

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ON THE OPERATING DATA FOR THE FIRST HALF OF 2018

Pursuant to the relevant provisions of Article 25 of the “Guidelines on Industrial Information Disclosure of Listed Companies No. 9 – Iron” of the Shanghai Stock Exchange, Chongqing Iron & Steel Company Limited (the “**Company**”) hereby announces the operating data for the first half of 2018 (unaudited) as follows:

I. HIGHLIGHTS OF PRODUCTION AND OPERATION

In the first half of 2018, the Company earnestly implemented the strategies of cost leadership and leading manufacturing technologies closely in line with the operation principle of “achieving full production and sales, low cost and high efficiency”. It advanced a smooth integration of production, supply and sale through cost management, product mix optimisation, remodeling of procurement supply chain and marketing system restructuring. As a result, the Company realised stable and smooth production, substantial improvement of cost-effectiveness, and rapid growth of systematic capabilities and thus accomplished its annual targets in advance and recorded better-than-expected production and operating results in the first half of the year. The Company realised iron, steel and steel products production of 2,784,500 tonnes, 3,100,100 tonnes and 2,966,900 tonnes respectively, representing an increase of 79.10%, 89.96% and 91.57%, respectively, as compared to the same period last year; sales of steel products of 2,943,500 tonnes, representing a year-on-year increase of 125.45%; revenue of RMB11.093 billion, representing a year-on-year increase of 145.32%; and total profit of RMB763 million, marking a dramatic turnaround as compared with the loss of RMB999 million of the same period last year.

1. Through accurate market positioning and restructuring of the marketing system, the Company's position in regional market gradually changed from "getting on the bandwagon" to "taking the lead"

In the first half of the year, according to the market and customer needs, the Company reasonably arranged product flow and proactively expanded the channel layout, which resulted in a significant year-on-year increase in the market share in Chongqing and Chengdu. In Chongqing, the Company's medium and heavy sheets and hot rolled coil both accounted for more than 80% of the market share. In Chengdu, the Company's medium and heavy sheets and hot rolled coil accounted for more than 60% and 25% of the market share respectively.

2. The procurement supply chain was remodeled

In the first half of the year, the Company consolidated and upgraded the proportion of strategic suppliers, expanded the scope of procurement, and strengthened supplier management to achieve stable quality and lower price; intensified the cooperation in respect of local direct supply of resources, resulting in a substantial increase in the proportion of local resources.

3. The capability in production organisation and management and equipment support was intensified

The Company promoted lean management to maintain a safe, stable and smooth production system. In the first half of the year, the Company completed "adjustments and replenishments" for equipment at a faster pace to greatly improve the disrepair of equipment of all processes of the Company and effectively guarantee the functionality of equipment. As a result, equipment failure rate was reduced dramatically.

4. Optimisation of product mix was promoted based on the analysis of product profitability

The product profitability analysis system was established and improved. The Company closely followed and analysed market conditions, users demand and cost consumption levels to establish the product profitability analysis system, optimise the existing product mix at a higher speed and devote more efforts to the development of new high value-added products.

5. The cost management system was established and improved and meticulous cost management was implemented

The cost management system was consummated and the thorough synergy between finance and business was reinforced. The Company set up a hierarchical economic and technical index system that runs through the Company, headquarters and cost center and vigorously advanced the overall planning on cost reduction. The cost safety margin further hiked in the first half of the year.

6. Comprehensive transformation was carried out with the view of developing systematic capabilities

In response to the key tasks and difficulties, the Company fully promoted the “100-day Plan” to optimise organisational framework, streamline post setup, and standardise management system. It also updated the management process by adopting the “concentrated and consistent” management and rolling out the “horse racing mechanism” to motivate the vigor of employees, advocate performance-targeted actions and press ahead salary reform.

II. MAJOR FINANCIAL DATA

Unit: RMB'000

| | At the end of the reporting period | At the end of last year | Change from the end of last year compared to the end of the reporting period (%) |
|--|---|------------------------------------|---|
| Total assets | 24,402,346 | 25,012,459 | -2.44 |
| Net assets attributable to shareholders of the Company | 17,499,888 | 16,730,115 | 4.60 |

| | This reporting period (January to June) | Same period last year | Change from the same period of last year compared to this reporting period (%) |
|---|--|----------------------------------|---|
| Net cash flow from operating activities | -1,301,188 | -82,023 | -1,486.37 |
| Operating income | 11,092,899 | 4,521,727 | 145.32 |
| Net profit attributable to shareholders of the Company | 761,960 | -998,482 | N/A |
| Net profit attributable to shareholders of the Company after extraordinary gains and losses | 736,096 | -1,004,337 | N/A |
| Weighted average return on net assets (%) | 4.45 | N/A | |
| Basic earnings per share (RMB per share) | 0.09 | -0.23 | 139.13 |
| Diluted earnings per share (RMB per share) | 0.09 | -0.23 | 139.13 |

III. MAJOR PRODUCTS

| Major products | Production | Sales | Average selling price |
|-------------------------|-----------------------|-----------------------|----------------------------------|
| | <i>(0'000 tonnes)</i> | <i>(0'000 tonnes)</i> | <i>(RMB per tonne)</i> |
| Medium and heavy sheets | 70.73 | 70.30 | 3,776.33 |
| Hot rolling | 170.70 | 170.85 | 3,514.52 |
| Rebar | 28.50 | 26.26 | 3,498.02 |
| Profiles | 26.76 | 26.94 | 3,487.91 |
| Total | 296.69 | 294.35 | 3,573.14 |

The above operating data are unaudited. Investors are advised to pay attention to the investment risks and exercise caution when using such information.

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

Chongqing, the PRC, 17 August 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).