
Chongqing Steel performance update for 5 months

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It is reported that Chongqing Iron & Steel Co Ltd performed well this year earning profits of CNY 102 million in January to May.

As the local pillar, the group wrote down sales revenue of CNY 20.4 billion, pre-tax profits of CNY 2.2 billion and profits of CNY 0.96 billion in 2008, with the value of state owned assets rose up to CNY 26.6 billion up by 34.9%.

It's sort of mysterious that the mill made such an achievement amid the hit of global financial crisis. Chongqing Daily found out some out-standing reasons such as:

1. The mill controls purchasing costs in raw materials, meanwhile urges all staff to cut expenses in daily operations.
2. The mill yields and develops products which will bring in more benefits. Last year, the steelmaker churned out new products of 0.75 million tonnes and completed production value of CNY 3.67 billion up by 23.95% YoY. Among the new ones, shipbuilding bulb flats, winning certifications of 7 classification societies, fill China's blank and leading domestic market with market occupy up to 60%.
3. The mill is active in searching new customers, and insists on production based on orders. Till now, the mill has been in long-time strategic partnership with 26 customers, being on the way to build up and strengthen the sales net-work.

In spite of the recent performances, Chongqing Steel also maps out a future outlook by realizing the relocation and exploiting self-own iron ore mines.

The mill started its relocation project in accordance with the state's environment-protecting policies, aiming to launch a quality plate production base. As learned, the building of 4100mm wide & heavy plate line, the core part of the relocation started on March 28th 2008, is expected to be finished in Q3. In addition, as to the outsourcing of raw materials, the mill plans to sign buying agreement of 1m-ton iron ores with miners in Brazil and Australia, at the moment of prices stay in horizon.

And, the mill projects to exploit five self-owned mines, including 6.3 million tonnes per year Taihe mine in Xichang, 8 million tonnes per year Xiaojinhe mine in Shaanxi, Taohua mine in Wushan, Zhuantang mine in Qijiang and Jielong mine in Banan.

Mr Dong Ling president of the group predicts that "We will pour in CNY 5 billion in those mines. Hen said that the self-supply of iron ores will rise up to 50%, effectively stabilizing the capacity of 6.5 million tonnes per year when the relocation comes to the end. And the maturity of the five mines will largely cut Chongqing Steel's costs."

(Source: Chongqing Daily)

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