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Chongqing Iron & Steel Company Limited **重慶鋼鐵股份有限公司**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(在中華人民共和國註冊成立的股份有限公司)

(Stock Code: 1053)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

I. IMPORTANT

- 1 This Interim Report summary is extracted from the full text of the Interim Report. To fully understand the operation result, financial position and future development plans of the Company, 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.
- 2 The Board, supervisory committee and directors, supervisors and senior executives of the Company ensure that the contents of the Interim Report 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 The Interim Report is unaudited.
- 5 The profit distribution proposal or proposal to transfer capital reserve to share capital for the reporting period as considered by the Board

During the reporting period, there shall not be profit distribution and transfer of capital reserve to share capital.

II. BASIC INFORMATION ON THE COMPANY

2.1 Company Information

Type	Place of listing	Stock Profile		Stock abbreviation before adjustment
		Abbreviated name	Stock code	
A share	Shanghai Stock Exchange	* ST Chonggang	601005	Nil
H share	The Stock Exchange of Hong Kong Limited	Chongqing Iron & Steel	1053	Nil
Contact information		Secretary to the Board	Securities representative	
Name		You Xiaolan	Peng Guoju	
Tel		86-23-6887 3311	86-23-6898 3482	
Correspondence address		No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing, the PRC	No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing, the PRC	
E-mail		yxa@email.cqgt.cn	clarapeng@email.cqgt.cn	

2.2 Major Financial Data of the Company

Unit: RMB'000

	At the end of the Reporting Period	At the end of last year	Change from the end of last year to the end of the Reporting Period (%)
Total assets	36,506,273	36,438,454	0.19
Net assets attributable to shareholders of the Company	-1,190,468	-200,494	-493.77
	This Reporting Period (January to June)	Same period last year	Change from the same period of last year to this Reporting Period (%)
Net cash flow from operating activities	-82,023	-456,961	82.05
Operating income	4,521,727	2,789,412	62.10
Net profit attributable to shareholders of the Company	-998,482	-1,790,343	44.23
Net profit attributable to shareholders of the Company after extraordinary gains and losses	-1,004,337	-1,907,505	47.35
Weighted average return on net assets (%)	N/A	-57.87	Incomparable
Basic earnings per share (RMB per share)	-0.23	-0.4	42.50
Diluted earnings per share (RMB per share)	-0.23	-0.4	42.50

2.3 Shareholdings of top ten shareholders

Unit: share

Total number of shareholders as of the end of the reporting period (<i>account</i>)	170,246
Total number of preferential shareholders with resumed voting rights as of the end of the reporting period (<i>account</i>)	0

Name of shareholder	Type of shareholder	Shareholdings of top 10 shareholders				Number of shares pledged or frozen
		Shareholding percentage (%)	Number of shares held	Number of shares held with trading limitations		
Chongqing Iron & Steel (Group) Co., Ltd.	State-owned legal person	47.27	2,096,981,600	0	Pledged	979,000,000
HKSCC NOMINEES LIMITED	Foreign legal person	11.97	530,782,740	0	Unknown	
Central Huijin Asset Management Co., Ltd.	Unknown	2.1	93,284,800	0	Unknown	
China Securities Finance Corporation Limited	Unknown	0.89	39,352,886	0	Unknown	
Wu Zhaomei	Unknown	0.66	29,336,217	0	Unknown	
Bosera Funds – Agricultural Bank of China – Bosera China Securities Financial Asset Management Plan	Unknown	0.54	23,900,800	0	Unknown	
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	Unknown	0.54	23,900,800	0	Unknown	
ICBC Credit Suisse Asset – Agricultural Bank of China – ICBC Credit Suisse China Securities Financial Asset Management Plan	Unknown	0.54	23,900,800	0	Unknown	
Guangdong Development Fund – Agricultural Bank of China – GF China Securities Financial Asset Management Plan	Unknown	0.54	23,900,800	0	Unknown	
Huaxia Fund – Agricultural Bank of China – China Securities Financial Asset Management Plan	Unknown	0.54	23,900,800	0	Unknown	

Description on the related relationship or acts in concert of the above shareholders

Chongqing Iron & Steel (Group) Co., Ltd. is the controlling shareholder of the Company and has no related relationship with the other 9 shareholders and they are not parties acting in concert 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.

Description on the preferential shareholders with resumed voting rights and shareholding

Nil

2.4 Information on Corporate Bond

Applicable Not applicable

Unit: RMB100 million

Bonds Name	Abbreviation	Bond code	Issuing date	Date of expiry	Balance of bonds	Interest rate (%)
Corporate bonds of Chongqing Iron & Steel Company Limited of 2010	Suspended corporate bonds of Chongqing Iron & Steel Company Limited (重債暫停)	122059	9 December 2010	9 December 2017	20	6.20

Solvency indicators of the issuer:

Applicable Not applicable

Major indicator	At the end of the reporting period	At the end of last year
Gearing Ratio	103.01%	100.29%
	This reporting period (January to June)	Same period last year
EBITDA interest coverage ratio	-85.18%	-237.22%

Chongqing Guochuang Investment and Management Co., Ltd. fully settled the outstanding principal of the bond and interests accrued for the period on behalf of the Company in advance on 26 June 2017. “The Suspended corporate bonds of Chongqing Iron & Steel Company Limited” (重債暫停) of the Company were delisted from the Shanghai Stock Exchange effective from 26 June 2017.

III. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Management Discussion and Analysis

During the reporting period, the Company actively seized market opportunities in full compliance of the overall plan of reform and overcoming difficulties. Through the cooperation with Chongqing Qianxin International Trade Company Limited, condition of raw materials supply had been improved, normal production and operation was resumed gradually, and the production volume, sales income and efficiency had been improved significantly on a year-on-year basis. In the first half of the year, outputs of coke, iron, steel and steel products were all higher than those of the same period last year; the revenue stood at RMB4.521 billion, up 62.1% as compared with the same period last year; net profit attributable to shareholders of the Company improved remarkably as compared with the same period last year, with a loss reduction rate amounting to 44.23%.

Main work that the Company carried out in the first half of the year:

1. Production organization was optimized and scale was enhanced gradually. The Company tightly grasped market opportunities, provided good equipment support and strengthened the coordination of supply, production and marketing. Since May, the two blast furnaces in the New District basically had operated stably, with a gradually increasing production scale.
2. Systematic costs reduction was promoted with the target to lower costs and enhance efficiency. The Company continued to press forward with the ten cost reduction and efficiency enhancement measures, appointed responsible organizations, refined work measures, comprehensively improved various technical and economic indicators, striving to reduce process cost and strictly control expenses.
3. Product mix was adjusted to seize the regional market. The Company positioned itself based on the demands of regional market, insisted on the efficiency-oriented principle, actively adjusted the production line and product mix, restored the production line of rod and resumed the production of high-rise building steel and bridge steel in succession. More than 90% of these products were put in the regional market.
4. Market principles were adhered to and reform implementation was initiated. The Company further improved the corporate governance structure, made a clear list of rights and liabilities and upgraded management and control model. In addition, the Company promoted the two-level institutional reform and implemented institution and mechanism reforms to stimulate the overall vitality according to the task list at an accelerating speed.

Main working plan for the Company in the second half of the year:

1. Judicial reorganisation will be advanced actively to seek both temporary and permanent solutions to reduce debts and liabilities. The Company will strive for the support of relevant departments, financial creditors and operational creditors, actively optimize the programme to propel the implementation of reorganisation plan and comprehensively improve assets, liabilities and capital structures.
2. Arrears will be offset in a targeted manner with a view to stop losses and overcome the hard time by reducing cost and enhancing efficiency. The Company will firmly grasp the opportunities of market recovery and elimination of backward production capacity, focus on the enhancement of economic operation scale and ensure the stable operation of safe production.
3. Product mix restructuring will be accelerated in order to actively increase the regional market share. The Company will focus on the recovery of long material system, which is marked by the recovery of the production of the 4# Blast Furnace, and comprehensively improve the proportion of building materials; the Company will also actively adjust the structures of varieties such as 1780 Hot Rolling and 4100 Cut Deal and improve the cost performance, technical content and added value of its products.
4. Reform will be comprehensively deepened and internal dynamism will be strengthened. The Company will establish and improve an internal marketized operation mechanism, deepen the reform of “three systems” (三項制度), establish the overall staff performance evaluation mechanism and a marketized compensation incentive systems and continue to promote the optimization of labor organizations to improve the productivity of all staff.
5. Management will be strengthened in a practical manner and capability of implementation will be enhanced. The Company will attach great importance to implementation, comprehensively facilitate its management and conduct corporate governance stringently.

Main business analysis:

1. Analysis of changes in certain items from financial statements

Unit: '000 Currency: RMB

Subject	For the period	For the corresponding period last year	Change (%)
Operating income	4,521,727	2,789,412	62.10%
Operating cost	4,412,817	3,432,699	28.55%
Selling expenses	23,681	105,105	-77.47%
Administrative expenses	532,656	601,693	-11.47%
Financial expenses	515,559	543,734	-5.18%
Net cash flow from operating activities	-82,023	-456,961	82.05%
Net cash flow from investing activities	-17,868	-141,630	87.38%
Net cash flow from financing activities	109,566	799,331	-86.29%
R&D spending	<u>126,312</u>	<u>187,000</u>	<u>-32.45%</u>

Change in operating income was attributable to the significant growth in the production, sales and selling price of steel products of the Company as compared to the corresponding period last year.

Change in operating cost was attributable to expansion of the production of steel products and sales and increase in purchasing cost of raw fuel.

Change in selling expenses was attributable to the change of the selling model of steel products of the Company.

Change in net cash flow from operating activities was attributable to the decrease in losses, enhancement of fund planning and management and determination of expenses based on incomes.

Change in net cash flow from investing activities was attributable to decrease in payment for constructions.

Change in net cash flow from financing activities was attributable to increase in financial borrowings in the corresponding period last year.

2. Others

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

Applicable Not applicable

In the first half of 2017, the Group realized operating income of RMB4,521.727 million, with a year-on-year increase of 62.1%; it incurred operating cost of RMB4,412.817 million, with a year-on-year increase of 28.55%; and it recorded gross profit of RMB-998.821 million, representing a year-on-year decrease of 44.21% in loss.

Type	First half of 2017		First half of 2016		Year-on-year growth (%)
	Amount (RMB '000)	Percentage (%)	Amount (RMB '000)	Percentage (%)	
Plate products	734,615	16.29	892,319	32.13	-17.67
Hot rolled coil	2,980,277	66.07	1,497,222	53.90	99.05
Rod products	207,770	4.61	329	0.01	Incomparable
Steel billets		0.00	34,689	1.25	
Sub-total of the sale of rolled steel billet	3,922,662	86.97	2,424,559	87.29	61.79
OEM business	164,340	3.64	137,729	4.96	19.32
Others	423,685	9.39	215,248	7.75	96.84
Total	4,510,687	100.00	2,777,536	100.00	62.40

Item	First half of 2017 RMB/ton	First half of 2016 RMB/ton	Year-on-year Growth (%)	Revenue increase (RMB thousand)
Plate products	2,976	2,695	10.43	69,351
Hot rolled coil	2,993	1,995	50.03	993,808
Rod products	3,297	1,453	Incomparable	
Steel billets		1,727	Incomparable	
Total	<u>3,004</u>	<u>2,200</u>	<u>36.55</u>	<u>1,063,159</u>

Item	First half of 2017 (Ton 0'000)	First half of 2016 (Ton 0'000)	Year-on-year Growth (%)	Revenue increase (RMB thousand)
Plate products	24.68	33.12	-25.48	-227,381
Hot rolled coil	99.58	75.04	32.70	489,573
Rod products	6.30	0.02	Incomparable	207,441
Steel billets		2.01	Incomparable	-34,689
Total	<u>130.56</u>	<u>110.19</u>	<u>18.49</u>	<u>434,944</u>

The Group recorded a reduction in loss of RMB791.510 million in the first half of the year as compared with the corresponding period last year, which was mainly attributable to:

- ① The principal operations realized gross profit of RMB101,227 thousands, representing a year-on-year increase of RMB752,048 thousands mainly due to the significant increase in selling price of steel products, enhancement of cost control, mass production, improvement on technical and economic indicators and the decrease of processing cost.

- ② The Group incurred expenses in the amount of RMB1,071,896 thousands, representing a year-on-year decrease by RMB178,636 thousands, mainly attributable to: firstly, the selling expenses decreasing by RMB81,424 thousands year-on-year; secondly, management expenses reducing by RMB69,037 thousands as the production line of the rod products resumed operation and loss generated by the production suspension reduced; thirdly, financial expense reducing by RMB28,175 thousands year-on-year.

Item	Amount for the current period	Amount for the last period	Percentage change in the amount for the current period as compared with that of the last period (%)
Selling expenses	23,681	105,105	-77.47
Management expenses	532,656	601,693	-11.47
Financial expenses	<u>515,559</u>	<u>543,734</u>	<u>-5.18</u>

- ③ The Group realized non-operating income of RMB95 thousands, representing a year-on-year decrease of RMB117,074 thousands, which is mainly due to the receipt of subsidies from the government in the corresponding period last year.

(2) *Others*

Applicable Not applicable

Principal operations by industry and product:

By industry	Principal operations by industry					Change in
	Income from principal operation	Costs of principal operation	Gross profit margin (%)	Change in operating income from last year (%)	Change in operating costs from last year (%)	gross profit margin from last year (%)
Iron and steel	4,510,687	4,409,460	2.24	62.40	28.62	25.67

By product	Principal operations by product					Change in
	Income from principal operation	Costs of principal operation	Gross profit margin (%)	Change in operating income from last year (%)	Change in operating costs from last year (%)	gross profit margin from last year (%)
Sub-total of the sale of rolled steel						
billet	3,922,662	3,841,262	2.08	61.79	31.01	23.01
Processing on order	164,340	204,975	-24.73	19.32	-28.15	82.39
Others	423,685	363,223	14.27	96.84	72.17	12.28

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

Applicable Not applicable

The Company adopted the Accounting Standards for Business Enterprises 42 – non-current assets held-for-sale, disposable units and discontinued operation with effect from 28 May 2017 and Accounting Standards for Business Enterprises 16 (amendment) – government subsidies with effect from 12 June 2017 promulgated by the Ministry of Finance.

IV. OTHER SIGNIFICANT ISSUES

1. Compliance with corporate governance code

To the best knowledge of the Board, the Company complied with the provisions of Appendix 14 “Code on Corporate Governance Practices” to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the reporting period and no deviation from the Code had been found.

2. Model code for securities transactions by directors

The Company has used the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix 10 to the Listing Rules as the code for trading securities of the Company for directors. All the directors of the Company have confirmed, following specific enquiries by the Company, that they have complied with the guidelines as contained in the Model Code for the six months ended 30 June 2017.

3. Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017.

4. 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 reporting period.

5. Significant acquisition and disposal of subsidiaries and associates

There was no significant acquisition and disposal of subsidiaries and associates during the reporting period.

6. 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 Company for the six months ended 30 June 2017 had been reviewed by the members of the Audit Committee before submitting to the Board for approval.

7. Others material events during and after the reporting period

(1) Termination of material assets reorganisation

Due to the plan for significant matters, trading of A shares of the Company had been suspended upon application since 2 June 2016. It then proceeded with the material assets reorganisation procedures on 4 June 2016.

Since the suspension of trading of A shares, the Company and the Chongqing Iron & Steel Group had organised the relevant parties to proactively advance the work for the material assets reorganisation in accordance with the Administrative Measures on Significant Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) of the China Securities Regulatory Commission and the relevant requirements of the Shanghai Stock Exchange.

Up to date, the Company had completed the termination of the relevant work of the material assets reorganisation. (For details, please refer to the Company's announcement regarding termination of material assets reorganisation dated 3 May 2017)

(2) Matters regarding bankruptcy reorganisation

On 24 April 2017, the Company received a Notice from Chongqing Laiquyuan Trading Co., Ltd. (referred as "Laiquyuan Company"). The Notice sets out the application by Laiquyuan Company to the First Intermediate People's Court of Chongqing (referred as the "FIPCC") for reorganisation of the Company on the ground that the Company is unable to repay the due debts and its assets are insufficient for the repayment of all its debts.

The FIPCC issued the Civil Ruling Paper ((2017) Yu 01 Po Shen No. 5) to the Company on 3 July 2017. It was ruled in the Civil Ruling Paper that the FIPCC accepted the application of Laiquyuan Company for reorganisation of the Company and the liquidation team of Chongqing Iron & Steel Company Limited was designated as the administrator of the Company in the Ruling Paper.

According to Rule 13.2.12 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised in 2014), upon application to the Shanghai Stock Exchange, the trading of A shares of the Company has been suspended from 1 August 2017 due to the reorganisation, until the Court has made the relevant ruling and the Company has applied for resumption of trading of A shares with the Shanghai Stock Exchange according to the specific condition and pursuant to the relevant regulations.

Chongqing Iron & Steel held its first creditors' meeting on 18 August 2017 in the form of online meeting through the "Information Website of National Bankrupt Enterprises Recombinational Cases" (全國企業破產重整案件信息網) (<http://pccz.court.gov.cn>), at which the Plan for Management and Realisation of Property (財產管理及變價方案) and the Resolution on Matters regarding the Establishment of Creditors' Committee (成立債權人委員會相關事項的議案) were approved.

V UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE SIX MONTHS ENDED 30 JUNE 2017 PREPARED IN ACCORDANCE WITH THE PRC GAAP

Consolidated Balance Sheet

As at 30 June 2017

Compilation Organization: Chongqing Iron & Steel Company Limited

*Accounting Consolidated Table 01
Expressed in RMB thousand yuan*

	As at 30 June 2017	As at 31 December 2016
Assets		
Current assets:		
Cash and bank deposits	881,768	1,102,694
Notes receivable	7,349	19,435
Accounts receivable	280,221	256,258
Prepayments	51,980	37,191
Other receivables	55,363	58,099
Inventories	1,950,942	972,960
Other current assets	620	509
Total current assets	3,228,243	2,447,146
Non-current assets:		
Available-for-sale financial assets	5,000	5,000
Long-term equity investments	129,104	131,015
Fixed assets	29,036,713	29,491,264
Construction in progress	30,757	43,131
Construction materials		15,126
Intangible assets	2,616,744	2,648,584
Deferred tax assets		
Other non-current assets	1,459,712	1,657,188
Total non-current assets	33,278,030	33,991,308
Total assets	36,506,273	36,438,454

	As at 30 June 2017	As at 31 December 2016
Liabilities and shareholders' equities		
Current liabilities:		
Short-term borrowings	6,103,208	5,700,587
Notes payable	440,877	1,632,710
Accounts payable	11,586,472	9,385,026
Receipts in advance	641,436	1,014,762
Employee benefits payable	666,598	561,255
Tax payable	1,137	235
Interests payable	146,767	117,013
Other payables	5,852,051	4,202,381
Non-current liabilities due within one year	3,063,016	3,504,533
Other current liabilities	12,231	12,231
Total current liabilities	28,513,793	26,130,733
Non-current liabilities:		
Long-term borrowings	7,561,880	9,073,456
Debentures payable		
Long-term payable	2,098	61,944
Long-term employee benefits payable	251,935	276,634
Provisions		52,177
Deferred income	168,216	174,326
Other non-current liabilities	1,106,100	776,618
Total non-current liabilities	9,090,229	10,415,155
Total liabilities	37,604,022	36,545,888

	As at 30 June 2017	As at 31 December 2016
Shareholders' equity:		
Share Capital	4,436,023	4,436,023
Capital reserve	7,162,711	7,154,203
Other comprehensive income		
Special reserve		
Surplus reserve	606,991	606,991
Retained earnings	-13,396,193	-12,397,711
	<hr/>	<hr/>
Total equity attributable to shareholders of the parent company	-1,190,468	-200,494
Non-controlling interest	92,719	93,060
	<hr/>	<hr/>
Total shareholders' equity	<u>-1,097,749</u>	<u>-107,434</u>
Total liabilities and shareholders' equities	<u><u>36,506,273</u></u>	<u><u>36,438,454</u></u>

Legal representative:	The person in charge of accounting body:	The head of the accounting department:
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Balance Sheet of the Parent Company

As at 30 June 2017

Compilation Organization: Chongqing Iron & Steel Company Limited

Accounting Consolidated Table 01
Expressed in RMB thousand yuan

	As at 30 June 2017	As at 31 December 2016
Assets		
Current assets:		
Cash and bank deposits	144,549	362,385
Notes receivable	7,349	19,435
Accounts receivable	281,449	258,568
Prepayments	36,439	22,535
Other receivables	55,348	58,084
Inventories	1,950,942	972,960
Other current assets		87
Total current assets	2,476,076	1,694,054
Non-current assets:		
Available-for-sale financial assets	5,000	5,000
Long-term equity investments	891,726	893,637
Fixed assets	29,027,710	29,481,983
Construction in progress	29,176	42,829
Construction materials		15,126
Intangible assets	2,616,744	2,648,584
Other non-current assets	1,459,712	1,657,188
Total non-current assets	34,030,068	34,744,347
Total assets	36,506,144	36,438,401

	As at 30 June 2017	As at 31 December 2016
Liabilities and shareholders' equities		
Current liabilities:		
Short-term borrowings	6,103,208	5,700,587
Notes payable	440,877	1,632,710
Accounts payable	11,633,380	9,429,515
Receipts in advance	630,148	1,006,106
Employee benefits payable	666,196	560,810
Tax payable	1,011	18
Interests payable	146,767	117,013
Other payables	5,908,026	4,259,548
Non-current liabilities due within one year	3,063,016	3,504,533
Other current liabilities	12,231	12,231
Total current liabilities	28,604,860	26,223,071
Non-current liabilities:		
Long-term borrowings	7,561,880	9,073,456
Debentures payable		
Long-term payable	2,098	61,944
Long-term employee benefits payable	251,935	276,634
Provisions		52,177
Deferred income	168,216	174,326
Other non-current liabilities	1,106,100	776,618
Total non-current liabilities	9,090,229	10,415,155
Total liabilities	37,695,089	36,638,226
Shareholders' equity:		
Share Capital	4,436,023	4,436,023

Consolidated Income Statement

January to June 2017

Compilation Organization: Chongqing Iron & Steel Company Limited

*Accounting Consolidated Table 02
Expressed in RMB thousand yuan*

Items	Current period cumulative	Preceding period comparative
I. Total operating revenue	4,521,727	2,789,412
Including: Operating revenue	<u>4,521,727</u>	<u>2,789,412</u>
II. Total operating costs	5,524,492	4,696,895
Including: Operating costs	4,412,817	3,432,699
Taxes and surcharges	39,779	177
Selling expenses	23,681	105,105
Administrative expenses	532,656	601,693
Financial expenses	515,559	543,734
Impairment losses on assets		13,487
Add: Gains from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	-1,911	
Including: Gains from investment in associates and joint ventures	-1,911	
Gains on foreign exchange (losses are represented by “-”)		
Other income	<u>6,286</u>	
III. Operating profit (losses are represented by “-”)	-998,390	-1,907,483
Add: Non-operating income	95	117,169
Including: Gains on disposal of non- current assets	17	12
Less: Non-operating expenses	526	7
Including: Losses on disposal of non- current assets	<u>11</u>	
IV. Profit before income tax (losses are represented by “-”)	-998,821	-1,790,321
Less: Income tax expenses	<u>2</u>	<u>12</u>

Items	Current period cumulative	Preceding period comparative
V. Net profit for the year		
(net losses are represented by “-”)	-998,823	-1,790,333
Net profit attributable to the shareholders of the parent company	-998,482	-1,790,343
Non-controlling interests	-341	10
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		

Items	Current period cumulative	Preceding period comparative
VII. Total comprehensive income	-998,823	-1,790,333
Total comprehensive income attributable to shareholders of the parent company	-998,482	-1,790,343
Total comprehensive income attributable to non- controlling interests	<u>-341</u>	<u>10</u>
VIII. Earnings per share:		
(1) Basic earnings per share (<i>yuan/share</i>)	-0.23	-0.40
(2) Diluted earnings per share (<i>yuan/share</i>)	<u>-0.23</u>	<u>-0.40</u>

Legal representative:	The person in charge of accounting body:	The head of the accounting department:
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Income Statement of the Parent Company

January to June 2017

Compilation Organization: Chongqing Iron & Steel Company Limited

*Accounting Consolidated Table 02
Expressed in RMB thousand yuan*

Items	Current period cumulative	Preceding period comparative
I. Operating revenue	4,385,450	2,580,184
Less: Operating costs	4,277,126	3,225,770
Taxes and surcharges	39,576	141
Selling expenses	21,810	100,533
Administrative expenses	526,699	600,908
Financial expenses	519,174	543,730
Impairment losses on assets	-1	13,487
Add: Gains from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	-4,547	
Including: Gains from investment in associates and joint ventures	-1,911	
Other income	6,286	
II. Operating profit (losses are represented by “-”)	-997,195	-1,904,385
Add: Non-operating income	93	117,169
Including: Gains on disposal of non- current assets	17	12
Less: Non-operating expenses	526	
Including: Losses on disposal of non- current assets	11	
III. Profit before income tax (losses are represented by “-”)	-997,628	-1,787,216
Less: income tax expenses		
IV. Net profit for the year (net losses are represented by “-”)	-997,628	-1,787,216

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	-997,628	-1,787,216
	_____	_____
VII. Earnings per share:		
(1) Basic earnings per share (yuan/share)		
(2) Diluted earnings per share (yuan/share)		
	=====	=====

Legal representative:

The person in charge of
accounting body:

The head of the
accounting department:

Consolidated Cash Flow Statement

January to June 2017

Compilation Organization: Chongqing Iron & Steel Company Limited

*Accounting Consolidated Table 03
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	847,862	1,658,721
Receipts of tax refund		18
Other cash receipts related to operating activities	<u>2,170,517</u>	<u>8,189,127</u>
Sub-total of cash inflows from operating activities	<u>3,018,379</u>	<u>9,847,848</u>
Cash payments for goods purchased and services rendered	836,390	1,751,081
Cash payments to and on behalf of employees	253,804	357,979
Payments of various types of taxes	38,646	61,207
Other cash payments related to operating activities	<u>1,971,562</u>	<u>8,134,542</u>
Sub-total of cash outflows from operating activities	<u>3,100,402</u>	<u>10,304,809</u>
Net cash flows from operating activities	<u>-82,023</u>	<u>-456,961</u>

Items	Current period cumulative	Preceding period comparative
II. Cash flows from investing activities:		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		
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	----- -	----- -
Cash payments for acquisition and construction of fixed assets, intangible assets and other long-term assets	17,868	141,630
Cash payments for investments	_____	_____
Sub-total of cash outflows from investing activities	17,868	141,630
Net cash flows from investing activities	-17,868	-141,630

Items	Current period cumulative	Preceding period comparative
III. Cash flows from financing activities:		
Cash receipts from absorbing investments Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash received from borrowings	1,817,740	4,075,065
Other cash receipts related to financing activities	412,753	1,709,978
Sub-total of cash inflows from financing activities	2,230,493	5,785,043
Repayment of borrowings	1,311,117	2,810,496
Cash payments for distribution of dividends or profits, or interests	164,600	354,391
Including: Dividends and profits paid by subsidiaries to non-controlling shareholders of subsidiaries		
Other cash payments related to financing activities	645,210	1,820,825
Sub-total of cash outflows from financing activities	2,120,927	4,985,712
Net cash flows from financing activities	109,566	799,331
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		
	-1,790	
V. Net increase in cash and cash equivalents		
Add: Cash and cash equivalents at the beginning of the period	7,885	200,740
	745,447	32,376
VI. Cash and cash equivalents at the end of the period		
	753,332	233,116

Legal representative:

The person in charge of
accounting body:

The head of the
accounting department:

Cash Flow Statement of the Parent Company

January to June 2017

Compilation Organization: Chongqing Iron & Steel Company Limited

*Accounting Consolidated Table 03
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	746,155	1,411,430
Other cash receipts related to operating activities	<u>2,160,248</u>	<u>8,181,618</u>
Sub-total of cash inflows from operating activities	<u>2,906,403</u>	<u>9,593,048</u>
Cash payments for goods purchased and services rendered	736,245	1,506,079
Cash payments to and on behalf of employees	248,254	356,429
Payments of various types of taxes	38,516	61,008
Other cash payments related to operating activities	<u>1,965,467</u>	<u>8,123,315</u>
Sub-total of cash outflows from operating activities	<u>2,988,482</u>	<u>10,046,831</u>
Net cash flows from operating activities	<u><u>-82,079</u></u>	<u><u>-453,783</u></u>

Items	Current period cumulative	Preceding period comparative
II. Cash flows from investing activities:		
Cash received from investment income		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		
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		
Cash payments for acquisition and construction of fixed assets, intangible assets and other long-term assets	16,512	141,630
Cash payments for investments		
Net cash payments for the acquisition of subsidiaries & other business units		
Sub-total of cash outflows from investing activities	16,512	141,630
Net cash flows from investing activities	-16,512	-141,630
III. Cash flows from financing activities:		
Cash received from borrowings	1,817,740	4,075,065
Other cash receipts related to financing activities	412,753	1,709,978
Sub-total of cash inflows from financing activities	2,230,493	5,785,043
Repayment of borrowings	1,311,117	2,810,496
Cash payments for distribution of dividends or profits, or interests	164,600	354,391
Other cash payments related to financing activities	645,210	1,820,825
Sub-total of cash outflows from financing activities	2,120,927	4,985,712
Net cash flows from financing activities	109,566	799,331

Items	Current period cumulative	Preceding period comparative
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	-----	-----
V. Net increase in cash and cash equivalents	10,975	203,918
Add: Cash and cash equivalents at the beginning of the period	<u>5,138</u>	<u>28,608</u>
VI. Cash and cash equivalents at the end of the period	<u>16,113</u>	<u>232,526</u>

Legal representative:	The person in charge of accounting body:	The head of the accounting department:
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Consolidated Statement of Changes in Shareholders' Equity January to June 2017

Compilation Organization: Chongqing Iron & Steel Company Limited

Accounting Consolidated Table 04 Expressed in RMB thousand yuan

Items	Current period cumulative						Preceding period comparative									
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Non-controlling interest	Total shareholders' equity	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Non-controlling interest	Total shareholders' equity
I. Closing balance of the preceding year	4,436,023	7,154,203			606,991	-12,397,711	93,060	-107,434	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	7,154,203			606,991	-12,397,711	93,060	-107,434	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 "+")		8,508				-998,482	-341	-990,315		762				-1,790,343	10	-1,789,571
(I) Total comprehensive income						-998,482	-341	-998,823						-1,790,343	10	-1,790,333
(II) Shareholders' contribution and reduction in share capital																
1. Capital contributed by owners		8,508						8,508		762						762
4. Others																
(III) Profit distribution																
(IV) Transfers within shareholders' equity																
(V) Special reserve				9,332				9,332				9,368				9,368
1. Accrued in the current period				9,332				9,332				9,368				9,368
2. Utilized in the current period																
(VI) Others																
IV. Closing balance of the current period	4,436,023	7,162,711			606,991	-13,396,193	92,719	-1,097,749	4,436,023	6,658,376			606,991	-9,502,098	19,284	2,218,576

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
January to June 2017

Compilation Organization: Chongqing Iron & Steel Company Limited

Accounting Consolidated Table 04
Expressed in RMB thousand yuan

Items	Current period cumulative					Preceding period comparative								
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity	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	7,185,146			577,012	-12,398,006	-199,825	4,436,023	6,688,557		577,012	577,012	-7,713,617	3,987,975
II. Opening balance of the current year	4,436,023	7,185,146			577,012	-12,398,006	-199,825	4,436,023	6,688,557		577,012	577,012	-7,713,617	3,987,975
III. Changes in the current period (decrease are represented by "-")														
(I) Total comprehensive income		8,508				-997,628	-989,120		762				-1,787,216	-1,786,454
(II) Shareholders' contribution and reduction in share capital						-997,628	-997,628						-1,787,216	-1,787,216
4. Others		8,508					8,508		762					762
(III) Profit distribution														
(IV) Transfers within shareholders' equity														
(V) Special reserve														
1. Accrued in the current period				9,332			9,332			9,368				9,368
2. Utilized in the current period				9,332			9,332			9,368				9,368
(VI) Others														
IV. Closing balance of the current period	4,436,023	7,193,654			577,012	-13,395,634	-1,188,945	4,436,023	6,689,319		577,012	577,012	-9,500,833	2,201,521

The person in charge of accounting body:

The head of the accounting department:

Legal representative:

The Interim Report of the Company for the period ended 30 June 2017 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 30 August 2017.

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

Chongqing, the PRC, 31 August 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).