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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 2021

SECTION I IMPORTANT NOTICE

- 1 This summary of annual report is abstracted from the full text of the annual report. In order to comprehensively understand the operating results, financial position and future development plans of Chongqing Iron & Steel Company Limited (the “**Company**”), investors shall refer to the website of the Shanghai Stock Exchange at <http://www.sse.com.cn> and the website of the The Stock Exchange of Hong Kong Limited at <https://sc.hkex.com.hk> and other designated media of the China Securities Regulatory Commission to carefully read the full text of the annual report.
- 2 The board of directors (the “**Board**”), the board of supervisors, the directors, the supervisors and members of senior management of the Company guarantee the authenticity, accuracy and completeness of the contents of the annual report, in which there are no false representations, misleading statements contained or material omissions, and assume the several and joint responsibilities as well.
- 3 All directors of the Company attended the Board meeting.
- 4 Ernst & Young Hua Ming LLP has issued a standard and 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 passed by the Board meeting

According to the auditing by Ernst & Young Hua Ming LLP, the net profit attributable to shareholders of the Company for 2021 amounted to RMB2,173 million, and the unappropriated profit as at the end of 2021 amounted to RMB-6.613 billion. As the Company recorded a negative unappropriated profit as at the end of 2021, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2021 pursuant to Article 250 of the Articles of Association.

SECTION II BASIC INFORMATION OF THE COMPANY

1 Company Profile

Stock profile

Stock type	Relevant Exchange that stock listed on	Stock abbreviation	Stock code	Stock abbreviation before change
A Share	Shanghai Stock Exchange	Chongqing Iron & Steel	601005	N/A
H Share	The Stock Exchange of Hong Kong Limited	Chongqing Iron	01053	N/A

Contact

information	Secretary to the Board	Securities affairs representative
Name	Zou An	Peng Guo Ju
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2 Main Business Profile during the Reporting Period

The Company, belonging to the manufacturing industry/ferrous metal smelting and rolling processing industry, is mainly engaged in the production and sale of hot rolled sheets, medium plates, rebars, wire rods, billets, steel by-products and coking and coal chemical products, etc. The Company has the following main production lines: 4,100mm wide and thick plate, 2,700mm medium plate, 1,780mm hot rolled sheet, high speed wire rods and bar materials.

The Company's products are mainly applied in various industries, such as machinery, architecture, engineering, automobile, motorbike, shipbuilding, offshore oil, gas cylinder, boiler as well as oil and gas pipelines. The products of the Company are mainly sold in Chongqing and southwestern regions, and have met the development demands in northwestern regional markets. The products are highly recognized in regional markets.

The Company's steel products used in hull structure, boilers and pressure vessels were rewarded the title of "Chinese brand products" and four other products were rewarded the title of "Chongqing's brand products". The Company successively obtained the following titles of honor: national Labor Day certificate, national implementation of performance excellence model advanced enterprises, Chongqing famous trademark, Chongqing quality benefit enterprise and Chongqing contract-abiding and trustworthy Enterprises.

In 2021, the Company ranked No. 400 in Fortune China 500, was awarded as "2021 Excellent Iron and Steel Enterprise Brand in China", "Green Development Benchmark Enterprise" by China Metallurgical News Agency and included as "2021 Top 100 Enterprises with Corporate Social Responsibility in the Chengdu-Chongqing Economic Zone".

Chongqing Iron & Steel, which has integrated into China Baowu, is marching forward with a new attitude towards the goal of high-quality development, striving to build itself into a highquality green and smart steel manufacturing enterprise, shaping "Chongqing Iron & Steel to be beautiful and picturesque", and becoming a leader in the steel industry in Southwest China. The Company practices the major strategy of "Belt and Road Initiative" and facilitates the win-win cooperation in the iron & steel area, thus promoting the formation of the new advantage and new pattern of mutual promotion of the "dual circulation" between South China and Southwest China and Southeast Asia, and enhancing the competitiveness, innovative ability, controlling force, influence and ability to resist risks.

In 2021, facing complicated and severe external environment and ongoing impact of the COVID-19 pandemic, the Company closely centered on the management theme of "benchmarking and finding differences from excellent enterprises comprehensively, paying close attention to reducing costs and increasing efficiency, refining management, minimizing resource consumption". Substantive results in dual primary-level governance were obtained, manufacturing capacity, systematic capability and management capacity were comprehensively improved, and the efficiency of port, ironmaking, steelmaking, steel rolling were comprehensively enhanced. Moreover, several technical improvement projects were completed and put into production, production efficiency promoted significantly, the main technical and economic indicators were continuously optimized and results of operations and profits have reached a new high so that new ground in the green, low-carbon and high-quality development can be reached.

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

	2021	2020	Increase/ decrease from last year (%)	2019
Total assets	42,995,956	39,949,856	7.62	26,975,726
Net assets attributable to shareholders of listed company	22,375,209	20,038,467	11.66	19,396,003
Operating income	39,849,418	24,489,935	62.72	23,477,597
Net profit attributable to shareholders of listed company	2,274,393	638,479	256.22	925,723
Net profit attributable to shareholders of listed company, netting non- recurring gains and losses	2,453,195	491,082	399.55	726,508
Net cash flow from operating activities	5,621,43	1,337,765	320.21	-405,326
Weighted average return on net assets (%)	10.73	3.24	Increase by 7.49 percentage points	4.88
Basic earnings per share (RMB/share)	0.26	0.07	271.43	0.10
Diluted earnings per share (RMB/share)	0.26	0.07	271.43	0.10

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	9,978,422	12,691,517	9,094,279	8,085,200
Net profit attributable to shareholders of listed company	1,092,412	1,604,629	182,680	-605,328
Net profit attributable to shareholders of listed company, netting non- recurring gains and losses	1,077,206	1,757,276	181,930	-563,217
Net cash flow from operating activities	-1,031,089	2,577,477	444,766	3,630,277

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

☐ Applicable ☒ Not applicable

4 Shareholders

4.1 Total number of ordinary shareholders, preferred shareholders with restored voting rights and total number of shareholders with special voting rights and shareholdings of the top 10 shareholders as at the end of the reporting period and the end of the month before the annual report disclosure

Unit: share

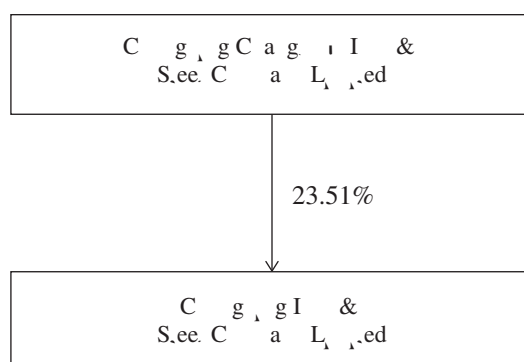
As of the end of the reporting period, the total number of ordinary shareholders (<i>accounts</i>)	198,620
At the end of the month before the annual report disclosure, the total number of ordinary shareholders (<i>accounts</i>)	192,693
As of the end of the reporting period, the total number of preferred 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 during the reporting period	Period-end number of stock	Ratio (%)	Number of restricted stock held	Pledged, marked or frozen Stock Status Quantity		Nature of shareholders
Chongqing Changshou Iron & Steel Company Limited	0	2,096,981,600	23.51	0	Nil	0	Domestic non-state- owned legal person
HKSCC NOMINEES LIMITED	982,600	532,223,221	5.97	0	Unknown		Foreign legal person
Chongqing Qianxin Group Co., Ltd.	0	427,195,760	4.79	0	Pledged	427,190,070	State- owned legal person
Chongqing Rural Commercial Bank Co., Ltd.	0	289,268,939	3.24	0	Nil	0	State- owned legal person
Chongqing Guochuang Investment and Management Co., Ltd.	0	278,288,059	3.12	0	Nil	0	State- owned legal person
Bank of Chongqing Co., Ltd.	0	226,042,920	2.53	0	Nil	0	State- owned legal person
Industrial Bank Co., Ltd. Chongqing Branch	0	219,633,096	2.46	0	Nil	0	Unknown
Agricultural Bank of China Limited Chongqing Branch	0	216,403,628	2.43	0	Nil	0	State- owned legal person
China Shipbuilding Industry Complete Logistics Co., Ltd.	0	211,461,370	2.37	0	Nil	0	State- owned legal person
Bank of Communications Co., Ltd. Chongqing Branch	0	140,760,305	1.58	0	Nil	0	Unknown
The above shareholders' connected relationship or acting in concert				There is no connection between Chongqing Changshou Iron & Steel Company Limited, the controlling shareholder of 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 also 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				Not applicable			

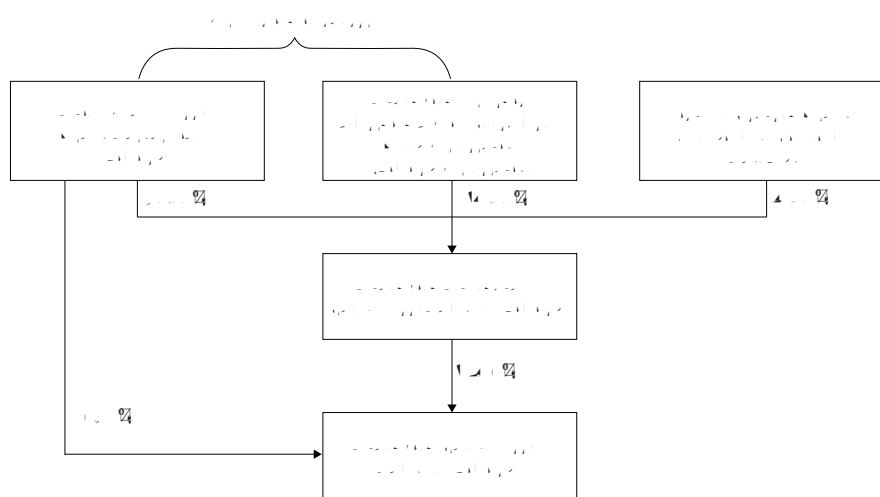
4.2 Chart of equity and the controlling relationship between the Company and the controlling shareholder

☒ Applicable ☐ Not applicable



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

☒ Applicable ☐ Not applicable



4.4 The total number of preferred shareholders of the Company and the top 10 shareholders at the end of the reporting period

☐ Applicable ☒ Not applicable

5 Information on Corporate Bond

☒ Applicable ☐ Not applicable

5.1 Existing bonds as at the date of approval of all annual reports of the Company

Unit: RMB'000

Name of bond	Abbreviated name	Stock code	Due date	Balance of bonds	Interest rate (%)
Chongqing Iron & Steel Company Limited 2020 first tranche of medium-term notes (Type 1)	20 Chongqing Iron & Steel MTN001A	102000390	19 March 2023	517,788	4.64
Chongqing Iron & Steel Company Limited 2020 first tranche of medium-term notes (Type 2)	20 Chongqing Iron & Steel MTN001B	102000391	19 March 2023	518,603	5.13

Interest payment of bonds during the Reporting Period

☐ Applicable ☒ Not applicable

Adjustment of credit rating results of the Company or bonds by credit rating agencies during the Reporting Period

☐ Applicable ☒ Not applicable

5.2 Significant accounting data and financial indicators in the last 2 years

☒ Applicable ☐ Not applicable

Unit: RMB'000

Major Indicators	2021	2020	Change from the same period of last year to this period (%)
Gearing Ratio (%)	47.96	49.84	Decreased by 1.88 percentage points
Net profit after deducting non-recurring profit or loss	2,453,195	491,082	399.55
Debt-to-EBITDA ratio	0.37	0.14	164.29
Interest coverage (times)	5.65	3.30	71.21

SECTION III SIGNIFICANT EVENTS

- The Company shall explain the significant changes in the operation of the Company during the reporting period under the principle of materiality and events that occurred during the reporting period had material impact on the operation of the Company and expected to have a material impact in the future.

☐ Applicable ☒ Not applicable

- If there is a delisting risk warning or termination of listing after the disclosure of the annual report of the Company, the reasons resulting the delisting risk warning or termination of listing shall be disclosed.

☐ Applicable ☒ Not applicable

3 Major operations during the reporting period

During the reporting period, the Group produced 6.7446 million tonnes of iron, 7.1155 million tonnes of steel and 7.1565 million tonnes of commodity billet, representing year-on-year growth of 5.74% and 5.59% respectively, which recorded the the highest level in history. The sales volume of commodity billet was 7.1405 million tonnes, representing a year-on-year growth of 4.61%. The operating income was RMB39.849 billion, representing a year-on-year increase of 62.72%, while the total profit was RMB2,263 million, representing a year-on-year increase of 262.42%.

3.1 Main business analysis

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

Unit: RMB'000

Item	Current period	Corresponding period of last year	Change (%)
Operating income	39,849,418	24,489,935	62.72
Operating cost	35,950,388	22,658,292	58.66
Selling expenses	81,143	91,929	-11.73
Administrative expenses	504,504	591,920	-14.77
Financial expenses	380,721	132,514	187.31
R&D expenses	11,805	–	N/A
Net cash flow from operating activities	5,621,431	1,337,765	320.21
Net cash flow from investing activities	-5,536,088	-711,113	N/A
Net cash flow from financing activities	1,048,805	2,476,115	-57.64

Reasons for change in operating income: The increase in operating income was mainly due to the increase in the selling price of commodity billet.

Reasons for change in operating cost: The increase in operating cost was mainly due to the increase in the price of raw materials.

Reasons for change in financial expenses: The increase in financial expenses was mainly due to the increase in financing and interest expenses; the increase in unrecognized financing costs from lease liabilities.

Reasons for change in net cash flow from operating activities: The increase in net cash flow from operating activities was mainly due to the significant increase in profit for the current period as compared with that of the last year and proactive measures to decrease in stock by the Company resulting in the decrease in capital occupation of inventories at the end of the period.

Reasons for change in net cash flow from investment activities: The decrease in net cash flow from operating activities was mainly due to the increase in fixed assets investment projects for current period.

Reasons for change in net cash flow from financing activities: The decrease in net cash flow from financing activities was mainly due to repayment of the loans.

(2) Revenue and cost analysis

In 2021, the Group realized a total profit of RMB2,263 million, representing a year-on-year increase of 262.42%, which was mainly due to the following reasons: the selling price of commodity billet amounted to RMB4,652/tonne, representing a year-on-year increase of 34.72%, and commodity billet achieved an increase of RMB8,598 million in profit affected by products structure; the sales volume of commodity billet reached 7.1405 million tonnes, representing a year-on-year increase of 4.61%, and achieving an increase of RMB158 million in profit; the Company continuously promoted cost reduction plan, thus key technical and economic indicators improved significantly, all consumption obviously reduced, thus resulting in an increase of RMB893 million in profit from cost reduction in the aspect of process; the increase in prices of coal, ore and scrap steel, thus resulting in a decrease of RMB7,752 million in profit; the Company innovate business model to carry out entrusted processing business, thus resulting in an increase of RMB132 million in profit; others matters resulted in a decrease of RMB404 million in profit in total; among which, the impairment of assets and loss from disposals amounted RMB550 million, representing a year-on-year decrease of RMB165 million in profit; the increase in carbon emission compliance costs, thus resulting in a decrease of RMB127 million in profit.

In 2021, the Group's revenue from main business amounted to RMB37.467 billion, representing a year-on-year increase of 53.87%. In particular, the income from sales of commodity billet products amounted to RMB33.218 billion, representing an increase of RMB9.650 billion as compared with the corresponding period of last year. Firstly, the sales volume of commodity billet was 7.1405 million tonnes, representing a year-on-year increase of 4.61%, resulting in an increase in the sales income of RMB1,052 million; secondly, the sales price of commodity billet was RMB4,652/tonne, representing a year-on-year increase of 34.72%, resulting in an increase in the sales income of RMB8,598 million affected by products structure.

Composition of income from main businesses:

Type	2021		2020		Year-on- year increase in amount (%)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plate	10,266,002	27.40	7,394,107	30.37	38.84
Hot rolling	17,940,118	47.88	12,385,118	50.85	44.85
Bars	68,289	0.18	1,464,818	6.02	-95.34
Profiles	–	–	1,133,878	4.66	-100.00
Billet	4,943,792	13.20	1,190,733	4.89	315.19
Subtotal	<u>33,218,201</u>	<u>88.66</u>	<u>23,568,654</u>	<u>96.79</u>	<u>40.94</u>
Other	<u>4,248,755</u>	<u>11.34</u>	<u>780,503</u>	<u>3.21</u>	<u>444.36</u>
Total	<u>37,466,956</u>	<u>100.00</u>	<u>24,349,157</u>	<u>100.00</u>	<u>53.87</u>

Sales prices of commodity billet:

Item	2021 Sales price (RMB/tonne)	2020 Sales price (RMB/tonne)	Year-on-year growth (%)	Income increase (RMB'000)
Plate	4,874	3,603	35.28	2,677,303
Hot rolling	4,659	3,423	36.11	4,759,383
Bars	5,159	3,293	56.67	24,698
Profiles	–	3,299	–	–
Billet	4,225	3,254	29.84	1,136,221
Total of commodity billet	<u>4,652</u>	<u>3,453</u>	<u>34.72</u>	<u>8,597,605</u>

Sales volumes of commodity billet:

Item	Sales volume for 2021 (Ten thousand tonnes)	Sales volume for 2020 (Ten thousand tonnes)	Year- on-year growth (%)	Income increase (RMB'000)
Plate	210.65	205.25	2.63	194,592
Hot rolling	385.06	361.86	6.41	795,617
Bars	1.324	44.49	-97.02	-1,421,227
Profiles	–	34.37	-100.00	-1,133,878
Billet	117.02	36.59	219.79	2,616,838
Total of commodity billet	<u>714.05</u>	<u>682.56</u>	<u>4.61</u>	<u>1,051,942</u>

1) Main business by sectors, products and regions and sales model

Unit: RMB'000

Main business by sectors

By sectors	Operating income	Operating cost	Gross margin (%)	Year-on-year increase/decrease in operating income (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross margin (%)
Iron and steel	37,466,956	33,595,260	10.33	53.87	48.95	Increase by 2.96 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 increase/decrease in gross margin (%)
Commodity billet	33,218,201	29,500,477	11.19	40.94	35.64	Increase by 3.47 percentage points
Other	4,248,755	4,094,783	3.62	444.36	408.87	Increase by 6.72 percentage points

Main business by regions

By regions	Operating income	Operating cost	Gross margin (%)	Year-on-year increase/decrease in operating income (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross margin (%)
Southwest	24,574,327	22,137,747	9.92	8.55	5.58	Increase by 2.54 percentage points
Other regions	12,892,629	11,457,513	11.13	653.75	622.45	Increase by 3.85 percentage points

2) Table of production and sales volume analysis

Main products	Unit	Production volume	Sales volume	Inventory	Yearon- year increase/decrease in production volume (%)	Yearon- year increase/decrease in sales volume (%)	Yearon- year increase/decrease in inventory (%)
Plate	Ten thousand tonnes	209.45	210.65	3.23	3.74	2.63	28.65
Hot rolling	Ten thousand tonnes	382.17	385.06	3.50	5.97	6.41	-5.08
Bars	Ten thousand tonnes	1.97	1.32	0.01	-95.37	-97.02	175.25
Billet	Ten thousand tonnes	122.06	117.02	6.68	219.27	219.80	307.36

3) Cost analysis table

Unit: RMB'000

By sectors

By sectors	Cost 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 in total costs (%)	Year- on-year change (%)
Iron and steel	Raw material	28,748,220	85.57	17,393,884	77.12	8.45
Iron and steel	Energy	1,178,376	3.51	1,043,748	4.63	-1.12
Iron and steel	Labor and other costs	3,668,663	10.92	4,116,898	18.25	-7.33

By products

By products	Cost 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 in total costs (%)	Year- on-year change (%)
Commodity billet	Raw material and energy costs	29,500,477	87.81	21,749,854	96.43	-8.62
Other	Raw material and energy costs	4,094,783	12.19	804,675	3.57	8.62

- 4) Changes in the scope of consolidation due to changes in equity of major subsidiaries during the reporting period

In March 2019, the Company acquired 28% equity interests in Chongqing Xingang Changlong Logistics Co., Ltd. (“Xingang Changlong”) at a consideration of RMB28,482,000 (excluding transaction service fees). In January 2021, the Company acquired 72% equity interests in Xingang Changlong from non-related parties Chongqing Qiancheng Industrial Development Co., Ltd. and Minsheng Shipping Co., Ltd. at a consideration of RMB126,420,000. Upon completion of the equity acquisition, the Company held 100% equity interest in Xingang Changlong, and Xingang Changlong changed from an associate to a wholly-owned subsidiary of the Company. On 15 January 2021, Xingang Changlong completed the change of business registration.

In August 2020, as approved by the Company, Chongqing Chonggang Building Materials Sales Co., Ltd. was deregistered. In January 2021, the subsidiary was deregistered.

- 5) Major buyers and major suppliers

A. Major customers of the Company

The sales attributable to the five largest buyers amounted to RMB9,871,778,000, representing 24.77% of the total sales for the year, of which the sales attributable to related parties amounted to RMB2,614,514,000, representing 6.56% of the total sales for the year.

B. Major suppliers of the Company

Purchases from the top five suppliers amounted to RMB8,125,364,000, accounting for 22.60% of the total purchases for the year, of which purchases from related parties amounted to RMB5,286,551,000, accounting for 14.71% of the total purchases for the year.

(3) *Expenses*

Unit: RMB' 000

Item	Amount for the period	Amount for the previous period	Change in amount for the period as compared with the corresponding period of last year (%)
Selling expenses	81,143	91,929	-11.73
Administrative expenses	504,504	591,920	-14.77
Finance costs	380,721	132,514	187.31
Research and development expenses	11,805	–	N/A

(4) *R&D investment*

1) Table of R&D investment

Unit: RMB' 000

Expensed R&D investment for the period	1,256,341
Capitalised R&D investment for the period	–
Total R&D investment	1,256,341
Percentage of total R&D investment to revenue (%)	3.15
Percentage of capitalized R&D investment (%)	–

2) R&D personnel

Number of R&D personnel of the Company	866
Percentage of R&D personnel in the total number of employees of the Company (%)	12.86

Educational structure of R&D personnel

Educational category	Number
Doctoral graduate	3
Master's graduate	78
Undergraduate	530
Junior college	255
High school and below	

Age Structure of R&D Staff

Age category	Age structure Number
Under 30 years old (exclusive)	28
30-40 years old (including 30 years old, excluding 40 years old)	324
40-50 years old (including 40 years old, excluding 50 years old)	269
50-60 years old (including 50 years old, excluding 60 years old)	245
60 and above	0

(5) *Cash flow*

Unit: RMB' 000

Item	2021	2020	Main reasons for changes
Net cash flow from operating activities	5,621,431	1,337,765	Profit for the period increased significantly as compared with the corresponding period of last year, and the Company actively adopted measures to reduce inventories, resulting in a decrease in capital occupation at the end of the period
Net cash flow from investing activities	-5,536,088	-711,113	Increase in fixed assets investment projects
Net cash flow from financing activities	1,048,805	2,476,115	Repayment of borrowings
Net increase in cash and cash equivalents	1,134,148	3,102,767	–

3.2 Analysis of assets and liabilities

(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 the previous period in total assets (%)	Year- on-year change (%)	Explanation
Cash and bank balances	6,410,645	14.91%	4,943,231	12.37%	29.69%	–
Financial assets held for trading	600,000	1.40%	–	–	N/A	–
Trade receivables	53,885	0.13%	35,041	0.09%	53.78%	Cross-period settlement
Receivables financing	1,536,724	3.57%	2,068,546	5.18%	-25.71%	–
Prepayments	756,710	1.76%	534,516	1.34%	41.57%	Increase in purchase of raw materials and fuels at the end of the year
Other receivables	52,279	0.12%	18,013	0.05%	190.23%	Cross-period settlement
Inventories	3,840,198	8.93%	5,054,908	12.65%	-24.03%	–
Other current assets	100,221	0.23%	394,153	0.99%	-74.57%	Decrease in retained taxes
Long-term equity investments	58,160	0.14%	79,494	0.20%	-26.84%	–
Other equity investments	5,000	0.01%	5,000	0.01%	0.00%	–
Property, plant and equipment	21,891,662	50.92%	16,630,788	41.63%	31.63%	Provisional valuation of construction in progress
Construction in progress	4,174,369	9.71%	2,844,665	7.12%	46.74%	Increase in fixed assets investment projects

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year- on-year change (%)	Explanation
Right-of-use assets	518,318	1.21%	4,095,211	10.25%	-87.34%	Repurchase of leased assets
Intangible assets	2,384,882	5.55%	2,394,593	5.99%	-0.41%	–
Goodwill	328,055	0.76%	295,407	0.74%	11.05%	–
Long-term expenses to be amortized	271	0.00%	299,730	0.75%	-99.91%	Repurchase of leased assets, and transfer of related asset improvement expenses to fixed assets
Deferred income tax assets	142,568	0.33%	131,468	0.33%	8.44%	–
Other non-current assets	142,009	0.33%	125,092	0.31%	13.52%	–
Short-term borrowings	2,629,734	6.12%	700,788	1.75%	275.25%	New bank borrowings
Bills payable	1,261,138	2.93%	1,272,291	3.18%	-0.88%	–
Trade payables	4,567,985	10.62%	2,652,728	6.64%	72.20%	Increase in purchase of raw materials and fuel, increase in amounts to be accepted for issuance of Tongbao
Contract liabilities	2,185,095	5.08%	2,554,165	6.39%	-14.45%	–
Employee benefits payable	112,844	0.26%	283,969	0.71%	-60.26%	Transfer of incentive funds for 2020
Tax payable	16,744	0.04%	9,177	0.02%	82.46%	Increase in taxes payable at the end of the period
Other payables	2,770,510	6.44%	1,567,618	3.92%	76.73%	Pre-ironmaking Assets
Non-current liabilities due within one year	1,582,635	3.68%	4,056,471	10.15%	-60.98%	Repurchase Repayment of borrowings

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year- on-year change (%)	Explanation
Other current liabilities	284,736	0.66%	332,041	0.83%	-14.25%	–
Long-term borrowings	1,792,800	4.17%	450,000	1.13%	298.40%	New bank borrowings
Bonds payable	498,434	1.16%	995,150	2.49%	-49.91%	Reclassification of bonds payable due within one year
Lease liabilities	408,135	0.95%	3,022,612	7.57%	-86.50%	Repurchase of leased assets
Long-term payables	2,301,299	5.35%	1,352,264	3.38%	70.18%	New finance lease
Long-term employee benefits payable	144,977	0.34%	179,557	0.45%	-19.26%	–
Deferred income	56,903	0.13%	35,902	0.09%	58.50%	New government grants
Deferred income tax liabilities	6,778	0.02%	1,176	0.00%	476.36%	Increase in taxable temporary differences
Other non-current liabilities	–	0.00%	445,480	1.12%	-100.00%	Repayment of borrowings

(2) *Major restricted assets at the end of the Reporting Period*

Unit: RMB' 000

Item	Closing carrying amount	Opening carrying amount	Reason for restriction
Cash and bank balances	578,407	245,141	<i>Note 1</i>
Notes receivables	317,202	1,343,223	<i>Note 2</i>
Property, plant and equipment	8,226,586	3,529,913	<i>Note 3</i>
Intangible assets	783,824	1,027,708	<i>Note 4</i>
Long-term equity investments	837,610	837,610	<i>Note 5</i>
total	10,743,629	6,983,595	–

Note 1: As at 31 December 2021, the Group's cash and bank balances with a carrying amount of RMB578,407,000 (31 December 2020: RMB245,141,000) were restricted for use in issuing bank acceptance bills and letters of credit.

Note 2: As at 31 December 2021, the Group pledged bank acceptance notes with a carrying amount of RMB317,202,000 (31 December 2020: RMB1,343,223,000) to issue bank acceptance bills.

Note 3: As at 31 December 2021, the Group's houses and buildings with a carrying amount of RMB797,066,000 (31 December 2020: RMB987,609,000), machinery and equipment with a carrying amount of RMB7,429,520,000 (31 December 2020: RMB2,542,304,000) were pledged to secure bank borrowings and working capital loan facilities.

Note 4: As at 31 December 2021, the Group's land use rights with a carrying amount of RMB783,824,000 (31 December 2020: RMB1,027,708,000) were pledged to secure bank borrowings and working capital loan facilities. The amortisation of land use rights for the year was RMB21,936,000 (2020: RMB27,459,000).

Note 5: As at 31 December 2021, the Group's equity interests with a carrying amount of RMB837,610,000 (31 December 2020: RMB837,610,000) were pledged to secure working capital loans of RMB450,000,000 (31 December 2020: RMB500,000,000).

4 Management Discussion and Analysis on Future Development of the Company

4.1 Industry competition pattern and development trend

The steel industry is an important support for the high-quality development of China's economy. During the thirteenth Five-Year-Plan period, the iron and steel industry, as the main battlefield and leader of the supply-side structural reform, carried out the de-capacity work to the world's attention. During the fourteenth Five-Year-Plan period, the supply-side structural reform will remain the main line of the development of the steel industry. To promote the high-quality development of the steel industry, relevant national departments issued a series of supporting policies in 2021, aiming to put forward strict replacement requirements, adjust the export tariff of steel products, cancel the export tax rebate of some steel products, and plan to include steel, cement, chemical and other industries on the carbon emission trading market. In December 2021, the Ministry of Industry and Information Technology issued the "Industry Development Plan for Raw Materials in the fourteenth Five-Year-Plan period, which proposed that the production capacity of bulk products of key raw materials such as crude steel and cement will not increase. In 2021, the iron and steel industry operated smoothly with the highest industry efficiency.

Looking forward, the pace of green and low-carbon transformation of steel enterprises will accelerate in 2022, and green and low-carbon development will be the key task that the steel industry must continue to promote in the future. In the future, the Guiding Opinions on Promoting the High-quality Development of the Iron and Steel Industry and the Implementation Plan for Carbon Peak in the Iron and Steel Industry will be issued to guide the high-quality development of the iron and steel industry and the transformation to green and low-carbon. Under the background of "dual carbon", the supply-side reform of the steel industry is centered at "carbon reduction" embodied by "dual control of production capacity and output" or "dual control of total carbon emissions and intensity". It is expected that the industry will usher in a new round of structural optimization.

4.2 Development strategy of the Company

The Company started the layout of green manufacturing and smart manufacturing, launched a new round of development plan, built a high-quality green and intelligent steel enterprise, built "Beautiful Chongqing Iron & Steel, Pastoral Chongqing Iron & Steel", committed to becoming a leader in the steel industry in Southwest China, and firmly moving towards the goal of high-quality development.

The Company is located in Southwest China, adjacent to the Yangtze River and enjoys a unique and important geographical location. Based in Chongqing, we will integrate into the construction of Chengdu-Chongqing dual-city economic circle, promote the development of the Yangtze River Economic Belt, and facilitate the Western Development Strategy. The Company will strive to become a steel enterprise with sound governance structure, efficient management system with leading production technology, significant economies of scale, cost-saving creed, low-carbon and environmental protection, strong ability to respond to changes in the external environment, and the first comprehensive strength and dominant market position in Southwest China. During the fourteenth Five-Year-Plan period, the Company will strive for the ultimate benefits with scale improvement, firmly follow the path of green development, build smart factories with technological innovation, seize opportunities, ride on the momentum, start a new journey of high-quality development, and strive to achieve the development goal of high-quality green and intelligent steel enterprise.

In the future, the Company will continue to implement the spirit of the important speech and instructions of General Secretary Xi Jinping on the investigation of China Baowu, comprehensively promote the implementation of the “2022-2027 Strategic Plan of Chongqing Iron & Steel”, adhere to the concept of green and low-carbon transformation and upgrading, adhere to the strategy of scientific and technological innovation, earnestly fulfill social responsibilities, and strive to promote the Company to achieve high-quality development goals with a persistent attitude, and make due contributions to the realization of the second centennial goal and the Chinese dream of the great rejuvenation of the Chinese people.

4.3 Business Plan

Based on the business objectives of 2022, the Company will focus on the following aspects: firstly, consolidating the basic safety management system, building the bottom line of safety production and promoting the standardization of safety production; Secondly, focusing on the management of “extreme energy efficiency”, continuously promoting “three governance and four transformation” to improve the ability of energy and environmental protection system; Thirdly, enhancing the efficiency of production and organization, optimizing quality control, and promoting the manufacturing capacity to a new level; Fourthly, strengthening equipment management and control, improving equipment status, and facilitating stable and smooth production; Fifthly, focusing on the perfection, efficiency and accuracy, adhering to the principle of “openness + collaboration”, exploring ways for change and innovation, and promoting the comprehensive improvement of the capability of the raw material procurement system; Sixthly, adhering to market orientation, giving full play to brand effect and enhancing marketing capability; Seventhly, promoting the implementation of plans, accelerate project construction, and consolidate the foundation of CISL; Eighthly, comprehensively deepening reform, promoting innovative development, and accelerating transformation and upgrading; Ninthly, taking standardized operation as the core, solidly promoting double-base management, and further improving system capabilities; Tenthly, strengthening risk prevention and control through performance-driven development, and promoting the common development of employees and the Company.

4.4 Potential risks

- (1) The development of the iron and steel industry is still facing many challenges due to the increasing uncertainties at the macro level of the global economy, coupled with the repeated outbreak of the pandemic and other uncertainties. The iron and steel industry is a strong cyclical industry. The national and international situation, macro-economy and industrial policies may have certain impact on the Company's operation.

The Company's response measures: Firstly, continue to carry out organizational reform and improve management efficiency; Secondly, continue to optimize the structure of human resources and improve personnel efficiency; Thirdly, promote technological innovation, improve the innovation mechanism, raise the awareness of intellectual property rights, play the incentive-oriented role, materialize innovation achievements, and form a new innovation landscape; Fourthly, implement the business model of "base management + brand operation" to fully release the brand benefits of "Three Peaks"; Fifthly, continue to promote the synergy of production efficiency to maximize the overall benefits.

- (2) The environmental protection is becoming increasingly stringent. The national policies such as "dual control", "dual carbon" and strict environmental protection control have further increased the pressure on the Company's environmental protection.

The Company's response measures: Firstly, improve the key indicators of energy consumption and reduce the comprehensive energy consumption per ton of steel; Secondly, deeply explore the potential of energy conservation and carbon reduction, and pursue the ultimate and efficient use of energy; Thirdly, prepare the "Carbon Peak, Carbon Neutrality" plan and implement the "6C" carbon reduction (carbon reduction by planning, carbon reduction by efficiency, carbon reduction by process, carbon reduction by technology, carbon reduction by greenness, carbon reduction by chain circle); Fourthly, implement the Yangtze River protection plan, rapidly promote "Three Treatments (ultra-low emission of waste gas, zero discharge of waste water and zero discharge of solid waste) and the Four Aspects (cleanness, greenness, beauty and culture), strive to create a national 3A-level tourist attraction, consolidate the achievements which are "Higher than Standards, Better than Urban Areas and Integrated into City"), and promote the construction of green urban steel factories.

- (3) The Company faces certain risks of fluctuations in raw material prices and sales prices of steel products. The Company acquires iron ore mainly through import, which is greatly affected by fluctuations in prices of bulk raw materials.

The Company's response measures: Firstly, insist on taking planning management as the lead, taking supplier management as the core, control the entire process of raw material procurement through the management system to ensure the achievement of procurement objectives; Secondly, build rapidly a reasonable marketing system, accelerate the development of end users, strengthen the elaborate management and control, and improve marketing capabilities.

SECTION IV DISCLOSURE PURSUANT TO THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE

1 Compliance with the Corporate Governance Code

To the best knowledge of the Board, the Company has complied with the requirements of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the reporting period, and no deviation from the code has been identified.

2 Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. All directors of the Company confirmed upon specific enquiries that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2021.

3 Purchase, Sale and Redemption of Listed Shares of the Company

No purchase, sale and redemption of the listed securities of the Company during the reporting period.

4 Major Acquisition and Disposal of Subsidiaries and Affiliates

No major acquisition and disposal of subsidiaries and affiliates of the Company occurred during the reporting period.

5 Audit Committee

The Audit Committee of the Company consists of three independent non-executive Directors and one non-executive Director. During the reporting period, the work of the Audit Committee throughout the year was jointly completed by the members of the two sessions. The eighth session of the Audit Committee of the Company consists of Mr. Xin Qingquan, Mr. Xu Yixiang, Mr. Wong Chunwa and Mr. Zhou Ping. Mr. Xin Qingquan is the chairman of the Audit Committee. On 12 August 2021, the Board of the Company conducted a re-election. The new members of the ninth session of the Audit Committee are Mr. Zhang Jinruo, Mr. Sheng Xuejun, Mr. Guo Jiebin and Mr. Zhou Ping. Mr. Zhang Jinruo is the chairman of the Audit Committee.

The annual report of the Company for 2021 had been reviewed by the members of the Audit Committee before being submitted to the Board for approval.

6 Interests or Short Positions

As at 31 December 2021, the interests and short positions (including interests or short positions which they were taken or deemed to have under relevant provisions of the Securities and Futures Ordinance (“SFO”)) of the directors, supervisors and senior management members in the shares or underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

Name	The Company/ Associated Corporation Capacity	Nature of interest	Number of Shares interested Total (Shares)	Percentage of the Company's A share capital (%)	Percentage of total share capital of the Company (%)	Class of shares
Zhou Yaping	the Company Employee Supervisor	Beneficial interest	487,300 (Long position)	0.0058	0.0054	A share
Zhang Liquan	the Company Employee Supervisor	Beneficial interest	1,020,000 (Long position)	0.0121	0.0114	A share
Yao Xiaohu	the Company Senior Vice President	Beneficial interest	509,900 (Long position)	0.0061	0.0057	A share

7 Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association and the relevant laws of the People's Republic of China which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

8 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.

9 Marketability Market Value

Based on the available information to the Company, as at 31 December 2021, the circulating market capitalization of H Shares of the Company (circulating H Share capital x closing price of H Shares (HK\$1.28)) was approximately HK\$689 million and the circulating market capitalization of A Shares of the Company (circulating A Share capital x closing price of A Shares (RMB2.09)) was approximately RMB17.515 billion.

10 Final Dividend

The Company's profit distribution policies are set out in detail in the Articles of Association, which provides the principles, forms and conditions of distribution, the justification procedures for distribution scheme and decision-making mechanism, as well as policy adjustments. When determining profit distribution (including dividend payment) and distribution proportion, the Company will follow several major principles including the continuity and stability of profit distribution policies, paying full attention to the reasonable investment return for investors, and considering the long-term interests of the Company, sustainable development and the interests of all shareholders as a whole, and the Board will prepare the proposal for profit distribution according to the operating situations and development of the Company, then submit it to the general meetings for approval. Please refer to the profit distribution policies set out in the Articles of Association for more details.

The Company does not have any predetermined dividend distribution proportion or dividend distribution ratio, and the distribution and the amount of dividend will be determined by the Board's discretion as aforesaid.

According to the auditing by Ernst & Young Hua Ming LLP, the net profit attributable to shareholders of the Company for 2021 amounted to RMB2,173 million, and the unappropriated profit as at the end of 2021 amounted to RMB-6.613 billion. As the Company recorded a negative unappropriated profit as at the end of 2021, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2021 pursuant to Article 250 of the Articles of Association.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Unit: RMB'000

Assets	31 December 2021	31 December 2020
Current assets:		
Cash and bank balances	6,410,645	4,943,231
Including: Cash in other financial institutions	19,443	949
Financial assets held for trading	600,000	–
Trade receivables	53,885	35,041
Receivables financing	1,536,724	2,068,546
Prepayments	756,710	534,516
Other receivables	52,279	18,013
Inventories	3,840,198	5,054,908
Other current assets	100,221	394,153
Total current assets	13,350,662	13,048,408
Non-current assets:		
Long-term equity investments	58,160	79,494
Other equity investments	5,000	5,000
Property, plant and equipment	21,891,662	16,630,788
Construction in progress	4,174,369	2,844,665
Right-of-use assets	518,318	4,095,211
Intangible assets	2,384,882	2,394,593
Goodwill	328,055	295,407
Long-term prepaid expenses	271	299,730
Deferred tax assets	142,568	131,468
Other non-current assets	142,009	125,092
Total non-current assets	29,645,294	26,901,448
Total assets	42,995,956	39,949,856

Liabilities and shareholders' equity	31 December 2021	31 December 2020
Current liabilities		
Short-term borrowings	2,629,734	700,788
Notes payable	1,261,138	1,272,291
Trade payables	4,667,985	2,652,728
Contract liabilities	2,185,095	2,554,165
Employee benefits payable	112,844	283,969
Taxes payable	16,744	9,177
Other payables	2,770,510	1,567,618
Non-current liabilities due within one year	1,582,635	4,056,471
Other current liabilities	284,736	332,041
Total current liabilities	15,411,421	13,429,248
Non-current liabilities :		
Long-term borrowings	1,792,800	450,000
Bonds payable	498,434	995,150
Lease liabilities	408,135	3,022,612
Long-term payables	2,301,299	1,352,264
Long-term employee benefits payable	144,977	179,557
Deferred income	56,903	35,902
Deferred tax liabilities	6,778	1,176
Other non-current liabilities	–	445,480
Total non-current liabilities	5,209,326	6,482,141
Total liabilities	20,620,747	19,911,389
Shareholders' equity :		
Share capital	8,918,602	8,918,602
Capital reserves	19,282,147	19,282,147
Less: Treasury shares	–	65,940
Special reserves	18,593	22,184
Surplus reserves	606,991	606,991
Unappropriated profit	(6,451,124)	(8,725,517)
Total shareholders' equity	22,375,209	20,038,467
Total liabilities and shareholders' equity	42,995,956	39,949,856

CONSOLIDATED INCOME STATEMENT*For the year ended 31 December 2021**RMB'000*

	2021	2020
Revenue	39,849,418	24,489,935
Less: Cost of sales	35,950,388	22,658,292
Taxes and surcharges	161,626	172,493
Distribution and selling expenses	81,143	91,929
General and administrative expenses	504,504	591,920
Research and development costs	11,805	–
Finance expenses	380,721	132,514
Including: Interest expenses	486,273	271,072
Interest income	112,939	69,528
Add : Other income	58,298	196,430
Investment income	16,343	6,803
Including: Share of profits and losses of joint ventures and associates	8,133	–
Impairment losses on credit	(19,052)	(23)
Impairment losses on assets	(348,552)	(364,917)
Gain on disposal of items of property, plant and equipment	(4,734)	–
Operating profit	2,461,534	681,080
Add: Non-operating income	149,697	2,703
Less: Non-operating expenses	348,347	59,396
Total profit	2,262,884	624,387
Less: Income tax expenses/(credit)	(11,509)	(14,092)
Net Profit	2,274,393	638,479
Breakdown by continuity of operations		
Net profit from continuing operations	2,274,393	638,479

	2021	2020
Breakdown by attributable interests		
Net profit attributable to shareholders of the parent	2,274,393	638,479
Non-controlling interests	—	—
Other comprehensive income after tax	—	—
Total comprehensive income	<u>2,274,393</u>	<u>638,479</u>
Total comprehensive income attributable to shareholders of the parent	2,274,393	638,479
Total comprehensive income attributable to non-controlling interests	—	—
Earnings per share:		
Basic earnings per share (<i>RMB/share</i>)	<u>0.26</u>	<u>0.07</u>
Diluted earnings per share (<i>RMB/share</i>)	<u>0.26</u>	<u>0.07</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

Unit: RMB '000

2021

	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated losses	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current year	8,918,602	19,282,147	65,940	-	22,184	606,991	(8,725,517)	20,038,467
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	2,274,393	2,274,393
(II) shareholders' contribution and decrease in share capital								
1. Amount decreased during the year	-	-	(65,940)	-	-	-	-	65,940
(III) Special reserve								
1. Amount established during the year	-	-	-	-	30,460	-	-	30,460
2. Amount utilized during the year	-	-	-	-	(34,051)	-	-	(34,051)
III. Closing balance for the year	<u>8,918,602</u>	<u>19,282,147</u>	<u>-</u>	<u>-</u>	<u>18,593</u>	<u>606,991</u>	<u>(6,451,124)</u>	<u>22,375,209</u>

2020

	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated losses	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current year	8,918,602	19,282,147	62,314	-	14,573	606,991	(9,363,996)	19,396,003
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	638,479	638,479
(II) shareholders' contribution and decrease in share capital								
1. Amount increased during the year	-	-	84,334	-	-	-	-	(84,334)
2. Amount decreased during the year	-	-	(80,708)	-	-	-	-	80,708
(III) Special reserve								
1. Amount established during the year	-	-	-	-	29,564	-	-	29,564
2. Amount utilized during the year	-	-	-	-	(21,953)	-	-	(21,953)
III. Closing balance for the year	<u>8,918,602</u>	<u>19,282,147</u>	<u>65,940</u>	<u>-</u>	<u>22,184</u>	<u>606,991</u>	<u>(8,725,517)</u>	<u>20,038,467</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

Unit: RMB'000

	2021	2020
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	39,596,096	23,942,238
Receipts of taxes refunds	236,375	19,761
Other cash received relating to operating activities	152,632	387,232
Sub-total of cash inflows from operating activities	39,985,103	24,349,231
Cash paid for purchase of goods and services	31,838,827	20,923,245
Cash paid to and on behalf of employees	1,490,404	1,206,760
Cash paid for all types of taxes	610,989	605,904
Other cash paid relating to operating activities	423,452	275,557
Sub-total of cash outflows from operating activities	34,363,672	23,011,466
Net cash flows from operating activities	5,621,431	1,337,765
II. Cash flows from investing activities:		
Cash received from disposal of investments	–	433,000
Cash received from return on investments	1,209	6,803
Proceeds from disposal of items of property, plant and equipment	7,627	–
Other cash received relating to investing activities	60,762	–
Sub-total of cash inflows from investing activities	69,598	439,803

	2021	2020
Cash paid for acquisition of property plant and equipment, intangible assets and other long-term assets	4,891,325	223,158
Cash paid for acquisition of investments	600,000	84,236
Net cash payments for acquisition of subsidiaries and other business units	<u>114,361</u>	<u>843,522</u>
Sub-total of cash outflows from investing activities	<u>5,605,686</u>	<u>1,150,916</u>
Net cash flows from investing activities	<u>(5,536,088)</u>	<u>(711,113)</u>
III. Cash flows from financing activities:		
Cash received from borrowings	4,774,465	2,742,480
Other cash received relating to financing activities	<u>1,745,241</u>	<u>1,478,358</u>
Sub-total of cash inflows from financing activities	<u>6,519,706</u>	<u>4,220,838</u>
Cash repayments of borrowings	4,306,332	1,251,050
Cash paid for distribution of dividends or profits, and for interest expenses	345,740	203,007
Other cash paid relating to financing activities	<u>818,829</u>	<u>290,666</u>
Sub-total of cash outflows from financing activities	<u>5,470,901</u>	<u>1,744,723</u>
Net cash flows from financing activities	<u>1,048,805</u>	<u>2,476,115</u>
IV. Effect of changes in exchange rate on cash and cash equivalents	<u>—</u>	<u>—</u>
V. Net increase/(decrease) in cash and cash equivalents	<u>1,134,148</u>	<u>3,102,767</u>
Add: Cash and cash equivalents at the beginning of the year	<u>4,698,090</u>	<u>1,595,323</u>
VI. Cash and cash equivalents at the end of the year	<u><u>5,832,238</u></u>	<u><u>4,698,090</u></u>

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

As at 31 December 2021

Unit: RMB'000

Assets	31 December 2021	31 December 2020
Current assets:		
Cash and bank balances	6,410,521	4,925,021
Including: Cash in other financial institutions	19,443	949
Financial assets held for trading	600,000	–
Trade receivables	69,402	39,503
Receivables financing	1,536,724	2,062,046
Prepayments	833,678	516,190
Other receivables	180,813	17,181
Inventories	3,815,186	5,015,067
Other current assets	98,251	383,123
Total current assets	13,544,575	12,958,131
Non-current assets :		
Long-term equity investments	1,050,448	917,104
Other equity investments	5,000	5,000
Property, plant and equipment	20,791,030	15,705,686
Construction in progress	4,175,296	2,844,665
Right-of-use assets	518,318	4,095,211
Intangible assets	2,307,776	2,329,901
Long-term prepaid expenses	271	299,730
Deferred tax assets	121,492	87,653
Other non-current assets	102,289	87,173
Total non-current assets	29,071,920	26,372,123
Total assets	42,616,495	39,330,254

Liabilities and shareholders' equity	31 December 2021	31 Decembe r 2020
Current liabilities :		
Short-term borrowings	2,629,734	700,788
Notes payable	1,261,138	1,256,400
Trade payables	4,676,051	2,692,577
Contract liabilities	2,185,095	2,554,123
Employee benefits payable	108,454	280,322
Taxes payable	13,915	6,822
Other payables	2,690,068	1,565,471
Non-current liabilities due within one year	1,355,853	3,711,113
Other current liabilities	284,736	332,036
Total current liabilities	15,205,044	13,099,652
Non-current liabilities :		
Long-term borrowings	1,792,800	450,000
Bonds payable	498,434	995,150
Lease liabilities	408,135	3,022,612
Long-term payables	2,301,299	1,125,491
Long-term employee benefits payable	144,977	179,557
Deferred income	56,903	35,902
Other non-current liabilities	–	445,480
Total non-current liabilities	5,202,548	6,254,192
Total liabilities	20,407,592	19,353,844
Shareholders' equity :		
Share capital	8,918,602	8,918,602
Capital reserves	19,313,090	19,313,090
Less: Treasury shares	–	65,940
Special reserves	13,365	19,398
Surplus reserves	577,012	577,012
Unappropriated profit	(6,613,166)	(8,785,752)
Total shareholders' equity	22,208,903	19,976,410
Total liabilities and shareholders' equity	42,616,495	39,330,254

INCOME STATEMENT OF THE PARENT COMPANY

For the year ended 31 December 2021

Unit: RMB'000

	2021	2020
Revenue	39,871,115	24,486,676
Less: Cost of sales	36,199,393	22,731,657
Taxes and surcharges	152,251	168,062
Distribution and selling expenses	81,143	91,572
General and administrative expenses	474,042	580,949
Research and development costs	11,805	–
Finance expenses	354,752	112,667
Including: Interest expenses	468,909	251,069
Interest income	112,900	69,371
Add : Other income	14,886	175,565
Investment income	12,865	6,791
Including: Share of profits and losses of joint ventures and associates	8,133	–
Impairment losses on assets	(348,552)	(364,474)
Impairment losses on credit	(19,037)	–
Gain on disposal of items of property, plant and equipment	(4,734)	–
Operating profit	2,253,157	619,651
Add: Non-operating income	149,482	2,697
Less: Non-operating expenses	263,648	59,396
Total profit	2,138,991	562,952
Less: Income tax expenses/(credit)	(33,595)	(19,462)
Net Profit	2,172,586	582,414
Including: Net profit from continuing operations	2,172,586	582,414
Other comprehensive income after tax	–	–
Total comprehensive income	2,172,586	582,414

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

For the year ended 31 December 2021

Unit: RMB '000

2021

	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated profit	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current year	8,918,602	19,313,090	65,940	-	19,398	577,012	(8,785,752)	19,976,410
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	2,172,586	2,172,586
(II) shareholders' contribution and decrease in share capital								
1. Amount decreased during the year	-	-	(65,940)	-	-	-	-	65,940
(III) Special reserves								
1. Amount established during the year	-	-	-	-	26,400	-	-	26,400
2. Amount utilized during the year	-	-	-	-	(32,433)	-	-	(32,433)
III. Closing balance for the year	8,918,602	19,313,090	-	-	13,365	577,012	(6,613,166)	22,208,903

2020

	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated profit	Total shareholders' equity
I. Closing balances of the preceding year and opening balances of the current year	8,918,602	19,313,090	62,314	-	14,573	577,012	(9,368,166)	19,392,797
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	582,414	582,414
(II) shareholders' contribution and decrease in share capital								
1. Amount increased during the year	-	-	84,334	-	-	-	-	(84,334)
2. Amount decreased during the year	-	-	(80,708)	-	-	-	-	80,708
(III) Special reserves								
1. Amount established during the year	-	-	-	-	25,908	-	-	25,908
2. Amount utilized during the year	-	-	-	-	(21,083)	-	-	(21,083)
III. Closing balance for the year	8,918,602	19,313,090	65,940	-	19,398	577,012	(8,785,752)	19,976,410

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

For the year ended 31 December 2021

Unit: RMB'000

	2021	2020
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	39,592,838	23,939,650
Receipts of taxes refunds	193,192	—
Other cash received relating to operating activities	152,553	384,574
Sub-total of cash inflows from operating activities	39,938,583	24,324,224
Cash paid for purchase of goods and services	32,285,474	21,174,171
Cash paid to and on behalf of employees	1,427,542	1,190,067
Cash paid for all types of taxes	556,784	581,329
Other cash paid relating to operating activities	409,481	269,804
Sub-total of cash outflows from operating activities	34,679,281	23,215,371
Net cash flows from operating activities	5,259,302	1,108,853
II. Cash flows from investing activities:		
Cash received from disposal of investments	—	433,000
Cash received from return on investments	1,209	6,791
Proceeds from disposal of items of property, plant and equipment	7,627	—
Disposal of a subsidiary	4,732	—
Other cash received relating to investing activities	60,762	—
Sub-total of cash inflows from investing activities	74,330	439,791

	2021	2020
Cash paid for acquisition of property plant and equipment, intangible assets and other long-term assets	4,891,302	223,078
Cash paid for investments	600,000	84,236
Net cash payments for acquisition of subsidiaries and other business units	<u>114,420</u>	<u>849,610</u>
Sub-total of cash outflows from investing activities	<u>5,605,722</u>	<u>1,156,924</u>
Net cash flows from investing activities	<u>(5,531,392)</u>	<u>(717,133)</u>
III. Cash flows from financing activities:		
Cash received from borrowings	4,774,465	2,742,480
Other cash received relating to financing activities	<u>1,745,241</u>	<u>1,478,358</u>
Sub-total of cash inflows from financing activities	<u>6,519,706</u>	<u>4,220,838</u>
Cash repayments of borrowings	4,071,880	1,134,500
Cash paid for distribution of dividends or profits, and for interest expenses	314,265	185,858
Other cash paid relating to financing activities	<u>718,818</u>	<u>194,051</u>
Sub-total of cash outflows from financing activities	<u>5,104,963</u>	<u>1,514,409</u>
Net cash flows from financing activities	<u>1,414,743</u>	<u>2,706,429</u>
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>—</u>	<u>—</u>
V. Net increase in cash and cash equivalents	1,142,653	3,098,149
Add: Cash and cash equivalents at the beginning of the year	<u>4,689,461</u>	<u>1,591,312</u>
VI. Cash and cash equivalents at the end of the year	<u><u>5,832,114</u></u>	<u><u>4,689,461</u></u>

The annual report for the Company for the year ended 31 December 2021 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 2022.

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

Chongqing, the PRC, 31 March 2022

As at the date of this announcement, the Directors of the Company are: Mr. Zhang Wenxue (Executive Director), Mr. Xie Zhixiong (Executive Director), Mr. Zou An (Executive Director), Mr. Song De An (Non-executive Director), Mr. Lai Xiaomin (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Mr. Zhang Jinruo (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).