210</u>	<u>26,975,726</u>

Item	31 March 2020	31 December 2019
Current liabilities:		
Short-term borrowings	695,358	384,528
Borrowings from central bank		
Placements from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Bills payable	91,127	91,127
Accounts payable	2,015,981	1,726,883
Advances from customers		
Contract liabilities	920,561	1,145,615
Disposal of repurchased financial assets		
Deposit taking and deposit in interbank market		
Customer deposits for trading in securities		
Customer deposits for underwriting		
Employee remuneration payable	285,565	257,143
Taxes payable	75,949	70,867
Other payables	483,542	421,768
Including: Interests payable		
Dividends payable		
Handling charges and commissions payable		
Payable to reinsurers		
Held-for-sale liabilities		
Non-current liabilities due within one year	895,751	841,576
Other current liabilities	122,929	150,208
Total current liabilities	5,586,763	5,089,715

Item	31 March 2020	31 December 2019
Non-current liabilities:		
Deposits for insurance contracts		
Long-term borrowings		
Debtentures payable	992,500	
Including: Preferential shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee remuneration payable	188,934	201,737
Accrued liabilities		
Deferred income	37,679	38,271
Deferred income tax liabilities		
Other non-current liabilities	2,250,000	2,250,000
	<u> </u>	<u> </u>
Total non-current liabilities	3,469,113	2,490,008
	<u> </u>	<u> </u>
Total liabilities	9,055,876	7,579,723
	<u> </u>	<u> </u>

Item	31 March 2020	31 December 2019
Owners' equity (or Shareholders' equity):		
Paid-in capital (or share capital)	8,918,602	8,918,602
Other equity instruments		
Including: Preferential shares		
Perpetual bonds		
Capital reserve	19,282,147	19,282,147
Less: Treasury stock	146,648	62,314
Other comprehensive income		
Special reserve	20,065	14,573
Surplus reserve	606,991	606,991
General risk provision		
Undistributed profit	-9,359,823	-9,363,996
Total equity attributable to owners of the parent company (or shareholders' equity)	<u>19,321,334</u>	<u>19,396,003</u>
Minority interests		
Total owners' equity (or shareholders' equity)	<u><u>19,321,334</u></u>	<u><u>19,396,003</u></u>
Total liabilities and owners' equity (or shareholders' equity)	<u><u>28,377,210</u></u>	<u><u>26,975,726</u></u>
<i>Legal Representative:</i> Zhou Zhuping	<i>Chief Financial Officer:</i> Zou An	<i>Chief Accountant:</i> Lei Xiaodan

Balance Sheet of the Parent Company

31 March 2020

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	31 March 2020	31 December 2019
Current assets:		
Cash and bank balance	3,200,443	1,779,736
Held-for-trading financial assets	233,000	400,000
Derivative financial assets		
Bills receivable		
Accounts receivable	7,222	5,610
Receivables financing	1,385,969	861,373
Prepayments	566,471	707,289
Other receivables	8,680	78,027
Including: Interests receivable		
Dividends receivable		
Inventories	3,805,784	3,931,513
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	4,159	43,410
Total current assets	9,211,728	7,806,958

Item	31 March 2020	31 December 2019
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	28,254	28,258
Other equity instruments investments	5,000	5,000
Other non-current financial assets		
Investment properties		
Fixed assets	16,275,135	16,442,087
Construction in progress	365,104	171,858
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	2,376,561	2,392,114
Development expenses		
Goodwill		
Long-term deferred expenditures		
Deferred income tax assets	68,192	68,192
Other non-current assets		12,513
	_____	_____
Total non-current assets	19,118,246	19,120,022
	=====	=====
Total assets	28,329,974	26,926,980
	=====	=====

Item	31 March 2020	31 December 2019
Current liabilities:		
Short-term borrowings	695,358	384,528
Held-for-trading financial liabilities		
Derivative financial liabilities		
Bills payable	91,127	91,127
Accounts payable	2,015,735	1,726,883
Advances from customers		
Contract liabilities	882,800	1,105,972
Employee remuneration payable	285,565	257,143
Taxes payable	75,485	70,398
Other payables	483,363	421,590
Including: Interests payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	895,751	841,576
Other current liabilities	118,020	144,958
Total current liabilities	<u>5,543,204</u>	<u>5,044,175</u>

Item	31 March 2020	31 December 2019
Non-current liabilities:		
Long-term borrowings		
Debentures payable	992,500	
Including: Preferential shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee remuneration payable	188,934	201,737
Accrued liabilities		
Deferred income	37,679	38,271
Deferred income tax liabilities		
Other non-current liabilities	2,250,000	2,250,000
	<hr/>	<hr/>
Total non-current liabilities	3,469,113	2,490,008
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities	9,012,317	7,534,183
	<hr/> <hr/>	<hr/> <hr/>
Owners' equity (or Shareholders' equity):		
Paid-in capital (or share capital)	8,918,602	8,918,602
Other equity instruments		
Including: Preferential shares		
Perpetual bonds		
Capital reserve	19,313,090	19,313,090
Less: Treasury stock	146,648	62,314
Other comprehensive income		
Special reserve	20,065	14,573
Surplus reserve	577,013	577,012
Undistributed profit	-9,364,465	-9,368,166
Total owners' equity (or shareholders' equity)	19,317,657	19,392,797
Total liabilities and owners' equity (or shareholders' equity)	28,329,974	26,926,980

Legal Representative: **Zhou Zhuping**
Chief Financial Officer: **Zou An**
Chief Accountant: **Lei Xiaodan**

Consolidated Income Statement

January to March 2020

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	First quarter of 2020	First quarter of 2019
I. Total revenue from operations	5,178,323	5,307,920
Including: Revenue from operations	5,178,323	5,307,920
Interest income		
Premiums earned		
Income from fee and commission		
II. Total operating costs	5,177,630	5,171,614
Including: Operating costs	4,931,502	4,983,100
Interest expenses		
Fee and commission expenses		
Surrender value		
Net expenditure for compensation payments		
Net drawing on deposits for insurance contracts		
Expenditures for insurance policy dividend		
Reinsurance costs		
Taxes and surcharges	40,884	41,104
Selling expenses	26,476	12,991
Administrative expenses	133,711	113,485
R&D expenses		
Finance cost	45,057	20,934
Including: Interest expenses	53,507	40,021
Interest income	-9,023	-20,062
Add: Other income	592	3,176
Gains from investment (loss is represented by "-")	3,159	
Including: Gains from investment in associates and joint ventures		

Item	First quarter of 2020	First quarter of 2019
Gains from derecognition of financial assets measured at amortized cost		
Exchange gain (loss is represented by “-”)		
Income on hedging the net exposure (loss is represented by “-”)		
Gain from change in fair value (loss is represented by “-”)		
Credit impairment loss (loss is represented by “-”)		
Asset impairment loss (loss is represented by “-”)		
Gain on disposal of assets (loss is represented by “-”)		-359
III. Profit from operations (loss is represented by “-”)	4,444	139,123
Add: Non-operating income	166	12,888
Less: Non-operating expenses	280	104
IV. Total profit (total loss is represented by “-”)	4,330	151,907
Less: Income tax expense	157	1,470
V. Net profit (net loss is represented by “-”)	4,173	150,437
(I) Classified on a going concern basis		
1. Net profit from continuing operations (net loss is represented by “-”)	4,173	150,437
2. Net profit from discontinued operations (net loss is represented by “-”)		
(II) Classified according to the ownership		
1. Net profit attributable to shareholders of the parent company (net loss is represented by “-”)	4,173	150,437
2. Profit or loss attributable to minority shareholders (net loss is represented by “-”)		

Item	First quarter of 2020	First quarter of 2019
VI. Other comprehensive income (net of tax)		
(I) Other comprehensive income (net of tax) attributable to owners of the parent company		
1. Other comprehensive income that will not be reclassified to profit or loss		
(1) Changes in re-measurement of defined benefit plan		
(2) Other comprehensive income accounted for using equity method that will not be reclassified to profit or loss		
(3) Changes in fair value of other equity instruments investment		
(4) Changes in fair value of the enterprise's own credit risk		
2. Other comprehensive income that will be reclassified to profit or loss		
(1) Other comprehensive income accounted for using equity method that will be reclassified to profit and loss		
(2) Changes in fair value of other debt investments		
(3) Financial assets reclassified into other comprehensive income		
(4) Provision for credit impairment of other debt investments		
(5) Hedging reserve for cash flows		
(6) Exchange difference on translation of foreign currency financial statements		
(7) Others		
(II) Other comprehensive income (net of tax) attributable to minority shareholders		

Item	First quarter of 2020	First quarter of 2019
VII. Total comprehensive income	4,173	150,437
(I) Total comprehensive income attributable to owners of the parent company	4,173	150,437
(II) Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(I) Basic earnings per share (<i>RMB per share</i>)	0.0005	0.02
(II) Diluted earnings per share (<i>RMB per share</i>)	0.0005	0.02

<i>Legal Representative:</i> Zhou Zhuping	<i>Chief Financial Officer:</i> Zou An	<i>Chief Accountant:</i> Lei Xiaodan
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Income Statement of the Parent Company

January to March 2020

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	First quarter of 2020	First quarter of 2019
I. Revenue from operations	5,187,760	5,301,839
Less: Operating costs	4,941,631	4,983,100
Taxes and surcharges	40,848	40,987
Selling expenses	26,444	12,906
Administrative expenses	133,712	113,485
R&D expenses		
Finance cost	45,061	20,935
Including: Interest expenses	53,507	40,021
Interest income	-9,018	-20,060
Add: Other income	592	3,176
Gains from investment (loss is represented by “-”)	3,159	4,220
Including: Gains from investment in associates and joint ventures		
Gains from derecognition of financial assets measured at amortized cost		
Income on hedging the net exposure (loss is represented by “-”)		
Gain from change in fair value (loss is represented by “-”)		
Credit impairment loss (loss is represented by “-”)		
Asset impairment loss (loss is represented by “-”)		
Gain on disposal of assets (loss is represented by “-”)		-359
II. Profit from operations (loss is represented by “-”)	3,815	137,463
Add: Non-operating income	166	12,887
Less: Non-operating expenses	280	104

Item	First quarter of 2020	First quarter of 2019
III. Total profit (total loss is represented by “-”)	3,701	150,246
Less: Income tax expense		
IV. Net profit (net loss is represented by “-”)	3,701	150,246
(I) Net profit from continuing operations (net loss is represented by “-”)		
(II) Net profit from discontinued operations (net loss is represented by “-”)		
V. Other comprehensive income (net of tax)		
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in re-measurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instruments investment		
4. Changes in fair value of the enterprise’s own credit risk		

Item	First quarter of 2020	First quarter of 2019
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income accounted for using equity method that will be reclassified to profit and loss		
2. Changes in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Hedging reserve for cash flows		
6. Exchange difference on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	3,701	150,246
VII. Earnings per share:		
(I) Basic earnings per share (<i>RMB per share</i>)	0.0004	0.02
(II) Diluted earnings per share (<i>RMB per share</i>)	0.0004	0.02
<i>Legal Representative:</i>	<i>Chief Financial Officer:</i>	<i>Chief Accountant:</i>
Zhou Zhuping	Zou An	Lei Xiaodan

Consolidated Cash flow Statement

January to March 2020

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	First quarter of 2020	First quarter of 2019
I. Cash flow from operating activities:		
Cash received from sale of goods and rendering of services	4,152,133	5,191,781
Net increase in customer and interbank deposits		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from premiums under original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Cash received from interest, fee and commission		
Net increase in placements from banks and other financial institutions		
Net increase in capital from repurchase business		
Net cash received from trading in securities		
Refunds of taxes		
Other cash received relating to operating activities	<u>85,483</u>	<u>378,730</u>
Sub-total of cash inflow from operating activities	<u><u>4,237,616</u></u>	<u><u>5,570,511</u></u>

Item	First quarter of 2020	First quarter of 2019
Cash paid for goods purchased and service received	3,983,601	4,538,459
Net increase in customer loans and advances		
Net increase in deposit in central bank and interbank deposit		
Cash paid for compensation payments under original insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, fee and commission		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	229,884	234,537
Cash paid for all types of taxes	141,908	159,759
Other cash paid relating to operating activities	95,298	776,315
Sub-total of cash outflow from operating activities	4,450,691	5,709,070
Net cash flow from operating activities	-213,075	-138,559
II. Cash flows from investment activities:		
Cash received from disposal of investments	200,000	220,000
Cash received from return on investments	3,159	6,782
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities		
Sub-total of cash inflow from investing activities	203,159	226,782

Item	First quarter of 2020	First quarter of 2019
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		
Cash paid for investments	33,000	374,400
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other operating entities		28,538
Other cash paid relating to investing activities	_____	_____
Sub-total of cash outflow from investing activities	<u>33,000</u>	<u>402,938</u>
Net cash flow from investing activities	<u>170,159</u>	<u>-176,156</u>
III. Cash flow from financing activities:		
Cash received from investments		
Including: Proceeds received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	500,000	
Other cash received relating to financing activities	<u>1,052,500</u>	<u>52,500</u>
Sub-total of cash inflow from financing activities	<u>1,552,500</u>	<u>52,500</u>

Item	First quarter of 2020	First quarter of 2019
Cash paid for repayment of debts		200,000
Cash paid for distribution of dividends and profits or for interest expenses	41,128	
Including: Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid relating to financing activities	85,000	
Sub-total of cash outflow from financing activities	<u>126,128</u>	<u>200,000</u>
Net cash flow from financing activities	1,426,372	-147,500
IV. Effect of fluctuation in exchange rates on cash and cash equivalents		
V. Net increase in cash and cash equivalents	1,383,456	-462,215
Add: Balance of cash and cash equivalents at the beginning of the period	1,595,323	1,969,543
VI. Balance of cash and cash equivalents at the end of the period	2,978,779	1,507,328
<i>Legal Representative:</i> Zhou Zhuping	<i>Chief Financial Officer:</i> Zou An	<i>Chief Accountant:</i> Lei Xiaodan

Cash Flow Statement of the Parent Company

January to March 2020

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	First quarter of 2020	First quarter of 2019
I. Cash flow from operating activities:		
Cash received from sale of goods and rendering of services	4,037,899	4,873,468
Refunds of taxes		
Other cash received relating to operating activities	<u>85,079</u>	<u>12,208</u>
Sub-total of cash inflow from operating activities	4,122,978	4,885,676
Cash paid for goods purchased and service received	3,870,743	4,538,459
Cash paid to and on behalf of employees	229,884	234,537
Cash paid for all types of taxes	141,619	159,760
Other cash paid relating to operating activities	<u>94,875</u>	<u>94,875</u>
Sub-total of cash outflow from operating activities	<u><u>4,337,121</u></u>	<u><u>5,027,631</u></u>

Item	First quarter of 2020	First quarter of 2019
Net cash flow from operating activities	-214,143	-141,955
II. Cash flows from investment activities:		
Cash received from disposal of investments	200,000	220,000
Cash received from return on investments	3,159	6,782
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities	_____	_____
Sub-total of cash inflow from investing activities	<u>203,159</u>	<u>226,782</u>
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		
Cash paid for investments	33,000	374,400
Net cash paid for acquiring subsidiaries and other operating entities		28,539
Other cash paid relating to investing activities	_____	_____
Sub-total of cash outflow from investing activities	<u>33,000</u>	<u>402,939</u>
Net cash flow from investing activities	<u>170,159</u>	<u>-176,157</u>

Item	First quarter of 2020	First quarter of 2019
III. Cash flow from financing activities:		
Cash received from investments		
Cash received from borrowings	500,000	
Other cash received relating to financing activities	1,052,500	52,500
Sub-total of cash inflow from financing activities	<u>1,552,500</u>	<u>52,500</u>
Cash paid for repayment of debts		200,000
Cash paid for distribution of dividends and profits or for interest expenses	41,128	
Other cash paid relating to financing activities	85,000	
Sub-total of cash outflow from financing activities	<u>126,128</u>	<u>200,000</u>
Net cash flow from financing activities	<u>1,426,372</u>	<u>-147,500</u>
IV. Effect of fluctuation in exchange rates on cash and cash equivalents		
V. Net increase in cash and cash equivalents	1,382,388	-465,612
Add: Balance of cash and cash equivalents at the beginning of the period	1,591,312	1,967,354
VI. Balance of cash and cash equivalents at the end of the period	<u>2,973,700</u>	<u>1,501,742</u>
<i>Legal Representative:</i> Zhou Zhuping	<i>Chief Financial Officer:</i> Zou An	<i>Chief Accountant:</i> Lei Xiaodan

4.2 Adjustments to relevant items in the opening financial statements upon initial application of the New Revenue Standard and the New Lease Standard Since 2020

Applicable Not applicable

4.3 Retrospective adjustments to comparative figures of previous periods upon initial application of the New Revenue Standard and the New Lease Standard Since 2020

Applicable Not applicable

4.4 Auditor's report

Applicable Not applicable

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

Chongqing, the PRC, 30 April 2020

As at the date of this announcement, the Directors of the Company are: Mr. Zhou Zhuping (Non-executive Director), Mr. Song De An (Non-executive Director), Mr. Zhang Shuogong (Non-executive Director), Mr. Li Yongxiang (Executive Director), Mr. Tu Deling (Executive Director), Mr. Wang Li (Executive Director), Mr. Xu Yixiang (Independent Non-executive Director), Mr. Xin Qingquan (Independent Non-executive Director) and Mr. Wong Chunwa (Independent Non-executive Director).