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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 2022

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://www.hkexnews.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 realized net loss attributable to the parent company for 2022 amounted to RMB1,038 million, and the unappropriated profit by parent company as at the end of 2022 amounted to RMB-7.651 billion. As the parent company recorded a negative unappropriated profit as at the end of 2022, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2022 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.

With rich production lines, the Company is able to provide a diversified portfolio of products. The products includes the varieties of medium plates, heavy plates, hot coil and long products. The Company's products are widely applied in various sectors, such as railways, airports, bridges, tunnels, ships, as well as urban high-rise buildings. 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 2022, the Company ranked No. 316 in Fortune China 500, ranked No. 289 in "China's Top 500 Manufacturing Enterprise in 2022", ranked No.20 in "Chongqing Top 100 Enterprises in 2022", and was awarded the honorary title of "AAA" Harmonious Labor Relations Enterprise Certification in Chongqing.

Chongqing Iron & Steel, which has integrated into China Baowu, is marching forward with a new attitude towards the goal of high-quality development. The Company is standing at a new starting point in history, facing a more complex and severe external environment, actively practices the production concept of "benchmarking and finding differences from excellent enterprises comprehensively, paying close attention to reducing costs and increasing efficiency, refining management, minimizing resource consumption" to push forward the construction of technical improvement projects and optimize the production organization. For the layout of green manufacturing and smart manufacturing, The Company launched a new round of development plan. With the mission of "Keeping the national strength of steel alive and build a green and wonderful life" and the development goal of "to create a high-quality green intelligent steel manufacturer with an annual output exceeding 10 million tons", the Company is committed to building "Beautiful Chongqing Iron & Steel, Pastoral Chongqing Iron & Steel" and becoming a leader in the steel industry in Southwest China, providing steel support for social development and contributing to the construction of Chengdu-Chongqing Twin Cities Economic Circle, the development of Yangtze River Economic Belt and the development strategy of western China.

The current steel production capacity is still in surplus, the situation that supply is greater than the demand has not been fundamentally changed, affected by the macroeconomic pressure, and the external market environment, the steel industry in 2022 began at high levels, and then declined, and steel prices sees a significant drop resulting from dual weakness in supply and demand pattern. At the same time, raw material prices have fallen but still at historically high levels, the steel industry profit margin continues to be declined. In the face of the crisis, the Company actively practiced the management concept of "benchmarking and finding differences from excellent enterprises comprehensively, paying close attention to reducing costs and increasing efficiency, refining management, minimizing resource consumption" to overcome the complex and severe external environment, vigorously tackle the challenges and effectively prevent the risks and dangers.

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

	2022	2021	Increase/ decrease from last year (%)	2020
Total assets	39,364,800	42,995,956	-8.45	39,949,856
Net assets attributable to shareholders of listed company	21,341,918	22,375,211	-4.62	20,038,467
Operating income	36,561,531	39,849,418	-8.25	24,489,935
Operating revenue net of business revenue not related to principal business and income lacking commercial substance	36,273,788	37,466,956	-3.18	24,349,157
Net profit attributable to shareholders of listed company	-1,019,409	2,274,395	-144.82	638,479
Net profit attributable to shareholders of listed company, netting non-recurring gains and losses	-1,086,273	2,453,197	-144.28	491,082
Net cash flow from operating activities	1,470,087	5,621,433	-73.85	1,337,765
Weighted average return on net assets (%)	-4.66	10.73	Decreased by 15.39 percentage points	3.24
Basic earnings per share (RMB/share)	-0.11	0.26	-142.31	0.07
Diluted earnings per share (RMB/share)	-0.11	0.26	-142.31	0.07

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	8,720,406	9,295,770	7,649,896	10,895,459
Net profit attributable to shareholders of listed company	442,999	73,417	-787,733	-748,092
Net profit attributable to shareholders of listed company, netting non- recurring gains and losses	457,210	89,409	-833,404	-799,488
Net cash flow from operating activities	278,512	657,999	165,311	368,265

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>)	173,386
At the end of the month before the annual report disclosure, the total number of ordinary shareholders (<i>accounts</i>)	170,436
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	Number of restricted stock held Ratio (%)	Pledged, marked or frozen			Nature of shareholders
				Stock Status	Quantity		
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	358,000	532,581,221	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
Baowu Group Zhongnan Steel Co., Ltd	224,831,743	224,831,743	2.52	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

The above shareholders' connected relationship or acting in concert

Chongqing Changshou Iron & Steel Company Limited is the controlling shareholder of the Company; Chongqing Changshou Iron & Steel Company Limited and Baowu Group Zhongnan Steel Co., Ltd. are under common control by China Baowu Steel Group Corporation Limited, a de facto controller of the Company, thus the two are related parties, and has no associated relationship with the other 8 shareholders and they are not parties 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

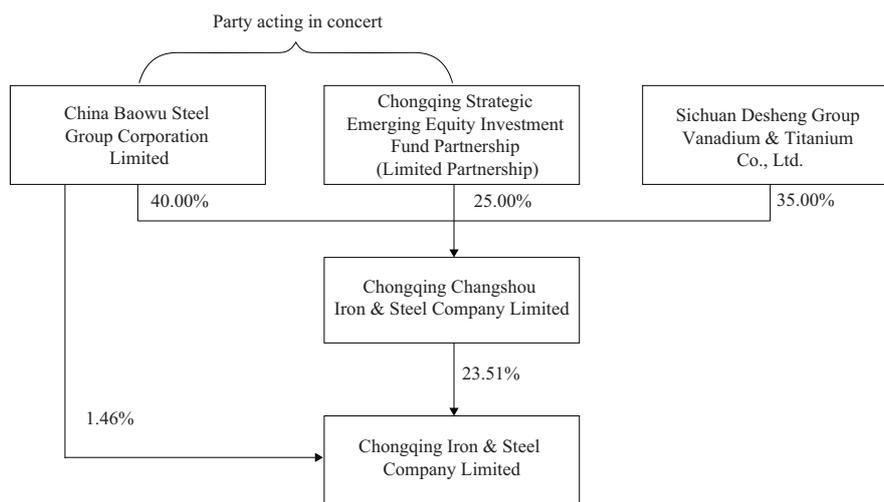
4.2 Chart of equity and the controlling relationship between the Company and the controlling shareholder

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 2)	20 Chongqing Iron & Steel MTN001B	102000391	19 March 2023	519,866	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	2022	2021	Change from the same period of last year to this period (%)
Gearing Ratio (%)	45.78	47.96	Decreased by 2.18 percentage points
Net profit after deducting non-recurring profit or loss	-1,086,273	2,453,197	-144.28
Debt-to-EBITDA ratio	0.06	0.37	-83.78
Interest coverage (times)	-3.04	5.65	-153.81

SECTION III SIGNIFICANT EVENTS

- 1 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

- 2 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 7.23 million tonnes of iron, 7.8735 million tonnes of steel and 8.3424 million tonnes of commodity billet, representing year-on-year growth of 7.20%, 10.65% and 16.57% respectively. The production of steel and commodity billet recorded the highest level in history. The sales volume of commodity billet was 8.3832 million tonnes, representing a year-on-year growth of 17.40%. The operating income was RMB36.562 billion, representing a year-on-year decrease of 8.25%, while the total profit was RMB-1,202 million, representing a year-on-year decrease of 153.12%.

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	36,561,531	39,849,418	-8.25
Operating cost	36,592,389	35,950,388	1.79
Selling expenses	74,204	81,143	-8.55
Administrative expenses	418,291	504,503	-17.09
Financial expenses	358,905	380,723	-5.73
R&D expenses	24,764	11,803	109.81
Net cash flow from operating activities	1,470,087	5,621,433	-73.85
Net cash flow from investing activities	-2,111,390	-5,536,091	N/A
Net cash flow from financing activities	-1,253,003	1,048,806	-219.47

Reasons for change in R&D expenses: The increase in R&D expenses was mainly due to the increase in R&D projects.

Reasons for change in net cash flow from operating activities: The decrease in net cash flow from operating activities was mainly due to the decrease in profit for the current period and decrease in operating payables due to current payment of usance letter of credit opened in the prior period.

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

(2) *Revenue and cost analysis*

In 2022, the Group realized a total profit of RMB-1,202 million, representing a year-on-year decrease of 153.12%, which was mainly due to the following reasons: the selling price of commodity billet amounted to RMB4,048/tonne, representing a year-on-year decrease of 12.98%, and commodity billet achieved an decrease of RMB5,019 million in profit affected by products structure; the sales volume of commodity billet reached 8.3832 million tonnes, representing a year-on-year increase of 17.40%, and achieving an increase of RMB324 million in profit; the increase in prices of coal, and the decrease in price of ore and scrap steel, thus resulting in an increase of RMB229 million in profit. Faced with the impact of the weak steel market and power restrictions during the peak season, the Company actively practiced the management concept of “ benchmarking and finding differences from excellent enterprises comprehensively, paying close attention to reducing costs and increasing efficiency” to continuously promote cost reduction plan, thus key technical and economic indicators continued to improve, resulting in an increase of RMB691 million in profit from cost reduction in the aspect of process. The Company insisted on reducing all expenses, thus resulting in an increase of RMB102 million in profit; others matters resulted in an increase of RMB303 million in profit in total; among which, the impairment of assets and loss from disposals amounted RMB239 million, representing a year-on-year increase of RMB311 million in profit; the decrease in carbon emission compliance costs, thus resulting in an increase of RMB137 million in profit. A restructuring gain of RMB145 million was recognized in 2021, thus resulting in a year-over-year decrease of RMB145 million in profit.

In 2022, the Group’s revenue from main business amounted to RMB36.274 billion, representing a year-on-year decrease of 3.18%. In particular, the income from sales of commodity billet products amounted to RMB33.932 billion, representing an increase of RMB714 million as compared with the corresponding period of last year. Firstly, the sales volume of commodity billet was 8.3832 million tonnes, representing a year-on-year increase of 17.40%, resulting in an increase in the sales income of RMB5,733 million; secondly, the sales price of commodity billet was RMB4,048/tonne, representing a year-on-year decrease of 12.99%, resulting in a decrease in the sales income of RMB5,019 million affected by products structure.

Composition of income from main businesses:

Type	2022		2021		Year-on-year increase in amount (%)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plate	11,202,787	30.89	10,266,002	27.40	9.13
Hot rolling	17,256,980	47.57	17,940,118	47.88	-3.81
Bars	1,633,885	4.50	68,289	0.18	2,292.60
Double high rods	2,854,994	7.87	-	-	-
Profiles	931,025	2.57	-	-	-
Commodity billets	52,305	0.14	4,943,792	13.20	-98.94
Subtotal	<u>33,931,976</u>	<u>93.54</u>	<u>33,218,201</u>	<u>88.66</u>	<u>2.09</u>
Other	<u>2,341,812</u>	<u>6.46</u>	<u>4,248,755</u>	<u>11.34</u>	<u>-44.88</u>
Total	<u>36,273,788</u>	<u>100.00</u>	<u>37,466,956</u>	<u>100.00</u>	<u>-3.18</u>

Sales prices of commodity billet:

Item	2022 Sales price (RMB/tonne)	2021 Sales price (RMB/tonne)	Year-on-year growth (%)	Income increase (RMB'000)
Plate	4,322	4,874	-11.33	-1,430,957
Hot rolling	3,994	4,659	-14.27	-2,873,416
Bars	3,606	5,159	-30.10	-703,672
Double high rods	3,748	-	-	-
Profiles	3,878	-	-	-
Billet	3,495	4,225	-17.28	-10,924
Total of commodity billet	<u>4,048</u>	<u>4,652</u>	<u>-12.98</u>	<u>-5,018,969</u>

Sales volumes of commodity billet:

Item	Sales volume for 2022 (Ten thousand tonnes)	Sales volume for 2021 (Ten thousand tonnes)	Year- on-year growth (%)	Income increase (RMB'000)
Plate	259.23	210.65	23.07	2,367,742
Hot rolling	432.09	385.06	12.21	2,190,278
Bars	45.31	1.32	3,332.58	2,269,268
Double high rods	76.19	-	-	2,854,994
Profiles	24.00	-	-	931,025
Commodity billets	1.50	117.02	-98.72	-4,880,563
Total of commodity billet	<u>838.32</u>	<u>714.05</u>	<u>17.40</u>	<u>5,732,744</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	36,273,788	36,354,478	-0.22	-3.18	8.21	Decreased by 10.55 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	33,931,976	33,992,172	-0.18	2.15	15.23	Decreased by 11.37 percentage points
Other	2,341,812	2,362,306	-0.88	-44.88	-42.31	Decreased by 4.50 percentage points

Main business by regions

By regions	Operating income	Operating cost	Gross margin (%)	Year-on-year increase/	Year-on-year increase/	Year-on-year increase/
				decrease in operating income (%)	decrease in operating cost (%)	decrease in gross margin (%)
Southwest	27,946,751	28,194,055	-0.88	13.72	27.36	Decreased by 10.80 percentage points
Other regions	8,327,037	8,160,423	2.00	-35.41	-28.78	Decreased by 9.13 percentage points

2) Table of production and sales volume analysis

Main products	Unit	Production volume	Sales volume	Inventory	Year-on-year increase/	Year-on-year increase/	Year-on-year increase/
					decrease in production volume (%)	decrease in sales volume (%)	decrease in inventory (%)
Plate	Ten thousand tonnes	256.44	259.23	3.42	22.43	23.06	5.88
Hot rolling	Ten thousand tonnes	428.95	432.09	2.75	12.24	12.21	-21.43
Bars	Ten thousand tonnes	46.72	45.31	1.44	2,271.57	3,332.58	14,300.00
Double high rods	Ten thousand tonnes	76.46	76.19	0.28	-	-	-
Profiles	Ten thousand tonnes	24.16	24.00	0.37	-	-	-
Commodity billets	Ten thousand tonnes	1.51	1.50	0.01	-98.76	-98.72	-99.85

3) Cost analysis table

Unit: RMB'000

By sectors

By sectors	Cost component	Amount for the period	Percentage	Amount for the corresponding period of last year	Percentage	Year- on-year change
			of the amount for the period in total costs (%)		of the amount for the corresponding period of last year in total costs (%)	
Iron and steel	Raw material	29,071,795	79.97	28,748,220	85.57	-5.60
Iron and steel	Energy	2,021,368	5.56	1,178,376	3.51	2.05
Iron and steel	Labor and other costs	5,261,315	14.47	3,668,663	10.92	3.55

By products

By products	Cost component	Amount for the period	Percentage	Amount for the corresponding period of last year	Percentage	Year- on-year change
			of the amount for the period in total costs (%)		of the amount for the corresponding period of last year in total costs (%)	
Commodity billet	Raw material and energy costs	33,992,172	93.50	29,500,477	87.81	5.69
Other	Raw material and energy costs	2,362,306	6.50	4,094,783	12.19	-5.69

4) Major buyers and major suppliers

A. Major customers of the Company

The sales attributable to the five largest buyers amounted to RMB11,069,057,000, representing 30.28% of the total sales for the year, of which the sales attributable to related parties amounted to RMB4,615,779,000, representing 12.62% of the total sales for the year.

B. Major suppliers of the Company

Applicable Not applicable

Purchases from the top five suppliers amounted to RMB10,775,543,000, accounting for 29.45% of the total purchases for the year, of which purchases from related parties amounted to RMB10,775,543,000, accounting for 29.45% 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	74,204	81,143	-8.55
Administrative expenses	418,291	504,503	-17.09
Finance costs	358,905	380,723	-5.73
Research and development expenses	24,764	11,803	109.81

(4) *R&D investment*

1) Table of R&D investment

Unit: RMB' 000

Expensed R&D investment for the period	1,359,520
Capitalised R&D investment for the period	–
Total R&D investment	1,359,520
Percentage of total R&D investment to revenue (%)	3.72
Percentage of capitalized R&D investment (%)	–

2) R&D personnel

Number of R&D personnel of the Company	822
Percentage of R&D personnel in the total number of employees of the Company (%)	13.23

Educational structure of R&D personnel

Educational category	Number
Doctoral graduate	3
Master's graduate	68
Undergraduate	509
Junior college	242
High school and below	0

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)	319
40-50 years old (including 40 years old, excluding 50 years old)	260
50-60 years old (including 50 years old, excluding 60 years old)	215
60 and above	0

(5) *Cash flow*

Unit: RMB' 000

Item	2022	2021	Main reasons for changes
Net cash flow from operating activities	1,470,087	5,621,433	Decrease in profit for the current period and decrease in operating payables due to current payment of usance letter of credit opened in the prior period
Net cash flow from investing activities	-2,111,390	-5,536,091	Decrease in fixed assets investment projects
Net cash flow from financing activities	-1,253,003	1,048,806	Decrease in new borrowings for the current period
Net increase in cash and cash equivalents	-1,894,306	1,134,148	–

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	3,995,676	10.15	6,410,645	14.91	-37.67	Repayment of borrowings
Financial assets held for trading	-	-	600,000	1.40	-100.00	Redemption of wealth management products
Trade receivables	38,789	0.10	53,885	0.13	-28.02	-
Receivables financing	799,687	2.03	1,536,724	3.57	-47.96	Bill discounting
Prepayments	845,433	2.15	756,710	1.76	11.72	-
Other receivables	34,846	0.09	52,279	0.12	-33.35	Recovery of cross-period settlement amount
Inventories	2,592,757	6.59	3,840,198	8.93	-32.48	Optimize inventory structure to reduce capital usage
Other current assets	207,035	0.53	100,221	0.23	106.58	Adjustment of income tax paid in advance
Long-term equity investments	111,123	0.28	58,160	0.14	91.06	Capital injection of Baowu Jingcheng and Baowu Environment
Other equity investments	-	-	5,000	0.01	-100.00	Changes in fair value

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
Property, plant and equipment	26,281,780	66.76	21,891,662	50.92	20.05	Provisional valuation of completion of construction project to be fixed
Construction in progress	894,155	2.27	4,174,369	9.71	-78.58	Provisional valuation of completion of construction project to be fixed
Right-of-use assets	388,739	0.99	518,318	1.21	-25.00	-
Intangible assets	2,514,368	6.39	2,384,882	5.55	5.43	-
Goodwill	328,055	0.83	328,055	0.76	-	-
Long-term expenses to be amortized	237	-	271	-	-12.55	-
Deferred income tax assets	327,989	0.83	142,568	0.33	130.06	Increase in deductible losses
Other non-current assets	4,132	0.01	142,009	0.33	-97.09	Decrease in advance payment related to fixed investment
Short-term borrowings	1,106,441	2.81	2,629,734	6.12	-57.93	Repayment of borrowings
Bills payable	609,368	1.55	1,261,138	2.93	-51.68	Discharge of bills upon maturity
Trade payables	3,115,967	7.92	4,567,986	10.62	-31.79	Reclassification of engineering tongbao
Contract liabilities	2,645,569	6.72	2,185,095	5.08	21.07	-
Employee benefits payable	144,905	0.37	112,844	0.26	28.41	-

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
Tax payable	22,974	0.06	16,744	0.04	37.21	Increase in VAT due from subsidiaries
Other payables	2,720,897	6.91	2,770,509	6.44	-1.79	-
Non-current liabilities due within one year	2,352,484	5.98	1,582,635	3.68	48.64	Increase in reclassification of long-term loans due within one year
Other current liabilities	343,924	0.87	284,736	0.66	20.79	-
Long-term borrowings	2,751,945	6.99	1,792,800	4.17	53.50	New Borrowings
Bonds payable	-	-	498,434	1.16	-100.00	Reclassification upon maturity within one year
Lease liabilities	278,353	0.71	408,135	0.95	-31.80	Payments for asset leases
Long-term payables	1,730,677	4.40	2,301,299	5.35	-24.80	-
Long-term employee benefits payable	107,663	0.27	144,977	0.34	-25.74	-
Estimated liabilities	5,540	0.01	-	-	-	-
Deferred income	79,743	0.20	56,903	0.13	40.14	New assets-related government grants
Deferred income tax liabilities	6,431	0.02	6,778	0.02	-5.12	-

(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	57,743	578,407	As at 31 December 2022, the Group's cash and bank balances with a carrying amount of RMB57,743,000 (31 December 2021: RMB578,407,000) were restricted for use in issuing bank acceptance bills and letters of credit.
Notes receivables	100,120	317,202	As at 31 December 2022, the Group pledged bank acceptance notes with a carrying amount of RMB100,120,000 (31 December 2021: RMB317,202,000) to issue bank acceptance bills.
Property, plant and equipment	3,205,875	8,226,586	As at 31 December 2022, the Group's houses and buildings with a carrying amount of RMB94,399,000 (31 December 2021: RMB797,066,000), machinery and equipment with a carrying amount of RMB3,111,476,000 (31 December 2021: RMB7,429,520,000) were pledged to secure bank borrowings and working capital loan facilities.

Item	Closing carrying amount	Opening carrying amount	Reason for restriction
Intangible assets	289,098	783,824	As at 31 December 2022, the land use rights with a carrying amount of RMB289,098,000 (31 December 2021: RMB783,824,000) were pledged to secure bank borrowings. The amortisation of relevant land use rights for 2022 was RMB8,172,000 (2021: RMB21,936,000).
Long-term equity investments	837,610	837,610	As at 31 December 2022, the Group's equity interests with a carrying amount of RMB837,610,000 (31 December 2021: RMB837,610,000) were pledged to secure working capital loans of RMB335,000,000 (31 December 2021: RMB450,000,000).
Total	4,490,446	10,743,629	-

4 Management Discussion and Analysis on Future Development of the Company

4.1 Industry competition pattern and development trend

The “14th Five-Year Plan” marks a critical period for China to achieve its carbon peak and carbon neutral goals, and an important stage for the high-quality development of the steel industry. From a general perspective, the steel industry during the “14th Five-Year Plan” is still in the development stage combined with supply-side structural reform and demand-side management, and there are still problems in the steel industry, such as the weak capacity of resource security and the low quality of products.

According to the National Development and Reform Commission, during the “14th Five-Year Plan” period, China will further promote the supply-side structural reform in steel industry, adhering to the policy of “consolidate, strengthen, enhance and facilitate”, to continuously improve the policy system, strengthen policy guidance, optimize the business environment and innovative management and other measures, achieving significant results. Specifically: (1) steel industry production in China continues to grow; (2) steel production in China accounts for a growing share of the world’s total steel production; (3) the profitability of steel enterprises continues to increase; (4) the industrial layout was further optimized.

In the future, steel industry in China will take the construction of a new development pattern of “double cycle” as the main line, comprehensively deepen the supply-side structural reform, and accelerate the promotion from a large producer to a world-class steel power; at the same time, it will strengthen environmental protection and governance and ecological civilization construction, and promote green, low-carbon, high-quality development; focus on improving quality and efficiency, and strengthen industrial upgrading and technological innovation capacity building. With global warming and increasing carbon emissions, the “dual carbon” target has become the general consensus of the international community.

As a basic industry of the national economy, the steel industry is an important industry supporting the development of the national economy and national defense construction, and the steel products it produced can provide a large amount of qualified raw materials for industrial production to ensure that industrial production is carried out in an orderly manner. The requirements of the Development and Reform Commission indicate that the country will adjust the structure of the

steel industry and embark on the development path of “extensive” to “refinement” change. The reduction of crude steel production is only a means, but the ultimate goal is to allow steel producers to optimize the adjustment of the product structure in line with changes in downstream demand, and the profits of steel enterprises will gradually increase with the increase in high value-added product lines.

4.2 Development strategy of the Company

The Company has made the layout for green manufacturing and smart manufacturing, launched a new round of development plan. With the mission of “Keeping the national strength of steel alive and build a green and wonderful life” and the development goal of “to create a high-quality green intelligent steel manufacturer with an annual output exceeding 10 million tons”, the Company is committed to building “Beautiful Chongqing Iron & Steel, Pastoral Chongqing Iron & Steel” and becoming a leader in the steel industry in Southwest China and providing steel support for social 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 be guided by the 20th National Congress of CPC, the spirit of the Central Economic Work Conference and Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, continue to implement the spirit of the important speech and instructions of General Secretary Xi Jinping on the investigation of China Baowu. And under the leadership of the Board of Directors and the Party Committee of the Company, the Company will firmly follow the three-year capacity enhancement target, comprehensively construct the foundation of the “four beams and eight pillars” of high-quality development, and resolutely complete various tasks with a strict and demanding spirit and a spirit of perseverance.

4.3 Business Plan

In 2023, the trend of steel industry will still not be optimistic. Facing the difficult task and challenges, the Company will continue to focus on the visionary goal of “to become a leader in the steel industry in Southwest China”, with the ultimate management, open-mindedness and high commitment, comprehensively identify the differences, pay close attention to cost reduction and efficiency improvement, continuously enhance competitiveness, and help the Company to develop in a high-quality way. In 2023, the Company plans to achieve iron production of 9.3 million tons, steel production of 11 million tons, material production of 10.6 million tons and operating revenue of RMB 41.6 billion. Based on the business objectives, the Company will focus on the following aspects: (1) improving system capabilities, promoting smart safety, and achieving intrinsic safety; (2) 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; (3) insisting on value-driven, pursuing the ultimate indicators and improving manufacturing capacity; (4) insisting on strengthening the foundation, focusing on core business and stabilizing equipment status; (5) 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; (6) building a highly efficient technical marketing team with the best service in the southwest region; (7) strengthening regional leadership, promoting ecological construction, and striving to create a green and low-carbon steel enterprise; (8) comprehensively deepening reform, streamlining the organization, and promoting innovative development; (9) focusing on standardized operations, deepening job performance, and effectively improving the basic management level of the grassroots; (10) improving the cultivation mechanism, strengthening technical skills, and building a solid foundation for talents; (11) insisting on performance-driven development, strengthening risk prevention and control, and promoting common development.

4.4 Potential risks

- (1) The Company faces certain risks of fluctuations in raw material prices. The Company acquires iron ore mainly through import, which is greatly affected by fluctuations in prices of bulk raw materials. Since 2021, international iron ore prices have risen significantly, increasing the pressure on the Company to control costs.

The Company's response measures: to promote the overall improvement of the capacity of the raw material procurement system. First, further enhance the ability to control resources to support cost reduction. The Company will continue to expand resource channels, optimize the structure and layout of resources, optimize logistics methods, innovate business models, dig cost improvement points from the source of business, and promote cost reduction on a regular and systematic basis; Secondly, further strengthen risk control capabilities and effectively respond to market changes. In 2023, we will further strengthen our crisis awareness and risk consciousness, be vigilant to the downside market risks, firmly implement the "extreme inventory", establish a more flexible and differentiated control system and market-oriented operation mechanism, practically strengthen the toughness and core competitiveness of the supply chain, and ensure that the procurement is stable and progressive.

- (2) The Company's steel production is restricted under the pressure of environmental protection. The Company started late in the transformation of efficiency and steel production capacity was significantly increased in 2021. However, the Company's crude steel production is limited by policies such as the dual control of production capacity and output and the restriction of "two highs" by the Ministry of Ecology and Environment, and the release of steel production capacity is not good.

The Company's response measures: In 2023, the Company will accelerate the transformation and upgrade, speed up and increase efficiency in the year of high-quality development battle, adhere to value-driven, the pursuit of the ultimate indicators, improve manufacturing capacity, adhere to the first calculation before doing, calculating while doing, and strive to exceed the manufacturing capacity of 10 million tonnes.

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 2022.

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, namely 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 2022 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 2022, 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
Zou An	the Company	Director, Senior Vice President, Chief Financial Officer, Secretary to the Board, General Counsel	Beneficial interest	1,684,600 (Long position)	0.0201	0.0189	A share
Zhou Yaping	the Company	Employee Supervisor	Beneficial interest	755,400 (Long position)	0.0058	0.0054	A share
Yao Xiaohu	the Company	Employee Supervisor	Beneficial interest	919,400 (Long position)	0.0061	0.0057	A share
Xie Chao	the Company	Senior Vice President	Beneficial interest	1,057,400 (Long position)	0.0126	0.0119	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 2022, the circulating market capitalization of H Shares of the Company (circulating H Share capital x closing price of H Shares (HK\$0.84)) was approximately HK\$452 million and the circulating market capitalization of A Shares of the Company (circulating A Share capital x closing price of A Shares (RMB1.58)) was approximately RMB13.241 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 realized net loss attributable to the parent company for 2022 amounted to RMB1,038 million, and the unappropriated profit by the parent company as at the end of 2022 amounted to RMB-7,651 billion. As the parent company recorded a negative unappropriated profit as at the end of 2022, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2022 pursuant to Article 250 of the Articles of Association.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Unit: RMB

Assets	31 December 2022	31 December 2021
Current assets:		
Cash and bank balances	3,995,675,679.90	6,410,645,184.21
Including: Cash in other financial institutions	1,228,168,091.66	19,442,871.11
Financial assets held for trading	–	600,000,000.00
Trade receivables	38,789,243.44	53,885,153.18
Receivables financing	799,686,555.46	1,536,724,383.19
Prepayments	845,432,996.80	756,709,707.71
Other receivables	34,846,186.58	52,279,270.02
Inventories	2,592,756,838.00	3,840,198,176.45
Other current assets	207,034,907.16	100,220,762.10
Total current assets	8,514,222,407.34	13,350,662,636.86
Non-current assets :		
Long-term equity investments	111,123,058.00	58,159,798.61
Other equity investments	–	5,000,000.00
Property, plant and equipment	26,281,780,445.68	21,891,662,329.00
Construction in progress	894,154,698.17	4,174,368,877.56
Right-of-use assets	388,738,725.76	518,318,301.29
Intangible assets	2,514,367,788.86	2,384,881,729.89
Goodwill	328,054,770.34	328,054,770.34
Long-term prepaid expenses	237,486.45	271,413.33
Deferred tax assets	327,989,203.45	142,567,923.88
Other non-current assets	4,131,818.97	142,008,629.18
Total non-current assets	30,850,577,995.68	29,645,293,773.08
Total assets	39,364,800,403.02	42,995,956,409.94

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

Unit: RMB

Liabilities and shareholders' equity	31 December 2022	31 December 2021
Current liabilities		
Short-term borrowings	1,106,441,170.84	2,629,733,817.52
Notes payable	609,367,940.00	1,261,138,336.43
Trade payables	3,115,966,628.22	4,567,985,507.84
Contract liabilities	2,645,569,472.47	2,185,095,400.45
Employee benefits payable	144,905,310.06	112,843,505.59
Taxes payable	22,974,352.75	16,743,533.05
Other payables	2,720,896,934.96	2,770,508,515.09
Non-current liabilities due within one year	2,352,484,115.99	1,582,635,108.56
Other current liabilities	343,924,031.42	284,735,634.39
Total current liabilities	13,062,529,956.71	15,411,419,358.92
Non-current liabilities :		
Long-term borrowings	2,751,945,100.00	1,792,800,000.00
Bonds payable	–	498,433,703.78
Lease liabilities	278,352,825.03	408,135,050.59
Long-term payables	1,730,677,459.72	2,301,299,355.45
Long-term employee benefits payable	107,663,455.08	144,977,337.75
Provision	5,540,444.09	–
Deferred income	79,742,929.39	56,902,583.91
Deferred tax liabilities	6,430,532.64	6,778,309.33
Total non-current liabilities	4,960,352,745.95	5,209,326,340.81
Total liabilities	18,022,882,702.66	20,620,745,699.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

Unit: RMB

Liabilities and shareholders' equity	31 December 2022	31 December 2021
Shareholders' equity :		
Share capital	8,918,602,267.00	8,918,602,267.00
Capital reserves	19,282,146,606.55	19,282,146,606.55
Other Comprehensive Income	(2,664,805.29)	–
Special reserves	7,374,566.33	18,593,416.55
Surplus reserves	606,990,553.42	606,990,553.42
Unappropriated profit	(7,470,531,487.65)	(6,451,122,133.31)
Total shareholders' equity	21,341,917,700.36	22,375,210,710.21
Total liabilities and shareholders' equity	39,364,800,403.02	42,995,956,409.94

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

Unit: RMB

	2022	2021
Revenue	36,561,531,209.23	39,849,418,316.92
Less: Cost of sales	36,592,389,251.37	35,950,387,853.56
Taxes and surcharges	148,265,437.33	161,626,014.72
Distribution and selling expenses	74,204,262.56	81,143,070.80
General and administrative expenses	418,291,225.05	504,503,351.73
Research and development costs	24,763,704.07	11,802,669.84
Finance expenses	358,904,759.89	380,722,585.09
Including: Interest expenses	297,357,722.61	486,272,752.81
Interest income	58,831,730.38	112,938,538.47
Add: Other income	96,402,921.87	58,297,889.07
Investment income	32,670,179.29	16,342,823.16
Including: Share of profits and losses of joint ventures and associates	8,586,343.64	8,132,826.55
Impairment losses on credit	9,483,591.39	(19,051,775.83)
Impairment losses on assets(250,697,833.74)	(348,552,145.83)	(348,552,145.83)
Gain/(Loss) on disposal of items of property, plant and equipment	1,675,134.36	(4,734,013.82)
Operating profit/(loss)	(1,165,753,437.87)	2,461,535,547.93
Add: Non-operating income	2,522,782.84	149,697,376.81
Less: Non-operating expenses	38,664,472.89	348,347,366.66
Total profit/(loss)	(1,201,895,127.92)	2,262,885,558.08
Less: Income tax expenses/(credit)	(182,485,773.58)	(11,509,003.54)
Net Profit/(Loss)	(1,019,409,354.34)	2,274,394,561.62
Breakdown by continuity of operations		
Net profit/(loss) from continuing operations	(1,019,409,354.34)	2,274,394,561.62

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2022

Unit: RMB

	2022	2021
Breakdown by attributable interests		
Net profit/(loss) attributable to shareholders of the parent	(1,019,409,354.34)	2,274,394,561.62
Non-controlling interests	<u>–</u>	<u>–</u>
Other comprehensive income/(loss) after tax	(2,664,805.29)	–
Other comprehensive income/(loss) after tax attributable to shareholders of the parent	(2,664,805.29)	–
Items that will not be reclassified to profit or loss		
Remeasurements of the net defined benefit liability	1,585,194.71	–
Changes in fair value of equity investments at fair value through other comprehensive income	(4,250,000.00)	–
Other comprehensive income/(loss) after tax attributable to non-controlling interests	<u>–</u>	<u>–</u>
Total comprehensive income	<u>(1,022,074,159.63)</u>	<u>2,274,394,561.62</u>
Including:		
Total comprehensive income/(loss) attributable to shareholders of the parent	(1,022,074,159.63)	2,274,394,561.62
Total comprehensive income/(loss) attributable to non-controlling interests	<u>–</u>	<u>–</u>
Earnings per share:		
Basic earnings/(loss) per share (RMB/share)	<u>(0.11)</u>	<u>0.26</u>
Diluted earnings/(loss) per share (RMB/share)	<u>(0.11)</u>	<u>0.26</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

Unit: RMB

	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	8,918,602,267.00	19,282,146,606.55	-	-	18,593,416.55	606,990,553.42	(6,451,122,133.31)	22,375,210,710.21
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	(2,664,805.29)	-	-	(1,019,409,354.34)	(1,022,074,159.63)
(II) Special reserve								
1. Amount established during the year	-	-	-	-	55,971,177.10	-	-	55,971,177.10
2. Amount utilized during the year	-	-	-	-	(67,190,027.32)	-	-	(67,190,027.32)
III. Closing balance for the year	8,918,602,267.00	19,282,146,606.55	-	(2,664,805.29)	7,374,566.33	606,990,553.42	(7,470,531,487.65)	21,341,917,700.36

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2022

Unit: RMB

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	8,918,602,267.00	19,282,146,606.55	65,939,636.53	-	22,184,305.43	606,990,553.42	(8,725,516,694.93)	20,038,467,400.94
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	2,274,394,561.62	2,274,394,561.62
(II) shareholders' contribution and decrease in share capital								
1 Amount decreased during the year	-	-	(65,939,636.53)	-	-	-	-	65,939,636.53
(III) Special reserve								
1. Amount established during the year	-	-	-	-	30,460,231.07	-	-	30,460,231.07
2. Amount utilized during the year	-	-	-	(34,051,119.95)	-	-	-	(34,051,119.95)
III. Closing balance for the year	8,918,602,267.00	19,282,146,606.55	-	-	18,593,416.55	606,990,553.42	(6,451,122,133.31)	22,375,210,710.21

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Unit: RMB

	2022 年	2021 年
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	39,071,555,618.70	39,596,095,584.13
Receipts of taxes refunds	16,923,780.52	236,374,765.06
Other cash received relating to operating activities	197,862,313.90	152,632,456.26
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	39,286,341,713.12	39,985,102,805.45
	<hr/>	<hr/>
Cash paid for purchase of goods and services	35,557,135,538.78	31,838,824,507.55
Cash paid to and on behalf of employees	1,524,884,039.14	1,490,403,710.15
Cash paid for all types of taxes	450,085,368.00	610,989,186.79
Other cash paid relating to operating activities	284,149,708.37	423,452,033.77
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	37,816,254,654.29	34,363,669,438.26
	<hr/>	<hr/>
Net cash flows from operating activities	1,470,087,058.83	5,621,433,367.19

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2022

Unit: RMB

	2022年	2021年
II. Cash flows from investing activities:		
Cash received from disposal of investments	600,000,000.00	–
Cash received from return on investments	28,606,919.90	1,209,949.03
Proceeds from disposal of items of property, plant and equipment	1,675,134.34	7,626,241.96
Other cash received relating to investing activities	–	60,761,852.68
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	630,282,054.24	69,598,043.67
	<hr/>	<hr/>
Cash paid for acquisition of property plant and equipment, intangible assets and other long-term assets	2,692,771,888.13	4,891,327,497.22
Cash paid for acquisition of investments	48,900,000.00	600,000,000.00
Net cash payments for acquisition of subsidiaries and other business units	–	114,361,942.33
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	2,741,671,888.13	5,605,689,439.55
	<hr/>	<hr/>
Net cash flows from investing activities	<u>(2,111,389,833.89)</u>	<u>(5,536,091,395.88)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2022

Unit: RMB

	2022年	2021年
III. Cash flows from financing activities:		
Cash received from borrowings	3,908,109,238.28	4,774,464,840.43
Other cash received relating to financing activities	–	1,745,241,443.12
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	3,908,109,238.28	6,519,706,283.55
	<hr/>	<hr/>
Cash repayments of borrowings	4,028,011,234.83	4,306,332,200.00
Cash paid for distribution of dividends or profits, and for interest expenses	299,675,308.17	345,740,300.09
Other cash paid relating to financing activities	833,425,219.48	818,827,401.39
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	5,161,111,762.48	5,470,899,901.48
	<hr/>	<hr/>
Net cash flows from financing activities	(1,253,002,524.20)	1,048,806,382.07
	<hr/>	<hr/>
IV. Effect of changes in exchange rate on cash and cash equivalents	–	–
	<hr/>	<hr/>
V. Net increase /(decrease) in cash and cash equivalents	(1,894,305,299.26)	1,134,148,353.38
Add: Cash and cash equivalents at the beginning of the year	5,832,238,132.54	4,698,089,779.16
	<hr/>	<hr/>
VI. Cash and cash equivalents at the end of the year	3,937,932,833.28	5,832,238,132.54
	<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

As at 31 December 2022

Unit: RMB

Assets	31 December 2022	31 December 2021
Current assets:		
Cash and bank balances	3,994,801,171.12	6,410,521,467.25
Including: Cash in other financial institutions	1,228,168,091.66	19,442,871.11
Financial assets held for trading	–	600,000,000.00
Trade receivables	181,294,862.78	69,401,651.93
Receivables financing	799,686,555.46	1,536,724,383.19
Prepayments	839,401,303.56	833,677,810.06
Other receivables	133,345,845.02	180,813,449.46
Inventories	2,574,096,616.38	3,815,185,890.22
Other current assets	189,302,364.07	98,251,186.20
	8,711,928,718.39	13,544,575,838.31
Non-current assets :		
Long-term equity investments	1,103,411,052.68	1,050,447,793.29
Other equity investments	–	5,000,000.00
Property, plant and equipment	25,255,209,027.99	20,791,029,563.16
Construction in progress	894,154,698.17	4,175,296,076.65
Right-of-use assets	388,738,725.76	518,318,301.29
Intangible assets	2,443,935,942.71	2,307,775,706.53
Long-term prepaid expenses	237,486.45	271,413.33
Deferred tax assets	292,699,314.69	121,492,158.92
Other non-current assets	4,131,818.97	102,288,655.61
	30,382,518,067.42	29,071,919,668.78
Total non-current assets	30,382,518,067.42	29,071,919,668.78
Total assets	39,094,446,785.81	42,616,495,507.09

**STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY
(CONTINUED)**

As at 31 December 2022

Unit: RMB

Liabilities and shareholders' equity	31 December 2022	31 December 2021
Current liabilities :		
Short-term borrowings	1,106,441,170.84	2,629,733,817.52
Notes payable	609,367,940.00	1,261,138,336.43
Trade payables	3,100,744,371.99	4,676,050,782.12
Contract liabilities	2,645,569,472.47	2,185,095,400.45
Employee benefits payable	140,976,377.94	108,453,998.99
Taxes payable	16,713,145.35	13,915,058.90
Other payables	2,670,230,920.49	2,690,067,288.67
Non-current liabilities due within one year	2,352,484,115.99	1,355,853,227.42
Other current liabilities	343,924,031.42	284,735,634.39
	<hr/>	<hr/>
Total current liabilities	12,986,451,546.49	15,205,043,544.89
	<hr/>	<hr/>
Non-current liabilities :		
Long-term borrowings	2,751,945,100.00	1,792,800,000.00
Bonds payable	–	498,433,703.78
Lease liabilities	278,352,825.03	408,135,050.59
Long-term payables	1,730,677,459.72	2,301,299,355.45
Long-term employee benefits payable	106,550,937.54	144,977,337.75
Provision	5,540,444.09	–
Deferred income	79,742,929.39	56,902,583.91
	<hr/>	<hr/>
Total non-current liabilities	4,952,809,695.77	5,202,548,031.48
	<hr/>	<hr/>
Total liabilities	17,939,261,242.26	20,407,591,576.37
	<hr/>	<hr/>

**STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY
(CONTINUED)**

As at 31 December 2022

Unit: RMB

Liabilities and shareholders' equity	31 December 2022	31 December 2021
Shareholders' equity :		
Share capital	8,918,602,267.00	8,918,602,267.00
Capital reserves	19,313,089,864.55	19,313,089,864.55
Other Comprehensive Income	(2,664,805.29)	–
Special reserves	–	13,365,206.21
Surplus reserves	577,012,986.42	577,012,986.42
Unappropriated profit	(7,650,854,769.13)	(6,613,166,393.46)
Total shareholders' equity	<u>21,155,185,543.55</u>	<u>22,208,903,930.72</u>
Total liabilities and shareholders' equity	<u><u>39,094,446,785.81</u></u>	<u><u>42,616,495,507.09</u></u>

INCOME STATEMENT OF THE PARENT COMPANY

For the year ended 31 December 2022

Unit: RMB

	2022 年	2021 年
Revenue	36,619,144,893.87	39,871,114,603.48
Less: Cost of sales	36,669,817,001.21	36,199,393,322.61
Taxes and surcharges	135,387,209.21	152,251,265.60
Distribution and selling expenses	74,204,262.56	81,143,070.80
General and administrative expenses	402,541,220.85	474,043,283.98
Research and development costs	21,736,831.31	11,802,669.84
Finance expenses	352,739,893.72	354,751,519.65
Including: Interest expenses	291,139,887.16	468,908,824.10
Interest income	58,721,783.30	112,900,043.77
Add: Other income	54,955,686.52	14,885,759.52
Investment income	32,670,179.29	12,865,211.44
Including: Share of profits and losses of joint ventures and associates	8,586,343.64	8,132,826.55
Impairment losses on assets	9,529,661.39	(19,036,690.83)
Impairment losses on credit	(243,548,875.27)	(348,552,145.83)
Gain/(Loss) on disposal of items of property, plant and equipment	1,675,134.36	(4,734,013.82)
Operating profit/(loss)	(1,181,999,738.70)	2,253,157,591.48
Add: Non-operating income	2,447,963.21	149,481,788.78
Less: Non-operating expenses	28,593,755.95	263,648,426.01
Total profit/(loss)	(1,208,145,531.44)	2,138,990,954.25
Less: Income tax expenses/(credit)	(170,457,155.77)	(33,595,160.77)
Net Profit/(Loss)	<u>(1,037,688,375.67)</u>	<u>2,172,586,115.02</u>
Including: Net profit/(loss) from continuing operations	(1,037,688,375.67)	2,172,586,115.02
Other comprehensive income/(loss) after tax	(2,664,805.29)	–
Items that will not be reclassified to profit or loss		
Remeasurements of the net defined benefit liability	1,585,194.71	–
Changes in fair value of equity investments at fair value through other comprehensive income	(4,250,000.00)	–
Total comprehensive income	<u>(1,040,353,180.96)</u>	<u>2,172,586,115.02</u>

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY
For the year ended 31 December 2022

Unit: RMB

	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	8,918,602,267.00	19,313,089,864.55	-	-	13,365,206.21	577,012,986.42	(6,613,166,393.46)	22,208,903,930.72
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	(2,664,805.29)	-	-	(1,037,688,375.67)	(1,040,353,180.96)
(II) Special reserve								
1. Amount established during the year	-	-	-	-	50,374,773.41	-	-	50,374,773.41
2. Amount utilized during the year	-	-	-	-	(63,739,979.62)	-	-	(63,739,979.62)
III. Closing balance for the year	8,918,602,267.00	19,313,089,864.55	-	(2,664,805.29)	-	577,012,986.42	(7,650,854,769.13)	21,155,185,543.55

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY (CONTINUED)
For the year ended 31 December 2022

2021

Unit: RMB

	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	8,918,602,267.00	19,313,089,864.55	65,939,636.53	-	19,398,461.42	577,012,986.42	(8,785,752,508.48)	19,976,411,434.38
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	2,172,586,115.02	2,172,586,115.02
(II) shareholders' contribution and decrease in share capital								
1 Amount decreased during the year	-	-	(65,939,636.53)	-	-	-	-	65,939,636.53
(III) Special reserve								
1. Amount established during the year	-	-	-	-	26,400,000.00	-	-	26,400,000.00
2. Amount utilized during the year	-	-	-	-	(32,433,255.21)	-	-	(32,433,255.21)
III. Closing balance for the year	8,918,602,267.00	19,313,089,864.55	-	-	13,365,206.21	577,012,986.42	(6,613,166,393.46)	22,208,903,930.72

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

For the year ended 31 December 2022

Unit: RMB

	2022	2021
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	39,072,101,834.79	39,592,837,939.16
Receipts of taxes refunds	–	193,191,916.68
Other cash received relating to operating activities	196,846,659.11	152,554,403.12
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	39,268,948,493.90	39,938,584,258.96
	<hr/>	<hr/>
Cash paid for purchase of goods and services	35,915,449,260.45	32,285,475,641.26
Cash paid to and on behalf of employees	1,468,655,818.80	1,427,542,968.28
Cash paid for all types of taxes	378,661,745.24	556,783,557.15
Other cash paid relating to operating activities	241,432,300.08	409,479,737.93
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	38,004,199,124.57	34,679,281,904.62
	<hr/>	<hr/>
Net cash flows from operating activities	1,264,749,369.33	5,259,302,354.34

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY (CONTINUED)*For the year ended 31 December 2022**Unit: RMB*

	2022	2021
II. Cash flows from investing activities:		
Cash received from disposal of investments	600,000,000.00	–
Cash received from return on investments	28,606,919.90	1,209,949.03
Proceeds from disposal of items of property, plant and equipment	1,675,134.34	7,626,241.96
Disposal of a subsidiary	–	4,732,181.19
Other cash received relating to investing activities	–	60,761,852.68
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	630,282,054.24	74,330,224.86
	<hr/>	<hr/>
Cash paid for acquisition of property plant and equipment, intangible assets and other long- term assets	2,681,464,733.47	4,891,302,107.36
Cash paid for investments	48,900,000.00	600,000,000.00
Net cash payments for acquisition of subsidiaries and other business units	–	114,420,550.08
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	2,730,364,733.47	5,605,722,657.44
	<hr/>	<hr/>
Net cash flows from investing activities	<u>(2,100,082,679.23)</u>	<u>(5,531,392,432.58)</u>

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY (CONTINUED)*For the year ended 31 December 2022**Unit: RMB*

	2022	2021
III. Cash flows from financing activities:		
Cash received from borrowings	3,908,109,238.28	4,774,464,840.43
Other cash received relating to financing activities	–	1,745,241,443.12
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	3,908,109,238.28	6,519,706,283.55
	<hr/>	<hr/>
Cash repayments of borrowings	4,028,011,234.83	4,071,880,000.00
Cash paid for distribution of dividends or profits, and for interest expenses	293,448,792.15	314,264,806.68
Other cash paid relating to financing activities	646,371,992.48	718,818,019.95
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	4,967,832,019.46	5,104,962,826.63
	<hr/>	<hr/>
Net cash flows from financing activities	(1,059,722,781.18)	1,414,743,456.92
	<hr/>	<hr/>
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	–	–
	<hr/>	<hr/>
V. Net increase in cash and cash equivalents	(1,895,056,091.08)	1,142,653,378.68
Add: Cash and cash equivalents at the beginning of the year	5,832,114,415.58	4,689,461,036.90
	<hr/>	<hr/>
VI. Cash and cash equivalents at the end of the year	3,937,058,324.50	5,832,114,415.58
	<hr/> <hr/>	<hr/> <hr/>

The annual report for the Company for the year ended 31 December 2022 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 2023.

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

Chongqing, the PRC, 31 March 2023

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).