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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

I. IMPORTANT NOTICE

- 1 This summary of annual report is extracted from the annual report of the Company. To fully understand the Company's operating results, financial condition and future development plans, investors should carefully read the annual report at Shanghai Stock Exchange website and other media designated by China Securities Regulatory Commission.
- 2 The Board, supervisory committee and directors, supervisors and senior executives ensure the annual report contents are real, accurate and complete, without false records, misleading statements or material omissions, and assume individual and joint liabilities.
- 3 All directors of the Company attended the Board meeting.
- 4 Pan-China Certified Public Accountants (special general partnership) issued a standard unqualified audit report for the Company.
- 5 The profit distribution proposal or proposal to transfer capital reserve to share capital for the reporting period as considered by the Board

The Board proposed neither to distribute profit for the Reporting Period nor to transfer the capital reserve to share capital.

6. The annual results of the Company for the year ended 31 December 2016 have been reviewed by the Audit Committee.

II. BASIC INFORMATION ON THE COMPANY

1 Company Information

Stock Profile

Type	Place of listing	Abbreviated name	Stock code	Stock abbreviation before adjustment
A share	Shanghai Stock Exchange	Chongqing Iron & Steel	601005	/
H share	The Stock Exchange of Hong Kong Limited	Chongqing Iron & Steel	1053	/

Contact information	Secretary to the Board	Securities representative
Name	You Xiaolan	Peng Guoju
Correspondence address	No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing, the PRC	No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing, the PRC
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E-mail	yxa@email.cqgt.cn	clarapeng@email.cqgt.cn

2 Main Business Profile During the Reporting Period

The Company's main business: Production, processing and sales of sheets, profiles, wires, billets and coke coal chemical products, tap water, comprehensive application of resources, power generation, iron and grain slag, steel slag, and steel scrap. The Company belongs to ferrous metal smelting and rolling processing industries. Its main business includes: Production, processing, and sales of sheets, profiles, wires, rods, billets and steel stripes. As China's large iron and steel enterprise and one of China's largest cut deal manufacturers, the Company is characterized by complete production process, independent supply, production and marketing system, advanced technology, and excellent product quality. Its shipbuilding steel plate, pressure vessel steel plate, and boiler steel plate win multiple quality awards and domestic and international professional agencies' quality authentication, with its Sanfeng trademark products renowned in China.

Operational mode : For the steel sale of the Company, the purchase orders were mainly secured through face-to-face business negotiations between the regional sale branches and subsidiaries of the Company and the market participants or end users. Upon signing of the sale contracts, the Company formulated production plans and conducted product marketing activities based on sale-driven production. Forward sale was generally adopted for the main products by way of the scheduled contracts and the pricing policies were based on pre-determined price or after-settlement. The non-planned products, utilized products, scrap materials and other by-products derived from the production were mainly sold through auction or as a package.

Explanation on industry situation: In 2016, the steel industry deeply promoted the supply side structure reform. With the reduction in overcapacity and the introduction of various policies and measures, it became obvious that the market had shown an active change with steady growth in the steel industry. With a slight increase in the production of crude steel compared to last year, significant rise at the price of steel, slight decline of steel export, the operating efficiency has been improved. However, the fundamental factor regarding overcapacity remained unchanged, the foundation for rising price and improving efficiency was not completed established, and the industry was still bound by the crisis.

3 Major Financial Data and Financial Indicators of the Company

3.1 Major Financial Data and Financial Indicators for the Last Three Years

Unit: RMB'000

	2016	2015	Increase/ decrease from last year (%)	2014
Total assets	36,438,454	39,228,079	-7.11	47,152,433
Operating income	4,414,902	8,350,022	-47.13	12,245,057
Net profit attributable to shareholders of listed companies	-4,685,956	-5,987,248	21.73	51,431
Net profit attributable to shareholders of listed companies deducting nonrecurring gains and losses	-5,392,375	-9,302,935	42.04	-2,536,940
Net assets attributable to shareholders of listed companies	-200,494	3,988,873	-105.03	9,973,914
Net cash flow from operating activities	-449,021	-1,678,179	73.24	2,796,783
Basic earnings per share (Yuan/share)	-1.06	-1.35	21.48	0.012
Diluted earnings per share (Yuan/share)	-1.06	-1.35	21.48	0.012
Weighted average return on net assets (%)	-284.59	-85.76	-198.83	0.52

3.2 Major Financial Data by Quarter During the Reporting Period

Unit: RMB'000

	1st Quarter (January-March)	2nd Quarter (April-June)	3rd Quarter (July-September)	4th Quarter (October- December)
Operating income	1,408,443	1,380,969	895,753	729,737
Net profit attributable to shareholders of listed companies	-992,488	-797,855	-1,300,921	-1,594,692
Net profit attributable to shareholders of listed companies Mdeducting nonrecurring gains and losses	-1,042,525	-864,980	-1,751,560	-1,733,310

Explanation on the differences between quarterly data and disclosed regular reporting data:

Applicable Not applicable

4 Share Capital and Shareholders

4.1 Table of holdings of the number of ordinary shareholders and preferred shareholders with restored voting rights and the top 10 shareholders

Unit: share

As of the reporting period, the total number of ordinary shareholders (<i>accounts</i>)	177,099
At the end of the month before the annual report disclosure, the total number of ordinary shareholders (<i>accounts</i>)	174,020
As of the reporting period end, the total number of preferred shareholders with restored voting rights (<i>accounts</i>)	0
At the end of the month before the annual report disclosure, the total number of preferred shareholders with restored voting rights (<i>accounts</i>)	0

The top 10 shareholders

Name of shareholder (Full name)	Changes in the reporting period	Period-end number of stock	Ratio (%)	Number of restricted stock	Pledged or frozen Stock Status	Quantity	Nature of shareholders
Chongqing Iron & Steel (Group) Co., Ltd.	0	2,096,981,600	47.27	0	Pledged	1,009,700,000	State-owned corporation
HKSCC NOMINEES LIMITED	589,570	530,713,540	11.96	0	Unknown		Foreign legal persons
Central Huijin Asset Management Co., Ltd.	0	93,284,800	2.1	0	Unknown		Unknown
China Securities Finance Corporation Limited	0	39,352,886	0.89	0	Unknown		Unknown
Wu Zhaomei	29,336,217	29,336,217	0.66	0	Unknown		Domestic natural person
Bosera Funds – Agricultural Bank of China – Bosera China Securities Financial Asset Management Plan	0	23,900,800	0.54	0	Unknown		Unknown
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	0	23,900,800	0.54	0	unknown		unknown
ICBC Credit Suisse Asset – Agricultural Bank of China – ICBC Credit Suisse China Securities Financial Asset Management Plan	0	23,900,800	0.54	0	unknown		unknown
Guangdong Development Fund – Agricultural Bank of China – GF China Securities Financial Asset Management Plan	0	23,900,800	0.54	0	unknown		unknown
Huaxia Fund – Agricultural Bank of China – China Securities Financial Asset Management Plan	0	23,900,800	0.54	0	unknown		unknown

The above shareholders' connected relationship or concerted action

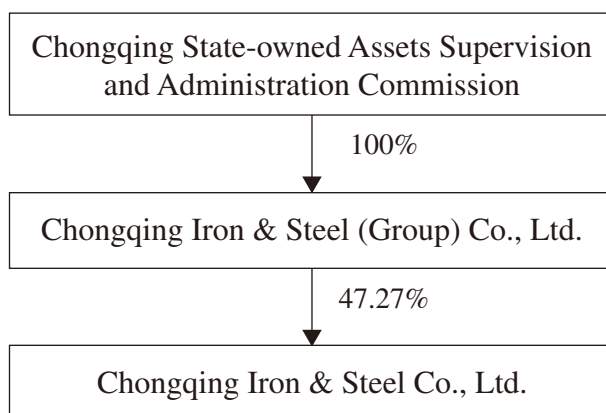
There is no connection between Chongqing Iron & Steel (Group) Co., Ltd., the controlling shareholder on the Company, and the other 9 shareholders, nor are they persons acting in concert regulated in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Companies' Shareholders. The Company is not aware of any connected relationship among the other 9 shareholders or whether they are acting in concert.

Preferred shareholders with restored voting rights and their shareholding

No

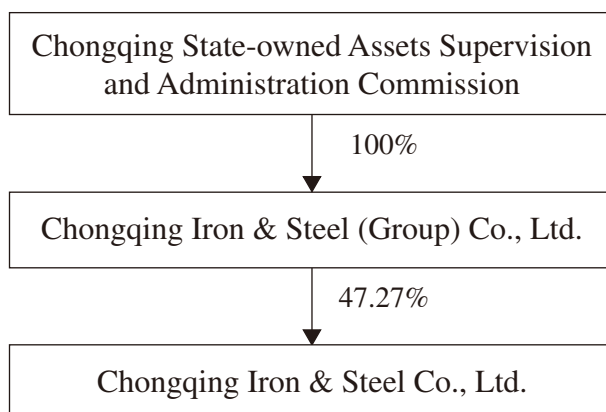
4.2 Chart of the controlling relationship between the Company and the controlling shareholders

Applicable Not applicable



4.3 Chart of equity and controlling relationship between the Company and the actual controllers

Applicable Not applicable



5 Information on Corporate Bond

5.1 Overview of Corporate Bonds

Unit: RMB100 million

Bonds Name	Abbreviation	Bond code	Issuing date	Date of expiry	Balance of bonds	Interest rate	Repayment method of the principal and the interest thereon	Place of transaction
Corporate bonds of Chongqing Iron & Steel Company limited of 2010	10 CISL Bond	122059	9 December 2010	9 December 2017	20	6.20	Interest is payable annually in arrears, and principal will be repaid upon maturity	Shanghai Stock Exchange

5.2 Cashing of Interest for Corporate Bonds

Applicable Not applicable

On 9 December 2016, the company paid the interest payable arising from the “10 Chong Gang Bonds” on time.

5.3 Information of the Credit Rating of the Corporate Bonds

Applicable Not applicable

China Chengxin Securities Ratings Co., Ltd. conducted a credit rating at the beginning of the issue of this tranche of bonds and came to the conclusion that the main long-term credit rating of the Company was at AA and the bonds credit rating of the Company was AA+ with a stable outlook; on 29 April 2016, China Chengxin Securities Ratings Co., Ltd. conducted a follow-up credit rating and came to the conclusion that the main long-term credit rating of the Company was at AA- with a negative outlook. The bonds credit rating of the Company for the period was AAA.

5.4 Accounting Data and Financial Indicator for the Recent Two Years

Applicable Not applicable

Major indicator	2016	2015	Increase or decrease over the same period of the previous year (%)
Gearing Ratio	<u>100.29%</u>	<u>89.78%</u>	<u>11.71</u>

III. MANAGEMENT DISCUSSION AND ANALYSIS

1 Major Operations During the Reporting Period

During the Reporting Period, the Group has adopted a business model of processing-on-order pursuant to the cooperation with the Panhua Group. Revenue from June to December only consisted of processing expenses, resulting in a substantial decline in sales. The Company recorded operating income of RMB4,414,902,000 for the year, 47.13% lower than previous year.

1.1 Main business analysis

Analysis of changes in certain items from Income Statement and Cash Flow Statement

Unit: RMB'000

Subject	For the period	For the corresponding period last year	Change (%)
Operating income	4,414,902	8,350,022	-47.13
Operating cost	6,162,610	10,509,209	-41.36
Selling expenses	109,062	248,554	-56.12
Administrative expenses	1,680,799	1,266,607	32.7
Financial expenses	1,187,573	1,264,709	-6.1
Net cash flow from operating activities	-449,021	-1,678,179	73.24
Net cash flow from investing activities	-263,645	613,201	-142.99
Net cash flow from financing activities	1,422,844	946,545	50.32
R&D spending	187,953	481,328	-60.95

(1) *Income and Cost Analysis*

Applicable Not applicable

- 1) Analysis of decisive factors of product income mainly from in-kind sales

In 2016, the realized operating income of the Group was RMB4,414.902 million, with a year-on-year decrease of RMB3,935.12 million. From January to May, the Group has realized income arising from the sale of rolled steel billet of RMB2,185.174 million, with a year-on-year increase of RMB99.26 million. From June to December, the Group has commenced its cooperation with the Panhua Group on processing-on-order business and 1,259,100 tons of steels from Panhua Group were processed and income arising from processing expenses recognized pursuant to accounting standard were 971.482 million during the period, representing a decrease of RMB4,710.142 million from income arising from the sale of rolled steel billet of RMB5,681.624 million of previous year. Therefore, the significant decline of income of the Group in 2016 as compared to previous year was mainly due to the change of operating model.

Item	From	From	Year-on-year growth rate (%)	Income increase (RMB'000)
	January to May in 2016 RMB'000	January to May in 2015 RMB'000		
Plate	745,855	658,842	13.21	87,013
Hot rolling	1,399,210	1,390,023	0.66	9,187
Bars	407	352	15.63	55
Profiles	3,254			3,254
Billet	36,448	36,697	-0.68	-249
Subtotal	<u>2,185,174</u>	<u>2,085,914</u>	<u>4.76</u>	<u>99,260</u>

Item	From January to May in 2016 (RMB'000)	From January to May in 2015 (RMB'000)	Year-on-year growth rate (%)	Income increase (RMB'000)
Plate		3,167,253		
Hot rolling		2,369,654		
Bars		25,802	Not comparable	
Wires		72,584		
Billet		46,331		
OEM business	971,482			
Subtotal	971,482	5,681,624	—	-4,710,142

(2) *Main business by sectors, products and regions*

Unit: RMB'000

Main operations 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 gross profit (%)
Iron and steel	4,389,462	6,151,764	-40.15	-47.26	-41.44	Reduction by 13.93 percentage points

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 gross profit (%)
Rolled steel billet	2,185,174	3,018,577	-38.14	-71.87	-69.63	-10.20
By-products	563,532	530,779	5.81	1.58	-6.37	7.99
OEM business	971,482	1,938,182	-99.51			
Other	669,274	664,226	0.75			

Main business by regions

By region	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease operating revenue from last year (%)	Increase/decrease in operating cost from last year (%)	Increase/decrease in gross profit margin from last year (%)
Southwest	2,883,170			-31.44		
Other regions	<u>1,506,292</u>			<u>-63.41</u>		
Total	<u>4,389,462</u>			<u>-47.26</u>		

1) Table of production and sales analysis

Applicable Not applicable

Main products	Production	Sales amount	Inventory	Year-on-year production (%)	Year-on-year sales (%)	Year-on-year inventory (%)
Plates	33.04	35.86	0.36	-76.39	-74.92	88.00
Hot rolling	74.11	75.95	-	60.36	60.24	-100.00
Bars	-	0.03	0.00		-97.00	
Steel Sections	-	0.21	-			
Wires	-	-	-	-100	-100	
OEM business	124.99	125.21	-			

2) Cost analysis table

Unit: RMB'000

By sectors

By industry	Costs component	Amount for the period	Percentage of the amount for the period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year (%)	Year-on-year change (%)	Explanation
Iron and steel	Raw material	3,445,488	56.01	6,627,031	63.09	-48.01	
Iron and steel	Energy	940,296	15.28	1,239,965	11.80	-24.17	
Iron and steel	Labor and other costs	1,765,980	28.71	2,637,620	25.11	-33.05	

By products

By industry	Costs component	Amount for the period	Percentage of the amount for the period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year (%)	Year-on-year change (%)	Explanation
Rolled steel billet	Raw material and energy costs	3,018,577	49.07	9,937,755	94.60	-69.63	
By-products	Raw material and energy costs	530,779	8.63	566,861	5.40	-6.37	
OEM business	Raw material and energy costs	1,938,182	31.51				
Other		664,226	10.79				

3) Major buyers and major suppliers

Applicable Not applicable

The sales attributable to the five largest buyers amounted to RMB1,892,758,000, representing 42.87% of the total sales for the year, among which the sales attributable to the five largest buyers from related party amounted to RMB200,674,700, representing 4.55% of the total sales for the year.

The purchase amount attributable to the five largest suppliers amounted to RMB1,505,800,000, representing 45.77% of the total purchase amount for the year, among which the purchase amount to the five largest suppliers from related party amounted to RMB368,650,000, representing 11.21% of the total purchase amount for the year.

(3) *Fees*

Applicable Not applicable

(4) *R&D investment*

Table of R&D investment

Applicable Not applicable

Unit: RMB'000

Expensed research and development expenses for the period	157,647
Capitalized research and development expenses for the period	30,306
Total R&D investment	187,953
Percentage of the total R&D investment in operating income (%)	4.26
Number of R&D personnel of the Company	705
Percentage of R&D Personnel in total number of employees (%)	7.95
Percentage of capitalized research and development expenses in total R&D investment (%)	16.12

(5) *Cash flow*

Applicable Not applicable

In 2016, the Group has strengthened its management on fund budget by actively raising fund by various ways and strictly controlling in expenditure, to maintain the balance of payment for the period; In 2016, net increase from cash and cash equivalent for the period of the Company was RMB713.071 million, net cash outflow from operating activity was RMB449.021 million, net cash inflow from financing activity due to cash received from investors, new bank loans and bill financing RMB1,422.844 million and net cash flow from investing activity decreased by RMB263.645 million due to payments for constructions and investment in new company.

Cash flow table

Unit: RMB'000

Items	January to December 2016	January to December 2015	Main reasons for changes
Net cash flow from operating activities	-449,021	-1,678,179	Enhancement of fund planning and management, appropriate payment of payables to suppliers resulted in decrease of net outflow from operating activities
Net cash flows from investing activities	-263,645	613,201	Payment for constructions and investment in new company resulted in decrease of net cash flow from investing activities
Net cash flow from financing activities	1,422,844	946,545	Cash received by investors, new loans and bill financing resulted in increase of net cash flow from financing activities
Net increase of cash and cash equivalents	713,071	-113,772	

1.2 Analysis of assets and liabilities

Applicable Not applicable

(1) Assets and liabilities

Unit: RMB'000

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 previous period in total assets (%)	Year-on-year increase/decrease (%)	Explanation
Cash at bank and on hand	1,102,694	3.03	925,471	2.36	19.15	
Bills receivable	19,435	0.05	45,863	0.12	-57.62	
Accounts receivable	256,258	0.7	503,202	1.28	-49.07	
Prepayments	37,191	0.1	39,924	0.1	-6.85	
Other receivables	58,099	0.16	40,376	0.1	43.89	
Inventories	972,960	2.67	2,775,858	7.08	-64.95	
Other current assets	509	0	501	0	-1.6	
Available-for-sale financial assets	5,000	0.01	5,000	0.01		
Long-term equity investments	131,015	0.36				
Fixed assets	29,491,264	80.93	30,306,394	77.26	-2.69	
Construction in progress	43,131	0.12	128,949	0.33	-66.55	
Construction materials	15,126	0.04	10,651	0.03	42.01	
Intangible assets	2,648,584	7.27	2,712,264	6.91	-2.35	
Other non-current assets	1,657,188	4.55	1,733,626	4.42	-4.41	
Short-term loans	5,700,587	15.64	3,492,152	8.9	63.24	
Bills payable	1,632,710	4.48	3,663,417	9.34	-55.43	
Accounts payable	9,385,026	25.76	10,532,063	26.85	-10.89	
Advance from customers	1,014,762	2.78	653,721	1.67	55.23	
Employee compensation payable	561,255	1.54	311,835	0.79	79.98	
Taxes payable	235	0	8,679	0.02	-97.29	
Interest payable	117,013	0.32	30,900	0.08	278.68	
Other payables	4,202,381	11.53	2,702,833	6.89	55.48	
Non-current liabilities due within one year	3,504,533	9.62	1,796,250	4.58	95.1	
Other current liabilities	12,231	0.03	15,054	0.04	-18.75	
Long-term loans	9,073,456	24.9	9,849,988	25.11	-7.88	
Debentures payable		5.07	1,987,882	5.07	-100	
Long-term payables	61,944	0.17				
Long-term employee benefits payable	276,634	0.76				
Provisions	52,177	0.14				
Deferred income	174,326	0.48	175,158	0.45	-0.47	
Other non-current liabilities	776,618	2.13				

Others

The decrease in the balance of bills receivable was mainly due to the increase in discount and endorsement of the bills by the Group in 2016.

The increase in the balance of account receivables was mainly due to the decrease in payment for goods by the Group in 2016.

The decrease in the balance of inventories was mainly due to the provision for inventory impairment by the Group in 2016.

The decrease in the balance of construction in progress was mainly due to the transfer of construction in progress into fixed assets of the Group in 2016.

The increase in the balance of short-term loans was mainly due to the increase in bank loans by the Group in 2016.

The decrease in the balance of bills payable was mainly due to the increase in cashing on bills by the Group in 2016.

The increase in the balance of advance from customers was mainly due to the increase in prepayment of goods by the Group in 2016.

The increase in the balance of employee compensation payable was mainly due to delayed payment of wage surcharges by the Group in 2016.

The increase in the balance of interest payable was mainly due to the increase in bank loans by the Group in 2016.

The increase in the balance of other payables was mainly due to the increase in funding support from parent company by the Group in 2016.

The decrease in the balance of non-current liabilities due within one year was mainly due to the transfer of debentures payable, which will be expired in 2017, into non-current liabilities due within one year by the Group in 2016.

The decrease in the balance of debentures payable was mainly due to the transfer of debentures of the Group in 2016 which will be expired in 2017 to non-current liabilities due within one year.

The increase in the balance of other non-current liabilities was mainly due to the increase in borrowings from non-financial institutions by the Group in 2016.

(2) *Others*

Applicable Not applicable

Detailed notes to the major changes in the Company's profits structure or profits sources

In 2016, the Company had a net profit of RMB-4,685,684,000 with a year-on-year increase of RMB1,301,502,000 from that of the previous year of RMB-5,987,186,000, with the following main reasons:

- ① The Group had an gross profit of RMB-1,762,302,000, with a year-on-year increase of RMB420,022,000, which was mainly caused by the increase of gross profit on main business for the period due to intensified cost control of the Group for the year.
- ② The Group had operating expenses of RMB2,977,434,000, with a year-on-year increase of RMB197,564,000, which was caused by the substantial decline of sales and increase in the loss of suspension of production due to suspension of production of medium-size plates for the year.

Item	Amount for the period	Amount for the corresponding period of last year	Year-on-year change (%)
Selling expenses	109,062	248,554	-56.12
Administrative expenses	1,680,799	1,266,607	32.7
Finance expenses	1,187,573	1,264,709	-6.1

- ③ The Group had realized non-operating income of RMB751,447,000, with a year-on-year decrease of RMB2,568,343,000, which was mainly caused by the absence of debt restructuring revenue for the year.
- ④ The Group had an asset impairment loss of RMB608,307,000, with a year-on-year decrease of RMB3,736,421,000, which was mainly caused by substantial decline of inventory and increase of gross profit on main business.

2 Discussion and Analysis on Future Development of the Company

2.1 Industry Pattern and Development Trend

The pattern of the iron and steel industry in 2016 is as follows: 1. Industry concentration was low and the problem of overcapacity was still serious ; 2. the conflicts regarding the international trade of steel products were intensified and the order of exporting was yet to be regulated ; 3. raw fuel prices rose significantly and the profit margins of the iron and steel industry were on the low side ; 4. The “ground steel strip” chaos were serious and the market environment needed to be further improved.

The future development trend: 1. Resolving of excess production capacity will carry on more intensely; 2. the standard of effective supply will continue to be raised; 3. merger and reorganisation within the iron and steel industry will be further advanced; 4. the demand for steel products will remain stable.

2.2 Corporate Development Strategy

The Party’s Eighteenth Congress, the Third, Fourth, Fifth, and Sixth Plenary Session of the Eighteenth Congress, the Central Economic Work Conference, Work Conference of the Party Construction of State Enterprises Nationwide and the Spirits of General Secretary Xi Jinping Serial Talks, are taken as guidance and the requirements of strengthening the party discipline will be seriously followed. Reform and innovation will be implemented, and corporate vitality will be enhanced. Financial management will be intensified and corporate operation will be guided. The strategy of low costs will be advanced, and the competitiveness of products will be raised. The product mix will be adjusted, and regional markets will be expanded. Costs reduction and efficiency enhancement will be commenced to achieve the goal of making up deficits. Systematic development will be strengthened to ensure efficient operation.

2.3 Operating Plans

1. Focus on realising and implementing science development concepts, learn diligently from spirits of the Fifth Plenary Session of the Eighteenth Congress of the Communist Party and the Spirits of General Secretary Xi Jinping Serial Talks, identify impacts of the present and future macro-economic situations on the iron and steel industry, unify thinking, adopt the guiding ideology of “scale control, cost reduction, structure adjustment, loss control” in production and operation, continue to deepen the “10 cost reduction measures”, endeavor to make up deficits and overcome difficulties.
2. Launch and enhance the integration and development between information technology and digitalisation with manufacturing technology, adopt smart manufacturing as the main direction of the deep integration of information technology and digitalization in order to coordinate conflicts between production and sales, improve quality of service, enhance safe production, product quality and effective utilization of resources, conserve energy, reduce production costs, optimise labour environment and enhance labour productivity.
3. In view of the overcapacity of the iron and steel industry, establish innovative development ideas, enhance enterprise innovation and excellence, improve on technology and streamline management, endeavor to enhance the optimisation and upgrading of products and industry structure under the present production mode, overcome difficulties and achieve breakthrough by innovation.
4. Continuously optimize methods of production organization, endeavour to achieve safe production, balanced production and balanced system.
5. Unwaveringly adhere to continue with the 10 cost reduction and efficiency initiatives of “cost reduction by scale, procurement, process, management, capital, reform, finance refinement and policy efficiency improvement by sales and resources” to promote the possibility of the integration of the 3 goals of”product cost reduction, product research and development and market development.

6. Adhere to develop technical research, proactively apply new technology, improve on technical and economic indicators; adhere to improve on product quality and optimize product structure to satisfy market demand, maintain brand image and highlight cost effectiveness.
7. Enhance safe and environmental-friendly production awareness, implement responsibility systems of safety and environmental-friendliness, endeavor to ensure occupational safety and health.
8. Improve on management standard, optimise work flow, clearly identify duties and responsibilities, carry out strict performance appraisals; endeavor to work towards the goals of controlling and reducing losses through practically enhancing work efficiency and management effectiveness.

3 Reason for suspension of listing

Applicable Not applicable

4 Statuses and Causes of Termination of Listing

Applicable Not applicable

5 Company's analysis on the cause and impact of changes in accounting policies and accounting estimation

Applicable Not applicable

6 Company's analysis on the cause and impact of correction of material errors of accounting

Applicable Not applicable

7 If the scope of consolidated financial statement changes as compared to the previous year, the Company shall make specific explanation

Applicable Not applicable

CISL High-Strength Cold Rolled Steel Plate Ltd. (重慶重鋼高強冷軋板材有限公司), a subsidiary of the Company newly established in July 2016, is consolidated into the consolidated financial statements.

IV. RELEVANT DISCLOSURE MADE ACCORDING TO THE RULES GOVERNING THE LISTING OF SECURITIES ON THE HONG KONG STOCK EXCHANGE

(I) Interests or Short Positions

As at 31 December 2016, the Board was not aware of any person or its associates whose interests or short positions in the shares or underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance (“SFO”).

(II) Pre-emptive Rights

According to the Articles of Association of the Company and the laws of the PRC, there are no pre-emptive rights which would require the Company to issue new shares to its existing shareholders on a pro-rata basis.

(III) Purchase, Sale and Redemption of Listed Shares

During the year ended 31 December 2016, the Company did not redeem any of its issued securities, nor purchase or sell any of its listed securities.

(IV) Public float of H shares

As at the date hereof, to the best knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules of the Stock Exchange.

(V) Circulating Market Capitalisation

Based on the publicly available information, as at 31 December 2016, the circulating market capitalisation of H Shares of the Company (circulating H Share capital x closing price of H Shares (HK\$2.26)) was HK\$1.216 billion and the circulating market capitalization of A Shares of the Company (circulating A Share capital x closing price of A Shares (RMB2.52)) was RMB9.823 billion.

(VI) Final Dividend

As audited by Pan-China Certified Public Accountants LLP (special general partnership), the net profit attributable to shareholders of the Company recorded in the 2016 annual consolidated statements of the Company was negative. In 2016, the Company suffered losses, and accumulated undistributed profit was negative, the Board proposed that the Company should not make any distribution of profits, or transfer capital reserve into equity for the year of 2016.

(VII) Compliance with Corporate Governance Code and the Code of Corporate Governance for Listed Companies

As the Company was listed on Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), it shall comply with the requirements of the Code of Corporate Governance for Listed Companies of China Securities Regulatory Commission and the Corporate Governance Code of the Stock Exchange in respect of corporate governance practices besides applicable laws and regulations. During the reporting period, the corporate governance of the Company was in line with the requirements of the Code of Corporate Governance for Listed Companies, and all provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange were adopted.

Consolidated Balance Sheet

as at 31 December 2016

Compilation Organization: Chongqing Iron & Steel Company Limited

Expressed in RMB thousand yuan

	As at 31 December 2016	As at 31 December 2015
Assets		
Current assets:		
Cash and bank deposits	1,102,694	925,471
Notes receivable	19,435	45,863
Accounts receivable	256,258	503,202
Prepayments	37,191	39,924
Other receivables	58,099	40,376
Inventories	972,960	2,775,858
Other current assets	509	501
Total current assets	2,447,146	4,331,195
Non-current assets:		
Available-for-sale financial assets	5,000	5,000
Long-term equity investments	131,015	
Fixed assets	29,491,264	30,306,394
Construction in progress	43,131	128,949
Construction materials	15,126	10,651
Intangible assets	2,648,584	2,712,264
Deferred tax assets		
Other non-current assets	1,657,188	1,733,626
Total non-current assets	33,991,308	34,896,884
Total assets	36,438,454	39,228,079

	As at 31 December 2016	As at 31 December 2015
Liabilities and shareholders' equities		
Current liabilities:		
Short-term borrowings	5,700,587	3,492,152
Notes payable	1,632,710	3,663,417
Accounts payable	9,385,026	10,532,063
Receipts in advance	1,014,762	653,721
Employee benefits payable	561,255	311,835
Tax payable	235	8,679
Interests payable	117,013	30,900
Other payables	4,202,381	2,702,833
Non-current liabilities due within one year	3,504,533	1,796,250
Other current liabilities	12,231	15,054
	<hr/>	<hr/>
Total current liabilities	26,130,733	23,206,904
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Non-current liabilities:		
Long-term borrowings	9,073,456	9,849,988
Debentures payable		1,987,882
Long-term payable	61,944	
Long-term employee benefits payable	276,634	
Provisions	52,177	
Deferred income	174,326	175,158
Other non-current liabilities	776,618	
	<hr/>	<hr/>
Total non-current liabilities	10,415,155	12,013,028
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities	36,545,888	35,219,932
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

	As at 31 December 2016	As at 31 December 2015
Shareholders' equity:		
Share Capital	4,436,023	4,436,023
Capital reserve	7,154,203	6,657,614
Other comprehensive income		
Special reserve		
Surplus reserve	606,991	606,991
Retained earnings	-12,397,711	-7,711,755
	<hr/>	<hr/>
Total equity attributable to shareholders of the parent company	-200,494	3,988,873
Non-controlling interest	93,060	19,274
	<hr/>	<hr/>
Total shareholders' equity	<u>-107,434</u>	<u>4,008,147</u>
	<hr/>	<hr/>
Total liabilities and shareholders' equities	<u><u>36,438,454</u></u>	<u><u>39,228,079</u></u>

Legal Representative: *The person in charge of accounting body:* *The head of the accounting department:*

Balance Sheet of the Parent Company

as at 31 December 2016

Compilation Organization: Chongqing Iron & Steel Company Limited

Expressed in RMB thousand yuan

	As at 31 December 2016	As at 31 December 2015
Assets		
Current assets:		
Cash and bank deposits	362,385	921,703
Notes receivable	19,435	45,165
Accounts receivable	258,568	485,739
Prepayments	22,535	27,440
Other receivables	58,084	40,228
Inventories	972,960	2,775,485
Other current assets	87	
	<hr/>	<hr/>
Total current assets	1,694,054	4,295,760
	<hr/>	<hr/>
Non-current assets:		
Available-for-sale financial assets	5,000	5,000
Long-term equity investments	893,637	101,000
Fixed assets	29,481,983	30,296,557
Construction in progress	42,829	128,949
Construction materials	15,126	10,651
Intangible assets	2,648,584	2,712,264
Other non-current assets	1,657,188	1,672,227
	<hr/>	<hr/>
Total non-current assets	34,744,347	34,926,648
	<hr/>	<hr/>
Total assets	36,438,401	39,222,408
	<hr/>	<hr/>

	As at 31 December 2016	As at 31 December 2015
Liabilities and shareholders' equities		
Current liabilities:		
Short-term borrowings	5,700,587	3,492,152
Notes payable	1,632,710	3,663,417
Accounts payable	9,429,515	10,565,822
Receipts in advance	1,006,106	638,035
Employee benefits payable	560,810	311,776
Tax payable	18	7,902
Interests payable	117,013	30,900
Other payables	4,259,548	2,700,097
Non-current liabilities due within one year	3,504,533	1,796,250
Other current liabilities	12,231	15,054
Total current liabilities	26,223,071	23,221,405
Non-current liabilities:		
Long-term borrowings	9,073,456	9,849,988
Debentures payable		1,987,882
Long-term payable	61,944	
Long-term employee benefits payable	276,634	
Provisions	52,177	
Deferred income	174,326	175,158
Other non-current liabilities	776,618	
Total non-current liabilities	10,415,155	12,013,028
Total liabilities	36,638,226	35,234,433

	As at 31 December 2016	As at 31 December 2015
Shareholders' equity:		
Share Capital	4,436,023	4,436,023
Capital reserve	7,185,146	6,688,557
Other comprehensive income		
Special reserve		
Surplus reserve	577,012	577,012
Retained earnings	<u>-12,398,006</u>	<u>-7,713,617</u>
Total shareholders' equity	<u><u>-199,825</u></u>	<u><u>3,987,975</u></u>
Total liabilities and shareholders' equities	<u><u>36,438,401</u></u>	<u><u>39,222,408</u></u>

Legal Representative:
The person in charge of
accounting body:
The head of the accounting
department:

Consolidated Income Statement
for the year ended 31 December 2016

Compilation Organization: Chongqing Iron & Steel Company Limited

Expressed in RMB thousand yuan

Items	Current period cumulative	Preceding period comparative
I. Total operating revenue	4,414,902	8,350,022
Including: Operating revenue	<u>4,414,902</u>	<u>8,350,022</u>
II. Total operating costs	9,799,664	17,634,915
Including: Operating costs	6,162,610	10,509,209
Taxes and surcharges	51,313	1,108
Selling expenses	109,062	248,554
Administrative expenses	1,680,799	1,266,607
Financial expenses	1,187,573	1,264,709
Impairment losses on assets	608,307	4,344,728
Add: Gains from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	599	
Including: Gains from investment in associates and joint ventures	599	
Gains on foreign exchange (losses are represented by “-”)		
	<u> </u>	<u> </u>
III. Operating profit (losses are represented by “-”)	-5,384,163	-9,284,893
Add: Non-operating income	751,447	3,319,790
Including: Gains on disposal of non-current assets	12	419
Less: Non-operating expenses	52,951	4,110
Including: Losses on disposal of non-current assets	6	3,909
	<u> </u>	<u> </u>
IV. Profit before income tax (losses are represented by “-”)	-4,685,667	-5,969,213
Less: Income tax expenses	17	17,973
	<u> </u>	<u> </u>
V. Net profit for the year (net losses are represented by “-”)	-4,685,684	-5,987,186
	<u> </u>	<u> </u>
Net profit attributable to the shareholders of the parent company	-4,685,956	-5,987,248
Non-controlling interests	272	62

Items	Current period cumulative	Preceding period comparative
VI. Other comprehensive income after tax		
Other comprehensive income after tax attributable to shareholders of the parent company		
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in remeasurement on the net defined benefit liability/asset		
2. Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
2. Profit or loss arising from changes in fair value of available-for-sale financial assets		
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets		
4. Effective hedging portion of profit or loss arising from cash flow hedging instruments		
5. Translation difference arising on translation of foreign currency financial statements		
6. Others		
Other comprehensive income after tax attributable to non-controlling interests		
	-----	-----
VII. Total comprehensive income	-4,685,684	-5,987,186
	<u><u>-4,685,684</u></u>	<u><u>-5,987,186</u></u>
Total comprehensive income attributable to shareholders of the parent company	-4,685,956	-5,987,248
Total comprehensive income attributable to non-controlling interests	272	62
VIII. Earnings per share:		
(1) Basic earnings per share (<i>yuan/share</i>)	-1.06	-1.35
	<u><u>-1.06</u></u>	<u><u>-1.35</u></u>
(2) Diluted earnings per share (<i>yuan/share</i>)	-1.06	-1.35
	<u><u>-1.06</u></u>	<u><u>-1.35</u></u>

Legal Representative:

The person in charge of
accounting body:

The head of the accounting
department:

Income Statement of the Parent Company
for the year ended 31 December 2016

Compilation Organization: Chongqing Iron & Steel Company Limited

Expressed in RMB thousand yuan

Items	Current period cumulative	Preceding period comparative
I. Operating revenue	3,889,025	7,998,479
Less: Operating costs	5,640,968	10,172,654
Taxes and surcharges	51,251	844
Selling expenses	102,832	237,140
Administrative expenses	1,674,737	1,263,944
Financial expenses	1,194,710	1,264,719
Impairment losses on assets	608,015	4,344,727
Add: Gains from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	599	1,279
Including: Gains from investment in associates and joint ventures	599	
	<hr/>	<hr/>
II. Operating profit (losses are represented by “-”)	-5,382,889	-9,284,270
Add: Non-operating income	751,447	3,319,785
Including: Gains on disposal of non-current assets	12	419
Less: Non-operating expenses	52,947	4,094
Including: Losses on disposal of non-current assets	6	3,909
	<hr/>	<hr/>
III. Profit before income tax (losses are represented by “-”)	-4,684,389	-5,968,579
Less: income tax expenses		17,116
	<hr/>	<hr/>
IV. Net profit for the year (net losses are represented by “-”)	-4,684,389	-5,985,695

Items	Current period cumulative	Preceding period comparative
V. Other comprehensive income after tax		
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in remeasurement on the net defined benefit liability/asset		
2. Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
2. Profit or loss arising from changes in fair value of available-for-sale financial assets		
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets		
4. Effective hedging portion of profit or loss arising from cash flow hedging instruments		
5. Translation difference arising on translation of foreign currency financial statements		
6. Others		
VI. Total comprehensive income	<u><u>-4,684,389</u></u>	<u><u>-5,985,695</u></u>
VII. Earnings per share:		
(1) Basic earnings per share (<i>yuan/share</i>)		
(2) Diluted earnings per share (<i>yuan/share</i>)		
	<u><u> </u></u>	<u><u> </u></u>

Legal Representative:

*The person in charge of
accounting body:*

*The head of the accounting
department:*

Consolidated Cash Flow Statement
for the year ended 31 December 2016

Compilation Organization: Chongqing Iron & Steel Company Limited

Expressed in RMB thousand yuan

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	2,714,747	5,832,136
Receipts of tax refund		18
Other cash receipts related to operating activities	<u>13,694,582</u>	<u>12,576,840</u>
Sub-total of cash inflows from operating activities	<u>16,409,329</u>	<u>18,408,994</u>
Cash payments for goods purchased and services rendered	2,858,421	7,594,159
Cash payments to and on behalf of employees	463,004	886,311
Payments of various types of taxes	81,339	97,527
Other cash payments related to operating activities	<u>13,455,586</u>	<u>11,509,176</u>
Sub-total of cash outflows from operating activities	<u>16,858,350</u>	<u>20,087,173</u>
Net cash flows from operating activities	<u>-449,021</u>	<u>-1,678,179</u>
II. Cash flows from investing activities:		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		875,076
Net cash receipts from disposal of subsidiaries and other operating entities		
Other cash receipts related to investing activities		
Sub-total of cash inflows from investing activities		<u>875,076</u>
Cash payments for acquisition and construction of fixed assets, intangible assets and other long-term assets	133,229	261,875
Cash payments for investments	<u>130,416</u>	
Sub-total of cash outflows from investing activities	<u>263,645</u>	<u>261,875</u>
Net cash flows from investing activities	<u>-263,645</u>	<u>613,201</u>

Items	Current period cumulative	Preceding period comparative
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	73,514	
Including: Cash received by subsidiaries from non-controlling shareholders as investments	73,514	
Cash received from borrowings	7,910,151	7,547,985
Other cash receipts related to financing activities	<u>2,459,226</u>	<u>2,739,741</u>
Sub-total of cash inflows from financing activities	<u>10,442,891</u>	<u>10,287,726</u>
Repayment of borrowings	5,109,289	6,231,745
Cash payments for distribution of dividends or profits, or interests	645,769	1,024,756
Including: Dividends and profits paid by subsidiaries to non-controlling shareholders of subsidiaries		
Other cash payments related to financing activities	<u>3,264,989</u>	<u>2,084,680</u>
Sub-total of cash outflows from financing activities	<u>9,020,047</u>	<u>9,341,181</u>
Net cash flows from financing activities	<u>1,422,844</u>	<u>946,545</u>
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>2,893</u>	<u>4,661</u>
V. Net increase in cash and cash equivalents	713,071	-113,772
Add: Cash and cash equivalents at the beginning of the period	<u>32,376</u>	<u>146,148</u>
VI. Cash and cash equivalents at the end of the period	<u>745,447</u>	<u>32,376</u>

Legal Representative:

*The person in charge of
accounting body:*

*The head of the accounting
department:*

Cash Flow Statement of the Parent Company
for the year ended 31 December 2016

Compilation Organization: Chongqing Iron & Steel Company Limited

Expressed in RMB thousand yuan

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	2,179,482	5,342,465
Other cash receipts related to operating activities	<u>13,681,499</u>	<u>12,554,107</u>
Sub-total of cash inflows from operating activities	<u>15,860,981</u>	<u>17,896,572</u>
Cash payments for goods purchased and services rendered	2,331,217	7,120,532
Cash payments to and on behalf of employees	457,713	882,029
Payments of various types of taxes	79,057	92,737
Other cash payments related to operating activities	<u>13,440,933</u>	<u>11,478,904</u>
Sub-total of cash outflows from operating activities	<u>16,308,920</u>	<u>19,574,202</u>
Net cash flows from operating activities	<u>-447,939</u>	<u>-1,677,630</u>
II. Cash flows from investing activities:		
Cash received from investment income		1,279
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		875,076
Net cash receipts from disposal of subsidiaries and other operating entities		
Other cash receipts related to investing activities		
Sub-total of cash inflows from investing activities		<u>876,355</u>

Items	Current period cumulative	Preceding period comparative
Cash payments for acquisition and construction of fixed assets, intangible assets and other long-term assets	132,909	259,491
Cash payments for investments	130,416	
Net cash payments for the acquisition of subsidiaries & other business units	<u>661,622</u>	
Sub-total of cash outflows from investing activities	<u>924,947</u>	<u>259,491</u>
Net cash flows from investing activities	<u>-924,947</u>	<u>616,864</u>
III. Cash flows from financing activities:		
Cash received from borrowings	7,910,151	7,547,985
Other cash receipts related to financing activities	<u>2,459,226</u>	<u>2,739,741</u>
Sub-total of cash inflows from financing activities	<u>10,369,377</u>	<u>10,287,726</u>
Repayment of borrowings	5,109,289	6,231,745
Cash payments for distribution of dividends or profits, or interests	645,769	1,024,756
Other cash payments related to financing activities	<u>3,264,989</u>	<u>2,084,680</u>
Sub-total of cash outflows from financing activities	<u>9,020,047</u>	<u>9,341,181</u>
Net cash flows from financing activities	<u>1,349,330</u>	<u>946,545</u>
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>86</u>	<u>4,661</u>
V. Net increase in cash and cash equivalents	-23,470	-109,560
Add: Cash and cash equivalents at the beginning of the period	<u>28,608</u>	<u>138,168</u>
VI. Cash and cash equivalents at the end of the period	<u><u>5,138</u></u>	<u><u>28,608</u></u>

Legal Representative:

*The person in charge of
accounting body:*

*The head of the accounting
department:*

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2016

Compilation Organization: Chongqing Iron & Steel Company Limited

Expressed in RMB thousand yuan

Items	Current period cumulative							Non-controlling interest	Total shareholders' equity
	Total equity attributable to shareholders of the parent company								
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings			
I. Closing balance of the preceding year	4,436,023	6,657,614			606,991	-7,711,755	19,274	4,008,147	
II. Opening balance of the current year	4,436,023	6,657,614			606,991	-7,711,755	19,274	4,008,147	
III. Changes in the current period (decrease are represented by "-")		496,589				-4,685,956	73,786	-4,115,581	
(I) Total comprehensive income						-4,685,956	272	-4,685,684	
(II) Shareholders' contribution and reduction in share capital		496,589					73,514	570,103	
1. Capital contributed by owners							73,514	73,514	
4. Others		496,589						496,589	
(III) Profit distribution									
(IV) Transfers within shareholders' equity									
(V) Special reserve									
1. Accrued in the current period				19,511				19,511	
2. Utilized in the current period				19,511				19,511	
(VI) Others									
IV. Closing balance of the current period	<u>4,436,023</u>	<u>7,154,203</u>			<u>606,991</u>	<u>-12,397,711</u>	<u>93,060</u>	<u>-107,434</u>	
Preceding period comparative									
Items	Total equity attributable to shareholders of the parent company							Non-controlling interest	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings			
I. Closing balance of the preceding year	4,436,023	6,655,407			606,991	-1,724,507	19,212	9,993,126	
II. Opening balance of the current year	4,436,023	6,655,407			606,991	-1,724,507	19,212	9,993,126	
III. Changes in the current period (decrease are represented by "-")		2,207				-5,987,248	62	-5,984,979	
(I) Total comprehensive income						-5,987,248	62	-5,987,186	
(II) Shareholders' contribution and reduction in share capital		2,207						2,207	
1. Capital contributed by owners									
4. Others		2,207						2,207	
(III) Profit distribution									
(IV) Transfers within shareholders' equity									
(V) Special reserve									
1. Accrued in the current period				22,179				22,179	
2. Utilized in the current period				22,179				22,179	
(VI) Others									
IV. Closing balance of the current period	<u>4,436,023</u>	<u>6,657,614</u>			<u>606,991</u>	<u>-7,711,755</u>	<u>19,274</u>	<u>4,008,147</u>	

Legal Representative:

The person in charge of
accounting body:

The head of the accounting
department:

Statement of Changes in Shareholders' Equity of the Parent Company
for the year ended 31 December 2016

Compilation Organization: Chongqing Iron & Steel Company Limited

Expressed in RMB thousand yuan

Items	Current period cumulative						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Closing balance of the preceding year	4,436,023	6,688,557			577,012	-7,713,617	3,987,975
II. Opening balance of the current year	4,436,023	6,688,557			577,012	-7,713,617	3,987,975
III. Changes in the current period (decrease are represented by "-")		496,589				-4,684,389	-4,187,800
(I) Total comprehensive income						-4,684,389	-4,684,389
(II) Shareholders' contribution and reduction in share capital		496,589					496,589
4. Others		496,589					496,589
(III) Profit distribution							
(IV) Transfers within shareholders' equity							
(V) Special reserve							
1. Accrued in the current period				19,511			19,511
2. Utilized in the current period				19,511			19,511
(VI) Others							
IV. Closing balance of the current period	<u>4,436,023</u>	<u>7,185,146</u>			<u>577,012</u>	<u>-12,398,006</u>	<u>-199,825</u>
Items	Preceding period comparative						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Closing balance of the preceding year	4,436,023	6,686,350			577,012	-1,727,922	9,971,463
II. Opening balance of the current year	4,436,023	6,686,350			577,012	-1,727,922	9,971,463
III. Changes in the current period (decrease are represented by "-")		2,207				-5,985,695	-5,983,488
(I) Total comprehensive income						-5,985,695	-5,985,695
(II) Shareholders' contribution and reduction in share capital		2,207					2,207
4. Others		2,207					2,207
(III) Profit distribution							
(IV) Transfers within shareholders' equity							
(V) Special reserve							
1. Accrued in the current period				22,179			22,179
2. Utilized in the current period				22,179			22,179
(VI) Others							
IV. Closing balance of the current period	<u>4,436,023</u>	<u>6,688,557</u>			<u>577,012</u>	<u>-7,713,617</u>	<u>3,987,975</u>

Legal Representative:

The person in charge of
accounting body:

The head of the accounting
department:

The annual report of the Company for the year ended 31 December 2016 will be published on the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.cqgt.cn) respectively on or before 31 March 2017.

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

Chongqing, the PRC, 31 March 2017

As at the date of this announcement, the Directors of the Company are: Mr. Liu Da Wei (Non-executive Director), Mr. Zhou Hong (Non-executive Director), Mr. Tu De Ling (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).