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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)

FIRST QUARTERLY REPORT OF 2018

1. IMPORTANT NOTICE

- 1.1 The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents in the quarterly report, confirm that there are no false representations or misleading statements contained in or material omissions from this report, and jointly and severally accept legal responsibility.
- 1.2 All directors of the Company attended the board meeting to consider the quarterly report.
- 1.3 Mr. Zhou Zhuping, the chairman of the Company and Mr. Lv Feng, the chief financial officer and the chief accountant (accounting officer), warrant the truthfulness, accuracy and completeness of the financial statements contained in the quarterly report.
- 1.4 The first quarterly report of the Company was unaudited.

1.5 Operating highlights of the Company

- Crisis solved with new opportunities reemerged. The Company commenced judicial reorganisation procedures in July 2017 and completed them in December 2017. Having introduced Siyuanhe Fund, a steel industry merger and acquisition fund backed by Baowu Group, the Company managed to resolve the crises in regard to the debt that involves a huge amount of RMB 41.7 billion and to its survival in a market-based, legalized and professional manner with the gearing ratio lowered to 33% and cast off low-efficient and inefficient assets of RMB11.18 billion through judicial auction. Afterwards, the Company achieved greatly cemented asset foundation, turned from the previous losses into gains successfully and avoided the risk of delisting.
- Systematic reform improved quality and enhanced efficiency. Upon the judicial reorganisation, the Company, by leveraging on the shareholding structure with mixed ownership and controlling shareholder's background and resources, engaged an experienced management team to proactively promote reform on its systems and mechanisms. Specifically, it implemented cost leadership strategy and leading manufacturing technology strategy to enlarge production and sales volume and optimize the product mix, which markedly raised corporate efficiency and comprehensive competitiveness.
- Operating performance hit record high. Under the annual operating guideline of “full production and sales, low costs and high efficiency”, the Company focused on full production and sales and fundamental management improvement by assuring smooth production and stable operation, guaranteeing raw materials supply and expanding sales market in the first quarter. In the first quarter, the Company recorded an operating income of RMB5.152 billion, increasing by 211.3% as compared to the corresponding period last year; and a total profit of RMB351 million, representing a substantial turnaround as compared to the huge losses of RMB595 million incurred in the corresponding period last year and hitting a record high in the corresponding periods in the previous years.
- Full production and sales achieved a better-than-expected outcome. In the first quarter, the Company had adequate supply of fuels to serve its production needs in both quantity and structure, amid loading halt and limitation during the Spring Festival travel rush and navigation restriction at the Three Gorges Dam resulting from overhaul. It manufactured 1,342,700 tons of iron, 1,490,400 tons of steel and 1,419,400 tons of steel products, having fully realized its production target, and recorded an additional steel output of 210,000 tons.

- Market in western China was thoroughly explored and a scientific marketing system was established. Thanks to the active promotion of direct sale and supply, channel expansion, logistics optimization and endeavors in improving customer satisfaction on products, the popularity and reputation of “San Feng” brand in the western regions were improved significantly and the market influence was building up gradually. It took initiative in making use of business opportunities arising from the “Belt and Road Initiative” and “Western Development” construction and took on all materials to be supplied for the large-scale and major glorious projects including Tianfu International Airport and the Xi’an Silk Road Conference Center. In the first quarter, sales volume of steel products amounted to 1,379,400 tons, increasing by 133% as compared to the corresponding period last year and hitting record high in the corresponding periods in the previous years.
- Initial success has been achieved in meticulous cost management, and major technological and economic indicators were continuously improved. In accordance with the cost leadership strategy, the Company put in place robust cost management system. Among others, it delegated authority to lower level of cost management, introduced more detailed cost calculation standards, refined data quality and deepened cost analysis through honed calculation system and financial information system. As a result, major technical and economic indicators of the Company were continuously improved in the first quarter, and core indicators for major processes such as high temperature fuel ratio and utilization factor of furnace in steel smelting climbed to the highest level since the relocation of plant. In particular, average comprehensive energy consumption per tons of steel amounted to 516.55kgce/t, having renewed the historic best records for three consecutive months. The Company reduced comprehensive cost of approximately RMB256 million through tapping internal potential in the first quarter.
- Reform in the incentive mechanism was carried forward actively and the performance-oriented approach was advocated in this regard. In March 2018, the board of directors of the Company considered and approved the Employee Share Ownership Plan from 2018 to 2020 (Draft) and disclosed the same thereafter to fully arouse the enthusiasm of the employees and accomplish shared responsibility, risk and benefits. Meanwhile, it implemented performance incentive and equity incentive simultaneously and integrated the interests of the management, the core and mainstay personnel and the shareholders, aiming to accomplish mutual development of the employees and the Company and facilitate the long-term and stable development of the Company and improvement of the shareholder value.

2. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

Unit: RMB'000

	As at the end of the reporting period	As at the end of the previous year	Changes from the end of the previous year (%)
Total assets	25,462,966	25,012,459	1.80
Net assets attributable to the shareholders of the Company	17,079,358	16,730,115	2.09
	From the beginning of year to the end of the reporting period	From the beginning of the previous year to the end of the reporting period of the previous year	Changes from the same period last year (%)
Net cash flow from operating activities	-304,134	-148,645	-104.60
	From the beginning of year to the end of the reporting period	From the beginning of the previous year to the end of the reporting period of the previous year	Changes from the same period last year (%)
Revenue from operations	5,152,412	1,654,922	211.34
Net profit attributable to the shareholders of the Company	350,389	-593,874	-
Net profit attributable to the shareholders of the Company after extraordinary profit or loss	353,865	-595,254	-
Return on net assets (weighted average) (%)	2.07	-119.39	-
Basic earnings per share (RMB per share)	0.04	-0.13	-
Diluted earnings per share (RMB per share)	0.04	-0.13	-

Note: Net cash flow from operating activities slid in the first quarter as compared with the same period of the previous year, which is mainly because the Company vigorously advanced the operation guideline of full production and sales, optimized production and operation organizations, reshaped procurement and sale models and conducted strategic procurement. It successfully achieved the target of guaranteeing the supply of raw materials and fuels and recorded new high in production and operation. The inventory of finished goods, iron ores, coal and other raw materials and fuels at the end of the first quarter increased as compared to the corresponding period last year.

Extraordinary profit and loss items and amounts

Applicable Not applicable

Unit: RMB'000

Item	Amount of the period	Explanation
Government grants included in profit or loss of the period other than those closely related to the normal operation of the Company and in compliance with national policies and regulations and conferred on the basis of standard quota or standard quantity	261	
Other non-operating income and expenses other than the above items	<u>-3,737</u>	
Total	<u><u>-3,476</u></u>	

2.2 Total number of shareholders and shareholdings of the top 10 shareholders and the top 10 holders of tradable shares (or holders of shares not subject to trading moratorium) as at the end of the reporting period

Unit: Share

Total number of shareholders 157,469

Shareholdings of top 10 shareholders

(Full) Name of shareholder	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged and frozen status		Nature of shareholders
				Share status	Number	
Chongqing Changshou Iron & Steel Company Limited	2,096,981,600	23.51	0	Pledged	2,096,981,600	Domestic non-state-owned legal person
HKSCC NOMINEES LIMITED	530,805,740	5.95	0	Unknown		Overseas legal person
Chongqing Qianxin Energy Environmental Protection Company Limited	427,195,760	4.79	0	Unknown		Unknown
Chongqing Rural Commercial Bank Co., Ltd.	289,268,939	3.24	0	Unknown		Unknown
Chongqing Guochuang Investment and Management Co., Ltd.	278,288,059	3.12	0	Unknown		Unknown
Sinosteel Equipment & Engineering Co., Ltd.	252,411,692	2.83	0	Unknown		Unknown
Bank of Chongqing Co., Ltd.	226,042,920	2.53	0	Unknown		Unknown
Industrial Bank Co., Ltd. Chongqing Branch	219,633,096	2.46	0	Unknown		Unknown
Agricultural Bank of China Limited Chongqing Branch	216,403,628	2.43	0	Unknown		Unknown
China Shipbuilding Industrial Complete Equipment & Logistics Co., Ltd.	211,461,370	2.37	0	Unknown		Unknown

**Shareholdings of top 10 holders of
shares not subject to trading moratorium**

Name of shareholder	Number of shares not subject to trading moratorium	Class and number of shares	
		Class	Number
Chongqing Changshou Iron & Steel Company Limited	2,096,981,600	RMB-denominated ordinary shares	2,096,981,600
HKSCC NOMINEES LIMITED	530,805,740	Overseas listed foreign shares	530,805,740
Chongqing Qianxin Energy Environmental Protection Company Limited	427,195,760	RMB-denominated ordinary shares	427,195,760
Chongqing Rural Commercial Bank Co., Ltd.	289,268,939	RMB-denominated ordinary shares	289,268,939
Chongqing Guochuang Investment and Management Co., Ltd.	278,288,059	RMB-denominated ordinary shares	278,288,059
Sinosteel Equipment & Engineering Co., Ltd.	252,411,692	RMB-denominated ordinary shares	252,411,692
Bank of Chongqing Co., Ltd.	226,042,920	RMB-denominated ordinary shares	226,042,920
Industrial Bank Co., Ltd. Chongqing Branch	219,633,096	RMB-denominated ordinary shares	219,633,096
Agricultural Bank of China Limited Chongqing Branch	216,403,628	RMB-denominated ordinary shares	216,403,628
China Shipbuilding Industrial Complete Equipment & Logistics Co., Ltd.	211,461,370	RMB-denominated ordinary shares	211,461,370

Explanation about connected relationship
and acts in concert of the above
shareholders

There is no connected relationship between Chongqing Changshou Iron & Steel Company Limited (the Controlling Shareholder of the Company) and the 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.

Explanation on preferential shareholders
with voting rights restored and their
shareholdings

Not applicable.

2.3 Total number of preferential shareholders and shareholdings of the top 10 preferential shareholders and the top 10 holders of preferential shares not subject to trading moratorium as at the end of the reporting period

Applicable Not applicable

3. SIGNIFICANT EVENTS

3.1 Material changes in items of major accounting statements and financial indicators of the Company and the reason thereof

Applicable Not applicable

In the first quarter of this year, the Company recorded a profit of RMB351,109,000, representing an increase of RMB944,345,000 as compared to that of the corresponding period of last year (RMB-593,236,000), mainly due to the following reasons: production was stable and smooth while output and sales volume recorded a substantial year-on-year increase, with 1,379,400 tons of steel products sold, which represented a year-on-year increase of 133% and an increase in profit of RMB364,978,000; as the steel market recovered in the first quarter, the price of steel products in the first quarter reached RMB3,540/ton, which represented a year-on-year increase of 8% and an increase in profit of RMB101,790,000; initial success has been achieved in meticulous cost management in the first quarter, and major technological and economic indicators were remarkably improved, which was reflected in processing cost reduction of RMB256,279,000; taking into account the increase in purchasing cost of RMB209,060,000 caused by higher prices of raw materials such as ore and coal, sales cost in the first quarter decreased by 4% to RMB3,171/ton, creating an increase in profit of RMB47,219,000; upon judicial reorganisation, the Company's debt was handled properly and financial expenses in the first quarter amounted to RMB147,594,000, which represented a year-on-year decrease of 68% and an increase in profit of RMB309,059,000.

3.2 Analysis and explanation of progress and impact of significant events and their solutions

Applicable Not applicable

On 26 February 2018, all the independent directors of the Company issued the Special Statement and Independent Opinion of Independent Directors on External Guarantees which stated the Company's guarantees in 2017. A supplementary statement is as follows:

In 2012, each of China Development Bank and Agricultural Bank of China Taizhou Branch provided San Feng Jingjiang Port Logistics Company Limited (三峰靖江港務物流有限責任公司) (“**San Feng Jingjiang**”) with syndicated loans (loan contract no.: 3200577162012540569, “**Syndicated Loan**”), for which the Company accepted joint guarantee liability.

After the Company underwent judicial reorganisation, Chongqing Qianxin International Trade Co., Ltd. (重慶千信國際貿易有限公司) (“**Qianxin International**”) submitted an “Alternative Guarantee Commitment Letter” to the Company’s manager on 13 November 2017, confirming that it would communicate with China Development Bank and Agricultural Bank of China Taizhou Branch and go through relevant procedures and undertaking to pay off debt to assume its guarantee liability in case they claim compensation when the principal debtor San Feng Jingjiang defaults.

On 28 December 2017, Qianxin International, China Development Bank, Agricultural Bank of China Taizhou Branch and San Feng Jingjiang jointly signed the Change of RMB Syndicated Loan Contract (contract no.: 3200577162012540569004) which provided that Qianxin International, as the guarantor of Syndicated Loan, accepted joint guarantee liability. On the same day, Qianxin International, as the guarantor, entered into the Syndicated Loan Guarantee Contract with San Feng Jingjiang, China Development Bank and Agricultural Bank of China Taizhou Branch which served as a guarantee contract of Syndicated Loan (contract no. 3200577162012540569).

In conclusion, the guarantee made to China Development Bank and Agricultural Bank of China Taizhou Branch by the Company for San Feng Jingjiang was properly handled.

3.3 Undertakings not being fully performed during the reporting period

Applicable Not applicable

3.4. Warning and explanation in the forecast of any possible loss in accumulated net profit from the beginning of the year to the end of next reporting period or any material changes compared to the corresponding period of last year

Applicable Not applicable

<i>Company Name</i>	Chongqing Iron & Steel Company Limited
<i>Legal Representative</i>	Zhou Zhuping
<i>Date</i>	25 April 2018

4. APPENDICES

4.1 Financial Statements

Consolidated Balance Sheet

31 March 2018

Prepared by: Chongqing Iron & Steel Company Limited

Unit : RMB'000 Audit type : unaudited

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Current assets:		
Cash and bank balance	1,240,582	2,050,538
Balances with clearing companies		
Placements with banks and other financial institutions		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivable	530,821	123,096
Accounts receivable	118,372	44,038
Prepayments	333,444	70,022
Premiums receivable		
Accounts receivable from reinsurers		
Deposits receivable from reinsurers		
Interests receivable		
Dividends receivable		
Other receivables	11,912	10,355
Proceeds from financial assets purchased under agreements to resell		
Inventories	2,784,971	1,330,469
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	366,172	1,128,655
Total current assets	<u>5,386,274</u>	<u>4,757,173</u>

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Non-current assets:		
Loans and advances granted		
Available-for-sale financial assets	5,000	5,000
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	124,158	124,158
Investment properties		
Fixed assets	17,417,188	17,595,699
Construction in progress	24,160	8,695
Constructions materials		
Liquidation of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	2,506,186	2,521,734
Development expenses		
Goodwill		
Long-term deferred expenditures		
Deferred income tax assets		
Other non-current assets		
	_____	_____
Total non-current assets	20,076,692	20,255,286
	_____	_____
Total assets	25,462,966	25,012,459
	=====	=====

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Current liabilities:		
Short-term borrowings		
Borrowings from central bank		
Deposit taking and deposit in interbank market		
Placements from banks and other financial institutions		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable	63,300	80,700
Accounts payable	2,422,405	2,074,594
Advances from customers	857,323	187,099
Financial assets sold under agreements to repurchase		
Handling charges and commissions payable		
Staff remuneration payable	23,189	563,547
Taxes payable	29,820	13,095
Interests payable	5,045	7,174
Dividends payable		
Other payables	1,136,536	1,484,738
Reinsurance accounts payable		
Deposits for insurance contracts		
Customer deposits for trading in securities		
Customer deposits for underwriting		
Liabilities classified as held-for-sale		
Non-current liabilities due within one year	400,000	400,000
Other current liabilities		
Total current liabilities	<u>4,937,618</u>	<u>4,810,947</u>

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Non-current liabilities:		
Long-term borrowings	700,000	700,000
Debtures payable		
Including: Preferential shares		
Perpetual bonds		
Long-term payables		
Long-term staff remuneration payable	230,142	243,190
Special payables		
Accrued liabilities		11,204
Deferred income	42,335	43,154
Deferred income tax liabilities		
Other non-current liabilities	2,400,000	2,400,000
	<hr/>	<hr/>
Total non-current liabilities	3,372,477	3,397,548
	<hr/>	<hr/>
Total liabilities	8,310,095	8,208,495
	<hr/> <hr/>	<hr/> <hr/>

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Owners' equity		
Share capital	8,918,602	8,918,602
Other equity instruments		
Including: Preferential shares		
Perpetual bonds		
Capital reserve	19,282,147	19,282,147
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	606,991	606,991
General risk provision		
Undistributed profit	-11,728,382	-12,077,625
Total equity attributable to owners of the Company	17,079,358	16,730,115
Minority interests	73,513	73,849
	<hr/>	<hr/>
Total owners' equity	17,152,871	16,803,964
	<hr/>	<hr/>
Total liabilities and owners' equity	25,462,966	25,012,459
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<i>Legal Representative:</i> Zhou Zhu Ping	<i>Chief Financial Officer:</i> Lv Feng	<i>Chief Account :</i> Lv Feng
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Balance Sheet of the Parent Company

31 March 2018

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Current assets:		
Cash and bank balance	502,450	1,961,403
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivable	530,821	123,096
Accounts receivable	121,826	46,853
Prepayments	333,025	69,581
Interests receivable		
Dividends receivable		
Other receivables	11,912	10,355
Inventories	2,784,971	1,330,469
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	366,154	478,510
Total current assets	4,651,159	4,020,267

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Non-current assets:		
Available-for-sale financial assets	5,000	5,000
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	835,780	835,780
Investment properties		
Fixed assets	17,417,188	17,595,699
Construction in progress	24,160	8,695
Construction materials		
Liquidation of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	2,506,186	2,521,734
Development expenses		
Goodwill		
Long-term deferred expenditures		
Deferred income tax assets		
Other non-current assets		
	_____	_____
Total non-current assets	20,788,314	20,966,908
	_____	_____
Total assets	25,439,473	24,987,175
	=====	=====

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable	63,300	80,700
Accounts payable	2,471,359	2,123,370
Advances from customers	857,107	185,905
Staff remuneration payable	23,077	563,518
Taxes payable	29,820	13,113
Interests payable	5,045	7,174
Dividends payable		
Other payables	1,130,827	1,479,009
Liabilities classified as held-for-sale		
Non-current liabilities due within one year	400,000	400,000
Other current liabilities		
Total current liabilities	<u>4,980,535</u>	<u>4,852,789</u>

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Non-current liabilities:		
Long-term borrowings	700,000	700,000
Debentures payable		
Including: Preferential shares		
Perpetual bonds		
Long-term payables		
Long-term staff remuneration payable	230,142	243,190
Special payables		
Accrued liabilities		11,204
Deferred income	42,335	43,154
Deferred income tax liabilities		
Other non-current liabilities	2,400,000	2,400,000
	<hr/>	<hr/>
Total non-current liabilities	3,372,477	3,397,548
	<hr/>	<hr/>
Total liabilities	8,353,012	8,250,337
	<hr/> <hr/>	<hr/> <hr/>

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Owners' equity:		
Share capital	8,918,602	8,918,602
Other equity instruments		
Including: Preferential shares		
Perpetual bonds		
Capital reserve	19,313,090	19,313,090
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	577,012	577,012
Undistributed profit	-11,722,243	-12,071,866
	<hr/>	<hr/>
Total owners' equity	17,086,461	16,736,838
	<hr/>	<hr/>
Total liabilities and owners' equity	25,439,473	24,987,175
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Legal Representative:

Zhou Zhu Ping

Chief Financial Officer:

Lv Feng

Chief Account :

Lv Feng

Consolidated Income Statement

January to March 2018

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000: Audit type: unaudited

Item	Amount for the period	Amount for the previous period
I. Total revenue from operations	5,152,412	1,654,922
Including: Revenue from operations	5,152,412	1,654,922
Interest income		
Premiums earned		
Income from fee and commission		
II. Total operating costs	4,797,827	2,249,537
Including: Operating costs	4,620,307	1,773,046
Interest expenses		
Fee and commission expenses		
Surrender value		
Net expenditure for compensation payments		
Net drawing on deposits for insurance contracts		
Expenditures for insurance policy dividend		
Reinsurance costs		
Taxes and surcharges	29,926	19,838
Selling expenses	21,891	13,134
Administrative expenses	93,734	186,033
Finance cost	31,969	257,486
Asset impairment loss		
Add: Gain from change in fair value(loss is represented by “-”)		
Gains from investment (loss is represented by “-”)		
Including: Gains from investment in associates and joint ventures		
Gain on disposal of assets (loss is represented by “-”)		
Exchange gain (loss is represented by “-”)		
Other income		

Item	Amount for the period	Amount for the previous period
III. Profit from operations (loss is represented by “-”)	354,585	-594,615
Add: Non-operating income	451	1,390
Less: Non-operating expenses	3,927	10
IV. Total profit (total loss is represented by “-”)	351,109	-593,235
Less: Income tax expense	620	704
V. Net profit (net loss is represented by “-”)	350,489	-593,939
(I) Classified on a going concern basis		
1. Net profit from continuing operations (net loss represented by “-”)	350,489	-593,939
2. Net profit from discontinued operations (net loss represented by “-”)		
(II) Classified according to the ownership		
1. Profit or loss attributable to minority shareholders	100	-65
2. Net profit attributable to owners of the parent company	350,389	-593,874
VI. Other comprehensive income (net of tax)		
Other comprehensive income (net of tax) attributable to owners of the parent company		
(I) Other comprehensive income that will not be reclassified to profit or loss subsequently		
1. Changes in re-measurement of net liabilities or net assets of defined benefit plan		
2. Share of other comprehensive income (that will not be reclassified to profit or loss subsequently) of investees accounted for using equity method		

Item	Amount for the period	Amount for the previous period
(II) Other comprehensive income that will be reclassified to profit or loss subsequently		
1. Share of other comprehensive income (that will be reclassified to profit or loss subsequently) of investees accounted for using equity method		
2. Gain or loss on changes in fair value of available-for-sale financial assets		
3. Gain or loss on reclassification of held-to-maturity investments to available-for-sale financial assets		
4. Effective portion of cash flow adjusted for hedging gain or loss		
5. Exchange difference on translation of foreign financial statements		
6. Others		
Other comprehensive income (net of tax) attributable to minority shareholders		
VII. Total comprehensive income	350,489	-593,939
Total comprehensive income attributable to owners of the parent company	350,389	-593,874
Total comprehensive income attributable to minority shareholders	100	-65
VIII. Earnings per share:		
(I) Basic earnings per share <i>(RMB per share)</i>		
(II) Diluted earnings per share <i>(RMB per share)</i>		
<i>Legal Representative:</i> Zhou Zhu Ping	<i>Chief Financial Officer:</i> Lv Feng	<i>Chief Account :</i> Lv Feng

Income Statement of the Parent Company

January to March 2018

Prepared by : Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	Amount for the period	Amount for the previous period
I. Revenue from operations	5,152,412	1,563,690
Less: Operating costs	4,620,307	1,682,360
Taxes and surcharges	29,922	19,638
Selling expenses	21,757	11,730
Administrative expenses	93,190	183,046
Finance cost	36,712	259,986
Asset impairment loss		
Add: Gain from change in fair value (loss is represented by “-”)		
Gains from investment (loss is represented by “-”)		
Including: Gains from investment in associates and joint ventures		
Gains from disposal of assets (loss is represented by “-”)		
Other incomes		
II. Profit from operations (loss is represented by “-”)	350,524	-593,070
Add: Non-operating income	366	1,390
Less: Non-operating expenses	1,270	10
III. Total profit (total loss is represented by “-”)	349,620	-591,690
Less: Income tax expense		
IV. Net profit (net loss is represented by “-”)	349,620	-591,690
(I) Net profit from continuing operations (net loss is represented by “-”)	349,620	-591,690
(II) Net profit from discontinued operations (net loss is represented by “-”)		

Item	Amount for the period	Amount for the previous period
V. Other comprehensive income (net of tax)		
(I) Other comprehensive income that will not be reclassified to profit or loss subsequently		
1. Changes in re-measurement of net liabilities or net assets of defined benefit plan		
2. Share of other comprehensive income (that will not be reclassified to profit or loss subsequently) of investees accounted for using equity method		
(II) Other comprehensive income that will be reclassified to profit or loss subsequently		
1. Share of other comprehensive income (that will be reclassified to profit or loss subsequently) of investees accounted for using equity method		
2. Gain or loss on changes in fair value of available-for-sale financial assets		
3. Gain or loss on reclassification of held-to-maturity investments to available-for-sale financial assets		
4. Effective portion of cash flow adjusted for hedging gain or loss		
5. Exchange difference on translation of foreign financial statements		
6. Others		
VI. Total comprehensive income	349,620	-591,690
VII. Earnings per share:		
(I) Basic earnings per share <i>(RMB per share)</i>		
(II) Diluted earnings per share <i>(RMB per share)</i>		

Legal Representative: **Zhou Zhu Ping**

Chief Financial Officer: **Lv Feng**

Chief Account : **Lv Feng**

Consolidated Cash flow Statement

January to March 2018

Prepared by : Chongqing Iron & Steel Company Limited

Unit : RMB'000 Audit type : unaudited

Item	Amount for the period	Amount for the previous period
I. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	3,614,301	620,576
Net increase in customer and interbank deposits		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash received from interest, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in capital from repurchase business		
Refunds of taxes		
Other cash received relating to operating activities	61,684	414,144
Sub-total of cash inflow from operating activities	3,675,985	1,034,720
Cash paid for goods purchased and service received	2,922,266	600,167
Net increase in customer loans and advances		
Net increase in deposit in central bank and interbank deposit		
Cash paid for compensation payments under original insurance contract		
Cash paid for interest, fee and commission		
Cash paid for insurance policy dividend		

Item	Amount for the period	Amount for the previous period
Cash paid to and on behalf of employees	235,733	173,384
Cash paid for all types of taxes	13,933	145
Other cash paid relating to operating activities	808,187	409,669
Sub-total of cash outflow from operating activities	3,980,119	1,183,365
Net cash flow from operating activities	-304,134	-148,645
 II. Cash flows from investment activities:		
Cash received from disposal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		16
Net cash received from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities		
Sub-total of cash inflow from investing activities		16
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		2,840
Cash paid for investments		
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash paid relating to investing activities		
Sub-total of cash outflow from investing activities		2,840
Net cash flow from investing activities		-2,824

Item	Amount for the period	Amount for the previous period
III. Cash flow from financing activities:		
Cash received from investments Including: Proceeds received by subsidiaries from minority shareholders' investment		1,909,751
Cash received from borrowings		1,932,751
Cash received from issuing bonds		23,000
Other cash received relating to financing activities		23,000
Sub-total of cash inflow from financing activities		1,932,751
Cash paid for repayments of debts		1,577,781
Cash paid for distribution of dividends and profits or for interest expenses	41,592	144,672
Including: Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid relating to financing activities		38,489
Sub-total of cash outflow from financing activities	41,592	1,760,942
Net cash flow from financing activities	-41,592	171,809
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-2,710	-5,062
V. Net increase in cash and cash equivalents	-348,436	15,278
Add: Balance of cash and cash equivalents at the beginning of the period	868,961	745,445
VI. Balance of cash and cash equivalents at the end of the period	520,525	760,723

Legal Representative: **Zhou Zhu Ping**

Chief Financial Officer: **Lv Feng**

Chief Account: **Lv Feng**

Cash flow statement of the Parent Company

January to March 2018

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	Amount for the period	Amount for the previous period
I. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	3,614,301	551,175
Refunds of taxes		
Other cash received relating to operating activities	54,228	406,898
Sub-total of cash inflow from operating activities	3,668,529	958,073
Cash paid for goods purchased and service received	2,921,057	533,533
Cash paid to and on behalf of employees	235,410	170,436
Cash paid for all types of taxes	13,045	93
Other cash paid relating to operating activities	804,858	406,183
Sub-total of cash outflow from operating activities	3,974,370	1,110,245
Net cash flow from operating activities	-305,841	-152,172
II. Cash flows from investment activities:		
Cash received from disposal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		16
Net cash received from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities		
Sub-total of cash inflow from investing activities		16
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		1,880
Cash paid for investments		
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash paid relating to investing activities		
Sub-total of cash outflow from investing activities		1,880
Net cash flow from investing activities		-1,864

Item	Amount for the period	Amount for the previous period
III. Cash flow from financing activities:		
Cash received from investments		
Cash received from borrowings		1,909,751
Other cash received relating to financing activities		23,000
Sub-total of cash inflow from financing activities		1,932,751
Cash paid for repayments of debts		1,577,781
Cash paid for distribution of dividends and profits or for interest expenses	41,592	144,672
Other cash paid relating to financing activities		38,489
Sub-total of cash outflow from financing activities	41,592	1,760,942
Net cash flow from financing activities	-41,592	171,809
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-4,647
V. Net increase in cash and cash equivalents	-347,433	13,126
Add: Balance of cash and cash equivalents at the beginning of the period	779,826	5,137
VI. Balance of cash and cash equivalents at the end of the period	432,393	18,263
<i>Legal Representative:</i> Zhou Zhu Ping	<i>Chief Financial Officer:</i> Lv Feng	<i>Chief Accountant:</i> Lv Feng

4.2 Auditor's Report

Applicable Not applicable

By order of the Board
Chongqing Iron & Steel Company Limited
Yu Hong
Secretary to the Board

Chongqing, the PRC, 26 April 2018

As at the date of this announcement, the Directors of the Company are: Mr. Zhou Zhuping (Non-executive Director), Mr. Zheng Jie (Non-executive Director), Mr. Li Yongxiang (Executive Director), Mr. Tu Deling (Executive Director), Mr. Zhang Shuogong (Executive Director), Mr. Hwang Yuhchang (Independent Non-executive Director), Mr. Xu Yixiang (Independent Non-executive Director), Mr. Xin Qingquan (Independent Non-executive Director) and Mr. Wong Chunwa (Independent Non-executive Director).