

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2015**

#### **I IMPORTANT**

**1.1** This Interim Report summary is extracted from the full text of the Interim Report. Investors are advised to read carefully the full text of the Interim Report which has also been published on websites designated by the CSRC including the website of the Shanghai Stock Exchange for details.

#### **1.2 Company Profile**

Stock class	Listing stock exchange	Stock Profile		Stock name before change
		Abbreviated name	Stock Code	
A share	Shanghai Stock Exchange	Chongqing Iron	601005	/
H share	The Stock Exchange of Hong Kong Limited	Chongqing Iron	01053	/

#### **Contact person and information**

#### **Secretary to the Board**

#### **Securities representative**

Name	You Xiaolan	Peng Guoju
Telephone	86-23-6887 3311	86-23-6898 3482
Fax	86-23-6887 3189	86-23-6887 3189
E-mail address	yxa@email.cqgt.cn	clarapeng@email.cqgt.cn

## II KEY FINANCIAL DATA AND SHAREHOLDERS' INFORMATION

### 2.1 Key financial data of the Company

*Unit: RMB'000*

	<b>At the end of the reporting period</b>	<b>At the end of last year</b>	<b>Change from the end of last year to the end of the reporting period (%)</b>
Total assets	<b>46,413,390</b>	47,152,433	-1.57
Net assets attributable to shareholders of the Company	<b>7,746,769</b>	9,973,914	-22.33
	<b>This reporting period (January to June)</b>	<b>Same period last year</b>	<b>Change from the same period of last year to this reporting period (%)</b>
Net cash flow from operating activities	<b>-731,329</b>	1,556,024	-147.00
Operating income	<b>4,505,619</b>	6,024,856	-25.22
Net profit attributable to shareholders of the Company	<b>-2,227,578</b>	-945,237	-135.66
Net profit attributable to shareholders of the Company after extraordinary gains and losses	<b>-2,223,022</b>	-1,377,764	-61.35
Weighted average return on net assets (%)	<b>-25.09</b>	-10.01	Decreased by 15.08 percentage points
Basic earnings per share (RMB per share)	<b>-0.502</b>	-0.213	-135.68
Diluted earnings per share (RMB per share)	<b>-0.502</b>	-0.213	-135.68

## 2.2 Total number of shareholders, top ten shareholders, top ten tradable share holders (or shareholders without trading limitations) as of the end of the reporting period

Unit: share

Total number of shareholders as of the end of the Reporting Period 230,028, including 229,768 of A shares and 260 of H shares

Total number of preferential shareholders with resumed voting rights as of the end of the Reporting Period 0

### Shareholdings of top 10 shareholders

Name of shareholder	Type of shareholder	Shareholding percentage (%)	Number of shares held	Number of shares held with trading limitations	Number of shares pledged or frozen
Chongqing Iron & Steel (Group) Co., Ltd.	State-owned legal person	47.27	2,096,981,600	1,996,181,600	Pledged and frozen 530,000,000
HKSCC NOMINEES LIMITED	Foreign legal person	11.95	529,895,370	0	Unknown
Bank of Ningbo Co., Ltd. – Yinhua return flexible configuration hybrid initiated regular open type securities investment fund (寧波銀行股份有限公司 – 銀華回報靈活配置定期開放混合型發起式證券投資基金)	Unknown	0.34	14,981,121	0	Unknown
Yinhua Fund – ICBC – Yinhua Leshan Rating No. 1 asset management plan (銀華基金 – 工商銀行 – 銀華樂山一號分級資產管理計劃)	Unknown	0.30	13,146,434	0	Unknown
Jiang Zhengyi	Domestic natural person	0.23	10,009,270	0	Unknown
Liu An	Domestic natural person	0.17	7,551,753	0	Unknown
Cao Xingwu	Domestic natural person	0.15	6,477,000	0	Unknown
Wang Zhenyuan	Domestic natural person	0.12	5,421,500	0	Unknown
Ma Chane	Domestic natural person	0.12	5,300,200	0	Unknown
Li Yujun	Domestic natural person	0.12	5,196,900	0	Unknown

Description on the related relationship or acts in concert of the above shareholders	There is no related relationship between the parent company and the other 9 shareholders and they are not parties acting in concert as stipulated in 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 related relationship among the other 9 shareholders or whether they are parties acting in concert.
Descriptions on the preferential shareholders with resumed voting rights and shareholding	Nil

### III MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of the year, under various difficulties including the consistently sluggish domestic steel products market, tight liquidity and heavy financial burden of the Company, with the unweaving support from Chongqing Iron & Steel Group, the Company dedicatedly worked around the core mission for the year of “one target, four key issues”, by exerting tight cost control over while increasing profit in both supply and sales, undergoing production with scale of economy, adjusting the product structure and strengthening management while deepening reform, so as to ensure steady production and operation, fully implement the five innovative visions, adopt all positive means and gear up for turnaround from loss to profit making:

**Optimization of production processes for guaranteed economy of scale in production.** Firstly, we duly performed all incident supervision and control work, by organizing production according to the economy of scale so as to guarantee safe production. During the first half of the year, the Company was in full control of all kinds of incidents, such that production was stable in general. Secondly, we enhanced balance and coordination within our production plans with a focus on the stable and smooth operation of the blast furnace, with each production plant conducting its in-process flows and coordination with a view to achieving back-covering among all processes, such that all production indicators has been improved steadily. Thirdly, we strengthened the management of our key indicators such as hitting rate and rollout rate, which provided favorable conditions for the efficient implementation of our contracts. As of the end of June, the one-off hitting rate reached 95.46% and the rollout rate reached 83.34%, both were maintained at a relatively satisfactory level.

**Further tightening of cost control over processes.** Firstly, we have strengthened our cost management before iron making, which effectively controlled the cost of iron smelt by optimizing coal blending and ore proportioning, adjusting structure of solvent and optimizing procurement according to the economic models of ore. Secondly, we had implemented cost cutting measures on steel smelting and rolling. Through cost cutting measures such as reduction in steel and iron consumption, alloy consumption, auxiliary material, endurable material, power and energy, spare parts and components, maintenance and examination expenses and tool and mold expenses, our key consumption indicators for steel smelting process had met the industry average standards. Thirdly, we had successfully completed mechanical and energy cost cutting. Through strengthening the management of power generation equipment, secondary energy recycling and system reform in proprietary repair, maintenance and inspection system, indicators such as comparable repair expenses per ton of steel and power procurement per ton of steel had seen remarkable improvements. In particular, only RMB311 of power procurement expenses per ton of steel had been incurred in May, which set the best record in our history.

**Proactively implementing product structural adjustment and enlarging the proportion of product offering high added value.** During the first half of the year, the Company focused on the production, sale and research of our key products, to improve our product structure and adjust the project-based management mechanism, with a view to materialize the integration of production, research and sale. We have achieved considerable breakthrough in (amongst others) the production and market development of traditionally advantageous products such as steel plates for boilers and pressure vessel plates, and the proportion of high value-added products had increased. The proportion of our variety steel reached 48.41%, in which medium-gauge plates accounted for 55.46% and hot-roll plates accounted for 43.20%.

**Deepening of reform while incentivizing the organic growth of the enterprise.** During the first half of the year, the Company focused on the reform of marketing system and reform of maintenance and inspection system, improved the performance assessment and appraisal oriented allocation measures so as to implement cost and marginal benefits linked total salary, thus achieving optimization and adjustment of human resources structure, which endeavored to increase our labor productivity.

**Strengthening management and enhancing execution capability.** Firstly, on the basis of simulated market calculation system, we improved the cost control system, imposed risk accountability and achieved a cost reduction system involving all staff. Secondly, we strengthened the management of external economic contracts, enhanced contract review and approval, management and control of key factors and the inspection on contract implementation, avoided legal risks and protected the Company's interests. Thirdly, we cleared up and improved the relevant management system and strengthened the inspection and supervision to ensure the effectiveness of the system and the effective implementation of various resolutions and key missions.

During the period, the Group produced an aggregate of 870,000 tons choke coal, 3.21 million tons of sinter ore, 1.77 million tons of pig iron, 1.79 million tons of steel, 1.62 million tons of steel products. The production volume of iron, steel and steel products decreased by 15.68%, 13.55% and 15.62% respectively from the same period last year. The average selling price of steel products stood at RMB2,450/ton, representing a decrease of 22% from the same period last year. Sales revenue amounted to RMB4.5 billion, representing a decrease of 25% from the same period last year.

**(I) Analysis of principal operations**

***1 Analysis table on changes of relevant items in financial statements***

*Unit: RMB'000*

<b>Items</b>	<b>For the period</b>	<b>For the same period last year</b>	<b>Change (%)</b>
Operating income	4,505,619	6,024,856	-25.22%
Operating costs	5,599,926	6,324,670	-11.46%
Selling and distribution expenses	118,000	123,488	-4.44%
General and administrative expenses	383,116	397,711	-3.67%
Financial expenses	627,353	631,866	-0.71%
Net cash flow from operating activities	-731,329	1,556,024	-147.00%
Net cash flow from investing activities	74,552	-2,065,088	103.31%
Net cash flow from financing activities	871,485	447,961	94.54%
Research and development expenses	142,570	174,721	-18.4%

**Description on reasons for changes in net cash flow from operating activities:** Amid challenging environment due to significant price drop of steel products, and operating losses suffered by the Company, the Group strengthened capital planning and management with a view to increasing revenue yet cutting cost, while determining payments on the basis of income so as to achieve break-even. During the first half of 2015, net cash outflow from operating activities amounted to RMB731,329 thousand, which was mainly due to the effect of an increase in operating losses. Net cash inflow from fund raising activities amounted to RMB871,485 thousand, mainly due to the new bank borrowings and financial assistance from Chongqing Iron & Steel Group.

## **2 Others**

### *(1) Detail description on significant changes in the components of profit or sources of profit of the Company*

During the first half of 2015, the Group realized RMB4,505,619 thousand of operating income, representing a year-on-year decrease of 25.22%, RMB4,494,689 thousand of revenue from principal operations, representing a year-on-year decrease of 25.19%, and RMB-2,227,504 thousand of total profit, representing a year-on-year increase in losses of 135.66%, mainly due to the following reasons:

- ① During the first half of 2015, the sales revenue of the Group's steel billets products amounted to RMB3,982,409 thousand, representing a decrease year-on-year by RMB1,578,758 thousand. Firstly, it was due to the decrease in selling price. The Group's average selling price of steel billets products during the first half year amounted to RMB2,438/ton, representing a year-on-year decrease of 22.31% from last year, which resulted in a decrease in revenue of RMB1,036,406 thousand. Secondly, it was due to the decrease in sales volume. The Group sold 1,633.2 thousand tons of steel billets during the first half year, representing a year-on-year decrease of 7.85%, which resulted in a decrease in revenue of RMB542,352 thousand.

Type	Revenue for first half of 2015		Revenue for first half of 2014		Year-on-year growth
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plate products	1,875,941	41.74	2,307,819	38.41	-18.71
Hot rolled coil	1,953,475	43.46	3,170,393	52.77	-38.38
Rod products	21,504	0.48	–	–	–
Wire products	72,932	1.62	–	–	–
Cool rolled sheet	–	0.00	49,867	0.83	-100.00
Steel billets	58,557	1.30	33,088	0.55	76.97
Sub-total	3,985,409	88.60	5,561,167	92.56	28.39
Others	512,280	11.40	447,220	7.44	14.55
Total	<b>4,494,689</b>	<b>100.00</b>	<b>6,008,387</b>	<b>100.00</b>	<b>-25.19</b>

Item	Selling price for first half of 2015	Selling price for first half of 2014	Year-on- year growth	Revenue increase (RMB thousand)
	RMB/ton	RMB/ton		
Plate products	2,678	3,367	-20.46	482,645
Hot rolled coil	2,270	2,995	-24.21	-623,790
Rod products	1,777	–	–	21,502
Wire products	2,572	–	–	73,045
Cool rolled sheet	–	3,195	-100.00	–
Steel billets	1,839	2,610	-29.54	-24,518
Total	<b>2,438</b>	<b>3,138</b>	<b>-22.31</b>	<b>-1,036,406</b>



Item	First half of 2015 <i>(Ton 0'000)</i>	First half of 2014 <i>(Ton 0'000)</i>	Year-on- year growth <i>(%)</i>	Revenue increase <i>(RMB thousand)</i>
Plate products	70.05	68.55	2.19	50,505
Hot rolled coil	86.04	105.86	-18.72	-593,609
Rod products	1.21	–	–	–
Wire products	2.84	–	–	–
Cool rolled sheet	–	1.56	-100.00	-49,842
Steel billets	3.18	1.27	150.39	49,851
Total	<b>163.32</b>	177.24	-7.85	-542,352

- ② The principal operations realized RMB-1,102,325 thousand of gross profit, representing a year-on-year decrease of RMB790,938 thousand; mainly due to a decrease in the sales volume and selling price of the steel products (billets) of the Group during the first half year, which led to a year-on-year decrease of 25.19% in revenue from principal operations. In respect of the cost of principal operations, the cost of steel product (billets) principal operations decreased by 11.44% year-on-year due to price reduction in the raw and auxiliary materials such as ore and coal and the Group's strengthening of its cost control. However, the decrease in cost of principal operations is smaller than the decrease in revenue of principal operations, which led to a decrease in the gross profit of the principal operations for the current period.
- ③ The Group incurred expenses in the amount of RMB1,128,469 thousand during the first half year, representing a decrease year-on-year by RMB24,596 thousand.

Item	Amount for the period	Amount for the last period	Percentage change from the same period last year to this period (%)
Selling and distribution expenses	118,000	123,488	-4.44
Management expenses	383,116	397,711	-3.67
Financial expenses	627,353	631,866	-0.71

- ④ The Group realized RMB4,250 thousand of net non-operating expenses during the first-half year, representing a year-on-year decrease by RMB513,105 thousand, which is mainly due to the effect of RMB0.5 billion of government grants received during the first half of 2014.

## (II) Analysis of operation by industry, product or region

### 1. Principal operations by industry and product

Unit: RMB'000

By industry	Principal operations by industry					
	Operating income	Operating costs	Gross profit margin (%)	Change in operating income from last year (%)	Change in operating costs from last year (%)	Change in gross profit margin from last year (%)
Iron and steel	4,466,410	5,570,296	-24.72	-25.23	-11.38	Decreased by 19.51 percentage points
Electronic services	–	–	–	-100.00	-100.00	–
Transportation services	28,279	26,718	5.52	56.11	26.70	Increased by 21.93 percentage points

Principal operations by product						
By product	Operating income	Operating costs	Gross profit margin (%)	Change in operating income from last year (%)	Change in operating costs from last year (%)	Change in gross profit margin from last year (%)
Steel products (billets)	3,982,409	5,071,521	27.35	-28.39	-14.07	Decreased by 21.22 percentage points
By-products	484,001	498,775	-6.37	17.27	30.03	Decreased by 10.11 percentage points
Electronic engineering design and installation	–	–	–	-100.00	-100.00	–
Logistics, distribution and finishing	28,279	26,718	5.52	56.11	26.70	Increased by 21.93 percentage points

## 2. *Principal operations by region*

*Unit: RMB'000*

Region	Operating Income	Change in operating income from last year (%)
Southwestern region	1,988,542	-22.60
Other regions	2,477,868	-27.22
Total	4,466,410	-25.23

## **IV OTHER SIGNIFICANT EVENTS**

### **1. Purchase, sale or redemption of the listed securities of the Company**

None of the Company and any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2015.

### **2. Audit Committee**

The Audit Committee is comprised of three independent non-executive Directors, namely, Mr. Xin Qing Quan, Mr. Xu Yi Xiang and Mr. Wong Chun Wa with Mr. Xin Qing Quan acting as the chairman of the Audit Committee.

The unaudited interim financial report of the Group for the six months ended 30 June 2015 had been reviewed by the members of the Audit Committee on 27 August before submitting to the Board for approval.

### **3. Approval of continuing connected transactions**

On 30 March 2015, in the sixth meeting of the fifth session of the Audit Committee of the Company, the Audit Committee reviewed the 2014 annual report and approved (amongst others) continuing connected transaction for the year 2014, and confirmed that such continuing connected transactions:

- (1) have been entered into in the ordinary and usual course of business of the listed issuer's Group;
- (2) have been entered into on normal commercial terms or better; and
- (3) according to the agreement governing relevant transactions on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole.

KPMG Huazhen Certified Public Accountants, the Company's auditor, had been engaged to issue the report on continuing connected transactions according to the relevant engagement standards issued by the Hong Kong Institute of Certified Public Accountants and in accordance with the Hong Kong Listing Rules. KPMG Huazhen Certified Public Accountants had issued confirmation letter with unqualified opinion for the above mentioned continuing connected transactions as disclosed by the Group in accordance with the requirements of Rule 14A.38 of the Listing Rules of the Hong Kong Stock Exchange. The confirmation letter of the auditor had been submitted to the Hong Kong Stock Exchange by the Company.

The related party transactions disclosed in section V(I)1 and V(II)1 in the Annual Report 2014 of the Company constitute discloseable connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Stock Exchange's Listing Rules. The Company has complied with the relevant requirements in respect thereof.

#### **4. Shares pledged by the controlling shareholder**

As of the date of this report, Chongqing Iron & Steel Group accumulatively pledged 590,000,000 A shares of the Company, accounted for 13.30% of the total share capital of the Company.

#### **5. Information on corporate governance**

The Company established a comprehensive legal person governance system and operationally effective internal control system in strict compliance with the required regulatory standards in the regulatory documents such as the Companies Law, Securities Law and relevant requirements of CSRC and the Listing Rules of Stock Exchange.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of 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 2015.

To the best of knowledge of the Board, the Company had complied with the requirements of Corporate Governance Code, Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange, during the reporting period and no deviation from the Code was found.

#### **6. Payment arrangement of the Company**

The Company attaches great importance to the repayment of corporate debts and is now raising funds by various ways, so as to ensure that the corporate debts can be repaid when due.

**V UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE SIXTH MONTHS ENDED 30 JUNE 2015 PREPARED IN ACCORDANCE WITH THE PRC GAAP**

**CONSOLIDATED BALANCE SHEET**

*as at 30 June 2015*

*(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

<b>Assets</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current assets:</b>		
Cash at bank and on hand	1,442,227	1,246,578
Bills receivable	87,664	224,614
Accounts receivable	664,071	469,025
Prepayments	175,403	267,484
Other receivables	570,147	922,295
Inventories	8,068,317	7,990,476
Other current assets	1,510,352	1,561,800
<b>Total current assets</b>	<b>12,518,181</b>	<b>12,682,272</b>
<b>Non-current assets:</b>		
Available-for-sale financial assets	5,000	5,000
Fixed assets	29,106,897	29,731,154
Construction in progress	1,992,204	1,913,873
Construction materials	11,573	12,047
Intangible assets	2,651,720	2,682,651
Deferred tax assets	17,116	17,116
Other non-current assets	110,699	108,320
<b>Total non-current assets</b>	<b>33,895,209</b>	<b>34,470,161</b>
<b>Total assets</b>	<b>46,413,390</b>	<b>47,152,433</b>

**CONSOLIDATED BALANCE SHEET***(continued)**as at 30 June 2015**(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

<b>Liabilities and shareholders' equity</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current liabilities:</b>		
Short-term loans	<b>3,272,920</b>	2,883,600
Bills payable	<b>2,937,708</b>	4,427,532
Accounts payable	<b>12,977,787</b>	12,422,435
Advances from customers	<b>1,812,808</b>	987,979
Employee benefits payable	<b>248,766</b>	184,805
Taxes payable	<b>8,576</b>	11,151
Interest payable	<b>121,525</b>	32,332
Other payables	<b>3,658,170</b>	2,255,707
Non-current liabilities due within one year	<b>4,209,230</b>	3,643,690
Other current liabilities	<b>9,677</b>	9,508
<b>Total current liabilities</b>	<b>29,257,167</b>	26,858,739
<b>Non-current liabilities:</b>		
Long-term loans	<b>9,212,500</b>	9,909,613
Debentures payable	<b>—</b>	—
Long-term payables	<b>14,766</b>	222,407
Deferred income	<b>162,943</b>	168,548
<b>Total non-current liabilities</b>	<b>9,390,209</b>	10,300,568
<b>Total liabilities</b>	<b>38,647,376</b>	37,159,307

**CONSOLIDATED BALANCE SHEET***(continued)**as at 30 June 2015**(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

<b>Liabilities and shareholders' equity</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Shareholders' equity:</b>		
Share capital	<b>4,436,023</b>	4,436,023
Capital reserve	<b>6,655,840</b>	6,655,407
Specific reserve	–	–
Surplus reserve	<b>606,991</b>	606,991
Retained earnings (“–” for undistributed deficit)	<b>-3,952,085</b>	-1,724,507
<b>Total equity attributable to shareholders of the Company</b>	<b>7,746,769</b>	9,973,914
Minority interests	<b>19,245</b>	19,212
<b>Total shareholders' equity</b>	<b>7,766,014</b>	9,993,126
<b>Total liabilities and shareholders' equity</b>	<b>46,413,390</b>	47,152,433



**BALANCE SHEET***as at 30 June 2015**(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

<b>Assets</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current assets:</b>		
Cash at bank and on hand	<b>1,440,337</b>	1,238,597
Bills receivable	<b>85,109</b>	223,914
Accounts receivable	<b>644,158</b>	440,162
Prepayments	<b>169,199</b>	260,849
Other receivables	<b>569,891</b>	922,272
Inventories	<b>8,041,612</b>	7,990,476
Other current assets	<b>1,505,409</b>	1,560,798
	<hr/>	<hr/>
<b>Total current assets</b>	<b>12,455,715</b>	12,637,068
	<hr/>	<hr/>
<b>Non-current assets:</b>		
Available-for-sale financial assets	<b>5,000</b>	5,000
Long-term equity investments	<b>101,000</b>	101,000
Fixed assets	<b>29,096,782</b>	29,720,783
Construction in progress	<b>1,992,204</b>	1,913,873
Construction materials	<b>11,573</b>	12,047
Intangible assets	<b>2,651,720</b>	2,682,651
Deferred tax assets	<b>17,116</b>	17,116
Other non-current assets	<b>49,300</b>	49,300
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>33,924,695</b>	34,501,770
	<hr/>	<hr/>
<b>Total assets</b>	<b>46,380,410</b>	47,138,838
	<hr/>	<hr/>

**BALANCE SHEET** *(continued)**as at 30 June 2015**(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

<b>Liabilities and shareholders' equity</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current liabilities:</b>		
Short-term loans	3,272,920	2,883,600
Bills payable	2,937,708	4,427,532
Accounts payable	13,020,166	12,463,091
Advances from customers	1,761,732	957,526
Employee benefits payable	248,682	184,766
Taxes payable	8,077	10,231
Interest payable	121,525	32,332
Other payables	3,654,325	2,254,531
Non-current liabilities due within one year	4,209,230	3,643,690
Other current liabilities	9,677	9,508
<b>Total current liabilities</b>	<b>29,244,042</b>	<b>26,866,807</b>
<b>Non-current liabilities:</b>		
Long-term loans	9,212,500	9,909,613
Debentures payable	—	—
Long-term payables	14,766	222,407
Deferred income	162,943	168,548
<b>Total non-current liabilities</b>	<b>9,390,209</b>	<b>10,300,568</b>
<b>Total liabilities</b>	<b>38,634,251</b>	<b>37,167,375</b>
<b>Shareholders' equity:</b>		
Share capital	4,436,023	4,436,023
Capital reserve	6,686,783	6,686,350
Surplus reserve	577,012	577,012
Retained earnings (“—” for undistributed deficit)	-3,953,659	-1,727,922
<b>Total shareholders' equity</b>	<b>7,746,159</b>	<b>9,971,463</b>
<b>Total liabilities and shareholders' equity</b>	<b>46,380,410</b>	<b>47,138,838</b>

## CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2015

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

	Jan-Jun 2015	Jan-Jun 2014
<b>I. Operating income</b>	<b>4,505,619</b>	6,024,856
<b>II. Less: Operating costs</b>	<b>5,599,926</b>	6,324,670
Business taxes and surcharges	478	1,192
Selling and distribution expenses	118,000	123,488
General and administrative expenses	383,116	397,711
Financial expenses	627,353	631,866
Impairment losses	—	—
Add: Gains from changes in fair value (“—” for losses)	—	—
Investment income (“—” for losses)	—	—
Including: Income from investment in associates and jointly controlled enterprises	—	—
<b>III. Operating profit (“—” for losses)</b>	<b>-2,223,254</b>	-1,454,071
Add: Non-operating income	2,109	509,056
Including: Gains from disposal of non-current assets	—	154
Less: Non-operating expenses	6,359	201
Including: Losses from disposal of non-current assets	—	—
<b>IV. Profit before income tax (“—” for losses)</b>	<b>-2,227,504</b>	-945,216
Less: Income tax expense	41	21
<b>V. Net profit for the period (“—” for net losses)</b>	<b>-2,227,545</b>	-945,237
Attributable to:		
Shareholders of the Company	-2,227,578	-945,237
Non-controlling interests	33	—

**CONSOLIDATED INCOME STATEMENT***(continued)*  
*for the six months ended 30 June 2015*  
*(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

	Jan-Jun 2015	Jan-Jun 2014
<b>VI. Other comprehensive income (net of tax)</b>		
<b>attributable to shareholders</b>		
<b>of the Company</b>		
(1) Items that will not be reclassified		
to profit or loss		
1. Remeasurement of Defined		
benefit plan liability	—	—
2. Share of other comprehensive income		
of the equity-accounted investee	—	—
(2) Items that may be reclassified		
to profit or loss		
1. Share of other comprehensive income		
of the equity-accounted investee	—	—
2. Gains or losses arising from		
changes in fair value of		
available-for-sale financial assets	—	—
3. Effective hedging portion of gains		
or losses arising from cash flow		
hedging instruments	—	—
4. Translation differences arising on		
translation of foreign currency		
financial statements	—	—
5. Others	—	—
Other comprehensive income (net of tax)		
attributable to non-controlling interests	—	—
<b>VII. Total comprehensive income for the period</b>	<b>-2,227,545</b>	<b>-945,237</b>
Attributable to:		
Shareholders of the Company	<b>-2,227,578</b>	<b>-945,237</b>
Minority interests	<b>33</b>	<b>—</b>
<b>VIII. Earnings per share</b>		
(1) Basic earnings per share	<b>-0.502</b>	<b>-0.213</b>
(2) Diluted earnings per share	<b>-0.502</b>	<b>-0.213</b>

## INCOME STATEMENT

for the six months ended 30 June 2015

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

	Jan-Jun 2015	Jan-Jun 2014
<b>I. Operating income</b>	<b>4,277,875</b>	5,988,352
Less: Operating costs	<b>5,376,947</b>	6,303,510
Business taxes and surcharges	<b>432</b>	417
Selling and distribution expenses	<b>114,415</b>	121,956
General and administrative expenses	<b>381,513</b>	376,634
Financial expenses	<b>627,366</b>	631,873
Impairment loss	–	–
Add: Gains from changes in fair value (“–” for losses)	–	–
Investment income (“–” for losses)	<b>1,279</b>	10,366
Including: Income from investment in associates and jointly controlled enterprises	–	–
<b>II. Operating profit (“–” for losses)</b>	<b>-2,221,519</b>	-1,435,672
Add: Non-operating income	<b>2,109</b>	508,782
Including: Gains from disposal of non-current assets	–	154
Less: Non-operating expenses	<b>6,327</b>	200
Including: Losses from disposal of non-current assets	–	–
<b>III. Profit before income tax (“–” for losses)</b>	<b>-2,225,737</b>	-927,090
Less: Income tax expense	–	–
<b>IV. Net profit for the period (“–” for losses)</b>	<b>-2,225,737</b>	-927,090

**INCOME STATEMENT** *(continued)**for the six months ended 30 June 2015**(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

	Jan-Jun 2015	Jan-Jun 2014
<b>V. Other comprehensive income, net of tax</b>		
(1) Items that will not be reclassified to profit or loss		
1. Remeasurement of defined benefit plan liability	—	—
2. Share of other comprehensive income of the equity-accounted investee	—	—
(2) Items that may be reclassified to profit or loss		
1. Share of other comprehensive income of the equity-accounted investee	—	—
2. Gains or losses arising from changes in fair value of available-for sale financial assets	—	—
3. Effective hedging portion of gains or losses arising from cash flow hedging instruments	—	—
4. Translation differences arising on translation of foreign currency financial statements	—	—
5. Others	—	—
	<hr/>	<hr/>
<b>VI. Total comprehensive income for the year</b>	<b>-2,225,737</b>	<b>-927,090</b>
	<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2015

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

	Jan-Jun 2015	Jan-Jun 2014
<b>I. Cash flows from operating activities:</b>		
Proceeds from sale of goods and rendering of services	6,134,353	7,458,659
Refund of taxes	–	519
Proceeds from government subsidies	–	507,437
Proceeds from other operating activities	105	11,869
	<hr/>	<hr/>
Sub-total of cash inflows	6,134,458	7,978,484
	<hr/>	<hr/>
Payment for goods and services	-6,303,571	-5,844,333
Payment to and for employees	-499,700	-530,503
Payment of various taxes	-50,941	-26,009
Payment for other operating activities	-11,575	-21,615
	<hr/>	<hr/>
Sub-total of cash outflows	-6,865,787	-6,422,460
	<hr/>	<hr/>
Net cash inflow from operating activities	-731,329	1,556,024
	<hr/>	<hr/>
<b>II. Cash flows from investing activities:</b>		
Cash flows from investing activities:		
Net proceeds received from disposal of fixed assets, intangible assets and other long-term assets	355,486	147,447
Proceeds from other investing activities	12,381	12,385
	<hr/>	<hr/>
Sub-total of cash inflows	367,867	159,832
	<hr/>	<hr/>
Payment for acquisition of fixed assets, intangible assets and other long-term assets	-293,315	-2,224,920
	<hr/>	<hr/>
Sub-total of cash outflows	-293,315	-2,224,920
	<hr/>	<hr/>
Net cash outflow from investing activities	74,552	-2,065,088
	<hr/>	<hr/>

**CONSOLIDATED CASH FLOW STATEMENT** *(continued)*  
*for the six months ended 30 June 2015*  
*(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

	<b>Jan-Jun 2015</b>	Jan-Jun 2014
<b>III. Cash flows from financing activities:</b>		
Proceeds from borrowings	<u>3,120,380</u>	<u>4,995,377</u>
Sub-total of cash inflows	<u>3,120,380</u>	<u>4,995,377</u>
Repayments of borrowings	-1,222,174	-2,993,991
Payment for dividends, profit distributions or interest	-518,624	-613,858
Payment for other financing activities	<u>-508,097</u>	<u>-939,567</u>
Sub-total of cash outflows	<u>-2,248,895</u>	<u>-4,547,416</u>
Net cash outflow from financing activities	<u>871,485</u>	<u>447,961</u>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<u>-5,328</u>	<u>-1,542</u>
<b>V. Net increase in cash and cash equivalents (“–” for decreases)</b>	<b>209,380</b>	-62,645
Add: Cash and cash equivalents at the beginning of the period	<u>146,148</u>	<u>519,061</u>
<b>VI. Cash and cash equivalents at the end of the period</b>	<u><b>355,528</b></u>	<u><b>456,416</b></u>



## CASH FLOW STATEMENT

for the six months ended 30 June 2015

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

	Jan-Jun 2015	Jan-Jun 2014
<b>I. Cash flows from operating activities:</b>		
Proceeds from sale of goods and rendering of services	5,819,802	7,396,661
Refund of taxes	–	519
Proceeds from government subsidies	–	507,437
Proceeds from other operating activities	105	12,268
Sub-total of cash inflows	5,819,907	7,916,885
Payment for goods and services	-5,989,791	-5,833,493
Payment to and for employees	-498,231	-489,226
Payment of various taxes	-49,201	-18,480
Payment for other operating activities	-11,562	-21,612
Sub-total of cash outflows	-6,548,785	-6,362,811
Net cash inflow from operating activities	-728,878	1,554,074
<b>II. Cash flows from investing activities:</b>		
Cash flows from investing activities:		
Investment returns received	1,279	4,174
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	355,486	146,934
Proceeds from other investing activities	12,362	12,372
Sub-total of cash inflows	369,127	163,480
Payment for acquisition of fixed assets, intangible assets and other long-term assets	-290,936	-2,213,627
Sub-total of cash outflows	-290,936	-2,213,627
Net cash outflow from investing activities	78,191	-2,050,147

**CASH FLOW STATEMENT** *(continued)*  
*for the six months ended 30 June 2015*  
*(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

	<b>Jan-Jun 2015</b>	Jan-Jun 2014
<b>III. Cash flows from financing activities:</b>		
Proceeds from borrowings	<u>3,120,380</u>	<u>4,995,377</u>
Sub-total of cash inflows	<u>3,120,380</u>	<u>4,995,377</u>
Repayments of borrowings	-1,222,174	-2,993,991
Payment for dividends, profit distributions or interest	-518,624	-613,858
Payment for other financing activities	<u>-508,097</u>	<u>-939,567</u>
Sub-total of cash outflows	<u>-2,248,895</u>	<u>-4,547,416</u>
Net cash outflow from financing activities	<u>871,485</u>	<u>447,961</u>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-5,328	-1,542
<b>V. Net increase in cash and cash equivalents (“-” for decreases)</b>	215,470	-49,654
Add: cash and cash equivalents at the beginning of the period	<u>138,168</u>	<u>502,366</u>
<b>VI. Cash and cash equivalents at the end of the period</b>	<u><u>353,638</u></u>	<u><u>452,712</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER’S EQUITY**  
*for the six months ended 30 June 2015*  
*(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

	Jan-Jun 2015							
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained profit	Non-controlling interests	Total
I. Balance at the beginning of the period	4,436,023	6,655,407	–	–	606,991	-1,724,507	19,212	9,993,126
II. Changes in equity for the period (“–” for decreases)	–	–	–	–	–	–	–	–
1. Comprehensive income for the period	–	–	–	–	–	-2,227,578	33	-2,227,545
2. Contributions from shareholders	–	433	–	–	–	–	–	433
– Contributions by ordinary shareholders	–	–	–	–	–	–	–	–
– Others	–	433	–	–	–	–	–	433
3. Distribution of profit	–	–	–	–	–	–	–	–
– Extract for surplus reserve	–	–	–	–	–	–	–	–
– Distribution to shareholders	–	–	–	–	–	–	–	–
4. Specific reserve	–	–	–	–	–	–	–	–
– Accrued	–	–	–	8,534	–	–	–	8,534
– Utilized	–	–	–	-8,534	–	–	–	-8,534
– Others	–	–	–	–	–	–	–	–
III. Balance at the end of the period	4,436,023	6,655,840	–	–	606,991	-3,952,085	19,245	7,766,014

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(continued)

for the six months ended 30 June 2014

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

	Jan-Jun 2014							
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained profit	Non-controlling interests	Total
I. Balance at the beginning of the period	4,436,023	6,648,883	–	1,344	606,991	-1,775,938	19,000	9,936,303
II. Changes in equity for the period (“–” for decreases)	–	–	–	–	–	–	–	–
1. Comprehensive income for the period	–	–	–	–	–	-945,237	–	-945,237
2. Contributions from shareholders	–	1,689	–	–	–	–	–	1,689
– Contributions by ordinary shareholders	–	–	–	–	–	–	–	–
– Others	–	1,689	–	–	–	–	–	1,689
3. Distribution of profit	–	–	–	–	–	–	–	–
– Extract for surplus reserve	–	–	–	–	–	–	–	–
– Distribution to shareholders	–	–	–	–	–	–	–	–
4. Specific reserve	–	–	–	-342	–	–	–	-342
– Accrued	–	–	–	11,533	–	–	–	11,533
– Utilized	–	–	–	-11,875	–	–	–	-11,875
– Others	–	–	–	–	–	–	–	–
III. Balance at the end of the period	4,436,023	6,650,572	–	1,002	606,991	-2,721,175	19,000	8,992,413

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
*for the six months ended 30 June 2015*  
*(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

	Jan-Jun 2015						
	Attributable to shareholders of the Company						
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained profit	Total
I. Balance at the beginning of the period	4,436,023	6,686,350	–	–	577,012	-1,727,922	9,971,463
II. Changes in equity for the period (“–” for decreases)							
1. Comprehensive income for the period	–	–	–	–	–	-2,225,737	-2,225,737
2. Contributions from shareholders	–	433	–	–	–	–	433
– Contributions by ordinary shareholders	–	–	–	–	–	–	–
– Others	–	433	–	–	–	–	433
3. Distribution of profit	–	–	–	–	–	–	–
– Extract for surplus reserve	–	–	–	–	–	–	–
– Distribution to shareholders	–	–	–	–	–	–	–
4. Specific reserve	–	–	–	–	–	–	–
– Accrued	–	–	–	8,534	–	–	8,534
– Utilized	–	–	–	-8,534	–	–	-8,534
III. Balance at the end of the period	4,436,023	6,686,783	–	–	577,012	-3,953,659	7,746,159

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY** *(continued)*  
*for the six months ended 30 June 2014*  
*(Expressed in thousands of Renminbi Yuan unless otherwise indicated)*

	Jan-Jun 2014						
	Attributable to shareholders of the Company						
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained profit	Total
I. Balance at the beginning of the period	4,436,023	6,680,331	–	–	577,012	-1,852,396	9,840,970
II. Changes in equity for the period (“–” for decreases)							
1. Comprehensive income for the period	–	–	–	–	–	-927,090	-927,090
2. Contributions from shareholders	–	1,689	–	–	–	–	1,689
– Contributions by ordinary shareholders	–	–	–	–	–	–	–
– Others	–	1,689	–	–	–	–	1,689
3. Distribution of profit	–	–	–	–	–	–	–
– Extract for surplus reserve	–	–	–	–	–	–	–
– Distribution to shareholders	–	–	–	–	–	–	–
4. Specific reserve	–	–	–	–	–	–	–
– Accrued	–	–	–	11,415	–	–	11,415
– Utilized	–	–	–	-11,415	–	–	-11,415
III. Balance at the end of the period	4,436,023	6,682,020	–	–	577,012	-2,779,486	8,915,569

The Interim Report of the Company for the period ended 30 June 2015 will be published on the website of the Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.cqgt.cn](http://www.cqgt.cn)) respectively on or before 27 August 2015.

By order of the Board  
**Chongqing Iron & Steel Company Limited**  
**You Xiao An**  
*Secretary to the Board*

Chongqing, the PRC  
27 August 2015

*As at the date of this announcement, the Directors of the Company are: Mr. Zhou Hong (Non-executive Director), Mr. Li Ren Sheng (Executive Director), Mr. Zhang Li Quan (Executive Director), Mr. Yao Xiao Hu (Executive Director), Mr. Xu Yi Xiang (Independent Non-executive Director), Mr. Xin Qing Quan (Independent Non-executive Director) and Mr. Wong Chun Wa (Independent Non-executive Director).*