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 2013

I. IMPORTANT NOTICE

1. This summary of annual report (announcement of annual results for the year ended 31 December 2013) is extracted from the annual report ("Annual Report") of the Company. For details, investors are advised to read the full text of the Annual Report which is published on the websittes as designated by China Securities Regulatory Commission (the "CSRC") including the website of the Shanghai Stock Exchange, and the website of the Hong Kong Stock Exchange).

2. The board of directors (the "Board") of Chongqing Iron & Steel Company Limited (the "Company") and directors hereby announce the audited financial statements ("Consolidated Results") of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 prepared in accordance with the PRC GAAP.

3. The annual results of the Company for the year ended 31 December 2013 have been reviewed by the Audit Committee.

4. This announcement is published in Chinese and English respectively. If there is any difference between Chinese version and English version, the Chinese version shall prevail.

5. Company information

Abbreviated name	重慶鋼鐵	Stock code	601005
Place of listing	Shanghai Stock Exchange		
Abbreviated name	Chongqing Iron	Stock code	1053
Place of listing	The Stock Exchange of Hong Kong Limited		

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II. MAJOR FINANCIAL DATA AND CHANGES IN SHAREHOLDERS

1. Major financial data

Unit: RMB'000

	As at the end of 2013	As at the end of 2012	Changes from the end of the previous year *(%)*	As at the end of 2011
Total assets	**48,045,977**	31,106,399	54.46	27,050,441
Net assets attributable to the shareholders of the Company	**9,917,303**	4,173,976	137.60	4,075,108
Net cash flow from operating activities	**1,955,331**	5,314,613	-63.21	451,313
Revenue from operations	**17,563,446**	18,458,776	-4.85	23,532,945
Net profit attributable to the shareholders of the Company	**-2,499,018**	98,813	-2,629.04	-1,471,082
Net profit attributable to the shareholders of the Company after extraordinary profit and loss	**-2,499,318**	-1,868,648	-33.75	-1,493,166
Return on net assets (weighted average) *(%)*	**-72.46**	2.4	-3,119.17	-30.52
Basic earnings per share *(RMB per share)*	**-1.252**	0.057	-2,296.49	-0.849
Diluted earnings per share *(RMB per share)*	**-1.252**	0.057	-2,296.49	-0.849

2. Shareholdings of the top ten shareholders

Unit: Share

Total number of shareholders at the end of the Reporting Period	89,339, including 89,033 holders of A Shares and 306 holders of H Shares	Total number of shareholders at the end of the 5th trading day before disclosure of the annual report	87,188, including 86,884 holders of A Shares and 304 holders of H Shares

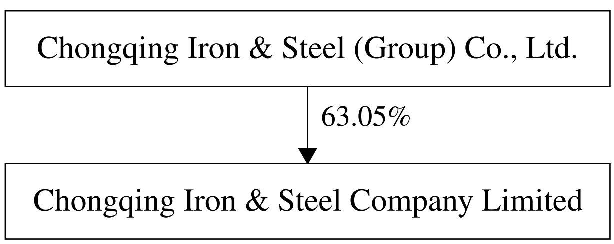
Shareholdings of the top ten shareholders

Name of shareholder	Type of shareholders	Shareholding percentage *(%)*	Total number of shares held	Number of shares subject to trading moratorium	Number of shares pledged or frozen
Chongqing Iron & Steel (Group) Co., Ltd.	State-owned legal person	63.05	2,796,981,600	1,996,181,600	Pledged 141,336,000
HKSCC NOMINEES LIMITED	Foreign legal person	11.88	526,877,970	0	Unknown
Shenzhen Ping'an Innovation Capital Investment Co., Ltd. (深圳市平安創新資本投資有限公司)	Unknown	4.78	212,020,000	212,020,000	Unknown
Chongqing Water Assets Management Co., Ltd. (重慶市水務資產經營有限公司)	Unknown	4.51	200,000,000	200,000,000	Unknown
Chongqing Energy Investment Group Co., Ltd. (重慶市能源投資集團有限公司)	State-owned legal person	3.32	147,150,000	147,150,000	Unknown

CCB Principal Asset — CMBC—China Fortune Trust—China Fortune Trust·No.685 Securities Investment Collected Fund Trust Scheme (建信基金—民生銀行—華鑫信託—華鑫信託·685號證券投資集合資金信託計劃)	Unknown	2.93	129,880,000	129,880,000	Unknown
Chongqing Transportation Holdings(Group) Co., Ltd. (重慶交通運輸控股(集團)有限公司)	State-owned legal person	0.40	17,663,780	17,663,780	Unknown
Bai Jiping (白計平)	Domestic natural person	0.05	2,310,000	0	Unknown
Zhou Yong (周勇)	Domestic natural person	0.04	1,600,000	0	Unknown
Shen Sasa (申颯颯)	Domestic natural person	0.03	1,347,300	0	Unknown

Explanation about connected relationship and acts in concert of the above shareholders	There is no connection between the Parent Company and other 9 shareholders and they are not parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Companies' Shareholders. The Company is not aware of any connected relationship among the other 9 shareholders or whether they are parties acting in concert.

3. The ownership and control relationship between the Company and its de factor controller



III. DIVIDENDS

As audited by auditors, the Group achieved net profit attributable to shareholders of the Company of RMB-2,499,018,000 in 2013. The retained profit of the Company at the end of 2012 was RMB723,080,000 and the total distributable profit as at the end of 2013 was RMB-1,775,938,000.

The Company still suffered substantial losses in 2013, due to lower profitability of the steel industry and high operating cost at the Company's New District. Given a still huge capital demand, great losses in production and operation, and low profit throughout the year, the Board proposed neither to distribute profit for 2013 nor to transfer the capital reserve to share capital. Independent directors expressed independent opinions in respect of that the Company did not make the proposal for distribution of profit in cash.

IV. REVIEW OF THE GROUP'S OPERATION DURING THE REPORTING PERIOD

1. Overall operation status of the Group

In 2013, the macro-economic situation confronted with by the iron and steel industry was severer. The world economy was in sluggish recovery and the Chinese economy experienced a slower growth. The iron and steel industry saw an increase in losing enterprises due to the high price of iron ore, falling downstream demands, rapid output growth and sharp decline in the price of steel products. In such circumstance, all staff of the Company strengthened the confidence of breaking out of the difficulties for survival, unified their understanding, earnestly grasped the situation and profoundly analyzed their own gaps and problems. The Company aimed at reducing loss and closely centered on the four core tasks, i.e. "highly efficient production, systematic cost reduction, structural adjustment and tapping potential by benchmarking". All the works were proactively conducted and obtained certain achievements.

Establish and maintain strategic customers and optimize product sale structure. The Company established and consolidated the stable cooperative relationships with a number of dealers and seized the market of Chongqing and surrounding markets. Meanwhile, the Company continued to place focus on good strategic client bases, with good market share, e.g. shipbuilding steel plates, boiler plates, auto plates, etc., and the engineering materials of Chongqing and surrounding places. The Company has obtained the orders of materials for the phase I project of terminal T3 of Chongqing Jiangbei International Airport, Wanda Plaza project in Kunming, Tecent project in Chengdu, etc. In addition, the Company also increased the sale efforts in close markets or the regional markets with relatively low logistics cost, so as to reduce logistics cost and enhance the competitiveness of products.

Organize production in an efficient way and achieve cost reduction in the production process. The Company substantially improved the one-time success rates for steelmaking, effectively reduced the proportion of products to be determined, and improved contract performance rate through optimizing planning and scheduling, strengthening working procedures control, improving technological level of operation, etc., providing powerful support for production and operation.

Strengthen quality control and stably improve the quality of products in kind. During the reporting period, the Company obtained obvious achievements in key research works on quality. The objections against the surface quality of steel plates reduced and the Company successfully achieved the rolling of thick TMCP-model shipbuilding steel plates of the classification societies of five countries. Some types of steel were subject to spot inspection or exempt from inspection in the ship survey of the classification societies of three countries, i.e. CCS, GL and DNV.

Boost asset reorganization to guarantee working capital. Through unremitting efforts, the Company obtained the official approval from the CSRC for the material assets reorganization of the Company (i.e. issuing shares to Chongqing Iron & Steel Group for assets purchase) and financing. The reorganization and fundraising have been smoothly completed in the reporting period, which greatly improved the Company's financial position, reduced gearing ratio, increased re-financing capacity and guaranteed the normal operation of funds.

Adjust structure and strive to develop new products. During the reporting period, the Company completed the development and trial production of 18 new products including pipeline steel, marine steel, oriented silicon steel, cold-rolled automotive steel, etc. based on market demands and structural adjustment plan.

During the reporting period, the Group produced 2,700,300 tonnes of coke, 5,617,600 tonnes of pig iron, 5,698,600 tonnes of steel and 5,304,500 tonnes of steel products (billets), representing an increase of 14.92%, 9.41%, 9.13% and 12.73% respectively as compared with the same period of last year. The Group recorded operating revenues of RMB17,563,446,000, representing a year-on-year decrease of 4.85%.

2. Analysis on principal operations

2.1 Analysis table on relevant item changes in the income statement and the cash flow statement

Unit: RMB'000

Items	For the period	For the corresponding period of last year	Change *(%)*
Operating revenue	**17,563,446**	18,458,776	-4.85
Operating costs	**17,884,462**	18,402,709	-2.82
Selling and distribution expenses	**349,210**	423,351	-17.51
General and administrative expenses	**853,930**	650,617	31.25
Financial expenses	**840,593**	1,006,021	-16.44
Net cash flow from operating activities	**1,955,331**	5,314,613	-63.21
Net cash flow from investing activities	**-2,084,766**	-1,793,672	-16.23
Net cash flow from financing activities	**-2,745,336**	-1,427,800	92.28
Research and development expenses	**762,717**	714,153	6.80

2.2 Revenue

2.2.1 Analysis of factors causing changes in business revenue

In 2013, the domestic macro-economic situation was sluggish. There was a serious surplus of the structural production capacity in the iron and steel industry and the oversupply in the steel product market was also severe, resulting in doubled negative impact on the quality and benefit of economic operation of the iron and steel industry, which gave rise to a substantial decline in the price of steel products. The Group's operating revenue also drop sharply due to the impact.

2.2.2 Analysis of factors affecting the revenue from in-kind sales of the Company's products

In 2013, the Group's revenue from sales of steel products (billets) was RMB16,419,768,000, representing a decrease of RMB1,000,209,000 from last year. One reason was the decline in the sales price, as the average sales price of steel products (billets) was RMB3,264/tonne, representing a decrease of 7.11% from last year, which resulted in a decrease of RMB1,190,290,000 in our revenue. The other reason was the increase in sales volume, as the full-year sales volume of steel products (billets) was 5,030,400 tonnes, representing an increase of 1.47% year on year, which increased our sales revenue by RMB190,081,000.

Item	**2013**	2012	Year-on-year increase	Increase in revenue
	RMB/tonne	*RMB/tonne*	*(%)*	*(RMB'000)*
Steel plates	**3,415**	3,642	-6.23	-511,794
Steel billets	**2,696**	3,030	-11.02	-19,673
Steel sections		3,316	-100.00	0
Wire rods		3,991	-100.00	0
Hot rolled coil	**3,136**	3,379	-7.19	-644,193
Cool-rolled sheets	**3,757**	3,979	-5.58	-14,630
Total	**3,264**	3,514	-7.11	-1,190,290

Item	**2013**	2012	Year-on-year increase	Increase in revenue
	(0'000 tonnes)	*(0'000 tonnes)*	*(%)*	*(RMB'000)*
Steel plates	**225.46**	260.89	-13.58	-1,290,361
Steel billets	**5.89**	16.48	-64.26	-320,877
Steel sections		1.49	-100.00	-49,408
Wire rods		0.59	-100.00	-23,547
Hot rolled coil	**265.10**	209.83	26.34	1,869,101
Cool-rolled sheets	**6.59**	6.46	2.01	5,173
Total	**503.04**	495.74	1.47	190,081

2.3 Costs analysis table

Unit: RMB'000

By industry

By industry	Costs component	Amount for the period	Percentage of the amount for the period in total costs	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year in total costs	Year-on-year change
			(%)		*(%)*	*(%)*
Iron and steel	Raw materials	14,199,148	79.50	14,797,478	80.67	-4.04
Iron and steel	Energy	1,612,792	9.03	1,325,051	7.22	21.72
Iron and steel	Labor and other expenses	1,972,099	11.04	2,154,015	11.74	-8.45
Electronic engineering design, construction and installation	Labor and other expenses	35,952	0.20	27,466	0.15	30.90
Transportation	Labor and other expenses	39,529	0.22	39,867	0.22	-0.85

By product

By industry	Costs component	Amount for the period	Percentage of the amount for the period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year in total costs (%)	Year-on-year change (%)
Steel products (billets)	Expenses incurred for raw materials, energy and others	17,000,380	95.19	17,557,593	95.71	-3.17
By-product	Expenses incurred for raw materials, energy and others	783,659	4.39	718,951	3.92	9.00
Electronic engineering design, construction and installation	Labor and other expenses	35,952	0.20	27,466	0.15	30.90
Transportation	Labor and other expenses	39,529	0.22	39,867	0.22	-0.85

2.4 Expenses

Item	**Amount for the period**	Amount for the previous period	Year-on-year change (%)
Selling and distribution expenses	**349,210**	423,351	-17.51
General and administrative expenses	**853,930**	650,617	31.25
Financial expenses	**840,593**	1,006,021	-16.44

1. The decrease in selling expenses was due to the decrease in transportation expenses.

2. The increase in administrative expenses was mainly due to the increase in the Group's repair fee in 2013.

3. The decrease in financial expenses was mainly due to the decrease in amortisation of financial leases of the Group and exchange gains in 2013.

2.5 *Research and development expenses*

Table of detailed research and development expenses

Unit: RMB'000

Expensed research and development expenses for the period	528,777
Capitalized research and development expenses for the period	233,940
Total research and development expenses	762,717
Percentage of total research and development expenses in net assets *(%)*	7.68
Percentage of total research and development expenses in operating revenue *(%)*	4.34

2.6 *Detailed explanations for significant changes in the composition or sources of profit of the Company*

The net profit of the Group for 2013 amounted to RMB-2,499,018,000, representing a decrease of RMB2,597,861,000 as compared to RMB98,843,000 for last year, mainly due to the following reasons:

① Gross profit of principal operations decreased by RMB353,917,000 from 2012 to RMB-341,468,000, mainly due to the significant decline in the selling prices as a result of the continued slump in the steel market.

In 2013, the average selling price of the Group's steel products (billets) was RMB3,264 per tonne, down 7.11% year on year, leading to a decrease of approximately RMB1,190,290,000 in sales revenue. The sales volume of steel products (billets) increased by 1.47% to 5,030,400 tonnes, leading to an increase of approximately RMB190,081,000 in sales revenue. The cost of principal operations (steel billets) dropped by 2.67% year on year as a result of the decrease in the prices of ore and coal and other raw and auxiliary materials. As the decrease in the cost of principal operations was lower than that in the revenue from principal operations, the gross profit for the current period saw a decline.

② The period expense incurred by the Group was RMB2,043,733,000, representing a decrease of RMB36,256,000 from last year, the main reason of which was set out in "Analysis of principal operations 4.4 Expenses".

③ The Group recorded net non-operating income of RMB4,080,000, representing a decrease of RMB2,122,247,000, mainly attributable to the receipt of government subsidy amounting to RMB2 billion.

④ The Group recorded an investment income of RMB-1,505,000, representing a decrease of RMB370,779,000 from last year, which was mainly the investment gain of RMB307,008,000 from the transfer of 41% equity held by the Company in San Feng Jingjiang Port Logistics Company Limited, a subsidiary of the Company last year.

3. Analysis on operation by industry, product or region

3.1 Principal operations by industry and product

Unit: RMB'000

	Principal operations by industry					
By industry	**Operating revenue**	**Operating costs**	**Gross profit margin**	**Increase/ decrease in operating revenue from last year**	**Increase/ decrease in operating costs from last year**	**Increase/ decrease in gross profit margin from last year**
			(%)	*(%)*	*(%)*	*(%)*
Iron and steel	17,424,371	17,784,039	-2.06	-4.66	-2.69	-2.06
Electronic services	44,982	35,952	20.07	37.65	30.90	4.12
Transportation	48,699	39,529	18.83	0.67	-0.85	1.24

	Principal operations by product					
By product	**Operating revenue**	**Operating costs**	**Gross profit margin**	**Increase/ decrease in operating revenue from last year**	**Increase/ decrease in operating costs from last year**	**Increase/ decrease in gross profit margin from last year**
			(%)	*(%)*	*(%)*	*(%)*
Steel products (billets)	16,419,768	17,000,380	-3.54	-5.74	-3.17	-2.75
By-product	1,004,603	783,659	21.99	17.46	9.00	6.05
Electronic engineering design, construction and installation	44,982	35,952	20.07	37.65	30.90	4.12
Transportation	48,699	39,529	18.83	0.67	-0.85	1.24

3.2 Principal operations by region

Unit: RMB'000

Region	Operating revenue	Increase/ decrease in operating revenue from last year *(%)*
Southwestern region	6,799,583	-10.40
Other regions	11,556,743	7.33
Total	16,419,768	-10.55

4. Major suppliers and customers of the Group

Percentage in total procurement for major suppliers of the Company:
Percentage in total procurement for the largest supplier of the Company: 8.07%
Percentage in total procurement for the top five suppliers of the Company: 28.60%

Percentage in total sales for major customers of the Company:
Percentage in total sales for the largest customer of the Company: 10.77%
Percentage in total sales for the top five customers of the Company: 43.22%

None of directors, supervisors or their respective associates or any shareholder (which to the knowledge of the directors has 5% or more of equity interest in the Company) of the Company was beneficially interested in the top five suppliers or the top five customers of the Company.

5. The Operations and Results of the Group's Major Subsidiaries and Investees

RMB'000

Name of subsidiaries/ investees	Principal operations	Registered capital	Shareholding percentage %	Total assets	Net assets	Net profit
Chongqing Iron & Steel Group Electronic Company Limited	Maintenance and repair of elevators, development, production and sale of computer software, and software for electronic products, technical services, etc.	22,172	100	92,117	60,586	6,880
Chongqing Iron & Steel Group Transportation Company Limited	Ordinary freight, hazardous goods transportation, chartered bus transportation, vehicle maintenance and repair	21,000	100	85,904	24,968	-20,198
San Feng Jingjiang Port Logistics Company Limited	Cargo handling, lighterage, storage agency, freight agency, loading distribution, ordinary freight, etc.	300,000	10	1,327,488	300,211	133
Jingjiang Sanfeng Steel Processing & Distribution Co., Ltd. (靖江三峰鋼材加工配送有限公司)	Processing and distribution of steel products, manufacture and sales of steelwork	70,000	73	76,178	70,000	0
Jingjiang CISC Huadong Trading Co., Ltd. (靖江重鋼華東商貿有限公司)	Sales of metal and metallic ore, manufacture and sales of environmental pollution control equipment, etc.	50,000	100	357,789	54,638	2,169

6. Analysis on financial position

6.1 Items of balance sheet

Unit: RMB'000

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of previous period in total assets (%)	Year-on-year increase/decrease (%)
Cash at bank and on hand	**1,553,350**	3.23	3,800,917	12.22	-59.13
Bills receivable	**340,783**	0.71	779,131	2.5	-56.26
Accounts receivable	**535,906**	1.12	1,057,179	3.4	-49.31
Prepayments	**364,264**	0.76	880,823	2.83	-58.65
Other receivables	**51,859**	0.11	1,802,681	5.8	-97.12
Inventories	**8,792,179**	18.3	7,196,682	23.14	22.17
Other current assets	**1,713,216**	3.57	473,185	1.52	262.06
Long-term equity investment	**104,752**	0.22	104,739	0.34	0.01
Available-for-sale financial assets	**5,000**	0.01	5,000	0.02	0
Fixed assets	**24,570,568**	51.14	8,282,293	26.63	196.66
Construction in progress	**6,977,960**	14.52	4,236,785	13.62	64.7
Construction materials	**34,031**	0.07	1,190,982	3.83	-97.14
Liquidation of fixed assets	**0**	0	320,732	1.03	-100
Intangible assets	**2,860,193**	5.95	350,789	1.13	715.36
Deferred tax assets	**17,866**	0.04	17,892	0.06	-0.15
Other non-current assets	**124,050**	0.26	606,589	1.95	-79.55
Short-term loans	**4,705,734**	9.79	5,620,216	18.07	-16.27
Financial liabilities held for trading	**0**	0	1,556	0.01	-100
Bills payable	**2,583,300**	5.38	861,000	2.77	200.03
Accounts payable	**13,506,498**	28.11	7,486,179	24.07	80.42

Advance from customers	**2,303,266**	4.79	3,646,951	11.72	-36.84
Employee compensation payable	**197,105**	0.41	157,904	0.51	24.83
Taxes payable	**308,379**	0.64	5,618	0.02	5389.12
Interest payable	**68,372**	0.14	22,173	0.07	208.36
Other payables	**1,500,212**	3.12	708,640	2.28	111.70
Non-current liabilities due within one year	**2,355,454**	4.9	3,862,674	12.42	-39.02
Other current liabilities	**9,445**	0.02	7,712	0.02	22.47
Long-term loans	**7,348,938**	15.3	799,408	2.57	819.3
Debentures payable	**1,976,699**	4.11	1,971,617	6.34	0.26
Long-term payables	**1,083,193**	2.25	1,635,025	5.26	-33.75
Other non-current liabilities	**163,079**	0.34	126,750	0.41	28.66

1. The decrease in the balance of cash at bank and on hand was mainly due to the repayment of a large amount of loans by the Group in 2013.

2. The decrease in the balance of accounts receivable was mainly attributable to the Group's increased efforts in collecting accounts receivables in 2013.

3. The decrease in the balance of prepayments was mainly attributable to the decrease in prepayment of the Group for raw materials in 2013.

4. The decrease in the balance of other receivables was mainly due to the compensation for asset disposal loss incurred from environmental relocation through the significant assets reorganisation of Chongqing Iron & Steel Group in 2013.

5. The increase in the balance of inventories was mainly due to the increase in the balance of raw materials of the Group at the end of the period.

6. The increase in the balance of fixed assets was mainly due to the additional fixed assets resulted from the significant assets reorganization of the Group in 2013 and contribution in progress transferred into fixed assets in the period.

7. The increase in the balance of construction in progress was mainly attributable to advancement of project construction progress as a result of the Group's adjustment to the product mix in 2013.

8. The decrease in the balance of construction materials was mainly attributable to transference of equipments and materials of construction materials into construction in progress in 2013.

9. The decrease in the balance of liquidation of fixed assets was mainly attributable to basic completion of asset disposal of the Old District.

10. The increase in the balance of intangible assets was mainly attributable to the additional land use right resulted from the significant assets reorganization of the Group in 2013.

11. The decrease in the balance of other non-current assets was mainly attributable to acquisition of land use right and transfer of the land use right into intangible assets.

12. The decrease in the balance of short-term loans was mainly attributable to the fact that the Group repaid some short-term loans in 2013.

13. The increase in the balance of bills payable was mainly due to the increase in the settlement methods of bills payable by the Group in 2013.

14. The increase in the balance of accounts payable was mainly due to the increase in procurement and payable for raw materials as a result of the credit period of the Group extended by the suppliers and additional engineering projects and assumed liabilities incurred by significant assets reorganization in 2013.

15. The decrease in the balance of advance from customers was mainly due to the decrease in advance from the third parties.

16. The increase in the balance of taxes payables was mainly attributable to the provision of stamp duty and deed tax for related assets of significant assets reorganization by the Group in 2013.

17. The increase in the balance of other payables was mainly attributable to that the new related party funding of RMB300,000,000 payable by the Group in 2013 and the payable of Parent Group's advances by the Company.

18. The increase in the balance of long-term loans was mainly attributable to the long-term loans of approximately RMB 7 billion resulted from the significant assets reorganization of the Group.

19. The decrease in the balance of long-term payables was mainly due to the payment of rents under finance leases paid by the Group in 2013.

6.2 Items of income statement (please see the section headed "2.2 Revenue")

6.3 Cash flow

In face of such grim situations as the substantial decrease in the price of steel products and operation losses of the Company, internally, the Company strengthened capital plan management, increased revenues and saved expenditures, controlled the rhythm of capital payment, properly appropriated the capital of suppliers, and curbed current payment. Meanwhile, the proceeds raised in material assets reorganization amounting to RMB1,950 million was provided in time, which relieved the pressure on capital payment to a certain degree. The net cash inflow from operating activities for 2013 was RMB1,955,331,000. Net cash outflow of financing activities including repayment of finance leases and bank loans amounted to RMB2,745,336,000; Net cash outflow of investing activities after offsetting of the subsequent engineering expenses on environmental relocation with the net cash out flow of RMB2,084,766,000; and net increase in cash and cash equivalents of the Company for the period was RMB-2,875,503,000.

Items of cash flow statement

Unit: RMB'000

Item	**Jan.- Dec. 2013**	Jan.- Dec. 2012	Main Reasons for the changes
Net cash flow from operating activities	**1,955,331**	5,314,613	The decreased in net cash flow from operating activities from the same period last year is mainly due to the large losses of operation during the year as well as the adoption of usance letter of credit for most payments and receipt of government subsidy in the same period last year.
Net cash flow from investing activities	**-2,084,766**	-1,793,672	Mainly attributable to gradual completion of the environmental relocation project, payment of follow-up construction costs, there is no significant change in expenses of investment projects
Net cash flow from financing activities	**-2,745,336**	-1,427,800	Repayment of finance lease payment for environmental relocation, resulted in the increase of expenses.
Impact of changes in exchange rate on cash and cash equivalents	**-732**	0	
Net increase in cash and cash equivalents	**-2,875,503**	2,093,141	

V. PROSPECTS (MANAGEMENT DISCUSSION AND ANALYSIS CONCERNING FTURE DEVELOPMENT OF THE COMPANY)

1. Industrial competition and developmental trend

In 2014 , the steel industry is still under grim situation. in the aspect of overseas environment, the world economy recovery keeps a slow step, with new driving forces remaining unclear, adjustments to the quantitative easing policy in developed economic entities such as the U.S. And the difficulties in estimating the impacts of the slowing economic growth in emerging market countries, resulting in the increase in factors of instability and uncertainties. While in the aspect of domestic environment, currently Chinese economy is still facing downward pressure, overcapacity problem in the steel industry is serious, bring in prominent contradiction between supply and demand, low industrial concentration and huge environmental pressure. The industry is now in a transitional period the country's macroeconomic adjustment and a critical period of development patterns transformation from economy of scale and efficiency to economy of quality and efficiency. With the implementation of the State Council's "Guidelines for Addressing Severe Overcapacity" (《國務院關於化解產能嚴重過剩矛盾的指導意見》) and the deepening of various reform measures, reconstruction becomes a prominent and tough task for the steel industry.

2. Development strategy of the Company

We will guide the overall development upholding the spirits of the Third Plenary Session of the Party's Eighteenth Central Committee and the 2014 National People's Congress and the Chinese People's Political Consultative Conference, attach importance to the fundamental role of market adjustment, inspiring new dynamism through institutional innovation and taking into account the Company's future development strategy to forge the upgrading of Chinese economy. We need to make clear the influences of current and future macroeconomic situation on the steel industry, get thoughts into shape, achieve unity in thinking and set out clear development goals. We will make effort to ensure all production procedures operating at their respective maximum production capacity and efficiency to balance the system and production following the principle of "economy" and "efficiency". We will make progress overcoming difficulties, improve the system in the process of development and optimize structure in the process of production. And we will carry out good optimization and adjustment in the structure of materials and products.

3. Business plan and working priorities

The production target for 2014: 6,240,000 tonnes of iron, 6,000,000 tonnes of steel and 5,550,000 tonnes of steel products.

Major tasks for 2014:

3.1 Determine scale upon efficiency and realize economic and efficient production

The Company's organizational scheme must be determined based on the in-depth analysis of the market following the basic principles of small capital investment, low operating cost and great market utility, which can not only grasp the market opportunities but also can avoid blind or uneconomic production. The plan must be capable of safeguarding the overall stability and smoothness of production and operation and the overall stability of quality, so as to achieve economic production.

3.2 Simulate market accounting and lower overall system cost

By simulating market accounting, the Company find out problems, learn about the differences and promote the delicacy management and control of costs. We will accelerate the solving of key technological problems, technology transformation and tapping the potentials targeting at definite objectives; boost the optimization of product structure with solid results being obtained in the optimization of rew material procurement and supply, and thus achieve systematic cost reduction.

3.3 Optimize procurement and marketing, and set up risk responsibility

We will pay close attention to the sales market of products and the supply market of raw and supplemental materials and perform good analyses and prediction to seek for opportunities in the two markets, practically improve our technology and adoptability together with the control in respect of product and raw material quality, so as to create favorable conditions for the raising of the selling price through optimizing the sales structure of products and for the cost reduction of procurement and supply through optimizing the procurement and supply of raw and supplemental materials. At the same time, we will implement delicacy management in the sales of products and in the logistics for the supply of raw and supplemental materials and optimize logistics channels to effectively reduce capital investment and logistics expenses.

3.4 Carry out evaluation by quantitative indicators and strengthen performance appraisal

The Company must carry out effective cost control evaluation in relation to the key cost reduction and expenses control sections to effectively disseminate the pressures and risks from market. Meanwhile, the Company also need to optimize the appraisal system of economic responsibility making reference to the situations of the market and the Company's production and operation, and effectively motivate managers and operators at all levels to bring into play their potentials, commit themselves to innovation and strive to overcome all difficulties.

4. Capital needed for maintaining current business and completing invested projects under construction

In 2014, the Company will try to the realization of that all production procedures operating at their respective maximum production capacity and efficiency . Meanwhile, production volume will grow as the product mix adjustment project starts production; on the other hand, subsequent payment must be made for projects which have commenced construction, leading to increase in capital needs. As at 31 December 2013, the Company had RMB5,600 million in untapped credit line. Therefore, the Company will have sufficient liquidity to meet its needs for working capital and capital expenditure.

VI. POTENTIAL RISKS

1. Industry-related risk

In 2014 , because of the slow recovery of the world economy and the decline in the domestic and overseas market demand which resulting in industrial overcapacity and oversupply, the steel industry is confronted with extreme difficulties.

2. Resource-related risk

Price of imported ore is close to the cost of steel enterprises while the price of steel products remain at low level, steel enterprises can only achieve small profits and face great difficulties in reducing costs improve efficiency due to the pressure from both the cost and the sales price.

VII. SIGNIFICANT EVENTS

1. Compliance with Corporate Governance Code and the Code of Corporate Governance for Listed Companies

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

2. Model Code for Securities Transactions by Directors and Supervisors

The Company takes the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to Listing Rules of the Stock Exchange and the Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes Thereof (Zheng Jian Gong Si Zi [2007] No.56 by CSRC) as the code for securities transactions by its directors, supervisors, and senior management. After making specific enquiries to all directors and supervisors, the Company confirmed that all directors and supervisors had complied with the requirements of the Model Code concerning the securities transactions by directors as at the date hereof.

3. Corporate Governance Practices

The Company strives to raise the standard of corporate governance and regards corporate governance as part of value creation, so as to reflect the commitment of the Board and the senior management to abiding by corporate governance, maintain transparency and accountability to shareholders, and create the highest value to all shareholders.

As at 31 December 2013, the Company has practiced the corporate governance principles and complied with all the code provisions (if applicable, including most of the recommended best practices) ("Corporate Governance Code") as set out in Appendix 14 to the Listing Rules.

4. Purchase, Sale or Redemption of Listed Shares

During the year ended 31 December 2013, the Company did not redeem any of its issued securities, nor purchase or sell any of its listed securities during this period.

5. Audit Committee

The Audit Committee of the Company has reviewed with management the accounting principles, accounting standards and methods adopted by the Group and discussed auditing, internal controls and financial reporting matters. During the year, the Audit Committee convened two meetings:

The second meeting of the fifth Audit Committee was held on 27 March 2013, at which the following resolutions were made: (1) the full text and summary of the 2012 Annual Report, and the Annual Results Announcement for the year ended 31 December 2012 of the Company were approved and submitted to the Board for consideration; (2) the Company's continuing connected transactions for 2012 were confirmed; (3) the management recommendation of the auditors to the management proposed at the meeting of the Audit Committee was discussed and brought into the keen attention of the Board; (4) the 2012 annual audit work report by KPMG Huazhen was approved and submitted to the Board for consideration; and (5) the re-appointment of KPMG Huazhen and KPMG as the Company's domestic auditors for 2013 was approved and submitted to the Board for consideration.

The third meeting of the fifth Audit Committee was held on 28 August 2013, at which the Company's unaudited interim financial report for the six months ended 30 June 2013, the 2013 Interim Report and its summary, the unaudited Announcement of Interim Results for the six months ended 30 June 2013 were considered and approved.

6. Acquisition of Assets and Raised Supporting Funds by the Group during the Reporting Period

On 18 November 2013, pursuant to the Approval in relation to Material Assets Reorganisation of Chongqing Iron & Steel Company Limited and Issuance of Shares to Chongqing Iron & Steel (Group) Company Limited for Purchasing Assets and Fundraising (Zheng Jian Xu Ke [2013] No.1412) from CSRC obtained on 8 November 2013, the Company completed the assets acquisition through the issue of 1,996,181,600 shares of Reminbi denominated shares to Chongqing Iron & Steel Group. The transfer registration was completed on 25 November 2013. Upon the completion of the issue, total issue share capital of the Company was 3,729,308,800 shares (3,191,181,600 A Shares and 538,127,200 H Shares).

On 17 December 2013, the Company completed the issuance of 706,713,780 ordinary shares dominated in RMB to five specific investors on the Shanghai Stock Exchange ("SSE") according to the "Approval on Passing the Significant Assets Reorganisation of Chongqing Iron & Steel Company Limited and the Issuance shares to Chongqing Iron and Steel (Group) Company Limited for Purchasing Assets and Raising Supporting Funds" (Zheng Jian Xu Ke [2013] No. 1412) (《關於核准重慶鋼鐵股份有限公司重大資產重組及向重慶鋼鐵（集團）有限責任公司發行股份購買資產並募集配套資金的批復》（證監許可[2013]1412號）)approved by CSRC on 8 November 2013, and completed the change of registration on 20 December 2013. Upon the completion of issuance, the total share capital of the Company was 4,436,022,580, including 3,897,895,380 A shares and 538,127,200 H shares.

7. During the reporting period, there were material custody, contracting, leasing of assets between the Company and other companies, but the Company did not have any wealth management matters.

7.1 Leases

Unit: RMB'000

Name of lessor	Name of lessee	Status of leased assets	Amounts of assets leasing	Date of commencement of lease	Expiry date of lease	Gain on lease	Basis of determination of such gain	Effect of gain on lease on the Company	Connected transaction or not	Connected relations
Chongqing Iron & Steel Company Limited (Sichuan Sales Branch)	Chengdu Chuangmeijia Decoration Engineering Co., Ltd. (成都創美家裝飾工程有限公司)	Normal	6,221	1 January 2013	31 December 2013	660.8	Pay-in slip of bank	It formed part of other operating income	No	Other

7.2 Authorised Use of Assets and Disposal Arrangement upon Expiration

As the agreement on use of assets in the Changshou New Zone between the Company and the Parent Company expired on 31 March 2012, according to the Agreement on Material Assets Reorganization (relevant details were set out in the announcement of the Company dated 30 May 2012) and the Supplemental Agreement to the Agreement on Material Assets Reorganization (relevant details were set out in the announcement of the Company dated 24 October 2012) entered into by the Company and the Parent Company on 3 May 2012 and 24 October 2012, respectively, and the Preliminary Proposal announced on 30 May 2012, in order to ensure the normal production and operation of the Company during the material assets reorganization, the Parent Company continued to entrust the Company to operate all the target assets from the reference date (31 March 2012). Meanwhile, in the transition period (from the reference date and up to the completion date of the transaction), the Parent Company shall not charge the Company any usage fee for its use of the target assets and all the costs and expenses on the Company's use of the target assets shall be borne by the Company. Given the aforesaid arrangement, both parties would not adjust the consideration of the transaction in respect of the change in value of target assets arising from depreciation and amortization during the transition period. Based on the preliminary reorganization arrangement between the Company and the Parent Company in respect of the target assets, and the fact that the Company is still using the target assets, the Company shall make provision in respect of asset usage fee payable to the Parent Company at the depreciation (amortization) amount of the target assets during the transition period and offset accordingly the value of the target assets accounted for upon the completion of the reorganization, so as to reflect reasonably the cost of the Company for use of the target assets as well as adjustment to the value of target assets upon delivery of the target assets in future. The asset usage fee payable in transitional period made by the Company in 2013 was RMB617,394,000 (2012: RMB524,203,000). At at the date of assets delivery, the Company made a asset usage fee of RMB1,141,597,000 based on the accumulative fair value of target assets. As at the delivery date, the Company has written off the entry value of target assets amounting to RMB1,141,597,000, including accumulated depreciation of RMB1,076,217,000 and accumulated amortization of RMB65,380,000, based on the accumulated assets royalties provided for during the transitional period.

As at the date of assets delivery, the Parent Group used machinery and equipment with the appraisal value of RMB2,695,753,000 to compensate the Company for the Fixed Assets Impairment of the Old District resulting from the relocation; the Company undertook the Parent Group's liabilities amounting to RMB10,463,455,000; the Company issued 1,996,181,600 A shares to the Parent Group at the price of RMB3.14 per share; and paid RMB205,487,000 to the Parent Group in cash. Pursuant to the reorganization agreement, the Company shall pay the portion to be paid in cash to the Parent Group within 24 months from the delivery date.

8. Auditors

As approved at 2010 Annual General Meeting, the Board reappointed KPMG Huazhen and KPMG as the auditors of the Company respectively. On 18 March 2011, a resolution was passed at the 2011 first extraordinary general meeting of the Company, pursuant to which the Company's international auditor KPMG ("International Auditor"), which was appointed at the 2009 annual general meeting, was dismissed, and KPMG Huazhen was retained to audit the financial statements for the year 2011 prepared under the PRC Accounting Standards for Business Enterprises and issue audit opinion in accordance with PRC auditing standards and to undertake all such activities as required to be performed by overseas auditors under the Listing Rules (including preliminary announcement on annual results, annual review of continuing connected transactions, etc.). The dismissal of International Auditor helps to improve efficiency and reduce information disclosure costs. There are no disagreements between the Company and the International Auditor. The dismissal has gone through necessary procedures in compliance with relevant laws, listing rules of the listing place and the Articles of Association. On 13 June 2013, the 2012 annual general meeting of the Company passed the proposal for re-appointment of KPMG Huazhen (Special General Partnership) as the auditor and internal control auditor of the Company for the year 2013. KPMG Huazhen has audited the financial statements prepared under PRC GAAP. The Company paid RMB5 million of audit fee for integrated auditing service. As at the end of the reporting period, it had provided auditing service for the Company for 7 years.

9. Report of the Supervisory Committee

The Supervisory Committee is in the opinion that there was no problem in legality of the Company's operation, the Company's financial status, the use of proceeds, acquisition and disposal of assets by the Company and connected transactions.

We carried out rectification after being circulated a notice of criticism from Shanghai Stock Exchange on 10 November 2013 to improve our internal control and strengthen standardizing operation, thus protect the interest of the Company and its shareholders from being prejudiced.

VIII. RELEVANT MATTERS TO THE FINANCIAL REPORT

1. There is no change in coverage of the consolidated statements as compared to the financial report for the previous year.

2. the auditing firm has issued a standard unqualified audit report on the financial report of the Company for the year.

3. as compared to the financial report for the previous year, accounting policies, accounting estimates and accounting methods of the Company were adjusted according to the following principles:

   The Company has adopted the following new/revised Accounting Standards for Business Enterprises issued by the Ministry of Finance since 1 January 2013:

   Accounting Standards for Business Enterprises No. 2---Long-term Euiqty Investment ("Standard No. 2 (revised)")

   Accounting Standards for Business Enterprises No. 9---Employees Remuneration ("Standard No. 9 (revised)")

   Accounting Standards for Business Enterprises No. 30---Presentation of Financial Statement ("Standard No. 30 (revised)")

   Accounting Standards for Business Enterprises No. 33---Consolidated Financial Statement ("Standard No. 33 (revised)")

Accounting Standards for Business Enterprises No. 39---Fair Value Measurement ("Standard No. 39(revised)")

Accounting Standards for Business Enterprises No. 40---Joint Venture Arrangement ("Standard No. 40 (revised)")

4. There was no change in retrospective restatement of major accounting errors in the Reporting Period.

IX. THE ACCOMPANYINGS ARE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2013 PREPARED UNDER THE PRC GAAP

Consolidated balance sheet

as at 31 December 2013

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

Assets	2013	2012
Current assets		
Cash at bank and on hand	**1,553,350**	3,800,917
Bills receivable	**340,783**	779,131
Accounts receivable	**535,906**	1,057,179
Prepayments	**364,264**	880,823
Other receivables	**51,859**	1,802,681
Inventories	**8,792,179**	7,196,682
Other current assets	**1,713,216**	473,185
Total current assets	**13,351,557**	15,990,598
Non-current assets		
Available-for-sale financial assets	**5,000**	5,000
Long-term equity investments	**104,752**	104,739
Fixed assets	**24,570,568**	8,282,293
Construction in progress	**6,977,960**	4,236,785
Construction materials	**34,031**	1,190,982
Fixed assets to be disposed of	**—**	320,732
Intangible assets	**2,860,193**	350,789
Deferred tax assets	**17,866**	17,892
Other non-current assets	**124,050**	606,589
Total non-current assets	**34,694,420**	15,115,801
Total assets	**48,045,977**	31,106,399

Liabilities and shareholders' equity	2013	2012
Current liabilities		
Short-term loans	**4,705,734**	5,620,216
Financial liabilities at fair value through profit or loss	**—**	1,556
Bills payable	**2,583,300**	861,000
Accounts payable	**13,506,498**	7,486,179
Advances from customers	**2,303,266**	3,646,951
Employee benefits payable	**197,105**	157,904
Taxes payable	**308,379**	5,618
Interest payable	**68,372**	22,173
Other payables	**1,500,212**	708,640
Non-current liabilities due within one year	**2,355,454**	3,862,674
Other current liabilities	**9,445**	7,712
Total current liabilities	**27,537,765**	22,380,623
Non-current liabilities		
Long-term loans	**7,348,938**	799,408
Debentures payable	**1,976,699**	1,971,617
Long-term payables	**1,083,193**	1,635,025
Other non-current liabilities	**163,079**	126,750
Total non-current liabilities	**10,571,909**	4,532,800
Total liabilities	**38,109,674**	26,913,423

Liabilities and shareholders' equity *(Continued)*	**2013**	2012
Shareholders' equity		
Share capital	**4,436,023**	1,733,127
Capital reserve	**6,648,883**	1,109,163
Specific reserve	**1,344**	1,615
Surplus reserve	**606,991**	606,991
Retained earnings ("( )" for undistributed deficit)	**(1,775,938)**	723,080
Total equity attributable to shareholders of the Company	**9,917,303**	4,173,976
Minority interests	**19,000**	19,000
Total shareholders' equity	**9,936,303**	4,192,976
Total liabilities and shareholders' equity	**48,045,977**	31,106,399

Balance sheet

as at 31 December 2013

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

Assets	2013	2012
Current assets		
Cash at bank and on hand	**1,536,656**	3,771,189
Bills receivable	**329,619**	769,881
Accounts receivable	**468,322**	931,263
Prepayments	**93,234**	304,375
Other receivables	**46,271**	1,794,099
Inventories	**8,782,016**	7,184,212
Other current assets	**1,712,544**	470,533
Total current assets	**12,968,662**	15,225,552
Non-current assets		
Available-for-sale financial assets	**5,000**	5,000
Long-term equity investments	**219,610**	219,597
Fixed assets	**24,523,710**	8,232,887
Construction in progress	**6,974,608**	4,233,224
Construction materials	**34,031**	1,190,982
Fixed assets to be disposed of	**—**	316,476
Intangible assets	**2,856,166**	346,662
Deferred tax assets	**17,116**	17,116
Other non-current assets	**58,750**	606,589
Total non-current assets	**34,688,991**	15,168,533
Total assets	**47,657,653**	30,394,085

Liabilities and shareholders' equity	**2013**	2012
Current liabilities		
Short-term loans	**4,705,734**	5,555,216
Financial liabilities at fair value through profit or loss	**—**	1,556
Bills payable	**2,583,300**	861,000
Accounts payable	**13,470,028**	7,445,606
Advances from customers	**1,990,185**	3,124,969
Employee benefits payable	**193,331**	154,204
Taxes payable	**307,438**	2,791
Interest payable	**68,372**	22,173
Other payables	**1,562,280**	744,930
Non-current liabilities due within one year	**2,355,454**	3,862,674
Other current liabilities	**9,445**	7,712
Total current liabilities	**27,245,567**	21,782,831
Non-current liabilities		
Long-term loans	**7,348,938**	799,408
Debentures payable	**1,976,699**	1,971,617
Long-term payables	**1,083,193**	1,635,025
Other non-current liabilities	**162,286**	126,750
Total non-current liabilities	**10,571,116**	4,532,800
Total liabilities	**37,816,683**	26,315,631

Liabilities and shareholders' equity *(continued)*	**2013**	2012
Shareholders' equity		
Share capital	**4,436,023**	1,733,127
Capital reserve	**6,680,331**	1,140,611
Surplus reserve	**577,012**	577,012
Retained earnings ("( )" for undistributed deficit)	**(1,852,396)**	627,704
Total shareholders' equity	**9,840,970**	4,078,454
Total liabilities and shareholders' equity	**47,657,653**	30,394,085

Consolidated income statement

for the year ended 31 December 2013

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

			2013	2012
I.	**Operating income**		**17,563,446**	18,458,776
II.	**Less:**	**Operating costs**	**17,884,462**	18,402,709
		Business taxes and surcharges	**7,296**	12,268
		Selling and distribution expenses	**349,210**	423,351
		General and administrative expenses	**853,930**	650,617
		Financial expenses	**840,593**	1,006,021
		Impairment losses	**127,977**	379,743
	Add:	Gains from changes in fair value (“( )” for losses)	**1,556**	22,157
		Investment income (“( )” for losses)	**(1,505)**	369,274
		Including: Income from investment in associates and jointly controlled enterprises	**13**	7
III.	**Operating profit (“( )” for losses)**		**(2,499,971)**	(2,024,502)
	Add:	Non-operating income	**12,022**	2,168,322
		Including: Gains from disposal of non-current assets	**225**	646
	Less:	Non-operating expenses	**7,942**	41,995
		Including: Losses from disposal of non-current assets	**4,357**	41,044

		2013	2012
IV.	**Profit before income tax ("( )" for losses)**	**(2,495,891)**	101,825
	Less: Income tax expense	**3,127**	2,982
V.	**Net profit for the year ("( )" for net losses)**	**(2,499,018)**	98,843
	Attributable to:		
	Shareholders of the Company	**(2,499,018)**	98,813
	Minority interests	**—**	30
VI.	**Earnings per share**		
	Basic earnings per share (Renminbi Yuan) ("( )" for net losses)	**(1.252)**	0.057
	Diluted earnings per share (Renminbi Yuan) ("( )" for net losses)	**(1.252)**	0.057

	2013	2012
VII. Other comprehensive income that cannot be reclassified into profit and loss in future periods	**—**	—
Including: Changes resulted from re-measurement of net liabilities or assets of defined benefit plans	**—**	—
Share of other comprehensive income of investees that cannot be reclassified into profit and loss in future periods under the equity method	**—**	—
Other comprehensive income that can be reclassified into profit and loss in future periods when certain conditions are satisfied	**—**	—
Including: Share of other comprehensive income of investees that can be reclassified into profit and loss in future periods under the equity method	**—**	—
Gains / (losses) arising from changes in fair value of available-for-sale financial assets	**—**	—
Gains / (losses) arising from reclassification from held-to-maturity investments to available-for-sale financial assets	**—**	—

	2013	2012
Effective portion of gains /(losses) on instruments designated as cash flow hedges	**—**	—
Exchange differences on translation of financial statements denominated in foreign currencies	**—**	—
	—	—
Net amount of other comprehensive income items (net of taxes)	**—**	—
VIII. Total comprehensive income for the year	**(2,499,018)**	98,843
Attributable to:		
Shareholders of the Company	**(2,499,018)**	98,813
Minority interests	**—**	30

Consolidated cash flow statement

for the year ended 31 December 2013

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

			2013	2012
I.	**Operating income**		**17,367,834**	18,372,275
	Less:	Operating costs	**17,731,675**	18,377,090
		Business taxes and surcharges	**1,074**	2,472
		Selling and distribution expenses	**345,618**	421,378
		General and administrative expenses	**814,470**	620,025
		Financial expenses	**837,697**	1,000,461
		Impairment loss	**128,089**	379,814
	Add:	Gains from changes in fair value ("( )" for losses)	**1,556**	22,157
		Investment income ("( )" for losses)	**6,265**	294,582
		Including: Income from investment in associates and jointly controlled enterprises	**13**	7
II.	**Operating profit ("( )" for losses)**		**(2,482,968)**	(2,112,226)
	Add:	Non-operating income	**6,369**	2,167,505
		Including: Gains from disposal of non-current assets	**1**	16
	Less:	Non-operating expenses	**3,501**	40,539
		Including: Losses from disposal of non-current assets	**3**	39,595
III.	**Profit before income tax ("( )" for losses)**		**(2,480,100)**	14,740
	Less:	Income tax expense	**—**	1,163

	2013	2012
IV. Net profit for the year ("( )" for losses)	**(2,480,100)**	13,577
V. Other comprehensive income that cannot be reclassified into profit and loss in future periods	**—**	—
Including: Changes resulted from re-measurement of net liabilities or assets of defined benefit plans	**—**	—
Share of other comprehensive income of investees that cannot be reclassified into profit and loss in future periods under the equity method	**—**	—
Other comprehensive income that can be reclassified into profit and loss in future periods when certain conditions are satisfied	**—**	—
Including: Share of other comprehensive income of investees that can be reclassified into profit and loss in future periods under the equity method	**—**	—
Gains / (losses) arising from changes in fair value of available-for-sale financial assets	**—**	—
Gains / (losses) arising from reclassification from held-to-maturity investments to available-for-sale financial assets	**—**	—
Effective portion of gains /(losses) on instruments designated as cash flow hedges	**—**	—

	2013	2012
Exchange differences on translation of financial statements denominated in foreign currencies	**—**	—
	—	—
Net amount of other comprehensive income items(net of taxes)	**—**	—
VI. Total comprehensive income for the year	**(2,480,100)**	13,577

Consolidated cash flow statement

for the year ended 31 December 2013

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

		2013	2012
I.	**Cash flows from operating activities:**		
	Cash received from sale of goods and rendering of services	**21,495,204**	24,389,270
	Refund of taxes	**3,169**	4,391
	Cash received from government subsidies	**46,700**	2,001,800
	Cash received relating to other operating activities	**7,263**	13,655
	Sub-total of cash inflows	**21,552,336**	26,409,116
	Cash paid for goods and services	**(18,503,825)**	(20,029,311)
	Cash paid to and for employees	**(1,017,179)**	(969,049)
	Cash paid for all types of taxes	**(63,614)**	(64,331)
	Cash paid relating to other operating activities	**(12,387)**	(31,812)
	Sub-total of cash outflows	**(19,597,005)**	(21,094,503)
	Net cash inflow from operating activities	**1,955,331**	5,314,613

	2013	2012
II. Cash flows from investing activities:		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**3,093**	198,992
Net cash received from disposal of subsidiaries and other business units	**—**	286,359
Cash received relating to other investing activities	**20,205**	34,820
Sub-total of cash inflows	**23,298**	520,171
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	**(2,108,064)**	(2,313,843)
Sub-total of cash outflows	**(2,108,064)**	(2,313,843)
Net cash outflow from investing activities	**(2,084,766)**	(1,793,672)
III. Cash flows from financing activities:		
Cash received from investors	**1,950,000**	—
Including: Cash received from minority shareholders of subsidiaries	**—**	—
Cash received from borrowings	**6,059,786**	6,878,511
Cash received from finance leases	**—**	200,000
Sub-total of cash inflows	**8,009,786**	7,078,511

	2013	2012
Cash repayments of borrowings	**(8,073,100)**	(6,112,937)
Cash paid for dividends, profit distributions or interest	**(771,179)**	(769,828)
Including: Subsidiary paid to minority shareholders dividends, profit	**—**	—
Cash paid relating to other financing activities	**(1,910,843)**	(1,623,546)
Sub-total of cash outflows	**(10,755,122)**	(8,506,311)
Net cash outflow from financing activities	**(2,745,336)**	(1,427,800)
IV. Effect of changes in exchange rate on cash and cash equivalents	**(732)**	—
V. Net increase in cash and cash equivalents ("( )" for decreases)	**(2,875,503)**	2,093,141
Add: Cash and cash equivalents at the beginning of the year	**3,394,564**	1,301,423
VI. Cash and cash equivalents at the end of the year	**519,061**	3,394,564

Cash flow statement

for the year ended 31 December 2013

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

		2013	2012
I.	**Cash flows from operating activities:**		
	Cash received from sale of goods and rendering of services	**20,384,404**	23,874,220
	Refund of taxes	**2,063**	4,241
	Cash received from government subsidies	**45,000**	2,001,800
	Cash received relating to other operating activities	**3,598**	3,618
	Sub-total of cash inflows	**20,435,065**	25,883,879
	Cash paid for goods and services	**(17,592,813)**	(19,508,983)
	Cash paid to and for employees	**(946,931)**	(876,000)
	Cash paid for all types of taxes	**(20,149)**	(43,235)
	Cash paid relating to other operating activities	**(6,385)**	(19,801)
	Sub-total of cash outflows	**(18,566,278)**	(20,448,019)
	Net cash inflow from operating activities	**1,868,787**	5,435,860

	2013	2012
II. Cash flows from investing activities:		
Cash received from return on investments	**7,770**	11,546
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**2,237**	196,728
Net cash received from disposal of subsidiaries and other business units	**—**	430,000
Cash received relating to other investing activities	**20,148**	34,702
Sub-total of cash inflows	**30,155**	672,976
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	**(2,083,253)**	(1,779,141)
Net cash paid for acquisition of subsidiaries and other business units	**—**	(61,546)
Sub-total of cash outflows	**(2,083,253)**	(1,840,687)
Net cash outflow from investing activities	**(2,053,098)**	(1,167,711)

	2013	2012
III. Cash flows from financing activities		
Cash received from investors	**1,950,000**	—
Cash received from borrowings	**6,059,786**	6,171,514
Sub-total of cash inflows	**8,009,786**	6,171,514
Cash repayments of borrowings	**(8,008,100)**	(5,864,937)
Cash paid for dividends, profit distributions or interest	**(768,270)**	(767,937)
Cash paid relating to other financing activities	**(1,910,843)**	(1,623,546)
Sub-total of cash outflows	**(10,687,213)**	(8,256,420)
Net cash outflow from financing activities	**(2,677,427)**	(2,084,906)
IV. Effect of changes in exchange rate on cash and cash equivalents	**(732)**	—
V. Net increase in cash and cash equivalents ("( )" for decreases)	**(2,862,470)**	2,183,243
Add: cash and cash equivalents at the beginning of the year	**3,364,836**	1,181,593
VI. Cash and cash equivalents at the end of the year	**502,366**	3,364,836

Consolidated statement of changes in shareholder's equity

for the year ended 31 December 2013

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

	2013							2012						
	Attributable to shareholders of the Company							Attributable to shareholders of the Company						
	Share capital	**Capital reserve**	**Specific reserve**	**Surplus treasury**	**Retained earnings**	**Minority interests**	**Total**	Share capital	Capital reserve	Specific reserve	Surplus treasury	Retained earnings	Minority interests	Total
I. Balance at the end of the previous year	1,733,127	1,109,163	1,615	606,991	723,080	19,000	4,192,976	1,733,127	1,109,163	1,560	605,633	625,625	166,007	4,241,115
Add: Changes in accounting policy	—	—	—	—	—	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	1,733,127	1,109,163	1,615	606,991	723,080	19,000	4,192,976	1,733,127	1,109,163	1,560	605,633	625,625	166,007	4,241,115
III. Changes in equity for the year ("( )" for decreases)														
1. Net profit for the year	—	—	—	—	(2,499,018)	—	(2,499,018)	—	—	—	—	98,813	30	98,843
2. Other comprehensive income for the year	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sub-total of 1 & 2	—	—	—	—	(2,499,018)	—	(2,499,018)	—	—	—	—	98,813	30	98,843
3. Contributions from shareholders	2,702,896	5,539,720	—	—	—	—	8,242,616	—	—	—	—	—	—	—
— Contributions from shareholders	2,702,896	5,515,115	—	—	—	—	8,218,011	—	—	—	—	—	—	—
— Others	—	24,605	—	—	—	—	24,605	—	—	—	—	—	—	—
4. Appropriate of profits	—	—	—	—	—	—	—	—	—	—	1,358	(1,358)	—	—
— Appropriation for surplus reserve	—	—	—	—	—	—	—	—	—	—	1,358	(1,358)	—	—
— Distributions to shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	(147,037)	(147,037)
6. Specific reserve	—	—	(271)	—	—	—	(271)	—	—	55	—	—	—	55
— Accrued	—	—	25,120	—	—	—	25,120	—	—	29,204	—	—	—	29,204
— Utilised	—	—	(25,391)	—	—	—	(25,391)	—	—	(29,149)	—	—	—	(29,149)
Sub-total of 3 & 6	2,702,896	5,539,720	(271)	—	—	—	8,242,345	—	—	55	1,358	(1,358)	(147,037)	(146,982)
IV. Balance at the end of the year	4,436,023	6,648,883	1,344	606,991	(1,775,938)	19,000	9,936,303	1,733,127	1,109,163	1,615	606,991	723,080	19,000	4,192,976

Consolidated statement of changes in shareholder's equity

for the year ended 31 December 2013

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

	2013						2012					
	Share capital	**Capital reserve**	**Specific reserve**	**Surplus reserve**	**Retained earnings**	**Total**	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at the end of the previous year/ the beginning of the year	**1,733,127**	**1,140,611**	**—**	**577,012**	**627,704**	4,078,454	1,733,127	1,140,611	—	575,654	615,484	4,064,876
Add: Changes in accounting policy	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	1	1
II. Balance at the beginning of the year	**1,733,127**	**1,140,611**	**—**	**577,012**	**627,704**	4,078,454	1,733,127	1,140,611	—	575,654	615,485	4,064,877
III. Changes in equity for the year												
1. Net profit for the year ("( )" for decrease)	**—**	**—**	**—**	**—**	**(2,480,100)**	(2,480,100)	—	—	—	—	13,577	13,577
2. Other comprehensive income	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—
Sub-total of 1 & 2	**—**	**—**	**—**	**—**	**(2,480,100)**	(2,480,100)	—	—	—	—	13,577	13,577
3. Contributions from shareholders	**2,702,896**	**5,539,720**	**—**	**—**	**—**	8,242,616	—	—	—	—	—	—
— Contributions from shareholders	**2,702,896**	**5,515,115**	**—**	**—**	**—**	8,218,011	—	—	—	—	—	—
— Others	**—**	**24,605**	**—**	**—**	**—**	24,605	—	—	—	—	—	—
4. Appropriate of profits	**—**	**—**	**—**	**—**	**—**	—	—	—	—	1,358	(1,358)	—
—Appropriation for surplus reserve	**—**	**—**	**—**	**—**	**—**	—	—	—	—	1,358	(1,358)	—
— Distributions to shareholders	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—
5. Specific reserves	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—
— Accrued	**—**	**—**	**23,355**			**23,355**	**—**	**—**	(27,566)	—	—	(27,566)
— Utilized	**—**	**—**	**(23,355)**			**(23,355)**	**—**	**—**	27,566	—	—	27,566
Sub-total of 3 & 5	**2,702,896**	**5,539,720**	**—**	**—**	**—**	8,242,616	—	—	—	1,358	(1,358)	—
IV. Balance at the end of the year	**4,436,023**	**6,680,331**	**—**	**577,012**	**(1,852,396)**	9,840,970	1,733,127	1,140,611	—	577,012	627,704	4,078,454

The annual report of the Company for the year ended 31 December 2013 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 28 March 2013.

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

Chongqing, the PRC, 27 March 2014

As at the date of this announcement, the Directors of the Company are: Mr. Yuan Jin Fu (Non-executive Director), Mr. Li Ren Sheng (Executive Director), Mr. Guan Zhao Hui (Executive Director), Mr. Ran Mao Sheng (Independent Non-executive Director), Mr. Zhang Guo Lin (Independent Non-executive Director) and Mr. Liu Tian Ni (Independent Non-executive Director).