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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)

THIRD QUARTERLY REPORT OF 2018

I. 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 Absent Director

Name of absent director	Position held by absent director	Reasons for absence	Name of proxy
Zhang Shuogong	Director	Due to business engagement	Li Yongxiang

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 third quarterly report of the Company was unaudited.

1.5 Operating highlights of the Company

Since the beginning of 2018, the Company has been practicing the strategies of cost priority and leading manufacturing technologies in a proactive manner and has carried out each production and operating task in close compliance with the annual operating principle of “achieving full production and sales, low costs and high efficiency”. Meanwhile, it continuously promoted the smooth integration of production, supply and sale, and realised stable and smooth production, substantial improvement of cost effectiveness, and rapid growth of systematic capabilities, thus its production and operation entered a virtuous cycle. The cash flows of the Company during the period of January to September were significantly improved and the profitability was better than expected.

From January to September 2018, the Company manufactured 4,210,100 tonnes of iron, 4,750,600 tonnes of steel and 4,553,500 tonnes of steel products, representing an increase of 63.63%, 73.33% and 74.27%, respectively, as compared with the same period last year. The Company expected that its annual production of iron, steel and steel products would amount to 5,650,000 tonnes, 6,350,000 tonnes and 5,950,000 tonnes, respectively. Its revenue from operations, total profit and net profit amounted to RMB17,437 million, RMB1,481 million and RMB1,480 million respectively, marking a dramatic turnaround as compared with the huge loss of RMB882 million of the same period last year.

In the third quarter, the production and sales volume of steel products amounted to 1,586,600 tonnes and 1,589,800 tonnes, increasing by 2.53% and 1.6% month on month as compared to the second quarter, respectively; revenue from operations and total profit amounted to RMB6,344 million and RMB718 million, increasing by 6.78% and 74.27% month on month as compared to the second quarter, respectively; the substantial increase in profit in the third quarter was mainly due to the energetic practice of the cost reduction plan and thorough promotion of meticulous cost management, resulting in prominent reduction of cost.

II. 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	26,529,411	25,012,459	6.06
Net assets attributable to the shareholders of the Company	18,218,615	16,730,115	8.90
Net assets per share (<i>RMB/share</i>)	2.04	1.88	8.42
Asset-liability ratio (%)	31.33	32.82	-4.54

	From the beginning of year to the end of the reporting period (January to September)	From the beginning of the previous year to the end of the reporting period of the previous year (January to September)	Changes from the same period last year (%)
Net cash flow from operating activities	439,134	-81,623	N/A

	From the beginning of year to the end of the reporting period (January to September)	From the beginning of the previous year to the end of the reporting period of the previous year (January to September)	Changes from the same period last year (%)
Revenue from operations	17,436,860	8,183,124	113.08
Net profit attributable to the shareholders of the Company	1,480,017	-882,075	N/A
Net profit attributable to the shareholders of the Company after extraordinary profit or loss	1,435,306	-936,187	N/A
Return on net assets (weighted average) (%)	8.45	N/A	N/A
Basic earnings per share (RMB per share)	0.166	-0.199	N/A
Diluted earnings per share (RMB per share)	0.166	-0.199	N/A

Extraordinary profit and loss items and amounts

Applicable Not applicable

Unit: RMB'000

Item	Amount for the period (July to September)	Amount from the beginning of the year to the end of the reporting period (January to September)
Profit or loss on disposal of non-current assets	–	8,482
Government grants included in profit or loss of the period other than those closely related with the normal operation of the Company and in compliance with national policies and regulations and conferred on the standard quota or quantity basis	1,023	2,525
Capital occupancy fee from non-financial enterprises recognized through profit or loss	21,657	53,553
Other non-operating income and expenses other than the above items	-3,833	-17,550
Impact of non-controlling interest (after tax)	–	-531
Impact of income tax	–	-1,768
Total	18,847	44,711

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 150,685

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	530,839,540	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	530,839,540	Overseas listed foreign shares	530,839,540
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

III. 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

(1) Analysis on production and operations

From January to September this year, the Group recorded a total profit of RMB1,481 million, increasing by RMB2,364 million as compared to the loss of RMB883 million in the corresponding period last year, which was mainly due to the followings: from January to September, the selling price of steel products amounted to RMB3,650 per tonne, representing a year-on-year increase of 15.40% and resulting in an increase of RMB2,206 million in the profit; sales volume of steel products was 4,532,900 tonnes, representing a year-on-year increase of 94.18% and resulting in an increase of RMB457 million in profit; sales cost was RMB3,003 per tonne, representing a year-on-year increase of 1.62% and resulting in a decrease of RMB218 million in profit. In particular, the increase in prices of raw materials such as ore, coal, alloy, steel scrap, etc., resulted in a decrease of RMB1,023 million in profit; the Company implemented the annual operating principle of “achieving full production and sales, low costs and high efficiency”, improved basic management and vigorously promoted the cost reduction plan. As a result, critical technical and economic indicators such as the hot strength of coke, tumbler index of sinter, fuel ratio, capacity factor of blast furnace, steel consumption in steelmaking, yield of rolled steel, etc., were all improved significantly and consumption was reduced substantially, thus resulting in an increase of RMB805 million in profit from cost reduction in the aspect of process.

During the reporting period, expenses for the period amounted to RMB1,395 million, representing a year-on-year increase of 3.10% and resulting in a decrease of RMB42 million in profit, and such increase was mainly due to the followings: given the acute shortage of repair for equipment, the Company recorded considerable expenses for repair and maintenance in order to guarantee the effective implementation of the full production and sales strategy and the normal functioning of equipment of the Company, which resulted in the increase in administrative expenses.

No.	Item	Unit	January to September 2018	Corresponding period last year	Percentage change in the amount for the period over the corresponding period last year	Increase in profit (RMB'000)
					(%)	
1	Selling price per unit	RMB per tonne	3,650	3,163	15.40	2,207,522
2	Sales volume	0'000 tonnes	453.29	233.44	94.18	457,288
3	Sales cost	RMB per tonne	3,003	2,955	1.62	-218,101
3-1	Including: Prices of raw materials	RMB'000	-	-	-	-1,023,583
3-2	Cost reduction in process	RMB'000	-	-	-	805,482
4	Expenses for the period	RMB'000	1,395,387	1,353,372	3.10	-42,015
4-1	Including: Selling expenses	RMB'000	71,025	38,564	84.18	-32,461
4-2	Administrative expenses	RMB'000	1,142,030	791,957	44.20	-350,073
4-3	Financial expenses	RMB'000	182,332	522,851	-65.13	340,519
5	Others	RMB'000	-	-	-	-40,860
	Total	RMB'000	-	-	-	2,363,833

(2) Analysis on material changes in assets and liabilities

Unit: RMB'000 Audit type: unaudited

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year-on-year change (%)	Explanation
Current assets:						
Bills and accounts receivable	1,559,571	5.88	167,134	0.67	833.13	Increase in sales volume and effective implementation of policy on recovery of payments for goods
Including: Bills receivable	1,537,080		123,096			
Accounts receivable	22,491		44,038			
Prepayments	391,044	1.47	70,022	0.28	458.46	Scaling up of production and sales, and
Inventories	2,479,635	9.35	1,330,469	5.32	86.37	substantial increase in raw material and fuel inventories
Other current assets	94	0.00	1,128,655	4.51	-99.99	Completion of liquidation of subsidiaries, recovery of wealth management products, and the VAT to be paid after deduction of the unused input VAT from the cumulative taxes payable due to the increase in gross profit of products of the Company.

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year-on-year change (%)	Explanation
Non-current assets:						
Long-term equity investment			124,158	0.50	-100.00	Completion of liquidation and cancellation of associates
Construction in progress	17,654	0.07	8,695	0.03	103.04	Investment in projects on equipment management and technological improvement and measures
Current liabilities:						
Employee benefits payable	47,256	0.18	563,547	2.25	-91.61	Payment for the employee claims under the judicial reorganization
Tax payable	77,079	0.29	13,095	0.05	488.61	The VAT to be paid after deduction of the unused input VAT from the cumulative taxes payable due to the increase in gross profit of products of the Company.
Other payables	536,498	2.02	1,491,912	5.96	-64.04	Payment for the relevant guarantee claims under the judicial reorganization
Non-current liabilities due within one year	590,000	2.22	400,000	1.60	47.50	Reclassification of long-term borrowings into borrowings due within one year

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

Applicable Not applicable

In May 2018, the employee share ownership plan was approved at the Company's shareholders' meeting. Provision was intended to be made at a certain percentage of the audited total profits. The board of directors of the Company intended to withdraw not more than 25% of the audited total profits (before withdrawal of bonus fund) as the total amount of the bonus fund under the profits sharing plan for employees, and the specific ratio relating to the employee share ownership plan would be further confirmed on such basis.

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

The Company recorded a net profit of RMB320 million in 2017. Upon the completion of the Company's judicial reorganisation at the end of 2017, the huge debts of Company were properly dealt with, and its asset quality was further enhanced. The Company fully leveraged on the advantages of its system and mechanism and energetically promoted the reform of comprehensive management. Thanks to these efforts, both production and sales volumes were significantly improved, and major economic and technical indicators set new records constantly. Moreover, with the further enhanced cost management, the competitiveness of the Company and its products was dramatically improved, and thus its production and operation entered a virtuous cycle. Taking into account the market trends of steel products in the fourth quarter of 2018 and the implementation of profit-sharing plans and employee share ownership plan, the accumulated net profit at the end of next reporting period is expected to increase by more than 400%, detailed figures of which are subject to those to be disclosed in the 2018 annual report of the Company.

Company Name **Chongqing Iron & Steel Company Limited**
Legal Representative **Zhou Zhuping**
Date 29 October 2018

IV. APPENDICES

4.1 Financial statements

Consolidated Balance Sheet

30 September 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	2,514,481	2,050,538
Balances with clearing companies		
Placements with banks and other financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Bills and accounts receivable	1,559,571	167,134
Including: Bills receivable	1,537,080	123,096
Accounts receivable	22,491	44,038
Prepayments	391,044	70,022
Premiums receivable		
Accounts receivable from reinsurers		
Deposits receivable from reinsurers		
Other receivables	20,244	10,355
Including: Interests receivable		
Dividends receivable		
Proceeds from financial assets purchased under agreements to resell		
Inventories	2,479,635	1,330,469
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	94	1,128,655
Total current assets	6,965,069	4,757,173

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Non-current assets:		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments		124,158
Other equity instruments investments	5,000	5,000
Other non-current financial assets		
Investment properties		
Fixed assets	17,071,807	17,595,699
Construction in progress	17,654	8,695
Biological assets for production		
Fuel assets		
Intangible assets	2,469,881	2,521,734
Development expenses		
Goodwill		
Long-term deferred expenditures		
Deferred income tax assets		
Other non-current assets		
	_____	_____
Total non-current assets	<u>19,564,342</u>	<u>20,255,286</u>
Total assets	<u>26,529,411</u>	<u>25,012,459</u>

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		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Bills and accounts payable	1,985,036	2,155,294
Advances from customers		187,099
Contract liabilities	1,722,182	
Disposal of repurchased financial assets		
Handling charges and commissions payable		
Employee benefits payable	47,256	563,547
Taxes payable	77,079	13,095
Other payables	536,498	1,491,912
Including: Interests payable	6,304	7,174
Dividends payable		
Payable to reinsurers		
Deposits for insurance contracts		
Customer deposits for trading in securities		
Customer deposits for underwriting		
Held-for-sale liabilities		
Non-current liabilities due within one year	590,000	400,000
Other current liabilities		
Total current liabilities	<u>4,958,051</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	500,000	700,000
Debentures payable		
Including: Preferential shares		
Perpetual bonds		
Long-term payables	133,000	
Long-term staff remuneration payable	278,637	243,190
Accrued liabilities		11,204
Deferred income	41,108	43,154
Deferred income tax liabilities		
Other non-current liabilities	2,400,000	2,400,000
	<hr/>	<hr/>
Total non-current liabilities	3,352,745	3,397,548
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities	8,310,796	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 (or Shareholders' equity)		
Paid-in capital (or 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	10,193	
Surplus reserve	606,991	606,991
General risk provision		
Undistributed profit	-10,599,318	-12,077,625
Total equity attributable to owners of the Company	18,218,615	16,730,115
Minority interests		73,849
	<hr/>	<hr/>
Total owners' equity (or shareholders' equity)	18,218,615	16,803,964
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and owners' equity (or shareholders' equity)	26,529,411	25,012,459
	<hr/> <hr/>	<hr/> <hr/>
<i>Legal Representative:</i>	<i>Chief Financial Officer:</i>	<i>Chief Accountant:</i>
Zhou zhuping	Lv Feng	Lv Feng

Balance Sheet of the Parent Company

30 September 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	2,512,389	1,961,403
Held-for-trading financial assets		
Derivative financial assets		
Bills and accounts receivable	1,561,470	169,949
Including: Bills receivable	1,537,080	123,096
Accounts receivable	24,390	46,853
Prepayments	390,924	69,581
Other receivables	20,239	10,355
Including: Interests receivable		
Dividends receivable		
Inventories	2,479,635	1,330,469
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	75	478,510
Total current assets	6,964,732	4,020,267

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	50,000	835,780
Other equity instruments investments	5,000	5,000
Other non-current financial assets		
Investment properties		
Fixed assets	17,071,807	17,595,699
Construction in progress	17,654	8,695
Biological assets for production		
Fuel assets		
Intangible assets	2,469,881	2,521,734
Development expenses		
Goodwill		
Long-term deferred expenditures		
Deferred income tax assets		
Other non-current assets		
	-----	-----
Total non-current assets	<u>19,614,342</u>	<u>20,966,908</u>
Total assets	<u>26,579,074</u>	<u>24,987,175</u>

Item	Closing balance at the end of the period	Opening balance at the beginning of the year
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Bills and accounts payable	2,032,663	2,204,070
Advances from customers		185,905
Contract liabilities	1,721,053	
Employee benefits payable	47,256	563,518
Taxes payable	76,814	13,113
Other payables	530,801	1,486,183
Including: Interests payable	6,300	7,174
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	590,000	400,000
Other current liabilities		
Total current liabilities	<u>4,998,587</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	500,000	700,000
Debentures payable		
Including: Preferential shares		
Perpetual bonds		
Long-term payables	133,000	
Long-term staff remuneration payable	278,637	243,190
Accrued liabilities		11,204
Deferred income	41,108	43,154
Deferred income tax liabilities		
Other non-current liabilities	2,400,000	2,400,000
	<hr/>	<hr/>
Total non-current liabilities	3,352,745	3,397,548
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities	8,351,332	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 (or Shareholders' equity)		
Paid-in capital (or 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	10,193	
Surplus reserve	577,013	577,012
Undistributed profit	-10,591,156	-12,071,866
	<hr/>	<hr/>
Total owners' equity (or shareholders' equity)	18,227,742	16,736,838
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and owners' equity (or shareholders' equity)	26,579,074	24,987,175
	<hr/> <hr/>	<hr/> <hr/>
<i>Legal Representative:</i> Zhou zhuping	<i>Chief Financial Officer:</i> Lv Feng	<i>Chief Accountant:</i> Lv Feng

Consolidated Income Statement
January to September 2018

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	Amount for the period (July to September)	Amount for the previous period (July to September)	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
I. Total revenue from operations	6,343,961	3,661,397	17,436,860	8,183,124
Including: Revenue from operations	6,343,961	3,661,397	17,436,860	8,183,124
Interest income				
Premiums earned				
Income from fee and commission				
II. Total operating costs	5,623,483	3,593,764	15,940,829	9,118,256
Including: Operating costs	5,110,402	3,291,686	14,454,700	7,704,503
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	38,305	20,602	90,742	60,381
Selling expenses	29,040	14,883	71,025	38,564
Administrative expenses	410,654	259,301	1,142,030	791,957
R&D expenses				
Finance cost	35,082	7,292	182,332	522,851

Item	Amount for the period (July to September)	Amount for the previous period (July to September)	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
Including: Interest expenses	42,325	5,633	232,791	464,433
Interest income	-25,866	-829	-72,294	-8,015
Asset impairment loss				
Credit impairment loss				
Add: Other income	1,023	48,421	2,525	54,707
Gains from investment (loss is represented by "-")	260		-1,566	-1,911
Including: Gains from investment in associates and joint ventures	260		-2,369	-1,911
Income on hedging the net exposure (loss is represented by "-")				
Gain from change in fair value (loss is represented by "-")				
Gain on disposal of assets (loss is represented by "-")			8,482	
Exchange gain (loss is represented by "-")				
III. Profit from operations (loss is represented by "-")	721,761	116,054	1,505,472	-882,336
Add: Non-operating income	159	39	485	134
Less: Non-operating expenses	3,992	203	25,055	729
IV. Total profit (total loss is represented by "-")	717,928	115,890	1,480,902	-882,931
Less: Income tax expense			885	2

Item	Amount for the period (July to September)	Amount for the previous period (July to September)	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
V. Net profit (net loss is represented by “-”)	717,928	115,890	1,480,017	-882,933
(I) Classified on a going concern basis				
1. Net profit from continuing operations (net loss is represented by “-”)	717,928	115,890	1,480,017	-882,933
2. Net profit from discontinued operations (net loss is represented by “-”)				
(II) Classified according to the ownership				
1. Net profit attributable to owners of the parent company	717,928	116,407	1,480,017	-882,075
2. Profit or loss attributable to minority shareholders		-517		-858
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				
1. Changes in re-measurement of defined benefit plan				
2. Other comprehensive income accounted for using equity method that will not be reclassified to profit or loss				
3. Changes in fair value of other equity instruments investment				
4. Changes in fair value of the enterprise’s own credit risk				

Item	Amount for the period (July to September)	Amount for the previous period (July to September)	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
(II) Other comprehensive income that will be reclassified to profit or loss				
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss				
2. Changes in fair value of other debt investments				
3. Amount of financial assets reclassified to other comprehensive income				
4. Provision for credit impairment of other debt investments				
5. Cash flow hedging reserve				
6. Exchange difference on translation of foreign financial statements				
Other comprehensive income (net of tax) attributable to minority shareholders				
VII. Total comprehensive income	717,928	115,890	1,480,017	-882,933
Total comprehensive income attributable to owners of the parent company	717,928	116,407	1,480,017	-882,075
Total comprehensive income attributable to minority shareholders		-517		-858
VIII. Earnings per share:				
(I) Basic earnings per share (RMB per share)	0.080	0.026	0.166	-0.199
(II) Diluted earnings per share (RMB per share)	0.080	0.026	0.166	-0.199
Legal Representative: Zhou zhuping	Chief Financial Officer: Lv Feng		Chief Accountant: Lv Feng	

Income Statement of the Parent Company

January to September 2018

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	Amount for the period (July to September)	Amount for the previous period (July to September)	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
I. Revenue from operations	6,330,872	3,633,344	17,424,569	8,018,794
Less: Operating costs	5,097,395	3,263,621	14,443,023	7,540,747
Taxes and surcharges	38,303	20,407	90,733	59,983
Selling expenses	29,039	14,657	70,854	36,467
Administrative expenses	413,311	256,239	1,141,456	782,938
R&D expenses				
Finance cost	36,847	6,471	189,436	525,645
Including: Interest expenses	42,325	5,633	232,791	464,433
Interest income	-25,861	-132	-63,934	-1,906
Asset impairment loss				-1
Credit impairment loss				
Add: Other income	1,023	48,421	2,525	54,707
Gains from investment (loss is represented by "-")	2,549		2,600	-4,547
Including: Gains from investment in associates and joint ventures	260		-2,369	-1,911
Income on hedging the net exposure (loss is represented by "-")				
Gain from change in fair value (loss is represented by "-")				
Gain on disposal of assets (loss is represented by "-")			8,482	
II. Profit from operations (loss is represented by "-")	719,549	120,370	1,502,674	-876,825
Add: Non-operating income	159	39	400	132
Less: Non-operating expenses	1,335	132	22,367	658

Item	Amount for the period (July to September)	Amount for the previous period (July to September)	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
III. Total profit (total loss is represented by “-”)	718,373	120,277	1,480,707	-877,351
Less: Income tax expense				
IV. Net profit (net loss is represented by “-”)	718,373	120,277	1,480,707	-877,351
(I) Net profit from continuing operations (net loss is represented by “-”)	718,373	120,277	1,480,707	-877,351
(II) Net profit from discontinued operations (net loss is represented by “-”)				
V. Other comprehensive income (net of tax)				
(I) Other comprehensive income that will not be reclassified to profit or loss				
1. Changes in re-measurement of defined benefit plan				
2. Other comprehensive income accounted for using equity method that will not be reclassified to profit or loss				
3. Changes in fair value of other equity instruments investment				
4. Changes in fair value of the enterprise’s own credit risk				

Item	Amount for the period (July to September)	Amount for the previous period (July to September)	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
(II) Other comprehensive income that will be reclassified to profit or loss				
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss				
2. Changes in fair value of other debt investments				
3. Amount of financial assets reclassified to other comprehensive income				
4. Provision for credit impairment of other debt investments				
5. Cash flow hedging reserve				
6. Exchange difference on translation of foreign financial statements				
VI. Total comprehensive income	718,373	120,277	1,480,707	-877,351
VII. Earnings per share:				
(I) Basic earnings per share (<i>RMB per share</i>)	0.081	0.027	0.166	-0.198
(II) Diluted earnings per share (<i>RMB per share</i>)	0.081	0.027	0.166	-0.198
Legal Representative: Zhou zhuping	Chief Financial Officer: Lv Feng		Chief Accountant: Lv Feng	

Consolidated Cash flow Statement

January to September 2018

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
I. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	16,344,018	1,760,571
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	0	0
Other cash received relating to operating activities	157,343	2,304,517
Sub-total of cash inflow from operating activities	16,501,361	4,065,088

Item	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
Cash paid for goods purchased and service received	13,655,562	1,409,514
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		
Cash paid to and on behalf of employees	1,287,505	556,373
Cash paid for all types of taxes	77,974	77,650
Other cash paid relating to operating activities	1,041,186	2,103,174
Sub-total of cash outflow from operating activities	<u>16,062,227</u>	<u>4,146,711</u>
Net cash flow from operating activities	<u>439,134</u>	<u>-81,623</u>

Item	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
II. Cash flows from investment activities:		
Cash received from disposal of investments	651,376	
Cash received from return on investments	7,021	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	8,561	
Net cash received from disposal of subsidiaries and other operating entities	2,549	
Other cash received relating to investing activities		
	_____	_____
Sub-total of cash inflow from investing activities	669,507	
	=====	=====
Cash paid for acquisition and construction of fixed assets, intangible assets and other long- term assets	2,664	25,685
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	2,664	25,685
	=====	=====
Net cash flow from investing activities	666,843	-25,685
	=====	=====

Item	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
III. Cash flow from financing activities:		
Cash received from investments		
Including: Proceeds received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		1,817,740
Cash received from issuing bonds		
Other cash received relating to financing activities	<u>1,314,577</u>	<u>412,753</u>
Sub-total of cash inflow from financing activities	<u>1,314,577</u>	<u>2,230,493</u>
Cash paid for repayments of debts	10,000	1,311,117
Cash paid for distribution of dividends and profits or for interest expenses	191,349	164,601
Including: Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid relating to financing activities	<u>764,569</u>	<u>645,210</u>
Sub-total of cash outflow from financing activities	<u>965,918</u>	<u>2,120,928</u>
Net cash flow from financing activities	<u>348,659</u>	<u>109,565</u>

Item	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-3,304
V. Net increase in cash and cash equivalents	1,454,636	-1,047
Add: Balance of cash and cash equivalents at the beginning of the period	869,952	745,426
VI. Balance of cash and cash equivalents at the end of the period	<u>2,324,588</u>	<u>744,379</u>

Legal Representative:
Zhou Zhu Ping

Chief Financial Officer:
Lv Feng

Chief Accountant:
Lv Feng

Cash Flow Statement of the Parent Company

January to September 2018

Prepared by: Chongqing Iron & Steel Company Limited

Unit: RMB'000 Audit type: unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
I. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	16,341,302	1,568,286
Refunds of taxes		
Other cash received relating to operating activities	158,450	2,290,249
Sub-total of cash inflow from operating activities	16,499,752	3,858,535
Cash paid for goods purchased and service received	13,656,832	1,217,408
Cash paid to and on behalf of employees	1,287,476	548,217
Cash paid for all types of taxes	77,083	77,466
Other cash paid relating to operating activities	1,033,937	2,095,467
Sub-total of cash outflow from operating activities	16,055,328	3,938,558
Net cash flow from operating activities	444,424	-80,023

Item	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
II. Cash flows from investment activities:		
Cash received from disposal of investments	1,376	
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	8,561	
Net cash received from disposal of subsidiaries and other operating entities	2,549	
Other cash received relating to investing activities		
	-----	-----
Sub-total of cash inflow from investing activities	12,486	
	=====	=====
Cash paid for acquisition and construction of fixed assets, intangible assets and other long- term assets	2,664	24,329
Cash paid for investments		0
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	2,664	24,329
	=====	=====
Net cash flow from investing activities	9,822	-24,329
	=====	=====

Item	Amount from the beginning of the year to the end of the reporting period (January to September)	Amount from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
III. Cash flow from financing activities:		
Cash received from investments		
Cash received from borrowings		1,817,740
Cash received from issuing bonds		
Other cash received relating to financing activities	<u>1,314,577</u>	<u>412,753</u>
Sub-total of cash inflow from financing activities	<u>1,314,577</u>	<u>2,230,493</u>
Cash paid for repayments of debts	10,000	1,311,117
Cash paid for distribution of dividends and profits or for interest expenses	188,596	164,601
Other cash paid relating to financing activities	<u>27,557</u>	<u>645,210</u>
Sub-total of cash outflow from financing activities	<u>226,153</u>	<u>2,120,928</u>
Net cash flow from financing activities	<u>1,088,424</u>	<u>109,565</u>
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		
		0
V. Net increase in cash and cash equivalents	1,542,670	5,213
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	<u>2,322,496</u>	<u>10,350</u>
<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, 30 October 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. Xu Yixiang (Independent Non-executive Director), Mr. Xin Qingquan (Independent Non-executive Director), Mr. Wong Chunwa (Independent Non-executive Director) and Mr. Zheng Yuchun (Independent Non-executive Director).