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(A joint stock limited company incorporated in the People's Republic of China)  
(Stock Code: 00323)

## INSIDE INFORMATION/ OVERSEAS REGULATORY ANNOUNCEMENT 2019 THIRD QUARTERLY REPORT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 1. IMPORTANT NOTICES

- 1.1 The board of directors (the “Board”), the supervisory committee, the directors, the supervisors and senior management of Maanshan Iron & Steel Company Limited (the “Company”) warrant that there are no false representations or misleading statements contained in, or material omissions, from this report; and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 All directors attended the Board to review the quarterly report.
- 1.3 Mr. Ding Yi, the person-in-charge of the Company; Mr. Qian Haifan, the person overseeing accounting operations; and Mr. Xing Qunli, the person-in-charge of the Accounting Department, make representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial statements contained in this third quarterly report have not been audited, but have been considered and approved by the Audit Committee in the Board of the Company.

### 2. GENERAL INFORMATION OF THE COMPANY

#### 2.1 Major accounting data

Unit: Yuan, Currency: RMB

	As at the end of the reporting period	As at the end of previous year	Increase/decrease at the end of the reporting period as compared with the end of the previous year (%)
Total assets	77,043,152,882	76,871,999,293	0.22
Net assets attributable to equity holders	27,267,530,658	28,173,623,272	-3.22

	From the beginning of the year to the end of the reporting period (January – September)	From the beginning of previous year to the end of the reporting period of the previous year (January – September)	Increase/decrease as compared with the same period of the previous year (%)
Net cash flows from operating activities	1,636,717,072	8,007,717,333	-79.56
	From the beginning of the year to the end of the reporting period (January – September)	From the beginning of previous year to the end of the reporting period of the previous year (January – September)	Increase/decrease as compared with the same period of the previous year (%)
Revenue	57,581,479,809	63,116,578,687	-8.77
Net profit attributable to equity holders of the Company	1,464,511,185	5,583,446,438	-73.77
Net profit excluding non-recurring gains or losses attributable to equity holders of the Company	1,452,959,100	5,176,626,148	-71.93
Return on net assets (weighted average) (%)	5.28	21.03	Reduced by 15.75 percentage points
Basic earnings per share (RMB/share)	0.1902	0.7250	-73.77
Diluted earnings per share (RMB/share)	0.1902	0.7250	-73.77

#### Items and amount of non-recurring gains or losses

Unit: Yuan, Currency: RMB

Item	Amount for the reporting period (July – September)	Amount from the beginning of this year to the end of the reporting period (January – September)
Gains/losses from disposal of non-current assets	-39,777,604	-40,714,519
Government subsidies recognized in current gains/losses (excluding those having close relationship with the Company's normal business, conforming to the national policies and regulations and enjoying ongoing fixed amount or quantity according to certain standard)	53,882,526	373,131,793
Gains or losses arising from fair value changes of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income on disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the hedging business that is related to the normal business of the Company	-106,433,830	19,034,384
Non-operating income and expenses other than the above items	-70,550	725,515
Employee termination benefits	-255,075,920	-308,408,670
Impact of non-controlling interests (after tax)	18,466,887	-10,709,241
Impact of income tax	36,493,689	-21,507,177
Total	-292,514,802	11,552,085

**2.2 Total number of shareholders and table of shareholdings of the top ten shareholders and the top ten public shareholders (or shareholders without selling restrictions) as at the end of the reporting period**

Unit: Share

Total number of shareholders (accounts)				215,595		
Shareholdings of the top ten shareholders						
Name of shareholder (Full name)	Number of shareholding at the end of the reporting period Percentage	Percentage (%)	Number of shares under restricted condition for sales	Number of pledged or frozen shares		Type of shareholders
				Status	Volume	
Magang (Group) Holding Co., Limited	3,506,467,456	45.54	-	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Nominees Limited	1,716,369,050	22.29	-	Unknown	Unknown	Unknown
Hong Kong Securities Clearing Company Limited	146,933,994	3.33	-	Unknown	Unknown	Unknown
Central Huijin Investment Ltd.	142,155,000	1.85	-	Unknown	Unknown	State-owned legal person
Agricultural Bank of China Co., Ltd. – China Securities 500 Open Index Securities Investment Fund	32,261,849	0.47	-	Unknown	Unknown	Unknown
Tibet Futongda Investment Co., Ltd.	29,610,600	0.38	-	Unknown	Unknown	Unknown
UBS AG	17,293,116	0.22	-	Unknown	Unknown	Unknown
Li Xiaozhong (李曉忠)	16,759,455	0.20	-	Unknown	Unknown	Unknown
The National Social Security Fund 412 Composition	15,153,300	0.19	-	Unknown	Unknown	Unknown
Beijing Haoqing Wealth Investment Management Co., Ltd. – Haoqing No. 8 Investment Fund	14,351,912	0.18	-	Unknown	Unknown	Unknown
Shareholding of top ten shareholders without selling restrictions						
Name of shareholder	Number of shares without selling restrictions	Type and number of shares				
		Type	Number			
Magang (Group) Holding Co., Limited	3,506,467,456	RMB-denominated ordinary shares	3,506,467,456			
Hong Kong Securities Clearing Company Nominees Limited	1,716,369,050	Overseas-listed shares	1,716,369,050			
Hong Kong Securities Clearing Company Limited	146,933,994	RMB-denominated ordinary shares	146,933,994			
Central Huijin Investment Ltd.	142,155,000	RMB-denominated ordinary shares	142,155,000			
Agricultural Bank of China Limited – CSI 500 ETF	32,261,849	RMB-denominated ordinary shares	32,261,849			
Tibet Futongda Investment Co., Ltd.	29,610,600	RMB-denominated ordinary shares	29,610,600			

UBS AG	17,293,116	RMB-denominated ordinary shares	17,293,116
Li Xiaozhong (李曉忠)	16,759,455	RMB-denominated ordinary shares	16,759,455
The National Social Security Fund 412 Composition	15,153,300	RMB-denominated ordinary shares	15,153,300
Beijing Haoqing Wealth Investment Management Co., Ltd. – Haoqing No. 8 Investment Fund	14,351,912	RMB-denominated ordinary shares	14,351,912
Notes on the above shareholders' affiliated relation or concerted action	Magang (Group) Holding Co., Limited has no affiliated relation with any of the other foregoing shareholders, nor is it a person acting in concerted action; however, it is not in the knowledge of the Company whether there is any affiliated relation among other foregoing shareholders and whether they are persons acting in concerted action.		

### 3. SIGNIFICANT MATTERS

#### 3.1 Details of and reasons for material changes in the major financial statement items and financial indicators of the Company

In the first three quarters, China's GDP shows a year-on-year increase of 6.2%. The overall operation of national economy was stable. The quarterly economic growth rate slowed down. Influenced by the growth of steel output, the decline of steel price and the rapid rise of main raw material prices, the possibility of profit making in the steel industry has been severely limited. From July to September, the average value of the domestic steel price index was 106.69, representing a year-on-year decrease of 11.17% and a quarter-on-quarter decrease of 3.94%. The average value of China iron ore price index was 330.85, representing a year-on-year increase of 33.33%.

During the period from July to September this year, the Company and its subsidiaries (the "Group") produced 4.71 million tonnes of pig iron, 5.15 million tonnes of crude steel and 4.90 million tonnes of steel products in total, which remained stable as compared with the same period last year. During the period from January to September, the Group produced 13.45 million tonnes of pig iron, 14.63 million tonnes of crude steel and 13.81 million tonnes of steel products in total, representing a year-on-year decrease of 3.03%, 3.24% and 4.23% respectively. This was mainly due to the Company's permanent shut-down of two 420 cubic meters of blast furnaces in April 2018, the permanent shut-down of two 40-tonne converters in October 2018, and overhaul of a 2,500 cubic meters of blast furnace in January to February this year. According to the PRC Accounting Standards, from January to September, the Group's operating revenue amounted to RMB57,581 million, representing a year-on-year decrease of 8.77%. This is mainly due to the year-on-year decline in steel sales and prices of the Company. Net profit attributable to shareholders of the Company was RMB1,465 million, representing a year-on-year decrease of 73.77%. This is mainly due to the year-on-year decline in the company's operating revenue and the sharp increase in the price of iron ore and other raw materials. The price of iron ore substantially increased as affected by the collapse of Vale's mining dam in Brazil. Due to this, the increased cost of the group exceeds RMB 2 billion, which affected the operating results of the group accordingly.

On 19 September 2019, according to the equity transfer agreement signed on 31 May 2019 with China Baowu Steel Group Corporation Limited ("China Baowu"), the State-owned Assets Supervision and Administration Commission of the Government of the Anhui Province ("Anhui SASAC") transferred its 51% equity interest in Magang (Group) Holding Company Limited

(“Masteel Group”), and completed relevant shareholder business registration procedures on the same day. The de facto controller of the Company has changed from Anhui SASAC to SASAC, and China Baowu becomes the indirect controlling shareholder of the Company. The direct controlling shareholder of the Company remains unchanged.

In the fourth quarter, the company will excel stable, safe and efficient production and operation, and focus on the interaction and cooperation with China Baowu at the same time to bring synergy effects into play as early as possible:

- (1) Planning Cooperation. China Baowu is committed to “becoming a global leader in the steel industry” and “building a high-quality steel ecosystem”, and has incorporated the Company into its overall development plan. As a new member of China Baowu, the Company will optimize the industrial structure and build a high-quality steel ecosystem through planning coordination under the guidance of China Baowu. In the future planning, China Baowu will increase the allocation of various resources in the Company, give full play to the Company's location and industrial advantages in the Yangtze River Economic Belt, and enhance the Company's comprehensive competitiveness.
- (2) Manufacturing Cooperation. China Baowu will inject development impetus into the Company. With its strong support and through the promoting of production line benchmarking and enhancing of capacity, the Company will strengthen the coordination of production technology and process management, and solve the bottleneck in the processes gradually to eliminate the development resistance of the Company and achieve comprehensive improvement of quality and efficiency.
- (3) Marketing Cooperation. China Baowu will provide the Company with more high-quality marketing service system, which will help the Company expand the breadth and depth of marketing services, such as improving customer service responsiveness by sharing marketing channels and service network.
- (4) Procurement Cooperation. China Baowu has rich resources and experiences in centralised procurement and logistics coordination. Through procurement cooperation with China Baowu, the Company is expected to reduce certain raw material procurement costs and logistics costs.
- (5) Product Cooperation. There is strong complementarity between the Company's products and China Baowu's products. Through product synergy and leveraging China Baowu's technological advantages and market resources, it can effectively enhance the influence of the Company's products and markets.
- (6) Management Cooperation. China Baowu has rich management experiences. The Company will learn from China Baowu's excellent management experience, optimize the business plan, strengthen internal control and pay more attention to investor returns.

**Items with more than 30% changes at the end of the reporting period as compared with the end of last year in the consolidated financial statements, and the reasons for such changes:**

- (1) Cash and cash equivalents decreased by 41.72% as compared with the end of the previous year mainly due to the fall in the prices of steel products and the rise in the prices of raw materials and fuels during the current period, as well as the fall in operating profit and operating cash inflow as compared with the same period of the previous year.
- (2) Tradable financial assets decreased by 40.63% as compared with the end of the previous year mainly due to the maturity of fund products held by the Finance Company during the current period.
- (3) Receivables financing increased by 104.95% as compared with the end of the previous year mainly due to the decrease in the endorsement of notes receivable during the current period, resulting in the increase in notes receivable held as compared with the end of the previous year. (Receivables financing was a new item introduced pursuant to the requirements of the Ministry of Finance's Circular on Amending the Publication of the Format of Financial Statements of General Enterprises for 2019 (Cai Hui [2019] No. 6) to present the receivables measured at fair value through other comprehensive income on the balance sheet date. According to the fund management plan and actual business conditions, the Company presented the notes receivable held under this item, and retrospectively adjusted the comparative data.)
- (4) Prepayments increased by 45.14% as compared with the end of the previous year mainly due to the increase in the accounts prepaid for the purchase of imported raw materials and fuels as well as in project funds prepaid by the Company during the current period as compared with the end of the previous year.
- (5) Other receivables increased by 70.38% as compared with the end of the previous year mainly due to the increase in the Company's steel futures margins and land bidding security.
- (6) Financial assets purchased under agreements to resell decreased by 91.84% as compared with the end of the previous year mainly due to the decrease in the reverse repurchase business of the Finance Company during the current period.
- (7) Loans and advances to customers increased by 49.56% as compared with the end of the previous year mainly due to the increase in the amount of loans granted by the Finance Company to the external members of the Group during the current period.
- (8) Non-current assets due within one year were nil, while they were RMB101 million at the end of the previous year, mainly due to the maturity of government bonds held by the Finance Company during the current period.
- (9) Construction in progress increased by 66.99% as compared with the end of the previous year mainly due to the increased input in various projects such as the Company's heavy H-beam project and Special Steel Company's new bloom caster project during the year.
- (10) The Right-to-use assets were RMB425 million, while they were nil at the end of the previous year, mainly due to the recognition of the right-to-use assets based on the current value of the lease payments for the buildings, machinery and equipment rented by the Group

following the Company's implementation of the New Lease Guidelines during the current period.

- (11) Deposits and balances from banks and other financial institutions decreased by 61.13% as compared with the end of the previous year, mainly due to the decrease in the borrowings by the Finance Company from commercial banks.
- (12) Financial liabilities held for trading decreased by 53.84% as compared with the end of the previous year, mainly due to changes in the fair value of forward foreign exchange contracts held by the Company during the current period.
- (13) Bills payable increased by 166.87% as compared with the end of the previous year, mainly due to the decrease in the endorsement of bills receivable and the increased demand for new bills issued by the Company during the current period.
- (14) Taxes payable decreased by 62.09% as compared with the end of the previous year, mainly due to the payment by the Company and its subsidiary Anhui Changjiang Iron and Steel Co., Ltd. ("Changjiang Iron and Steel") of the taxes and fees payable but not paid at the end of the previous year. .
- (15) Non-current liabilities due within one year increased by 55.54% compared with the end of the previous year, mainly due to the reclassification of the Company's long-term borrowings, which will expire within one year, for accounting under this item.
- (16) Other current liabilities were nil, while they were RMB1.027 billion at the end of the previous year, mainly due to the payment of short-term financing notes issued by the Company during the current period.
- (17) Lease liabilities were RMB416 million, while they were nil at the end of the previous year, mainly due to the recognition of the lease liabilities based on the current value of the lease payments for the buildings, machinery and equipment rented by the Group following the Company's implementation of the New Lease Guidelines during the current period.
- (18) Special reserve increased by 48.96% as compared with the end of the previous year, which was mainly due to the increase in the special reserve of the associates and joint ventures which the Company is entitled to during the current period.

**Items with more than 30% changes from the beginning of the year to the end of the reporting period as compared to the same period last year in the consolidated financial statements, and the reasons for such changes:**

(1) Taxes and surcharges decreased by 33.66% as compared to the same period last year mainly due to the decrease of the value added taxes rate and the volatility of prices, leading to a decrease in value added taxes as compared to the same period last year.

(2) Assets impairment losses increased by 318.7% as compared to the same period last year mainly due to the increase in the provision for inventory depreciation as compared to that for last year and the provision for fixed asset depreciation of its subsidiary MG-VALDUNES S.A.S.

(3) Credit impairment losses increased by 123.19% as compared to the same period last year mainly due to the increase of provision for bad debts in accordance with the expected credit loss model.

(4) Gains on changes in fair value were RMB19 million as compared with RMB-27 million for the same period last year mainly due to the fact that the change in fair value of forward foreign exchange contracts held by the Company was income.

(5) Gain from disposal of assets was RMB-41 million as compared to RMB69 million for the same period last year mainly due to the Company's gain from disposal of some lands and recognition of gain from disposal of some scrapped assets by the subsidiary Ma Steel (Hefei) Iron & Steel Co., Ltd during the same period last year, and recognition of loss from disposal of assets with lagging production capacity by the subsidiary Changjiang Steel during the current period.

(6) Non-operating income increased by 178.68% as compared to same period last year mainly due to the increase in government grants received by the Company and its Subsidiary Ma Steel (Hefei) Iron & Steel Co., Ltd. as a result of the reduction in production capacity during the current period.

(7) Income tax expenses decreased by 40.45% as compared to same period last year mainly due to the decrease in profitability in some of the subsidiaries as compared to same period last year.

(8) Net profit attributable to owners of the parent company decreased by 73.77% as compared to the same period last year mainly due to the decrease in price of steel products, the surge in the price of raw materials and fuels and the decrease in the gross profit of steel products during the reporting period as compared to same period last year.

(9) Profit or loss attributable to non-controlling interests decreased by 47.81% as compared to same period last year mainly due to the decrease in profitability in some of the non-wholly owned subsidiaries during the reporting period as compared to same period last year.

(10) Net cash inflow from operating activities decreased by 79.56% as compared to same period last year mainly due to the decrease in the price of steel products during the reporting period as compared to same period last year, and the increase of cash outflow as a result of the surge in prices of raw materials and fuels.

(11) Net cash outflow from investment activities decreased by 50.36% as compared to same period last year, mainly due to the increase of cash outflow of RMB630 million as a result of the purchase of fixed assets and intangible assets by the Company, while cash outflow of the Finance



Company from its investment activities decreased by RMB1,658 million during the reporting period as compared to same period last year.

### **3.2 Progress in significant matters as well as explanation of an analysis of the impact of and solutions to such significant matters**

By a letter sent to the Company dated 24 July 2015, Masteel Group being the controlling shareholder stated its plan to further acquire A shares of the Company of not less than RMB409 million at an appropriate price through Magang (Group) Investment Limited, its wholly-owned subsidiary, in a way complying with the applicable laws and regulations, and undertook that the shares acquired would not be sold within six months after the completion of the plan for increasing the shareholding. For details, please refer to the “Announcement on Intended Increase in Shareholding of the Company’s A Shares by the Controlling Shareholder” published on 25 July 2015. Please refer to the following websites: <http://www.sse.com.cn>; <http://www.hkexnews.hk>.

From January to September this year, the production and operation situation of Masteel Group improved. However, supply side reform and increasing operation cost from pressure of environmental protection and production restriction may lead to the decrease of funds of Magang Group. In addition, Magang Group actively responded to the call of optimizing the industrial structure, vigorously developed non-steel industry, resulting in a relatively large demand for funds. Up to now, it has not raised enough funds to increase its holdings. Under the premise of ensuring the normal circulation of funds for production and operation, Magang Group will actively raise funds, implement the plan to increase its shareholding in a legal and compliant manner, and strictly fulfill its information disclosure obligations.

### **3.3 The warning about and explanation for the forecast of a possible loss in aggregate net profits from the beginning of the year to the end of the next reporting period, or of significant changes in such profits over the same period last year**

In 2018, the Group's net profit attributable to shareholders of the parent company was RMB5.943 billion; from January to September 2019, the net profit attributable to shareholders of the parent company was RMB1.465 billion. At present, steel prices are significantly affected by supply side pressure, and the prices of major raw fuels are still at a high level. The Group's production and operation are under high pressure. Therefore, the Company expects that the accumulated net profit from the beginning of the year to the end of the next reporting period may be significantly reduced compared with the same period of last year.

By order of the Board  
**Maanshan Iron & Steel Company Limited**  
**Ding Yi**  
*Chairman*

30 October 2019  
Maanshan City, Anhui Province, the PRC

*As at the date of this announcement, the directors of the Company include:*

*Executive Directors: Ding Yi, Qian Haifan, Zhang Wenyang*

*Non-executive Director: Ren Tianbao*

*Independent Non-executive Directors: Zhang Chunxia, Zhu Shaofang, Wang Xianzhu*

## 4. APPENDIX

### 4.1 Financial Statement

Maanshan Iron & Steel Company Limited  
Consolidated Statement of Financial Position  
30 September 2019

ASSETS	Unit: RMB (unaudited)	
	30 September 2019 Unaudited	31 December 2018 Audited
CURRENT ASSETS:		
Cash and bank balances	5,689,467,287	9,762,844,718
Trading financial assets	1,237,543,921	2,084,414,075
Trade receivables	1,336,972,523	1,121,768,976
Financing receivables	10,186,403,877	4,970,113,847
Prepayments	1,033,921,157	712,340,548
Other receivables	208,167,964	147,965,534
Inventories	11,382,354,778	11,053,918,748
Financial assets purchased under agreements to resell	198,557,388	2,432,279,109
Loans and advances to customers	4,255,367,980	2,845,298,103
Non-current liabilities due within one year	-	101,201,184
Other current assets	2,628,755,396	3,173,122,975
Total current assets	<u>38,157,512,271</u>	<u>38,405,267,817</u>
NON-CURRENT ASSETS:		
Long term equity investments	3,285,230,185	2,809,063,381
Other equity instruments investments	267,667,163	263,122,364
Investment properties	54,386,982	55,804,755
Property, plant and equipment	29,972,018,587	31,545,176,835
Construction in progress	2,776,539,342	1,662,672,077
Right-to-use assets	425,357,026	-
Intangible assets	1,850,201,044	1,855,265,330
Deferred tax assets	254,240,282	275,626,734
Total non-current assets	38,885,640,611	38,466,731,476
TOTAL ASSETS	<u>77,043,152,882</u>	<u>76,871,999,293</u>

**CURRENT LIABILITIES:**

Deposits and balances from banks and other financial institutions	350,000,000	900,366,111
Customer deposits	3,904,742,652	4,915,309,311
Repurchase agreements	1,425,701,684	1,133,772,377
Short-term loans	10,275,073,029	10,917,293,181
Held for trading financial liabilities	3,699,007	8,012,670
Notes accounts payables	7,040,679,021	2,638,271,437
Trade accounts payables	7,034,934,033	7,703,736,542
Advances from customers	4,138,571,396	3,572,594,400
Payroll and employee benefits payable	398,008,020	563,642,908
Taxes payable	502,526,861	1,325,517,987
Other payables	3,281,262,349	3,530,746,914
Non-current liabilities due within one year	2,287,852,428	1,470,868,462
Accrued liabilities	30,049,545	29,997,521
Other current liabilities	-	1,026,897,260
	<hr/>	<hr/>
Total current liabilities	40,673,100,025	9,737,027,081

**NON-CURRENT LIABILITIES:**

Long-term loans	3,418,939,300	3,596,387,552
Lease liabilities	415,724,884	-
Long-term employee benefits payable	140,887,296	157,371,474
Deferred revenue	1,361,052,937	1,364,795,555
Deferred tax	22,783,318	24,066,311
	<hr/>	<hr/>
Total non-current liabilities	5,359,387,735	5,142,620,892

Total liabilities	<hr/>	<hr/>
	46,032,487,760	44,879,647,973

**SHAREHOLDERS' EQUITY**

Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,352,287,192	8,352,287,192
Other comprehensive income	(111,290,421)	(112,702,163)
Special reserve	46,232,749	31,037,123
Surplus reserve	4,571,901,256	4,571,901,256
General reserve	224,841,404	224,841,404
Retained earnings	6,482,877,292	7,405,577,274
	<hr/>	<hr/>

Equity attributable to owners of the Parent Company	27,267,530,658	28,173,623,272
Non-controlling interests	<u>3,743,134,464</u>	<u>3,818,728,048</u>
Total shareholders' equity	<u>31,010,665,122</u>	<u>31,992,351,320</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>77,043,152,882</u></u>	<u><u>76,871,999,293</u></u>

Legal representative: Ding Yi    Chief Accountant: Qian Haifan    Head of Accounting: Xing Qunli

Statement of Financial Position of Parent Company  
30 September 2019

ASSETS	Unit: RMB (unaudited)	
	30 September 2019 Unaudited	31 December 2018 Audited
<b>CURRENT ASSETS:</b>		
Cash and bank balances	2,685,810,154	5,993,538,669
Trading financial assets	16,969,400	-
Trade receivables	2,357,739,281	2,460,866,900
Financing receivables	9,049,265,755	4,692,435,408
Prepayments	726,016,186	997,856,384
Other receivables	125,267,642	63,844,132
Inventories	7,682,276,992	7,108,599,357
Other current assets	<u>272,152,842</u>	<u>272,152,842</u>
<b>Total current assets</b>	<u>22,915,498,252</u>	<u>21,589,293,692</u>
<b>NON-CURRENT ASSETS:</b>		
Long term equity investments	10,337,809,832	10,146,271,956
Other equity instruments investments	264,667,163	263,122,364
Investment properties	54,315,352	55,593,723
Property, plant and equipment	22,830,716,278	23,828,190,594
Construction in progress	2,421,844,443	1,382,508,379
Right-to-use assets	373,842,056	-
Intangible assets	967,072,153	987,387,010
Deferred tax assets	<u>167,084,025</u>	<u>192,801,687</u>
<b>Total non-current assets</b>	<u>37,417,351,302</u>	<u>36,855,875,713</u>
<b>TOTAL ASSETS</b>	<u>60,332,849,554</u>	<u>58,445,169,405</u>
<b>CURRENT LIABILITIES:</b>		
Short-term loans	7,547,708,287	6,570,000,000
Held for trading financial liabilities	3,699,007	8,012,670
Notes accounts payables	5,075,240,493	1,022,148,850
Trade accounts payables	8,682,746,454	10,288,909,379
Advances from customers	2,595,219,324	2,382,469,502
Payroll and employee benefits payable	300,924,116	428,093,317
Taxes payable	239,837,784	479,009,037

Other payables	2,970,300,833	2,967,729,141
Non-current liabilities due within one year	3,984,511,769	1,345,513,152
Accrued liabilities	-	1,026,897,260
	<u>31,400,188,067</u>	<u>26,518,782,308</u>
NON-CURRENT LIABILITIES:		
Long-term loans	4,248,939,300	6,296,387,552
Lease liabilities	367,283,497	-
Long-term employee benefits payable	116,858,610	130,803,630
Deferred revenue	701,983,891	721,934,242
	<u>5,435,065,298</u>	<u>7,149,125,424</u>
Total non-current liabilities		
	<u>36,835,253,365</u>	<u>33,667,907,732</u>
SHAREHOLDERS' EQUITY		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,358,017,477	8,358,017,477
Other comprehensive income	14,730,780	12,906,467
Special reserve	27,207,590	9,496,082
Surplus reserve	3,735,114,669	3,735,114,669
Retained earnings	3,661,844,487	4,961,045,792
	<u>23,497,596,189</u>	<u>24,777,261,673</u>
Total shareholders' equity		
	<u>60,332,849,554</u>	<u>58,445,169,405</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		

Legal representative: Ding Yi      Chief Accountant: Qian Haifan      Head of Accounting: Xing Qunli

**Consolidated Profit or Loss Statement**  
For the 9 months ended 30 September 2019

Unit: RMB

	July - September 2019 Unaudited	January – September 2019 Unaudited	July - September 2018 Unaudited	January – September 2018 Unaudited
Revenue	20,554,785,988	57,581,479,809	23,053,537,244	63,116,578,687
Less: Cost of sales	18,880,903,729	52,553,328,334	19,455,791,931	53,458,142,658
Taxes and surcharges	139,054,782	420,253,772	233,686,793	633,505,089
Selling expenses	254,525,282	686,038,714	224,767,228	689,862,554
General and administrative expenses	474,048,353	1,185,383,457	331,083,092	1,029,669,085
R&D expenses	207,426,589	561,962,294	74,870,695	456,662,563
Financial expenses	180,846,836	570,853,767	232,064,887	806,850,214
including: interest expense	184,426,580	599,932,198	208,747,789	685,123,495
interest income	14,416,967	66,267,429	11,668,533	29,158,729
Add: Other income	52,857,176	101,291,510	71,656,890	115,808,999
Investment income	194,128,528	605,021,547	259,998,750	820,776,357
including: share of profits of associates and joint ventures	143,206,388	454,911,895	191,411,657	490,232,531
Gain/ (loss) on the changes in fair value	(7,246,318)	19,034,384	(17,756,892)	(26,717,357)
Credit impairment losses (loss shall be stated as “-”)	(5,873,169)	(49,850,411)	323,452	(22,334,942)
Asset impairment losses (loss shall be stated as “-”)	(218,743)	(241,994,353)	81,139	(57,869,219)
Gains on disposal of assets (loss shall be stated as “-”)	(39,777,604)	(40,714,519)	16,023,322	68,626,748
Operating profit	<u>611,850,287</u>	<u>1,996,447,629</u>	<u>2,831,599,279</u>	<u>6,940,177,110</u>
Add: Non-operating income	3,297,488	277,603,941	2,991,909	99,614,171
Less: Non-operating expenses	<u>3,428,020</u>	<u>5,038,143</u>	<u>2,872,738</u>	<u>5,787,772</u>
Profit before tax	<u>611,719,755</u>	<u>2,269,013,427</u>	<u>2,831,718,450</u>	<u>7,034,003,509</u>
Less: Income tax expense	<u>144,133,206</u>	<u>383,747,177</u>	<u>298,330,061</u>	<u>644,369,837</u>
Net profit	<u><u>467,586,549</u></u>	<u><u>1,885,266,250</u></u>	<u><u>2,533,388,389</u></u>	<u><u>6,389,633,672</u></u>
Categorized by operation continuity				
Net profit from continuing operations	<u>467,586,549</u>	<u>1,885,266,250</u>	<u>2,533,388,389</u>	<u>6,389,633,672</u>
Net profit from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Categorized by ownership				
Net profit attributable to owners of the parent	319,851,174	1,464,511,185	2,154,927,505	5,583,446,438
Net profit attributable to non-controlling interests	147,735,375	420,755,065	378,460,884	806,187,234
Other comprehensive income, net of tax	3,591,204	1,411,743	17,735,501	(11,323,685)
Other comprehensive income attributable to owners of the parent, net of tax	3,591,204	1,411,743	17,735,501	(11,323,685)
Other comprehensive income that could not be reclassified to profit or loss	-	1,158,600	-	(15,964,250)
Changes in fair value of other equity instruments investments	-	1,158,600	-	(15,964,250)
Other comprehensive income to be reclassified to profit or loss	3,591,204	253,143	17,735,501	4,640,565
Fair value changes of available-for-sale financial assets	-	665,713	-	-
Exchange differences on translation of foreign operation	3,591,204	(412,570)	17,735,501	4,640,565
Other comprehensive income attributable to non-controlling interests, net of tax	-	-	-	-
Total comprehensive income	471,177,753	1,886,677,993	2,551,123,890	6,378,309,987
Attributable to:				
Owners of the parent	323,442,378	1,465,922,928	2,172,663,006	5,572,122,753
Non-controlling interests	147,735,375	420,755,065	378,460,884	806,187,234
Earnings per share:				
Basic earnings per share	4.16cent	19.02cent	27.98 cent	72.50 cent
Diluted earnings per share	4.16cent	19.02cent	27.98 cent	72.50 cent

Legal representative: Ding Yi

Chief Accountant: Qian Haifan

Head of Accounting: Xing Qunli



Statement of Profit or Loss of Parent Company  
For the 9 months ended 30 September 2019

	July – September 2019 Unaudited	January – September 2019 Unaudited	July – September 2018 Unaudited	Unit: RMB January – September 2018 Unaudited
Revenue	16,703,909,034	46,833,276,382	17,781,045,193	51,473,303,803
Less: Cost of sales	15,958,599,432	44,141,035,726	15,765,930,482	45,332,595,854
Taxes and surcharges	100,059,684	307,239,412	161,449,862	467,449,485
Selling expenses	115,446,829	296,870,992	90,462,288	310,649,690
General and administrative expenses	373,633,725	882,427,364	228,119,169	706,153,076
R&D expenses	161,432,511	466,746,963	72,176,563	447,950,478
Financial expenses	145,288,092	474,522,854	192,457,948	689,256,205
including: interest expense	140,165,397	499,152,392	178,428,349	594,043,203
interest income	14,384,944	68,397,936	13,796,499	45,582,075
Add: Other income	44,936,318	83,389,173	63,709,034	96,712,494
Investment income	144,741,302	1,292,262,247	283,277,470	1,215,257,841
including: share of profits of associates and joint ventures	143,206,389	444,718,541	191,411,656	489,574,862
Gain/(loss) on the changes in fair value	(9,060,314)	3,432,933	(19,230,160)	(29,211,300)
Credit impairment losses (loss shall be stated as “-”)	-	16,643,156	-	(3,062,918)
Asset impairment losses (loss shall be stated as “-”)	-	(726,383,165)	-	(53,372,164)
Gain/(loss) from disposal of non-current assets	1,263,127	1,071,960	3,140,759	259,919,889
Operating profit	<u>31,329,194</u>	<u>934,849,375</u>	<u>1,601,345,984</u>	<u>5,005,492,857</u>
Add: Non-operating income	2,754,380	179,009,875	567,544	96,692,299
Less: Non-operating expenses	446,375	517,925	1,840,359	2,852,223
Profit before tax	<u>33,637,199</u>	<u>1,113,341,325</u>	<u>1,600,073,169</u>	<u>5,099,332,933</u>
Less: Income tax expense	-	25,331,463	-	10,689,929
Net profit	<u><u>33,637,199</u></u>	<u><u>1,088,009,862</u></u>	<u><u>1,600,073,169</u></u>	<u><u>5,088,643,004</u></u>
Categorized by operation continuity				
Net profit from continuing operations	<u><u>33,637,199</u></u>	<u><u>1,088,009,862</u></u>	<u><u>1,600,073,169</u></u>	<u><u>5,088,643,004</u></u>
Net profit from discontinued operations	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Other comprehensive income, net of tax	<u>-</u>	<u>1,824,313</u>	<u>-</u>	<u>(15,964,250)</u>
Other comprehensive income that could not be reclassified to profit or loss	-	1,158,600	-	(15,964,250)
Changes in fair value of other equity instruments investments	<u>-</u>	<u>1,158,600</u>	<u>-</u>	<u>(15,964,250)</u>

Other comprehensive income that will be reclassified to profit or loss	-	665,713	-	-
Other comprehensive income under the equity method that can be reclassified to profit or loss	-	665,713	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total comprehensive income	<u>33,637,199</u>	<u>1,089,834,175</u>	<u>1,600,073,169</u>	<u>5,072,678,754</u>

Legal representative: Ding Yi      Chief Accountant: Qian Haifan      Head of Accounting: Xing Qunli

Consolidated Statement of Cash Flow  
For the nine months ended 30 September 2019

Unit: RMB

For the nine months ended 30 September  
2019  
Unaudited

2018  
Unaudited

I. Cash flow from operating activities

Cash received from sale of goods and rendering services	60,447,771,472	66,594,946,420
Net increase in customer deposits and deposits from banks	-	337,830,024
Net decrease in deposits in central bank	208,011,275	-
Cash received for interest charges, fees and commissions	279,949,957	162,796,951
Tax refunds received	20,049,286	4,191,303
Net decrease in repurchase agreements of financial assets	2,233,721,721	-
Net increase in financial assets purchased under agreements to resell	291,929,307	-
Cash received relating to other operating activities	<u>402,816,759</u>	<u>145,059,989</u>
Sub-total of cash inflows	<u>63,884,249,777</u>	<u>67,244,824,687</u>
Cash paid for purchase of goods and services	(52,414,145,413)	(49,526,658,406)
Cash paid to and on behalf of employees	(3,643,408,969)	(3,675,261,411)
Taxes and surcharges paid	(2,563,929,639)	(4,187,365,353)
Increase in deposits in central bank	-	(154,065,474)
Net decrease in repurchase agreements of financial assets	-	(30,559,456)
Net increase in financial assets purchased under agreements to resell	-	(748,174,602)
Net decrease in customer deposits and deposits from banks	(1,560,932,771)	-
Net increase in loans and advances to customers	(1,444,450,942)	(486,619,884)
Cash paid for interest charges, fees and commissions	(131,185,150)	(61,930,616)
Cash paid relating to other operating activities	<u>(489,479,821)</u>	<u>(366,472,152)</u>
Sub-total of cash outflows	<u>(62,247,532,705)</u>	<u>(59,237,107,354)</u>

<b>Net cash flows from operating activities</b>	<u>1,636,717,072</u>	<u>8,007,717,333</u>
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II. Cash flows from investing activities

Cash received from disposal of investments	39,008,007,824	38,730,147,142
Cash received from investment income	339,450,109	517,979,438
Proceeds from disposal of items of property, plant and equipment, intangible assets and other non-current assets	25,631,355	226,723,189
Cash received relating to other investing activities	-	93,102,943
Sub-total of cash inflows	<u>39,373,089,288</u>	<u>39,567,952,712</u>

Purchases of property, plant and equipment, intangible assets and other non-current assets	(2,097,700,780)	(1,468,171,561)
Cash paid for investments	(38,410,557,115)	(40,434,358,060)
Net cash from disposal of subsidiaries and other operating units	-	(37,688)
Cash paid relating to other investing activities	<u>(40,515,624)</u>	<u>-</u>
Sub-total of cash outflow	<u>(40,548,773,519)</u>	<u>(41,902,567,309)</u>

<b>Net cash flows used in investing activities</b>	<u>(1,175,684,231)</u>	<u>(2,334,614,597)</u>
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III. Cash flows from financing activities:

Cash received from borrowings	13,537,832,671	11,658,123,225
Proceeds from issuing short-term bonds	-	1,000,000,000
Cash received relating to other financing activities	3,471,463	-
Cash received from investors	58,375,000	-
Including: capital injection from a subsidiary's non-controlling interests	<u>58,375,000</u>	<u>-</u>
Sub-total of cash inflows	<u>13,599,679,134</u>	<u>12,658,123,225</u>

Repayment of borrowings	(14,463,046,499)	(15,599,214,867)
Cash paid for the distribution of dividend or profits and for interest expenses	(3,503,609,900)	(2,420,581,131)
Including: dividends paid to non-controlling interests by subsidiaries	(533,932,888)	(448,090,972)
Cash paid relating to other financing activities	<u>(97,801,880)</u>	<u>-</u>
Sub-total of cash outflows	<u>(18,064,458,279)</u>	<u>(18,019,795,998)</u>

<b>Net cash flows used in financing activities</b>	(4,464,779,145)	(5,361,672,773)
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IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>(20,717,055)</u>	<u>65,063,124</u>
V. Net increase/(decrease) in cash and cash equivalents	<u>(4,024,463,359)</u>	<u>376,493,087</u>
Add: cash and cash equivalents at the beginning of the period	<u>7,757,759,777</u>	<u>3,834,247,326</u>
VI. Cash and cash equivalents at the end of the period	<u>3,733,296,418</u>	<u>4,210,740,413</u>
Legal representative: Ding Yi      Chief Accountant: Qian Haifan      Head of Accounting: Xing Qunli		

Statement of Cash Flow of the Parent Company  
For the nine months ended 30 September 2019

	Unit: RMB	
	For the 9 months ended 30 September	
	2019	2018
	Unaudited	Unaudited
<b>I. Cash flows from operating activities :</b>		
Cash received from sale of goods and rendering service	48,861,874,771	53,442,600,133
Tax refunds received	20,049,286	-
Cash received relating to other operating activities	<u>296,401,175</u>	<u>184,472,364</u>
Sub-total of cash inflows	<u>49,178,325,232</u>	<u>53,627,072,497</u>
Cash paid for purchase of goods and services	(43,530,039,125)	(38,766,265,999)
Cash paid to or on behalf of employees	(3,024,938,254)	(3,198,692,361)
Taxes and surcharges paid	(1,182,386,072)	(2,532,957,050)
Cash paid relating to other operating activities	<u>(506,011,174)</u>	<u>(72,081,476)</u>
Sub-total of cash outflows	<u>(48,243,374,625)</u>	<u>(44,569,996,886)</u>
<b>Net cash flows from/(used in) operating activities</b>	<u>934,950,607</u>	<u>9,057,075,611</u>
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments	-	83,411,271
Cash received from investment income	1,048,523,774	989,168,620
Proceeds from disposal of items of property, plant and equipment, intangible assets and other non-current assets	16,703,314	361,103,360
Cash received relating to other investing activities	10,324,000	93,102,943
Sub-total of cash inflows	<u>1,075,551,088</u>	<u>1,526,786,194</u>
Purchase of property, plant and equipment, intangible assets and other non-current assets	(2,283,229,525)	(1,457,896,682)
Cash paid for investments	(543,647,850)	(1,892,978,171)
Net cash paid for acquisition of a subsidiary and other operating units	(93,125,000)	(338,055,240)

Cash paid relating to other investing activities	(40,515,624)	-
Sub-total of cash outflows	<u>(2,960,517,999)</u>	<u>(3,688,930,093)</u>
Net cash flows used in investing activities	<u>(1,884,966,911)</u>	<u>(2,162,143,899)</u>
III. Cash flows from financing activities:		
Proceeds from issuing short-term bonds	-	1,000,000,000
Cash received from borrowings	9,653,992,621	10,914,795,530
Cash received relating to other financing activities	49,404,372	-
Sub-total of cash inflows	<u>9,703,396,993</u>	<u>11,914,795,530</u>
Repayment of borrowings	(9,101,593,778)	(17,651,460,893)
Cash paid for the distribution of dividend or profits and for interest expenses	(2,873,019,286)	(2,112,050,483)
Cash paid relating to other financing activities	<u>(11,850,264)</u>	<u>-</u>
Sub-total of cash outflows	<u>(11,986,463,328)</u>	<u>(19,763,511,376)</u>
Net cash flows used in financing activities	<u>(2,283,066,335)</u>	<u>(7,848,715,846)</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(86,697,761)	129,805,822
V. Net increase/(decrease) in cash and cash equivalents	<u>(3,319,780,400)</u>	<u>(823,978,312)</u>
Add: cash and cash equivalents at the beginning of the period	<u>5,825,154,899</u>	<u>3,798,992,422</u>
VI. Cash and cash equivalents at the end of the period	<u>2,505,374,499</u>	<u>2,975,014,110</u>

Legal representative: Ding Yi      Chief Accountant: Qian Haifan      Head of Accounting: Xing Qunli

#### 4.2 Adjustment to financial statement after the initial adoption of New Financial Instruments Standard, New Revenue Standard and News Lease Standard

##### Adjustment to Consolidated Statement of Financial Position

ITEMS			Unit: RMB
	31 December 2018	1 January 2019	Adjustment
<b>CURRENT ASSETS:</b>			
Notes receivables and trade receivables	6,091,882,823	-	-6,091,882,823
Trade receivables	-	1,121,768,976	1,121,768,976
Financing receivables	-	4,970,113,847	4,970,113,847
<b>NON-CURRENT ASSETS:</b>			
Right-to-use assets	-	443,424,793	443,424,793
Total non-current assets	38,466,731,476	38,910,156,269	443,424,793
<b>TOTAL ASSETS</b>	<b>76,871,999,293</b>	<b>77,315,424,086</b>	<b>443,424,793</b>
<b>CURRENT LIABILITIES:</b>			
Notes payables and trade payables	10,342,007,979	-	-10,342,007,979
Notes payables	-	2,638,271,437	2,638,271,437
Trade payables	-	7,703,736,542	7,703,736,542
Non-current liabilities due within one year	1,470,868,462	1,486,635,443	15,766,981
Total current liabilities	39,737,027,081	39,752,794,062	15,766,981
<b>NON-CURRENT LIABILITIES:</b>			
Lease liabilities	-	427,657,812	427,657,812
Total non-current liabilities	5,142,620,892	5,570,278,704	427,657,812
Total liabilities	44,879,647,973	45,323,072,766	443,424,793
<b>SHAREHOLDERS' EQUITY</b>			
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>76,871,999,293</b>	<b>77,315,424,086</b>	<b>443,424,793</b>



## Adjustment to Statement of Financial Position of Parent Company

ITEMS	31 December 2018	1 January 2019	Unit: RMB Adjustment
<b>CURRENT ASSETS:</b>			
Notes receivables and trade receivables	7,153,302,308	-	-7,153,302,308
Trade receivables	-	2,460,866,900	2,460,866,900
Financing receivables	-	4,692,435,408	4,692,435,408
<b>NON-CURRENT ASSETS:</b>			
Right-to-use assets	-	388,795,738	388,795,738
Total non-current assets	36,855,875,713	37,244,671,451	388,795,738
<b>TOTAL ASSETS</b>	<b>58,445,169,405</b>	<b>58,833,965,143</b>	<b>388,795,738</b>
<b>CURRENT LIABILITIES:</b>			
Notes payables and trade payables	11,311,058,229	-	-11,311,058,229
Notes payables	-	1,022,148,850	1,022,148,850
Trade payables	-	10,288,909,379	10,288,909,379
Non-current liabilities due within one year	1,345,513,152	1,357,664,512	12,151,360
Total current liabilities	26,518,782,308	26,530,933,668	12,151,360
<b>NON-CURRENT LIABILITIES:</b>			
Lease liabilities	-	376,644,378	376,644,378
Total non-current liabilities	7,149,125,424	7,525,769,802	376,644,378
Total liabilities	33,667,907,732	34,056,703,470	388,795,738
<b>SHAREHOLDERS' EQUITY</b>			
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>58,445,169,405</b>	<b>58,833,965,143</b>	<b>388,795,738</b>