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Yangtze Optical Fibre and Cable Joint Stock Limited Company*

長飛光纖光纜股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6869)

2019 THIRD QUARTERLY REPORT

This announcement is issued by Yangtze Optical Fibre and Cable Joint Stock Limited Company* 長飛光纖光纜股份有限公司 (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The 2019 third quarterly report (unaudited, the “**Quarterly Report**”) contained in this announcement has been prepared in accordance with China Accounting Standards of Business Enterprises and the requirements on preparation and disclosure of quarterly report issued by China Securities Regulatory Commission, and has been approved by the Board of Directors (the “**Board**”) of the Company.

I. IMPORTANT NOTICE

- 1.1 The Board, Board of Supervisors, directors, supervisors and senior management officers of the Company undertake the authenticity, accuracy and completeness of the contents contained in this quarterly report without false representation, misleading statement or material omission, and they jointly and severally accept full responsibility.
- 1.2 All directors of the Company have attended the board meeting to approve the Quarterly Report.

* For identification purpose only

1.3 Ma Jie, the legal representative of the Company, Zhuang Dan, the person in charge of the accounting affairs, and Liang Guanning, the head of the accounting department (accounting director) warrant that the financial statements contained in this Quarterly Report are authentic, accurate and complete.

1.4 The Quarterly Report of the Company is unaudited.

II. CORPORATE INFORMATION

2.1 Major financial data

(Expressed in Renminbi “RMB”)

	As at 30 September 2019 (Unaudited)	As at 31 December 2018 (Audited)	Increase/decrease compared to the end of last year (%)
Total assets	13,701,484,401	12,885,882,309	6.33
Total equity attributable to equity shareholders of the company	8,647,752,224	8,188,034,194	5.61
	For the nine months ended 30 September 2019 (Unaudited)	2018 (Unaudited)	Increase/decrease compared to the same period of last year (%)
Net cash inflow from operating activities	236,275,021	(150,305,369)	Not applicable
Revenue	5,216,472,806	8,524,498,413	(38.81)
Profit for the period attributable to equity shareholders of the Company	653,231,470	1,237,139,624	(47.20)
Profit for the period attributable to equity shareholders of the Company excluding non-recurring items	477,606,741	1,217,472,770	(60.77)
Weighted average return on equity (%)	7.76	19.70	Decrease 11.94 percentage
Basic earnings per share (RMB)	0.86	1.76	(51.14)
Diluted earnings per share (RMB)	0.86	1.76	(51.14)

Non-recurring items and amount

Applicable Not applicable

(Expressed in RMB)

Items	For the	For the
	three months ended 30 September 2019 (Unaudited)	nine months ended 30 September 2019 (Unaudited)
Gains or losses from disposal of non-current assets	(912,306)	7,644,817
Government grants accounted into current gains or losses (other than government grants closely related to the businesses of the Company, and in a fixed or quantifiable amount in conformity with the common standards of the State)	11,921,479	195,388,932
Changes in fair value of financial assets and liabilities held for trading, and disposal of financial assets and liabilities held for trading and available-for-sale financial assets, other than those held for effective hedging related to normal operations	(4,522)	1,486,583
Gain or loss arising from entrusted loans	275,133	895,184
Other non-operating income and expenses other than the above items	75,749	927,353
Other items accorded with the definition of non-recurring profit or loss	111,618	2,102,137
Impact on non-controlling interests (after tax)	(766,942)	(1,515,082)
Income tax effect	(1,734,716)	(31,305,195)
Total	<u>8,965,493</u>	<u>175,624,729</u>

2.2 Total number of shareholders, the shareholding of top ten shareholders and top ten tradable shareholders (or unrestricted shareholders) as at the end of the reporting period

Unit: share

Total number of shareholders

36,973

Name of shareholders (full name)	Shareholding as the end of the reporting period	Percentage (%)	Shareholding of top ten shareholders			Nature of shareholders
			Restricted shareholding	Pledged or locked-up Status	Number	
China Huaxin Post and Telecom Technologies Co., Ltd.	179,827,794	23.73	179,827,794	Nil	0	State-owned legal person
Draka Comteq B.V.	179,827,794	23.73	0	Nil	0	Overseas legal person
HKSCC Nominees Limited	171,604,349	22.64	0	Nil	0	Overseas legal person
Wuhan Yangtze Communications Industry Group Co., Ltd.	119,937,010	15.82	119,937,010	Nil	0	State-owned legal person
Wuhan Ruitu Management Consulting Partnership Enterprise	15,900,000	2.10	0	Nil	0	Domestic non-state-owned legal person
Wuhan Ruiteng Management Consulting Partnership Enterprise	9,095,000	1.20	0	Nil	0	Domestic non-state-owned legal person
Wuhan Ruihong Management Consulting Partnership Enterprise	3,413,000	0.45	0	Nil	0	Domestic non-state-owned legal person
Wuhan Ruiyue Management Consulting Partnership Enterprise	2,375,000	0.31	0	Nil	0	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Ltd.	1,913,166	0.25	0	Nil	0	Others
Agriculture Bank of China Limited-中証500 交易型開放式指數證券投資基金 (CSI 500 Constituent Trading Open-ended Fund)	821,900	0.11	0	Nil	0	Others

Name of shareholders	Shareholding of top ten unrestricted shareholders		
	Class and number of shares		
	Number of unrestricted tradable shares held	Class	Number
Draka Comteq B.V.	179,827,794	Overseas listed foreign shares	179,827,794
HKSCC Nominees Limited	171,604,349	Overseas listed foreign shares	171,604,349
Wuhan Ruitu Management Partnership Enterprise	15,900,000	RMB ordinary shares	15,900,000
Wuhan Ruiteng Management Partnership Enterprise	9,095,000	RMB ordinary shares	9,095,000
Wuhan Ruihong Management Partnership Enterprise	3,413,000	RMB ordinary shares	3,413,000
Wuhan Ruiyue Management Partnership Enterprise	2,375,000	RMB ordinary shares	2,375,000
Hong Kong Securities Clearing Company Ltd.	1,913,166	RMB ordinary shares	1,913,166
Agriculture Bank of China Limited-中証500交易型開放式指數 證券投資基金(CSI 500 Constituent Trading Open-ended Fund)	821,900	RMB ordinary shares	821,900
Bank of China Limited—China AMC CSI 5G Communication Index ETF	639,212	RMB ordinary shares	639,212
Industrial and Commercial Bank of China Limited—Guotai CSI All Share Communication Index ETF	427,300	RMB ordinary shares	427,300
Explanation of associations or actions in concert among the above shareholders	Wuhan Ruitu, Wuhan Ruiteng, Wuhan Ruihong and Wuhan Ruiyue have same general partner		
Explanation of holders of preferred shares with resumed voting right and the number of shares held	Not applicable		

2.3 Total number of and top ten holders of preference shares and their unrestricted shareholdings as at the end of the reporting period

Applicable Not applicable

III. SIGNIFICANT EVENTS

3.1 Significant changes in major financial statements and financial indicators and the reasons thereof

✓ Applicable Not applicable

3.1.1 Analysis of changes in major items in consolidated balance sheet

(1) Financial assets held for trading

Financial assets held for trading as at 30 September 2019 decreased by approximately RMB23.45 million comparing to 31 December 2018, representing a 71.24% decrease, which was mainly due to a significant decrease of debt instrument investments as compared to 31 December 2018.

(2) Prepayments for raw materials

Prepayments for raw materials as at 30 September 2019 increased by approximately RMB41.35 million, representing a 44.73% increase as compared to 31 December 2018, which was mainly due to increases in prepayments for system integration project.

(3) Other receivables

Other receivables as at 30 September 2019 increased by approximately RMB68.37 million, representing a 50.42% increase as compared to 31 December 2018, which was mainly due to the Five Year Development Special Subsidy from Wuhan East Lake High-tech Development Zone management committee finance bureau.

(4) Inventories

Inventories as at 30 September 2019 increased by approximately RMB673.25 million, representing a 67.65% increase as compared to 31 December 2018, which was mainly because the demand of preforms and optical fibres slowed down.

(5) Other current assets

Other current assets as at 30 September 2019 increased by approximately RMB113.57 million, representing a 87.15% increase as compared to 31 December 2018, which was mainly due to the reclassification of VAT debt balance.

(6) Fixed assets

Fixed assets as at 30 September 2019 increased by approximately RMB1,041.48 million, representing a 51.65% increase as compared to 31 December 2018, which was mainly due to investments in YOFC Optical Fibre Qianjiang Co., Ltd's plant and equipment construction project during the period, and transfer from construction in progress as at 31 December 2018.

(7) *Construction in progress*

Construction in progress as at 30 September 2019 decreased by approximately RMB531.28 million, representing a 45.38% decrease as compared to 31 December 2018, which was mainly due to that YOFC Optical Fibre Qianjiang Co., Ltd's plant and equipment construction project as at 31 December 2018 were transferred to fixed assets.

(8) *Right-of-use assets*

Changes of right-of-use assets during the reporting period were mainly due to the Group's implementation of the new lease standard since 1 January 2019.

(9) *Other non-current assets*

Other non-current assets as at 30 September 2019 decreased by approximately RMB90.33 million, representing a 63.85% decrease as compared to 31 December 2018, which was mainly due to the settlement of prepayment for equipment.

(10) *Current bank loans*

Current bank loans as at 30 September 2019 increased by approximately RMB541.25 million, representing a 195.20% increase as compared to 31 December 2018, which was mainly due to the increase in lower rate current bank loans to repay higher rate non-current bank loans.

(11) *Bills payable*

Bills payable as at 30 September 2019 increased by approximately RMB213.86 million, representing a 91.98% increase, which was mainly due to the increase in bills settlement adopted by the Group.

(12) *Contract liabilities*

Contract liabilities as at 30 September 2019 increased by approximately RMB605.71 million, representing a 338.27% increase as compared to 31 December 2018, which was mainly due to receipt in advance of RMB566.37 million for Peru broadband network installation projects during the period.

(13) *Employee benefits payable*

Employee benefits payable as at 30 September 2019 decreased by approximately RMB217.72 million, representing a 48.92% decrease as compared to 31 December 2018, which was mainly because with revenue decreasing, the Group reduced salary expenditures and the charge for performance bonus.

(14) Taxes payable

Taxes payable as at 30 September 2019 decreased by approximately RMB77.10 million, representing a 46.32% decrease as compared to 31 December 2018, which was mainly due to payment for the previous accrued income tax.

(15) Non-current liabilities due within one year

Non-current liabilities due within one year as at 30 September 2019 increased by approximately RMB146.28 million, representing a 52.84% increase as compared to 31 December 2018, which was mainly because the balance of non-current bank loans as at 30 September 2019 was higher than that as at 31 December 2018.

(16) Non-current bank loans

Non-current bank loans as at 30 September 2019 decreased by approximately RMB729.00 million, representing a 89.23% decrease as compared to 31 December 2018, which was mainly due to the increase in lower rate current bank loans to repay higher rate non-current bank loans and reclassification of non-current bank loans due within one year to non-current liabilities due within one year.

(17) Lease liabilities

Changes of lease liabilities during the reporting period were mainly due to the Group's implementation of the new lease standard since 1 January 2019.

(18) Treasury stock

Changes of treasury stock during the reporting period were mainly because the company bought back H shares from Secondary Market to implement I phrase employee stock ownership scheme.

3.1.2 Analysis of changes in major item in consolidated income statement

During the period, the Group's revenue decreased by approximately 38.81% as compared to the same period of 2018. The substantial decrease in revenue was mainly because the price of products decreased and the demand slowed down. With a decrease in revenue, the Group's major financial figures such as gross profit, gross profit margin, net profit and earnings per share correspondingly decreased. Moreover, taxes and surcharges decreased by approximately 59.79% as compared to the same period of 2018, which was mainly because of the decreased revenue. Administrative expenses decreased by approximately 35.80% as compared to the same period of 2018, which was due to a reduction of salary expenditures. Financial expenses decreased by approximately 105.29% as compared to the same period of 2018, which was due to the decrease in exchange losses and increase in interest revenue. Investment income decreased by approximately 31.48% as compared to the same period of 2018, which was due to the lower profitability of major joint ventures. Other income increased significantly as compared to the same period of 2018, which was due to the government special fund of about 198.66 million. The fund could be specially used in the company's R&D, innovation and fixed assets, among which approximately RMB173.88 million were accrued to gains in the period.

3.1.3 Analysis of changes in major items in consolidated statement of cash flow

- (1) The net cash generated from the Group's operating activities increased by approximately RMB386.58 million, which was mainly due to receipt in advance of RMB566.37 million for Peru broadband network installation projects while no significant expenditures occurred.
- (2) Net cash used in the Group's investment activities decreased by approximately RMB641.69 million, which was mainly because the project of capacity expansion of YOFC Qianjiang, a subsidiary of the Company, were finished and payment for acquisition of fixed assets were decreased significantly as compared with the same period of 2018.
- (3) Net cash generated from the Group's financing activities decreased by approximately RMB2,739.10 million, which was mainly due to net proceeds from the initial public offering of A shares amounted to approximately RMB1,894.34 million in the previous period.

3.2 Analysis of description of significant events and their impacts and solutions

Applicable Not applicable

3.3 Undertaking not performed in time during the reporting period

Applicable Not applicable

3.4 Warnings on any potential loss in accumulated net profit for the period from the beginning of the years to the end of next reporting period or any material change from the corresponding period last year and the record therefor

Applicable Not applicable

By order of the Board
Yangtze Optical Fibre and Cable Joint Stock Limited Company*
長飛光纖光纜股份有限公司
Ma Jie
Chairman

Wuhan, PRC, 30 October 2019

As at the date of this announcement, the Board comprises Zhuang Dan and Frank Franciscus Dorjee, as executive directors; Ma Jie, Yao Jingming, Philippe Claude Vanhille, Pier Francesco Facchini, Xiong Xiangfeng and Zheng Huili, as non-executive directors; Ngai Wai Fung, Ip Sik On Simon, Li Ping and Li Zhuo, as independent non-executive directors.

* For identification purpose only

IV. APPENDIX

4.1 Financial statements

Consolidated Balance Sheet

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Current assets:		
Cash and cash equivalents	2,036,104,142	2,684,163,417
Financial assets held for trading	9,465,852	32,913,367
Bills receivable	235,576,385	322,084,314
Trade receivables	3,391,740,827	2,976,756,984
Receivables under financing	43,614,030	118,621,938
Prepayments for raw materials	133,795,847	92,445,336
Other receivables	203,973,700	135,603,164
Including: Interest receivable	–	–
Dividends receivable	656,012	13,795,698
Inventories	1,668,394,597	995,149,268
Other current assets	243,896,435	130,323,468
Total current assets	7,966,561,815	7,488,061,256
Non-current assets:		
Long-term equity investments	1,475,187,732	1,626,151,304
Investments in other equity instruments	66,554,744	64,829,201
Fixed assets	3,058,067,218	2,016,583,574
Construction in progress	639,539,149	1,170,820,370
Right-of-use assets	44,287,698	–
Intangible assets	317,603,031	291,972,356
Long-term deferred expenses	6,806,398	1,313,700
Deferred tax assets	75,725,901	84,664,986
Other non-current assets	51,150,715	141,485,562
Total non-current assets	5,734,922,586	5,397,821,053
Total assets	13,701,484,401	12,885,882,309

Items	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Current liabilities:		
Current bank loans	818,518,907	277,271,416
Bills payable	446,350,446	232,494,030
Trade payables	1,202,961,715	1,275,619,383
Contract liabilities	784,768,998	179,060,964
Employee benefits payable	227,305,195	445,025,136
Taxes payable	89,343,560	166,438,867
Other payables	395,419,811	485,661,296
Including: Interest payable	–	–
Dividend payable	–	–
Non-current liabilities due within one year	423,132,682	276,854,467
Total current liabilities	4,387,801,314	3,338,425,559
Non-current liabilities:		
Non-current bank loans	88,000,000	817,000,000
Lease liabilities	33,638,087	–
Deferred income	110,106,941	91,504,361
Other non-current liabilities	277,067,384	262,623,183
Total non-current liabilities	508,812,412	1,171,127,544
Total liabilities	4,896,613,726	4,509,553,103
Shareholders' equity:		
Share capital	757,905,108	757,905,108
Capital reserve	3,366,142,475	3,353,543,988
Less: treasury stock	33,653,461	–
Other comprehensive income	43,198,166	26,180,356
Surplus reserve	612,010,760	557,383,759
Retained earnings	3,902,149,176	3,493,020,983
Total equity attributable to equity shareholders of the Company	8,647,752,224	8,188,034,194
Non-controlling interests	157,118,451	188,295,012
Total equity	8,804,870,675	8,376,329,206
Total liabilities and shareholders' equity	13,701,484,401	12,885,882,309

Legal representative of
the Company:
Ma Jie

The person in charge of
accounting affairs:
Zhuang Dan

The head of
the accounting department:
Liang Guanning

Balance Sheet

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Current assets:		
Cash and cash equivalents	1,197,855,483	2,206,124,328
Financial assets held for trading	9,465,852	4,641,987
Bills receivable	198,732,339	308,043,350
Trade receivables	3,283,844,031	3,195,721,925
Receivables under financing	38,451,153	114,408,041
Prepayments for raw materials	105,459,548	75,598,848
Other receivables	1,787,745,702	984,888,122
Including: Interest receivable	–	–
Dividends receivable	656,012	13,795,698
Inventories	1,198,385,007	680,393,467
Other current assets	44,638,743	–
Total current assets	7,864,577,858	7,569,820,068
Non-current assets:		
Long-term receivables	138,400,000	498,400,000
Long-term equity investments	2,575,250,905	2,597,918,844
Investments in other equity instruments	66,344,744	64,619,201
Fixed assets	1,062,616,467	983,410,606
Construction in progress	38,779,707	105,872,190
Intangible assets	104,888,964	106,711,179
Deferred tax assets	30,320,971	42,826,762
Other non-current assets	27,365,318	10,956,623
Total non-current assets	4,043,967,076	4,410,715,405
Total assets	11,908,544,934	11,980,535,473

Items	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Current liabilities:		
Current bank loans	694,807,450	239,134,889
Bills payable	541,568,441	243,238,463
Trade payables	1,240,489,879	1,852,846,005
Contract liabilities	199,805,491	180,198,927
Employee benefits payable	197,775,839	403,718,062
Taxes payable	61,064,718	139,388,988
Other payables	569,742,541	208,631,668
Including: Interest payable	–	–
Dividend payable	–	–
Non-current liabilities due within one year	410,541,540	276,854,467
Total current liabilities	3,915,795,899	3,544,011,469
Non-current liabilities:		
Non-current bank loans	88,000,000	817,000,000
Deferred income	56,750,788	36,700,407
Other non-current liabilities	99,829,884	94,093,183
Total non-current liabilities	244,580,672	947,793,590
Total liabilities	4,160,376,571	4,491,805,059
Shareholders' equity:		
Share capital	757,905,108	757,905,108
Capital reserve	3,377,643,321	3,368,644,794
Less: treasury stock	33,653,461	–
Other comprehensive income	29,048,959	27,582,247
Surplus reserve	612,010,760	557,383,759
Retained earnings	3,005,213,676	2,777,214,506
Total equity	7,748,168,363	7,488,730,414
Total liabilities and shareholders' equity	11,908,544,934	11,980,535,473

Legal representative of
the Company:
Ma Jie

The person in charge of
accounting affairs:
Zhuang Dan

The head of
the accounting department:
Liang Guanning

Consolidated Income Statement

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the nine months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
I. Revenue	5,216,472,806	8,524,498,413
Less: Cost of sales	3,958,502,953	6,104,309,639
Taxes and surcharges	16,776,915	41,721,011
Selling expenses	237,697,892	259,686,248
Administrative expenses	307,486,939	478,980,505
R&D expenses	234,287,427	295,963,420
Financial expenses	(1,997,414)	37,783,829
Including: Interest expenses	46,276,724	31,868,342
Interest revenue	38,205,817	14,457,285
Impairment losses	17,449,605	33,087,114
Credit losses	22,884,655	32,501,243
Add: Other income	195,388,932	17,279,174
Investment income	101,945,699	148,775,031
Including: Income from investment in associates and joint ventures	100,135,069	147,103,764
Gains from changes in fair value	103,460	549,573
Gains/(losses) from asset disposals	7,644,817	(1,534,798)
II. Operating profit	728,466,742	1,405,534,384
Add: Non-operating income	1,584,618	1,451,114
Less: Non-operating expenses	657,265	819,222
III. Profit before taxation	729,394,095	1,406,166,276
Less: Income tax	91,879,779	166,448,345

Items	For the nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
IV. Profit for the period	637,514,316	1,239,717,931
(1) Classified by continuity		
1. Profit for the period of continuing operations	637,514,316	1,239,717,931
2. Profit for the period of discontinued operations	–	–
(2) Classified by ownership		
1. Profit for the period attributable to equity shareholders of the Company	653,231,470	1,237,139,624
2. Non-controlling interests	(15,717,154)	2,578,307
V. Other comprehensive income, net of tax	17,629,977	(54,690,616)
Other comprehensive income (net of tax) attributable to shareholders of the Company	17,017,810	(50,525,083)
(1) Items that can not be reclassified subsequently to profit or loss	1,466,712	(40,532,570)
1. Gains or losses arising from changes in fair value of investment in other equity instruments	1,466,712	(40,532,570)
(2) Items that may be reclassified subsequently to profit or loss	15,551,098	(9,992,513)
1. Exchange differences on translation of financial statements of overseas subsidiaries	15,551,098	(9,992,513)
Other comprehensive income (net of tax) attributable to non-controlling interests	612,167	(4,165,533)
VI. Total comprehensive income for the period	655,144,293	1,185,027,315
Total comprehensive income attributable to equity shareholders of the Company	670,249,280	1,186,614,541
Total comprehensive income attributable to non-controlling interests	(15,104,987)	(1,587,226)
VII. Earnings per share:		
(1) Basic earnings per share	0.86	1.76
(2) Diluted earnings per share	0.86	1.76

For the business combination under common control effected in the current period, the net profit recognized by the merged party before the combination was RMB0, and the net profit recognized by the merged party in the previous reporting period was RMB0.

Legal representative of
the Company:
Ma Jie

The person in charge of
accounting affairs:
Zhuang Dan

The head of
the accounting department:
Liang Guanning

Income Statement

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
I. Revenue	5,549,264,353	9,165,718,459
Less: Cost of sales	4,750,151,373	7,382,393,110
Taxes and surcharges	10,237,997	35,836,306
Selling expenses	186,165,757	207,118,921
Administrative expenses	195,749,826	380,111,701
R&D expenses	169,632,204	197,288,000
Financial expenses	(21,083,474)	26,523,176
Including: Interest expenses	51,073,769	41,471,888
Interest revenue	63,642,374	34,391,070
Impairment losses	14,681,266	13,255,728
Credit losses	12,740,511	32,501,243
Add: Other income	187,493,865	10,845,210
Investment income	103,376,979	147,327,130
Including: Income from investment in associates and joint ventures	103,109,379	147,103,764
Gains from changes in fair value	374,840	67,104
Gains/(losses) from asset disposals	7,364,024	(1,544,190)
II. Operating profit	529,598,601	1,047,385,528
Add: Non-operating income	62,620	287,382
Less: Non-operating expenses	30,701	109,534
III. Profit before taxation	529,630,520	1,047,563,376
Less: Income tax	57,528,072	115,436,648

Items	For the nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
IV. Profit for the period	472,102,448	932,126,728
(1) Profit for the period of continuing operations	472,102,448	932,126,728
(2) Profit for the period of discontinued operations	–	–
V. Other comprehensive income, net of tax	1,466,712	(40,334,591)
(1) Items that can not be reclassified subsequently to profit or loss		
1. Changes in fair value of investments in other equity instruments	1,466,712	(40,334,591)
VI. Total comprehensive income for the period	473,569,160	891,792,137

Legal representative of
the Company:
Ma Jie

The person in charge of
accounting affairs:
Zhuang Dan

The head of
the accounting department:
Liang Guanning

Consolidated statement of Cash Flow

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	4,754,491,188	5,280,994,537
Proceeds from taxes refunds	139,035,615	–
Proceeds from other operating activities	228,822,642	159,044,914
Sub-total of cash inflows	5,122,349,445	5,440,039,451
Payment for goods and services	(3,772,857,625)	(4,110,429,465)
Payment to and for employees	(707,468,410)	(797,947,499)
Payment of various taxes	(248,255,331)	(384,382,428)
Payment for other operating activities	(157,493,058)	(297,585,428)
Sub-total of cash outflows	(4,886,074,424)	(5,590,344,820)
Net cash inflow/(outflow) from operating activities	236,275,021	(150,305,369)
II. Cash flows from investing activities:		
Proceeds from disposal of investments	582,452,123	415,982,680
Investments returns received	83,967,041	61,383,118
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	33,770,851	6,746,923
Sub-total of cash inflows	700,190,015	484,112,721
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(636,304,922)	(927,376,481)
Payment for acquisition of investments	(606,370,639)	(733,364,642)
Payment for other investing activities	–	(7,544,924)
Sub-total of cash outflows	(1,242,675,561)	(1,668,286,047)
Net cash outflow from investing activities	(542,485,546)	(1,184,173,326)

Items	For the nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
III. Cash flow from financing activities:		
Proceeds from absorbing investments	–	1,905,312,098
Proceeds from new bank loans	1,017,489,942	1,465,893,200
Sub-total of cash inflows	1,017,489,942	3,371,205,298
Repayments of bank loans	(1,068,737,556)	(856,862,164)
Payment for dividends, profit distributions or interest	(229,639,421)	(27,346,166)
Payment for other financing activities	(44,950,520)	(73,736,541)
Sub-total of cash outflows	(1,343,327,497)	(957,944,871)
Net cash (outflow)/inflow from financing activities	(325,837,555)	2,413,260,427
IV. Effect of exchange rate changes on cash and cash equivalents	8,847,472	8,478,519
V. Net (decrease)/increase in cash and cash equivalents	(623,200,608)	1,087,260,251
Add: Cash and cash equivalents at the beginning of the period	2,627,976,441	1,799,513,559
VI. Cash and cash equivalents at the end of the period	2,004,775,833	2,886,773,810

Legal representative of
the Company:
Ma Jie

The person in charge of
accounting affairs:
Zhuang Dan

The head of
the accounting department:
Liang Guanning

Statement of Cash Flow

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	4,564,343,501	5,281,648,430
Proceeds from taxes refunds	139,035,615	–
Proceeds from other operating activities	212,826,728	80,796,157
Sub-total of cash inflows	4,916,205,844	5,362,444,587
Payment for goods and services	(4,723,614,250)	(4,553,185,444)
Payment to and for employees	(508,156,842)	(551,322,924)
Payment of various taxes	(178,688,892)	(317,472,305)
Payment for other operating activities	(227,766,068)	(470,688,614)
Sub-total of cash outflows	(5,638,226,052)	(5,892,669,287)
Net cash outflow from operating activities	(722,020,208)	(530,224,700)
II. Cash flows from investing activities:		
Proceeds from disposal of investments	2,300,000	303,918,146
Investments returns received	126,581,631	93,726,739
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	3,228,240	77,900,370
Proceeds from other investing activities	650,963,560	–
Sub-total of cash inflows	783,073,431	475,545,255
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(166,695,611)	(259,491,800)
Payment for acquisition of investments	(926,266,115)	(1,099,836,698)
Sub-total of cash outflows	(1,092,961,726)	(1,359,328,498)
Net cash outflow from investing activities	(309,888,295)	(883,783,243)

Items	For the nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
III. Cash flow from financing activities:		
Proceeds from absorbing investments	–	1,894,337,174
Proceeds from new bank loans	894,415,012	1,446,942,225
Proceeds from other financing activities	444,088,017	–
Sub-total of cash inflows	1,338,503,029	3,341,279,399
Repayments of bank loans	(1,031,237,556)	(856,862,164)
Payment for dividends, profit distributions or interest	(236,436,852)	(37,005,659)
Payment for other financing activities	(33,653,461)	16,947,148
Sub-total of cash outflows	(1,301,327,869)	(910,814,971)
Net cash inflow from financing activities	37,175,160	2,430,464,428
IV. Effect of exchange rate changes on cash and cash equivalents	2,725,502	10,955,415
V. Net (decrease)/increase in cash and cash equivalents	(992,007,841)	1,027,411,900
Add: Cash and cash equivalents at the beginning of the period	2,172,045,025	1,430,201,714
VI. Cash and cash equivalents at the end of the period	1,180,037,184	2,457,613,614

Legal representative of
the Company:
Ma Jie

The person in charge of
accounting affairs:
Zhuang Dan

The head of
the accounting department:
Liang Guanning

4.2 Adjustments of the beginning presentation in the consolidated and the company balance sheet due to the initial implementation of the new financial standard, new revenue standard and the new lease standard

✓ Applicable □ Not applicable

Consolidated Balance Sheet

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	31 December 2018	1 January 2019	Adjustment
Current assets:			
Cash and cash equivalents	2,684,163,417	2,684,163,417	—
Financial assets held for trading	32,913,367	32,913,367	—
Bills receivable	322,084,314	322,084,314	—
Trade receivables	2,976,756,984	2,976,756,984	—
Receivables under financing	118,621,938	118,621,938	—
Prepayments for raw materials	92,445,336	92,445,336	—
Other receivables	135,603,164	135,603,164	—
Including: Interest receivable	—	—	—
Dividends receivable	13,795,698	13,795,698	—
Inventories	995,149,268	995,149,268	—
Other current assets	130,323,468	130,323,468	—
Total current assets	7,488,061,256	7,488,061,256	—
Non-current assets:			
Long-term equity investments	1,626,151,304	1,626,151,304	—
Investments in other equity instruments	64,829,201	64,829,201	—
Fixed assets	2,016,583,574	2,016,583,574	—
Construction in progress	1,170,820,370	1,170,820,370	—
Right-of-use assets	—	54,025,345	54,025,345
Intangible assets	291,972,356	291,972,356	—
Long-term deferred expenses	1,313,700	1,313,700	—
Deferred tax assets	84,664,986	84,664,986	—
Other non-current assets	141,485,562	141,485,562	—
Total non-current assets	5,397,821,053	5,451,846,398	54,025,345
Total assets	12,885,882,309	12,939,907,654	54,025,345

(Expressed in RMB)

Items	31 December 2018	1 January 2019	Adjustment
Current liabilities:			
Current bank loans	277,271,416	277,271,416	–
Bills payable	232,494,030	232,494,030	–
Trade payables	1,275,619,383	1,275,619,383	–
Contract liabilities	179,060,964	179,060,964	–
Employee benefits payable	445,025,136	445,025,136	–
Taxes payable	166,438,867	166,438,867	–
Other payables	485,661,296	485,661,296	–
Including: Interest payable	–	–	–
Dividend payable	–	–	–
Non-current liabilities due within one year	276,854,467	288,780,752	11,926,285
Total current liabilities	3,338,425,559	3,350,351,844	11,926,285
Non-current liabilities:			
Non-current bank loans	817,000,000	817,000,000	–
Lease liabilities	–	42,099,060	42,099,060
Deferred income	91,504,361	91,504,361	–
Other non-current liabilities	262,623,183	262,623,183	–
Total non-current liabilities	1,171,127,544	1,213,226,604	42,099,060
Total liabilities	4,509,553,103	4,563,578,448	54,025,345
Shareholders' equity:			
Share capital	757,905,108	757,905,108	–
Capital reserve	3,353,543,988	3,353,543,988	–
Less: treasury stock	–	–	–
Other comprehensive income	26,180,356	26,180,356	–
Surplus reserve	557,383,759	557,383,759	–
Retained earnings	3,493,020,983	3,493,020,983	–
Total equity attributable to equity shareholders of the Company	8,188,034,194	8,188,034,194	–
Non-controlling interests	188,295,012	188,295,012	–
Total equity	8,376,329,206	8,376,329,206	–
Total liabilities and shareholders' equity	12,885,882,309	12,939,907,654	54,025,345

Explanation of the presentation adjustments

✓ Applicable □ Not applicable

The Group has applied the CAS No.21-lease, revised in 2018, since 1 January 2019, and adjusted the relevant presentation of the financial statements in the beginning of 2019 according to the accumulated impacts of the initial implementation date, while not adjusting the former comparing information.

Balance Sheet

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	31 December 2018	1 January 2019	Adjustment
Current assets:			
Cash and cash equivalents	2,206,124,328	2,206,124,328	–
Financial assets held for trading	4,641,987	4,641,987	–
Bills receivable	308,043,350	308,043,350	–
Trade receivables	3,195,721,925	3,195,721,925	–
Receivables under financing	114,408,041	114,408,041	–
Prepayments for raw materials	75,598,848	75,598,848	–
Other receivables	984,888,122	984,888,122	–
Including: Interest receivable	–	–	–
Dividends receivable	13,795,698	13,795,698	–
Inventories	680,393,467	680,393,467	–
Other current assets	–	–	–
Total current assets	7,569,820,068	7,569,820,068	–
Non-current assets:			
Long-term receivables	498,400,000	498,400,000	–
Long-term equity investments	2,597,918,844	2,597,918,844	–
Investments in other equity instruments	64,619,201	64,619,201	–
Fixed assets	983,410,606	983,410,606	–
Construction in progress	105,872,190	105,872,190	–
Intangible assets	106,711,179	106,711,179	–
Deferred tax assets	42,826,762	42,826,762	–
Other non-current assets	10,956,623	10,956,623	–
Total non-current assets	4,410,715,405	4,410,715,405	–
Total assets	11,980,535,473	11,980,535,473	–

(Expressed in RMB)

Items	31 December 2018	1 January 2019	Adjustments
Current liabilities:			
Current bank loans	239,134,889	239,134,889	–
Bills payable	243,238,463	243,238,463	–
Trade payables	1,852,846,005	1,852,846,005	–
Contract liabilities	180,198,927	180,198,927	–
Employee benefits payable	403,718,062	403,718,062	–
Taxes payable	139,388,988	139,388,988	–
Other payables	208,631,668	208,631,668	–
Including: Interest payable	–	–	–
Dividend payable	–	–	–
Non-current liabilities due within one year	276,854,467	276,854,467	–
Total current liabilities	3,544,011,469	3,544,011,469	
Non-current liabilities:			
Non-current bank loans	817,000,000	817,000,000	–
Deferred income	36,700,407	36,700,407	–
Other non-current liabilities	94,093,183	94,093,183	–
Total non-current liabilities	947,793,590	947,793,590	–
Total liabilities	4,491,805,059	4,491,805,059	
Shareholders' equity:			
Share capital	757,905,108	757,905,108	–
Capital reserve	3,368,644,794	3,368,644,794	–
Less: treasury stock	–	–	–
Other comprehensive income	27,582,247	27,582,247	–
Surplus reserve	557,383,759	557,383,759	–
Retained earnings	2,777,214,506	2,777,214,506	–
Total equity	7,488,730,414	7,488,730,414	–
Total liabilities and shareholders' equity	11,980,535,473	11,980,535,473	–

Explanation of the presentation adjustments

Applicable Not applicable

4.3 Explanation of the trace-back adjustments for the former comparing information under the initial implementation of the new financial standard and lease standard

Applicable Not applicable

4.4 Auditor's report

Applicable Not applicable