

Corporation code: 600019

Corporation abbreviation: Baosteel

Baoshan Iron & Steel Co., Ltd.
2017 3rd Quarter Report

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I. Important Notice

1.1 The Board of Directors and the Board of Supervisors of Baoshan Iron & Steel Co., Ltd. (hereinafter “the Company”), along with their directors, supervisors and senior executives, hereby guarantee that the Quarter Report is free from false statement, misleading information or grave material omission, and assume relevant separate and joint responsibilities in regard to the truth, the accuracy and the integrity of the contents of the Report.

1.2 Member of the Board of Directors Absent from the Board Meeting

Name of the Director absent	Post of the Director absent	Reason for absence	Name of the person commissioned
Zou Jixin	Director	Work	Dai Zhihao
Zhang Jingang	Director	Work	Zhao Changxu
Zhu Junsheng	Director	Work	Dai Zhihao

1.3 Dai Zhihao, Chairman of the Company, Wu Kunzong, CFO in charge of the accounting affairs, and Wang Juan, Director of Operation Finance Department, attest to the truthfulness, correctness and completeness of the financial statements in this Report.

1.4 The 3rd quarter report has not been audited.

1.5 On 27 February, 2017, the Company finished its stock exchange and absorption merger with Wuhan Iron and Steel Co.,Ltd (hereinafter referred to as “Wugang”; the merger of the two companies hereinafter referred to as “this Merger”) and the new shares were listed on the same day. In accordance with the terms stipulated in the *Stock-exchange and Absorption Merger Agreement of Baoshan Iron and Steel Co., Ltd and Wuhan Iron and Steel Co., Ltd*, March 1, 2017 is the merger date of of this Merger. Since March 2017, Wugang has been incorporated into consolidated statements of the Company. This Merger is business merger involving enterprises under common control. As per accounting standard, the Company’s consolidated statement of profit, consolidated statement of cash flow and consolidated statement of the changes in owner's equity include Wugang’s statement of profit, statement of cash flow and statement of changes in owner's equity from the beginning of 2017 to the merger date. The Company has also restated the opening balance of the consolidated balance sheet, consolidated statement of profit, consolidated statement of cash flow and consolidated statement of the changes in owner's equity during the period of comparison. Unless specifically noted, all the relevant data in this Report is restated data.

II. Company Profile

2.1 The Company's Operation Highlights

- Stable progress in operating performance. The Company has realized total profit of RMB 6.02 billion in the reporting period, with a quarter-on-quarter increase of 73%; the Company accumulatively realized total profit of RMB 14.53 billion, with a year-on-year increase of 67%. The Company has continuously reduced cost, with accumulatively cost reduction of RMB 5.54 billion compared with the year of 2015, which has outperformed the annual goal.
- Baowu collaboration further accelerates. The 100-day Baowu Consolidation Plan has been fully completed ahead of schedule. The cost competitiveness, labor efficiency, information management level and profitability have been continuously improved. The consolidation has entered a new stage of the “Annual Plan”.
- Product competitiveness continuously grows. Good news has come from the “13th 5-Year” national major R&D plan headed by the Company, the high-efficiency, low-consumption and special-purpose silicon steel development and application project. The 0.18mm Grade 065 extremely low iron-loss oriented silicon steel product has been successfully launched in the global market. The color-coated sheet has won the bid for a major “One-Belt-One-Road” project – Alliance Steel of Kuantan, Malaysia. The sales volume of auto sheets has seen a YoY growth of 12%.
- All the production lines of Zhanjiang Iron & Steel have been successfully put into operation. On September 12th 2017, Zhanjiang 1550 cold rolling smart production line capable of producing special silicon steel and carbon steel had entered the pilot run stage, which marked the completion and successful commissioning of all the construction in progress of the Zhanjiang Iron & Steel.
- Green manufacturing level continuously improves. Reconstruction project of sintering bid III of No 2 Sinter overhaul of Baoshan Base II has begun, which marks the “3-step” plan of Baosteel for the comprehensive energy-saving and environment-protecting reconstruction of the sintering equipment has come to an end.
- Reform and development have made achievements. As of the end of the 3rd quarter of 2017, the labor efficiency of regular employees has increased 6%, which means the annual target has been achieved ahead of schedule.

2.2 Main financial data

Unit: RMB Million

	At the end of the reporting period	At the end of the previous year	Increase/ decrease from the previous year (%)
Total assets	346,613	359,068	-3.47
Net asset attributable to shareholders of listed company	157,043	149,778	4.85
	From the beginning of the year to the end of the reporting period (January - September)	From the beginning of the previous year to the end of the previous reporting period (January - September)	Increase/decrease from the previous year (%)

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Net cash flow from operating activities	13,128	12,880	1.93
	From the beginning of the year to the end of the reporting period (January - September)	From the beginning of the previous year to the end of the previous reporting period (January - September)	Increase/decrease from the previous year (%)
Operating income	251,837	175,967	43.12
Net profit attributable to shareholders of listed company	11,668	5,968	95.52
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss	11,475	5,586	105.41
Weighted average return-on-equity (%)	7.60	4.15	Up by 3.45 ppt
Basic earnings per share (yuan/share)	0.53	0.27	95.67
Diluted earnings per share (yuan/share)	0.53	0.27	95.67

Non-recurring profit and loss item and amount

√Applicable □Inapplicable

Unit: RMB Million

Item	Amount of current period (July-September)	Amount from the beginning of the year to the end of the reporting period (January – September)	Notes
Profit and loss from disposal of non-current assets	-97	-537	
Government subsidy calculated in current gains and losses, but related to normal operating activities, except consecutive fixed government subsidy in lines with policies, rules and certain standards	215	303	
Current net profits & losses of subsidiaries from the merger of corporations under the same control from the beginning to the merging date	-	60	
In addition to the effective hedging business related to the Company's normal business, profits & losses on the changes in fair value arising from financial assets and liabilities held for trading as well as returns on investment arising from disposal of financial assets and liabilities held for trading, and available-for-sale financial assets	189	456	
Other non-operating income and expenditure	-5	-23	
Affected amount belonging to minority shareholders (after tax)	-5	-5	
Effect of income tax	-73	-61	
Total	224	193	

2.3 Principal business by segments

Unit: RMB Million

Segments	From the beginning of year to the end of the reporting period (January – September)			From the beginning of the previous year to the end of the previous reporting period (January - September)			Increase/decrease from the previous year (%)		
	Operating income	Operating cost	Gross margin	Operating income	Operating cost	Gross margin	Operating income	Operating cost	Gross margin

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Steel manufacture	159,540	137,864	13.6%	107,555	92,442	14.1%	48.3	49.1	Down by 0.5 ppt
Processing and distribution	220,969	215,890	2.3%	159,159	154,939	2.7%	38.8	39.3	Down by 0.4ppt
Chemical industry	8,276	7,572	8.5%	5,382	5,028	6.6%	53.8	50.6	Up by 1.91ppt
E-commerce	38,170	37,971	0.5%	25,993	25,942	0.2%	46.8	46.4	Up by 0.32 ppt
Information technology	3,189	2,287	28.3%	2,562	1,798	29.8%	24.5	27.2	Down by 1.5 ppt
Finance	535	227	57.5%	377	184	51.3%	41.7	23.7	Up by 6.19 ppt
Offset between segments	-178,434	-177,274		-124,794	-123,861		43.0	43.1	
Total	252,246	224,537	11.0%	176,235	156,471	11.2%	43.1	43.5	Down by 0.2 ppt

2.4 Total number of shareholders, Top 10 shareholders and Top 10 holders of tradable shares (or holders of shares not subject to conditional sales) at the end of the reporting period

Unit: share

Total number of shareholders (persons)		462,744				
Top 10 shareholders						
Name (Full name)	Shares at the end of the reporting period	Shareholding proportion (%)	Shares subject to conditional sales	Shares pledged or frozen		Nature of shareholder
				Status	Numbers	
China Baowu Steel Group Corporation Ltd	11,523,385,833	52.14	0	None	0	State-owned legal person
Wuhan Iron and Steel (Group) Corporation	2,982,172,472	13.49	0	None	0	State-owned legal person
China National Petroleum Corporation	800,000,000	3.62	0	None	0	State-owned legal person
China Securities Finance Co., Ltd.	608,007,027	2.75	0	None	0	State-owned legal person
Beijing Chengtong Jinkong Investment Co., Ltd	541,926,376	2.45	0	None	0	State-owned legal person
Guoxin Investment Co.,Ltd	539,316,376	2.44	0	None	0	State-owned legal person
China Cosco Shipping Corporation Ltd.	280,000,000	1.27	0	None	0	State-owned legal person
Hong Kong Securities Clearing Company Ltd.	273,069,374	1.24	0	None	0	Unknown
Central Huijin Asset Management Co., Ltd	194,224,180	0.88	0	None	0	State-owned legal person
GIC PRIVATE LIMITED	80,980,202	0.37	0	None	0	Unknown

Shareholding of top 10 holders of shares not subject to conditional sales			
Name	Number of shares not subject to conditional sales	Type and number of shares	
		Type	Number
China Baowu Steel Group Corporation Ltd	11,523,385,833	RMB ordinary share	11,523,385,833
Wuhan Iron and Steel (Group) Corporation	2,982,172,472	RMB ordinary share	2,982,172,472
China National Petroleum Corporation	800,000,000	RMB ordinary share	800,000,000
China Securities Finance Co., Ltd	608,007,027	RMB ordinary share	608,007,027
Beijing Chengtong Jinkong Investment Co., Ltd	541,926,376	RMB ordinary share	541,926,376
Guoxin Investment Co.,Ltd	539,316,376	RMB ordinary share	539,316,376
China Cosco Shipping Corporation Ltd	280,000,000	RMB ordinary share	280,000,000
Hong Kong Securities Clearing Company Ltd.	273,069,374	RMB ordinary share	273,069,374
Central Huijin Asset Management Co., Ltd	194,224,180	RMB ordinary share	194,224,180
GIC PRIVATE LIMITED	80,980,202	RMB ordinary share	80,980,202
Remarks on affiliation, alliance or collusion among the aforementioned shareholders	Wuhan Iron & Steel (Group) Corporation is a wholly-owned subsidiary of China Baowu Steel Group Corporation. In addition, the Company does not know if any of the above shareholders are related or are person acting in concert as defined in the <i>Administrative Rules on Acquisition of Listed Company</i> .		

III. Significant Events

3.1 Sharp changes in major accounting statements and financial indicators and reasons Applicable Inapplicable

Thanks to the good macro economy and the steadily growing demand for steel products, the steel market continued its good trend in the 3rd quarter. The international steel index CRU and the domestic steel index CSPI grew 5.2% and 15.0%, respectively, as compared with the second quarter. During the same period, prices of raw materials grew as compared with the second quarter. In the 3rd quarter, the Platts 62% iron ore index grew 12.7% over the second quarter, but still lower than the price level of the first quarter. The purchase/sales price differences of steel enterprises expanded as compared with the second quarter, which supported the obvious improvement of the overall performance level of the steel industry.

The Company has firmly grasped favorable market opportunities and all major production and operation tasks have been completed as expected, by measures as oriented towards maximization of the overall benefits of the Company to focus on steady production of manufacturing units, optimization of resources allocation, improving user guarantee capability and perception, solidification of cost reduction level, Baowu synergy release, reform and innovation, etc...

In the reporting period, the Company has produced 11.471 million tons of iron and 11.953 million tons of steel, sold 11.473 million tons of steel products and realized RMB 6.02 billion of consolidated profit; For the previous three quarters, the Company has accumulatively produced 33.906 million tons of iron and 35.282 million tons of steel, sold 34.216 million tons of steel products and realized RMB 14.53 billion of consolidated profit, representing a YOY increase of 67%.

Sharp changes in major items of accounting statements and the reason are as follows:

3.1.1 In comparison with the number at the beginning of 2017, analysis on items with substantial change in consolidated balance sheet:

- (1) In comparison with the number at the beginning of the year, notes receivable have increased by RMB 5.92 billion, mainly due to the increase in sales profits and increase in note rate affected by market funds.
- (2) Work in progress has decreased by RMB 3.91 billion, mainly due to the transfer into fixed assets of RMB 6.94 billion and new investment of RMB 2.74 billion.
- (3) Deposit absorption and deposits at interbank have decreased by RMB 4.23 billion, mainly due to the deposit decrease of China Baowu Group Co., Ltd at the Finance Company.
- (4) Notes payable have increased by RMB 6.13 billion mainly due to the influence of repayment of financing notes by the subsidiary Wugang.
- (5) Employee salary payable has increased by RMB 1.27 billion, accrual salary mainly.
- (6) Non-current liabilities due within one year have decreased by RMB 1.08 billion mainly due to the decrease of long-term borrowings due within one year.
- (7) Other current liabilities have decreased by RMB 14.83 billion, mainly due to ultra short term financing bonds maturing due this year.
- (8) Long-term borrowings have decreased by RMB 0.4 billion, reimbursement in due course mainly.
- (9) Long-term employee salary payable has increased by RMB 1.3 billion, mainly due to improvement in labor efficiency and accrued dismissal welfare of employee diversion.

3.1.2 In comparison with 1st-3rd quarter in 2016, analysis on items with substantial change in consolidated income statement

- (1) In comparison with numbers last year, operating income has increased by RMB 75.87 billion, mainly due to Zhanjiang Steel manufacturing lines putting into production, stable production of manufacturing units and increasing demand from downstream industries, sales volume and price of carbon steel have increased compared with the same period last year.
- (2) In comparison with numbers last year, operating cost has increased by RMB 68.08

billion, mainly due to the increase in the unit sales cost caused by the increase in sales volume of carbon steel and upstream raw material price.

- (3) In comparison with numbers last year, taxes and surcharges have increased by RMB 950 million, mainly due to accounting channel adjustment of property tax, stamped tax and land use tax, vehicle and vessel tax that are calculated into taxes and additional subjects instead of administration expenses after the replacement of business tax with VAT.
- (4) Asset impairment reserves have increased by RMB 1.05 billion, mainly due to the increase of RMB 420 million in inventory impairment reserves of the subsidiary Wugang and the increase of RMB 450 million in fixed assets impairment of Yanbao Steel Tubes & Pipes.
- (5) Return on investment has increased by RMB 2.11 billion, mainly due to the increase of RMB 1.62 billion in long-term equity investment and the increase of RMB 480 million in held-for-trade financial assets.
- (6) Non-operational expenses have increased by RMB 480 million, mainly due to the losses caused by scrap of sintering technology improvement in Baoshan Base.

3.1.3 In comparison with 1st-3rd quarter in 2016, analysis on consolidated cash flow statement

From 1st to 3rd quarter in 2017, the cash and cash equivalents have increased by RMB 2.71 billion, with net increase of RMB 2.6 billion in the same period last year, representing a YOY increase of RMB 110 million.

- (1) From 1st to 3rd quarter in 2017, the Company has realized RMB 12.52 billion of net profit, RMB 13.71 billion of depreciation and amortization of fixed assets, RMB 1.65 billion of provision for impairment of assets and losses on disposal of fixed, intangible and long-term assets, RMB -170 million of financial expenses, losses from changes in fair value, investment loss and changes in deferred tax income and etc., RMB 27.71 billion of operating cash flow from 1st to 3rd quarter; Fund occupation of inventory and operating receivables and payables increased by RMB 990 million and RMB 13.59 billion respectively; cash inflow from operating activities was RMB 13.31 billion accumulatively, with an increase of RMB 250 million in the same period last year, representing an increase rate of 1.9%.

Excluding the influence from the Finance Company, net cash inflow from operating activities from 1st to 3rd quarter was RMB 16.81 billion, decreasing by RMB 610 million compared with RMB 17.43 billion in the same period last year. Main reasons for YOY decrease are as follows:

- a) Net profit was RMB 12.3 billion, with RMB 5.96 billion in the same period last year, representing an increased flow of RMB 6.34 billion;
- b) Depreciation and amortization were RMB 13.7 billion, which were RMB 11.54 billion in the same period last year, representing a YOY flow increase of RMB 2.16 billion;

- c) Asset impairment reserves were RMB 1.16 billion, which were RMB 190 million in the same period last year, representing a YOY flow increase of RMB 980 million;
 - d) Finance expense was RMB 2.8 billion, which was RMB 2.91 billion in the same period last year, representing a YOY flow decrease of RMB 110 million;
 - e) Return on investment was RMB 2.56 billion, with RMB 420 million in the same period last year, representing a YOY flow decrease of RMB 2.14 billion;
 - f) Asset impairment disposal, losses from changes in fair value, deferred income tax assets and liabilities have increased cash flow of RMB 220 million, with RMB 260 million in the same period last year, representing a YOY flow decrease of RMB 40 million;
 - g) In comparison with numbers at the beginning of the year, increase of inventory flow has decreased by RMB 990 million, with RMB 7.22 billion decrease in the same period last year, representing a YOY flow increase of RMB 6.23 billion;
 - h) In comparison with numbers at the beginning of the year, increase of operating receivables has decreased the flow by RMB 9.69 billion, with RMB 3.89 billion decrease in the same period last year, representing a YOY cash flow decrease of RMB 5.8 billion;
 - i) In comparison with numbers at the beginning of the year, decrease of operating payables has decreased the flow by RMB 130 million, with RMB 8.11 billion increase in the same period last year, representing a YOY flow decrease of RMB 8.23 billion.
- (2) Net cash outflows from investment activities were RMB 3.87 billion, with RMB 21.69 billion less compared with RMB 25.56 billion in the same period last year, which is mainly due to the decrease in capital operation expenses.
- (3) Net cash outflows of financial activities were RMB 6.56 billion, with a decrease of RMB 21.74 billion in comparison with that of last year, which was RMB 15.18 billion. It was mainly due to the scale-down of debt financing this year, accounting for a flow decrease of RMB 30 million, the flow increase caused by scale-up of debt financing in the same period last year was RMB 18.59 billion, representing a YOY flow decrease of RMB 18.62 billion.

3.2 Progress of significant events as well as analysis and explanation of the influence and solution

Applicable Not applicable

3.3 Breach of commitments during the reporting period

Applicable Not applicable

3.4 Caution and cause description for the prediction that losses may incur for the accumulated net profit from the beginning of the year to the end of the next reporting period or sharp changes may occur compared with the same period last year

Applicable Inapplicable

In comparison with the numbers of the same period last year, the operating performance has improved greatly due to the demand from downstream industries, the gap between sales and purchase prices and support of cost reduction, as well as the continuous improvement in the operation capability of the subordinate manufacturing bases. Accumulative net gains attributable to the parent company's shareholders are estimated to increase by 50% over the same period last year from the beginning of the year to the end of next reporting period.

Company name	Baoshan Iron & Steel Co., Ltd.
Legal representative	Dai Zhihao. Chairman
Date	October 27, 2017

IV. Appendix

4.1 Financial Statements

Consolidated Balance Sheet

September 30, 2017

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: RMB Yuan Audit type: Unaudited

Item	Ending Balance	Beginning Balance (after restatement)
Current assets:		
Monetary fund	16,613,053,171.76	14,024,805,944.83
Financial assets measured at fair value and the change included in current gains and losses	1,284,850,435.29	1,122,863,784.67
Bill receivable	23,156,629,907.88	17,235,979,103.83
Accounts receivable	16,716,707,322.59	15,471,714,554.88
Prepayments	8,803,272,256.72	11,159,353,405.18
Interest receivable	4,541,946.66	140,829,540.88
Dividends receivable	23,852,647.00	71,118,863.52
Other receivables	2,324,073,399.84	2,043,769,027.24
Stock	47,080,071,247.60	49,581,451,453.12
Non-current assets due within one year	-	4,825,441,243.86
Other current assets	16,536,216,803.74	21,085,793,243.96
Total current assets	132,543,269,139.08	136,763,120,165.97
Non-current assets:		
Loans and advances	3,262,123,382.84	3,317,691,941.16
Available-for-sale financial assets	13,085,487,465.07	13,257,729,870.02
Long-term receivables	349,448,106.19	264,498,082.98
Long-term equity investment	12,899,778,030.38	10,484,309,260.12
Investment property	443,532,841.08	364,312,763.81
Fixed assets	157,591,415,123.91	163,881,839,658.51
Construction in progress	8,567,653,009.94	12,476,133,837.70
Engineering materials	47,769,812.10	62,704,746.86
Intangible assets	12,099,450,612.48	12,423,485,433.69
Goodwill	523,336,165.20	487,784,475.38
Long-term prepaid expenses	1,310,041,629.61	1,170,189,826.33
Deferred income tax assets	2,671,333,661.20	2,281,734,440.98
Other non-current assets	1,218,147,487.52	1,832,212,670.38
Total non-current assets	214,069,517,327.52	222,304,627,007.92
Total assets	346,612,786,466.60	359,067,747,173.89
Current liabilities:		
Short-term loan	64,883,379,951.43	52,080,729,189.64

Deposits-taking and due to banks	5,085,954,115.54	9,315,966,149.03
Financial liabilities measured at fair value and the change included in current gains and losses	208,957,856.69	35,161,856.12
Notes payable	10,867,999,247.02	17,000,213,928.98
Accounts payable	31,157,331,834.00	34,972,464,907.92
Advances from customers	22,058,157,435.47	27,301,573,846.83
Financial assets sold for repurchase	333,200,284.49	152,321,609.86
Employee benefits payable	3,149,391,175.23	1,877,043,492.01
Taxes payable	2,720,872,466.35	3,563,913,854.97
Interest payable	714,015,365.87	559,358,021.09
Dividends payable	99,431,715.57	35,178,314.61
Other payables	1,873,231,708.59	3,289,271,659.82
Non-current liabilities due within one year	906,490,697.29	1,986,830,219.31
Other current liabilities	3,308,995,673.40	18,136,460,229.17
Total current liabilities	147,367,409,526.94	170,306,487,279.36
Non-current liabilities:		
Long term loan	557,748,649.55	958,693,159.16
Bonds payable	24,202,455,733.79	21,052,403,274.32
Long-term payables	4,031,517,487.46	4,017,988,251.65
Long-term employee benefits payable	1,661,631,302.67	363,334,743.38
Special payables	261,860,000.00	261,860,000.00
Estimated liabilities	2,001,355.88	4,196,289.17
Deferred gains	1,155,834,108.76	1,156,751,257.72
Deferred income tax liabilities	668,516,978.66	693,446,314.92
Other non-current liabilities	-	315,720.00
Total non-current liabilities	32,541,565,616.77	28,508,989,010.32
Total Liabilities	179,908,975,143.71	198,815,476,289.68
Owner's equity:		
Share capital	22,102,656,925.00	22,102,910,325.00
Capital reserve	48,211,460,932.46	48,139,815,213.27
Less: treasury stock	49,395,274.00	49,879,268.00
Other comprehensive income	-140,332,240.01	-282,951,207.59
Special reserves	75,872,977.53	52,525,505.43
Surplus reserve	27,894,484,385.08	27,894,484,385.08
Undistributed profit	58,947,874,778.84	51,921,089,401.65
Total owners' equity attributable to parent company	157,042,622,484.90	149,777,994,354.84
Minority interests	9,661,188,837.99	10,474,276,529.37
Total owner's equity	166,703,811,322.89	160,252,270,884.21
Total Liabilities and owner's equity	346,612,786,466.60	359,067,747,173.89

Legal representative: Dai Zhihao, Chairman Person in charge of accounting affairs: Wu Kunzong, CFO Person in charge of accounting body: Wang Juan, Director of Operation Finance Department

Balance Sheet of Parent Company

September 30, 2017

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: RMB Yuan Audit type: Unaudited

Item	Ending Balance	Beginning Balance
Current assets:		
Monetary fund	11,639,148,715.45	3,761,841,278.83
Financial assets measured at fair value and the change included in current gains and losses	-	111,528,367.77
Bill receivable	16,312,049,850.06	10,341,730,083.20
Accounts receivable	14,997,110,391.25	20,617,169,797.24
Prepayments	2,082,087,910.99	1,531,948,904.01
Interest receivable	61,905,251.43	213,628,945.02
Other receivables	782,717,707.47	340,757,761.05
Stock	14,460,250,094.20	14,142,651,284.18
Non-current assets due within one year	-	4,500,000,000.00
Other current assets	44,679,433,154.04	33,645,877,265.96
Total current assets	105,014,703,074.89	89,207,133,687.26
Non-current assets:		
Available-for-sale financial assets	9,135,822,096.20	8,844,897,096.20
Held-to-maturity investments	-	-
Long-term receivables	2,220,519,988.10	2,208,708,380.96
Long-term equity investment	72,138,442,615.82	46,689,645,811.87
Fixed assets	44,082,423,887.31	46,576,088,776.26
Construction in progress	3,185,122,855.11	3,013,269,894.17
Engineering material	9,271,382.53	19,373,852.82
Intangible assets	3,563,822,353.35	3,625,448,341.08
Long-term prepaid expenses	35,067,100.65	47,056,557.98
Deferred income tax assets	829,952,362.41	489,718,868.66
Other non-current assets	117,905,780.14	125,118,672.15
Total non-current assets	135,318,350,421.62	111,639,326,252.15
Total assets	240,333,053,496.51	200,846,459,939.41
Current liabilities:		
Short-term loan	36,805,760,000.00	20,400,629,890.54
Financial liabilities measured at fair value and the change included in current gains and losses	197,742,864.01	-
Notes payable	3,307,786,967.78	3,767,731,007.95
Accounts payable	21,981,513,036.84	16,847,203,968.42
Advances from customers	14,722,532,471.25	12,988,920,288.71
Employee benefits payable	1,533,777,088.27	1,194,628,714.45
Taxes payable	1,266,867,190.28	2,975,857,730.40
Interest payable	318,748,701.43	175,076,419.87

Other payables	437,484,760.99	446,847,349.07
Other current liabilities	3,067,397,260.27	18,052,896,712.32
Total current liabilities	83,639,610,341.12	76,849,792,081.73
Non-current liabilities:		
Bonds payable	10,000,000,000.00	7,000,000,000.00
Long-term payables	49,395,274.00	49,879,268.00
Long-term employee benefits payables	1,433,708,919.50	145,728,919.50
Special payables	242,580,000.00	242,580,000.00
Deferred gains	412,417,649.52	375,007,686.29
Deferred income tax liabilities	540,509,102.73	566,984,366.40
Total non-current liabilities	12,678,610,945.75	8,380,180,240.19
Total Liabilities	96,318,221,286.87	85,229,972,321.92
Owner's equity:		
Share capital	22,102,656,925.00	16,450,393,624.00
Capital reserve	55,850,557,527.92	32,912,011,944.13
Less: treasury stock	49,395,274.00	49,879,268.00
Other comprehensive income	-29,837,072.78	-26,995,259.25
Special reserves	518,761.71	-
Surplus reserve	27,894,484,385.08	27,894,484,385.08
Undistributed profit	38,245,846,956.71	38,436,472,191.53
Total owners' equity	144,014,832,209.64	115,616,487,617.49
Total Liabilities and owner's equity	240,333,053,496.51	200,846,459,939.41

Legal representative: Dai Zhihao, Chairman Person in charge of accounting affairs: Wu Kunzong, CFO Person in charge of accounting body: Wang Juan, Director of Operation Finance Department

Consolidated Income Statement

January-September, 2017

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: RMB Yuan Audit type: Unaudited

Item	Current Amount (July-September)	Amount in previous period (July-September) (after restatement)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September) (after statement)
I. Total operating income	81,992,637,783.21	69,418,228,158.02	252,139,749,622.47	176,142,895,096.37
Of which: Operating income	81,904,960,858.77	69,360,996,418.96	251,837,469,527.16	175,967,151,118.45
Interest income	85,174,342.83	54,078,866.97	293,817,335.58	166,600,248.07
Fee and commission income	2,502,581.61	3,152,872.09	8,462,759.73	9,143,729.85
II. Total operating cost	77,185,596,935.31	66,583,532,659.43	239,837,181,651.44	167,958,545,819.50
Of which: Operating costs	71,617,341,739.43	62,903,773,841.67	224,406,308,498.07	156,324,402,880.33
Interest expense	37,557,312.95	42,461,903.73	127,872,580.31	144,840,853.54
Fee and commission expense	1,130,176.50	845,890.47	2,968,052.75	1,403,487.29
Tax and surcharges	488,555,560.90	115,773,189.79	1,423,027,177.65	477,914,652.91
Sales expense	719,228,260.97	633,728,913.28	2,309,732,533.15	1,933,702,301.16
Administrative fees	3,071,957,502.12	1,937,694,806.92	7,627,984,802.77	5,970,811,691.84
Financial expenses	835,161,515.28	991,991,826.35	2,825,066,765.36	3,038,690,469.77
Assets impairment loss	414,664,867.16	-42,737,712.78	1,114,221,241.38	66,779,482.66
Plus: Gains form changes in fair value ("-" For loss)	-133,348,727.36	33,762,042.49	-140,896,940.75	-13,492,616.09
Investment income ("-" For loss)	1,229,477,926.46	364,301,798.22	2,625,246,223.14	513,599,550.13
Including: Investment income from associates and joint ventures	127,307,816.10	110,230,977.67	543,086,479.60	14,661,985.49
Exchange gains ("-" For loss)	-	-	-	-

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Other gains	215,421,375.79	99,842,916.85	303,316,824.18	232,521,871.46
III. Operating profit ('-' for loss)	6,118,591,422.79	3,332,602,256.15	15,090,234,077.60	8,916,978,082.37
Plus: Non-operating income	98,809,301.56	30,467,066.70	250,916,073.37	88,240,779.76
Of which: Loss from disposal of non-current assets	62,951,949.96	7,037,560.85	182,490,382.31	27,194,916.51
Less: Non-operating expenses	201,338,785.64	69,778,453.66	811,121,850.30	330,190,068.67
Of which: Loss from disposal of non-current assets	159,897,218.96	66,131,216.35	719,247,832.70	294,770,359.23
IV. Total profit ("-" For total loss)	6,016,061,938.71	3,293,290,869.19	14,530,028,300.67	8,675,028,793.46
Less: Income tax expense	235,143,152.03	990,228,914.94	2,010,021,343.16	2,477,300,843.38
V. Net profit ('-' for net loss)	5,780,918,786.68	2,303,061,954.25	12,520,006,957.51	6,197,727,950.08
Net profit attributable to the owner of parent company	5,498,768,134.37	2,226,550,952.08	11,668,343,331.44	5,967,795,928.73
including: Net gains of companies under the same control before merging	-	97,515,680.73	60,384,848.04	370,277,860.63
Net gains attributable to parent company except net gains of companies under the same control before merging	5,498,768,134.37	2,129,035,271.35	11,607,958,483.40	5,597,518,068.10
Minority shareholders' gains and losses	282,150,652.31	76,511,002.17	851,663,626.07	229,932,021.35
including: losses of companies under the same control before merging	-	1,302,855.53	10,889,015.85	1,797,885.95
Losses attributable to parent company except losses of companies under the same control before merging	282,150,652.31	75,208,146.64	840,774,610.22	228,134,135.40
VI. Net of tax of other comprehensive income	96,811,741.01	176,189,351.86	142,393,631.60	576,609,815.48
Net of tax of other comprehensive income attributable to the owner of parent company	97,983,459.63	169,210,883.26	142,618,967.58	558,722,846.29
(i) Other comprehensive income which cannot be reclassified in gains and losses in subsequent period	-1,022,718.85	-	-1,245,932.64	-1,078,777.29
1. Changes in net liabilities and net assets resulting from re-measuring defined benefit plan	-1,022,718.85	-	-1,245,932.64	-1,078,777.29
2. Shares enjoyed under equity method in investee's	-	-	-	-

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other comprehensive income which cannot be reclassified in gains and losses in subsequent period				
(ii) Other comprehensive income which will be reclassified in gains and losses in subsequent period	99,006,178.48	169,210,883.26	143,864,900.22	559,801,623.58
1. Shares enjoyed under equity method in investee's other comprehensive income which can be reclassified in gains and losses in subsequent period	-11,521,686.77	2,783,378.85	-15,090,474.50	16,221,849.30
2. Gains and losses from change in fair value of financial asset available for sale	111,906,956.01	82,367,503.99	117,804,355.90	115,615,904.26
3. Gains and losses from held-to-maturity investment reclassified as financial asset available for sale	-	-	-	-
4. Effective part of gains and losses from cash flow hedging	-	-	-	-
5. Translation difference of foreign currency financial statements	-1,379,090.76	84,060,000.42	41,151,018.82	427,963,870.02
6. Others	-	-	-	-
Net of tax of other comprehensive income attributable to minority	-1,171,718.62	6,978,468.60	-225,335.98	17,886,969.19
VII. Total comprehensive income	5,877,730,527.69	2,479,251,306.11	12,662,400,589.11	6,774,337,765.56
Total comprehensive income attributable to the owner of the parent company	5,596,751,594.00	2,395,761,835.34	11,810,962,299.02	6,526,518,775.02
Total comprehensive income attributable to minority	280,978,933.69	83,489,470.77	851,438,290.09	247,818,990.54
VIII. Earnings per share				
(i) Basic earnings per share	0.25	0.10	0.53	0.27
(ii) Diluted earnings per share	0.25	0.10	0.53	0.27

Legal representative: Dai Zhihao, Chairman Person in charge of accounting affairs: Wu Kunzong, CFO Person in charge of accounting body: Wang Juan, Director of Operation Finance Department

Income Statement of Parent Company

January-September, 2017

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: RMB Yuan Audit type: Unaudited

Item	Current Amount (July-September)	Amount in previous period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I. Operating income	31,286,563,779.34	22,356,631,919.75	94,101,409,236.06	66,147,163,425.17
Less: Operating costs	26,847,622,311.25	18,483,550,435.95	81,169,324,715.10	54,247,787,711.46
Tax and surcharges	191,032,551.75	35,522,944.24	497,288,284.69	222,253,789.27
Sales expense	177,018,612.94	161,385,617.17	481,222,505.21	464,631,455.74
Administrative fees	1,874,239,128.31	876,969,305.06	4,164,437,240.46	2,943,436,828.21
Financial expenses	-111,296,239.69	205,406,995.29	-165,287,203.81	787,772,530.14
Assets impairment loss	-103,484,455.90	-38,791,166.22	-162,131,553.14	2,500,785,261.97
Plus: Gains form changes in fair value ("-" For loss)	-180,124,951.77	44,230,786.69	-309,271,231.78	-13,643,167.86
Investment income ("-" For loss)	-2,581,084,807.23	149,502,552.33	-1,590,528,106.03	314,232,719.91
Including: Investment income from associates and joint enterprises	-2,809,536.42	16,290,045.46	86,599,566.94	80,142,316.57
Other gains	159,124,074.43	53,129,150.44	185,323,370.92	76,125,551.77
II. Operating profit ('-' for loss)	-190,653,813.89	2,879,450,277.72	6,402,079,280.66	5,357,210,952.20
Plus: Non-operating income	547,399.01	1,413,623.14	40,684,421.16	12,089,430.12
Including: Gains from disposal of non-current assets	-	-27,908.26	36,075,050.91	6,793.59
Less: Non-operating expenses	138,657,355.17	37,182,276.12	608,600,985.72	244,795,777.33
Including: Loss from disposal of non-current assets	100,776,240.82	37,025,276.12	563,435,588.08	233,749,277.33
III. Total profit ("-" For total loss)	-328,763,770.05	2,843,681,624.74	5,834,162,716.10	5,124,504,604.99

Less: Income tax expense	20,803,868.71	706,847,894.81	1,383,229,996.67	1,284,374,343.98
IV. Net profit ('-' for net loss)	-349,567,638.76	2,136,833,729.93	4,450,932,719.43	3,840,130,261.01
V. Net of tax of other comprehensive income	5,176,496.77	4,103,898.90	-2,841,813.53	16,221,849.30
(i) Other comprehensive income which cannot be reclassified in gains and losses in subsequent period	-	-	-	-
1. Changes in net liabilities and net assets resulting from re-measuring defined benefit plan	-	-	-	-
2. Shares enjoyed under equity method in investee's other comprehensive income which cannot be reclassified in gains and losses in subsequent period	-	-	-	-
(ii) Other comprehensive income which will be reclassified in gains and losses in subsequent period	5,176,496.77	4,103,898.90	-2,841,813.53	16,221,849.30
1. Shares enjoyed under equity method in investee's other comprehensive income which can be reclassified in gains and losses in subsequent period	-9,268,503.23	4,103,898.90	-23,766,813.53	16,221,849.30
2. Gains and losses from change in fair value of financial asset available for sale	14,445,000.00	-	20,925,000.00	-
3. Gains and losses from held-to-maturity investment reclassified as financial asset available for sale	-	-	-	-
4. Effective part of gains and losses from cash flow hedging	-	-	-	-
5. Translation difference of foreign currency financial statements	-	-	-	-
6. Others	-	-	-	-
VI. Total comprehensive income	-344,391,141.99	2,140,937,628.83	4,448,090,905.90	3,856,352,110.31
VIII. Earnings per share	-	-	-	-
(i) Basic earnings per share (yuan/share)	-	-	-	-
(ii) Diluted earnings per share (yuan/share)	-	-	-	-

Legal representative: Dai Zhihao, Chairman Person in charge of accounting affairs: Wu Kunzong, CFO Person in charge of accounting body: Wang Juan, Director of Operation Finance Department

Consolidated Cash Flow Statement
January-September, 2017

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: RMB Yuan Audit type: Unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September) (after restatement)
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering services	278,463,217,320.75	208,567,235,572.05
Net decrease in loans and advances to customers	110,665,800.75	-
Net increase in borrowing funds from other financial institutions	-	302,000,000.00
Net decrease in deposits in central bank and due from bank	125,625,670.76	73,506,840.39
Cash received from interest, fees and commissions	305,445,544.99	181,931,608.81
Net increase in repurchase business funds	180,878,674.63	189,175,878.21
Tax refund	632,562,725.50	326,657,073.42
Other cash received relating to operating activities	1,576,132,486.93	1,150,831,833.05
Subtotal of cash inflows from operating activities	281,394,528,224.31	210,791,338,805.93
Cash paid for purchase of goods and acceptance of services	238,071,750,208.98	173,249,551,637.00
Net increase in loans and advances to customers	-	197,235,681.31
Net decrease in borrowings from the central bank	-	130,730,819.70
Net decrease in customer deposits and due to banks	4,216,242,148.93	4,613,452,049.62
Cash payment of interest, fees and commissions	96,635,125.53	130,218,295.01
Cash paid to and on behalf of employees	9,795,815,574.09	9,407,230,679.46
Payments of taxes	11,553,750,437.75	5,511,824,759.53
Other cash paid relating to operating activities	4,531,951,961.23	4,671,163,033.67
Subtotal of cash outflows from operating activities	268,266,145,456.51	197,911,406,955.30
Net cash flow from operating activities	13,128,382,767.80	12,879,931,850.63
II. Cash flow from investing activities:	-	-
Cash received from investment retrieving	72,333,588,936.54	35,959,814,466.60
Cash received from investment income	1,500,743,868.48	777,161,409.36
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	190,533,891.41	139,434,598.10
Net cash received from disposal of subsidiaries and other business units	-1,531,331,325.13	-

Other cash received relating to investing activities	4,762,426,986.02	5,057,242,797.78
Subtotal of cash inflows from investing activities	77,255,962,357.32	41,933,653,271.84
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	8,859,245,367.06	8,981,064,449.04
Cash paid for Investment	72,150,525,933.54	58,329,941,926.35
Other cash paid relating to investing activities	117,046,000.00	178,598,777.46
Subtotal of cash outflows from investing activities	81,126,817,300.60	67,489,605,152.85
Net cash flows from investing activities	-3,870,854,943.28	-25,555,951,881.01
III. Cash flow from financing activities:	-	-
Cash received from investors	924,226,931.79	606,179,874.00
Including: Cash of subsidiaries received from minority shareholders' investment	924,226,931.79	606,179,874.00
Cash received from borrowings	77,358,296,431.02	85,164,149,894.65
Cash received from issuing bonds	6,000,000,000.00	15,000,000,000.00
Other cash received relating to financing activities	77,970,811.51	1,000,000,000.00
Subtotal of cash inflows from financing activities	84,360,494,174.32	101,770,329,768.65
Cash paid for debt repayment	83,015,071,551.33	82,198,817,201.72
Cash for distribution of dividends, profits or interest payments	7,534,719,570.84	3,989,732,461.65
Where: Dividends, profits paid by subsidiaries to minority shareholders	118,520,360.97	88,368,990.22
Cash paid for repurchasing the Company's stock	375,000,000.00	402,154,088.00
Subtotal of cash outflows from financing activities	90,924,791,122.17	86,590,703,751.37
Net cash flow from financing activities	-6,564,296,947.85	15,179,626,017.28
IV. Effect of exchange rate changes on cash and cash equivalents	16,948,770.59	93,301,102.04
V. Net increase in cash and cash equivalents	2,710,179,647.26	2,596,907,088.94
Plus: opening balance of cash and cash equivalents	12,931,144,089.49	13,576,548,713.14
VI. Ending balance of cash and cash equivalents	15,641,323,736.75	16,173,455,802.08

Legal representative: Dai Zhihao, Chairman Person in charge of accounting affairs: Wu Kunzong, CFO
Person in charge of accounting body: Wang Juan, Director of Operation Finance Department

Cash Flow Statement of Parent Company

January-September, 2017

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: RMB Yuan Audit type: Unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering services	108,851,105,784.73	73,494,156,869.80
Tax refund	-	76,901,697.11
Other cash received relating to operating activities	636,897,846.25	239,410,798.61
Subtotal of cash inflows from operating activities	109,488,003,630.98	73,810,469,365.52
Cash paid for purchase of goods and acceptance of services	81,509,850,819.43	58,872,866,850.69
Cash paid to and on behalf of employees	3,994,307,669.90	3,927,735,708.58
Payments of taxes	6,973,020,947.86	2,426,077,704.69
Other cash paid relating to operating activities	537,629,528.17	215,063,862.70
Subtotal of cash outflows from operating activities	93,014,808,965.36	65,441,744,126.66
Net cash flow from operating activities	16,473,194,665.62	8,368,725,238.86
II. Cash flow from investing activities:		
Cash received from investment retrieving	41,140,000,000.00	15,800,000,000.00
Cash received from investment income	1,105,576,900.97	398,979,481.40
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	69,092,464.43	17,783,502.62
Other cash received relating to investing activities	4,852,551,968.43	4,998,305,331.53
Subtotal of cash inflows from investing activities	47,167,221,333.83	21,215,068,315.55
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	3,749,676,147.01	3,503,988,709.27
Cash paid for investment	41,570,000,000.00	35,386,553,024.00
Other cash paid relating to investing activities	16,450,000.00	148,133,777.46
Subtotal of cash outflows from investing activities	45,336,126,147.01	39,038,675,510.73
Net cash flows from investing activities	1,831,095,186.82	-17,823,607,195.18
III. Cash flow from financing activities:		
Cash received from borrowings	44,332,944,300.00	35,874,861,269.24
Cash received from issuing bonds	6,000,000,000.00	15,000,000,000.00

Other cash received relating to financing activities	1,104,169,401.88	725,831,592.28
Subtotal of cash inflows from financing activities	51,437,113,701.88	51,600,692,861.52
Cash paid for debt repayment	45,857,295,306.03	38,782,122,605.02
Cash for distribution of dividends, profits or interest payments	5,830,758,103.39	1,649,852,685.44
Other cash paid for financing activities	10,180,334,037.22	117,634,116.53
Subtotal of cash outflows from financing activities	61,868,387,446.64	40,549,609,406.99
Net cash flow from financing activities	-10,431,273,744.76	11,051,083,454.53
IV. Effect of exchange rate changes on cash and cash equivalents	4,291,328.94	-19,303,902.33
V. Net increase in cash and cash equivalents	7,877,307,436.62	1,576,897,595.88
Plus: opening balance of cash and cash equivalents	3,761,841,278.83	2,609,809,152.05
VI. Ending balance of cash and cash equivalents	11,639,148,715.45	4,186,706,747.93

Legal representative: Dai Zhihao, Chairman Person in charge of accounting affairs: Wu Kunzong, CFO
Person in charge of accounting body: Wang Juan, Director of Operation Finance Department

Audit Report

Applicable Inapplicable