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Smart Link Better Life.

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 First 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 first 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 31 March 2019 (Unaudited)	As at 31 December 2018 (Audited)	Increase/decrease compared to the end of last year(%)
Total assets	13,097,262,209	12,885,882,309	1.64
Total equity attributable to equity shareholders of the Company	8,418,914,523	8,188,034,194	2.82
	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)	Increase/decrease compared to the same period of last year(%)
Net cash inflow from operating activities	(378,768,963)	(265,842,115)	Not applicable
Revenue	1,598,780,588	2,465,268,661	(35.15)
Profit for the year attributable to equity shareholders of the Company	253,418,943	372,066,325	(31.89)
Profit for the year attributable to equity shareholders of the Company excluding non-recurring items	151,722,513	367,303,873	(58.69)
Weighted average return on equity (%)	3.04%	6.86%	decrease 3.82 percentage
Basic earnings per share (RMB)	0.33	0.55	(40.00)
Diluted earnings per share (RMB)	0.33	0.55	(40.00)

Non-recurring items and amount

✓ Applicable Not applicable

(Expressed in RMB)

	For the three months ended 31 March 2019 (Unaudited)	Notes
Items		
Gains or losses from disposal non-current assets	9,378,943	
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)	109,397,789	The Company received a sepecific grant amounted to approximately RMB117 million for the Company R&D, innovation, fixed assets investment and other projects. Approximately RMB105 million were accounted into current gains or losses.
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	582,711	
Gain or loss arising from entrusted loans	431,909	
Other non-operating income and expenses other than the above items	(70,922)	
Other items accorded with the definition of non-recurring profit or loss	311,292	
Impact on non-controlling interests (after tax)	(372,867)	
Income tax effect	(17,962,425)	
Total	101,696,430	

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

42,854

Shareholding of top ten shareholders

Name of shareholders (full name)	Shareholding as the end of the reporting Period	Percentage (%)	Restricted shareholding	Pledged or locked-up		Nature of shareholders
				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	171,609,349	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	15,900,000	Pledged	14,013,000	Domestic non-state-owned legal person
Wuhan Ruiteng Management Consulting Partnership Enterprise	9,095,000	1.20	9,095,000	Pledged	8,625,000	Domestic non-state-owned legal person
Wuhan Ruihong Management Consulting Partnership Enterprise	3,413,000	0.45	3,413,000	Pledged	2,813,000	Domestic non-state-owned legal person
Wuhan Ruiyue Management Consulting Partnership Enterprise	2,375,000	0.31	2,375,000	Pledged	2,175,000	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Limited	1,741,952	0.23	0	Nil	0	Overseas legal person
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)	787,700	0.10	0	Nil	0	Domestic non-state-owned legal person

Shareholding of top ten unrestricted shareholders

Name of shareholders	Number of unrestricted tradable shares held	Class and number of shares	
		Class	Number
Draka Comteq B.V.	179,827,794	Overseas listed foreign shares	179,827,794
HKSCC Nominees Limited	171,609,349	Overseas listed foreign shares	171,609,349
Hong Kong Securities Clearing Company Limited	1,741,952	RMB ordinary shares	1,741,952
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)	787,700	RMB ordinary shares	787,700
Hongta Securities Company Limited	660,561	RMB ordinary shares	660,561
Yuan yuan	367,000	RMB ordinary shares	367,000
Lan ping	250,000	RMB ordinary shares	250,000
Tan longbin	241,400	RMB ordinary shares	241,400
Lu xin	234,800	RMB ordinary shares	234,800
Zhang xiaobo	218,100	RMB ordinary shares	218,100
Explanation of associations or actions in concert among the above shareholders	There are common general partners among Wuhan Ruitu, Wuhan Ruiteng, Wuhan Ruihong and Wuhan Ruiyue.		
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 item in consolidated balance sheet

(1) Prepayments for raw materials

As at the end of the reporting period, the prepayments for raw materials increased by RMB71.1 million, or by 76.9% comparing with the beginning of the reporting period. The main reason was that the inventory of raw material and finished goods increased and were not fully settled.

(2) Other receivables

As at the end of the reporting period, the other receivables increased by RMB84.8 million, or by 62.5% comparing with the beginning of the reporting period. The main reason was the disposal of fixed assets.

(3) Other current assets

As at the end of the reporting period, the other current assets increased by RMB160.0 million, or by 122.8% comparing with the beginning of the reporting period. The main reason was the purchase of financial products and the reclassification of value added tax.

(4) Right-of-use assets

The change of right-of-use assets were because of the new lease standard was implemented as of 1 January 2019.

(5) Current bank loans

As at the end of the reporting period, the short-term bank loans increased by RMB343.0 million, or by 124.0% comparing with the beginning of the reporting period. The main reason was that new loans with lower interests rates were borrowed to repay some long-term bank loans with higher interests rates.

(6) Taxes payable

As at the end of the reporting period, the tax payables decreased by RMB62.1 million, or by 37.3% comparing with the beginning of the reporting period. The main reason was that some accrued income tax were paid during the reporting period

(7) Lease liabilities

The change of lease liabilities were because of the lease standard rule was implemented as of 1 January 2019.

(8) Treasury stock

The change of treasury stocks were because the Company purchased some H shares from the market in accordance with the first phase of Employee Stock Ownership Plan.

3.1.2 Analysis of changes in major item in consolidated income statement

During the reporting period, the Company's revenue decreased by 35.1% comparing to the same period last year. The main reason was that the customers were affected by the expectation of price fluctuation in the market and slowed down their purchases, which resulted in lower revenue. Since the revenue decreased, the Company's gross profit, net profit, earnings per share and other major financial indicators decreased proportionally during the reporting period. However, the Company's gross margin and net profit margin maintained same level comparing to the same period last year. The financial expenses decreased by 67.6% comparing to the same period last year. The main reason was that the interest expenses and exchange losses decreased. The taxes and surcharges decreased by 48.6% comparing to the same period last year. The main reason was that the revenue decreased. Investment income decreased by 33.3% comparing to the same period last year. The main reason was that the investee companies' profitability decreased. Other income increased substantially comparing to the same period last year. The main reason was during the reporting period, the Company received a sepecific grant amounted to approximately RMB117 million for the Company's R&D, innovation, fixed assets investment and other projects. Approximately RMB105 million were accounted into current gains or losses.

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

- (1) The net cash used in the Group's operating activities increased by approximately RMB112.9 million, which was mainly due to a decrease cash inflow generated from lower revenue and an increase cash outflow used in purchasing materials.
- (2) The net cash used in the Group's investment activities increased by approximately RMB245.4 million, which was mainly due to the investment in capacity expansion of YOFC Qianjiang. Those investments in purchasing fixed assets resulted in a significant increase of cash used in the Group's investment activities compared to the same period of last year.
- (3) Net cash generated from the Group's financing activities increased by approximately RMB232.1 million, which was mainly because that new loans with lower interests rates were borrowed to repay some long-term bank loans with higher interests rates.

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, 26 April 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 31 March 2019

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	31 March 2019(Unaudited)	31 December 2018(Audited)
Current assets:		
Cash and cash equivalents	2,150,152,974	2,684,163,417
Financial assets held for trading	17,192,099	32,913,367
Trade and bills receivable	3,367,076,529	3,417,463,236
Including: Bills receivable	329,499,097	440,706,252
Trade receivables	3,037,577,432	2,976,756,984
Prepayments for raw materials	163,576,316	92,445,336
Other receivables	220,362,969	135,603,164
Including: Dividends receivable	13,795,698	13,795,698
Inventories	1,281,650,184	995,149,268
Other current assets	290,355,383	130,323,468
Total current assets	7,490,366,454	7,488,061,256
Non-current assets:		
Long-term equity investments	1,651,915,416	1,626,151,304
Investments in other equity instruments	59,388,646	64,829,201
Fixed assets	2,158,495,259	2,016,583,574
Construction in progress	1,165,615,798	1,170,820,370
Right-of-use assets	51,812,980	—
Intangible assets	290,046,841	291,972,356
Long-term deferred expenses	1,373,766	1,313,700
Deferred tax assets	87,861,386	84,664,986
Other non-current assets	140,385,663	141,485,562
Total non-current assets	5,606,895,755	5,397,821,053
Total assets	13,097,262,209	12,885,882,309

Items	31 March 2019(Unaudited)	31 December 2018(Audited)
Current liabilities:		
Current bank loans	619,611,000	276,645,808
Trade and bills payable	1,397,421,938	1,508,113,413
Contract liabilities	163,666,575	179,060,964
Employee benefits payable	335,852,692	445,025,136
Taxes payable	104,296,274	166,438,867
Other payables	460,460,676	499,521,371
Including: Interest payable	17,131,307	13,860,075
Non-current liabilities due within one year	330,148,009	275,223,750
Total current liabilities	3,411,457,164	3,350,029,309
Non-current liabilities:		
Non-current bank loans	707,200,000	817,000,000
Lease liabilities	39,816,587	—
Deferred income	87,910,339	79,900,611
Other non-current liabilities	268,396,749	262,623,183
Total non-current liabilities	1,103,323,675	1,159,523,794
Total liabilities	4,514,780,839	4,509,553,103
Shareholders' equity:		
Share capital	757,905,108	757,905,108
Capital reserve	3,353,506,928	3,353,543,988
Less: treasury stock	18,130,377	—
Other comprehensive income	21,809,179	26,180,356
Surplus reserve	557,383,759	557,383,759
Retained earnings	3,746,439,926	3,493,020,983
Total equity attributable to equity shareholders of the Company	8,418,914,523	8,188,034,194
Non-controlling interests	163,566,847	188,295,012
Total equity	8,582,481,370	8,376,329,206
Total liabilities and shareholders' equity	13,097,262,209	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
31 March 2019

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	31 March 2019(Unaudited)	31 December 2018(Audited)
Current assets:		
Cash and cash equivalents	1,779,840,952	2,206,124,328
Financial assets held for trading	8,927,437	4,641,987
Trade and bills receivable	3,404,208,808	3,618,173,316
Including: Bills receivable	285,920,059	422,451,391
Trade receivables	3,118,288,749	3,195,721,925
Prepayments for raw materials	117,592,840	75,598,848
Other receivables	1,474,541,274	984,888,122
Including: Dividends receivable	13,795,698	13,795,698
Inventories	881,764,520	680,393,467
Other current assets	33,496,578	—
Total current assets	7,700,372,409	7,569,820,068
Non-current assets:		
Long-term receivables	498,400,000	498,400,000
Long-term equity investments	2,667,192,490	2,597,918,844
Investments in other equity instruments	59,388,646	64,619,201
Fixed assets	945,641,865	983,410,606
Construction in progress	143,508,463	105,872,190
Intangible assets	106,103,774	106,711,179
Deferred tax assets	43,315,533	42,826,762
Other non-current assets	15,486,935	10,956,623
Total non-current assets	4,479,037,706	4,410,715,405
Total assets	12,179,410,115	11,980,535,473

Items	31 March 2019(Unaudited)	31 December 2018(Audited)
Current liabilities:		
Current bank loans	493,608,500	238,556,208
Trade and bills payable	2,055,122,207	2,096,084,468
Contract liabilities	195,555,146	180,198,927
Employee benefits payable	316,545,311	403,718,062
Taxes payable	85,419,310	139,388,988
Other payables	211,484,848	222,444,816
Including: Interest payable	15,299,739	13,813,148
Non-current liabilities due within one year	311,651,261	269,110,467
Total current liabilities	3,669,386,583	3,549,501,936
Non-current liabilities:		
Non-current bank loans	707,200,000	817,000,000
Deferred income	40,747,989	31,209,940
Other non-current liabilities	94,453,483	94,093,183
Total non-current liabilities	842,401,472	942,303,123
Total liabilities	4,511,788,055	4,491,805,059
Shareholders' equity:		
Share capital	757,905,108	757,905,108
Capital reserve	3,368,607,734	3,368,644,794
Less: treasury stock	18,130,377	—
Other comprehensive income	23,136,275	27,582,247
Surplus reserve	557,383,759	557,383,759
Retained earnings	2,978,719,561	2,777,214,506
Total equity	7,667,622,060	7,488,730,414
Total liabilities and shareholders' equity	12,179,410,115	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
For the three months ended 31 March 2019

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
I. Revenue	1,598,780,588	2,465,268,661
Less: Cost of sales	1,161,650,833	1,768,982,702
Taxes and surcharges	6,368,193	12,386,874
Selling expenses	70,774,230	64,144,234
Administrative expenses	126,353,466	123,912,424
R&D expenses	83,948,083	83,677,853
Financial expenses	2,919,094	9,000,447
Including: Interest expenses	10,547,612	14,228,792
Interest revenue	10,014,241	11,467,805
Impairment losses	4,908,089	4,388,395
Credit losses	3,320,594	10,666,914
Add: Other income	109,397,789	2,946,183
Investment income	26,319,746	39,470,930
Including: Income from investment in associates and joint ventures	25,764,112	38,832,831
Gains from changes in fair value	160,877	64,114
Gain (losses) from asset disposals	9,378,943	(478,303)
II. Operating profit	283,795,361	430,161,742
Add: Non-operating income	499,956	404,329
Less: Non-operating expenses	541,851	292,775
III. Profit before taxation	283,753,466	430,273,296
Less: Income tax	37,464,700	53,191,329

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
IV. Profit for the period	246,288,766	377,081,967
(1) Classified by continuity		
1. Profit for the period of continuing operations	246,288,766	377,081,967
2. Profit for the period of discontinued operations	—	—
(2) Classified by ownership		
1. Profit for the period attributable to equity shareholders of the Company	253,418,943	372,066,325
2. Non-controlling interests	(7,130,177)	5,015,642
V. Other comprehensive income, net of tax	(4,297,552)	(25,997,313)
Other comprehensive income (net of tax) attributable to shareholders of the Company	(4,371,177)	(22,499,876)
(1) Items that can not be reclassified subsequently to profit or loss	(4,445,972)	(16,973,503)
1. Gains or losses arising from changes in fair value of investment in other equity instruments	(4,445,972)	(16,973,503)
2. Exchange differences on translation of financial statements of overseas subsidiaries	—	—
(2) Items that may be reclassified subsequently to profit or loss	74,795	(5,526,373)
1. Gains or losses arising from changes in fair value of investment in other equity instruments	—	—
2. Exchange differences on translation of financial statements of overseas subsidiaries	74,795	(5,526,373)
Other comprehensive income (net of tax) attributable to non-controlling interests	73,625	(3,497,437)

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
VI. Total comprehensive income for the period	241,991,214	351,084,654
Total comprehensive income attributable to equity shareholders of the Company	249,047,766	349,566,449
Total comprehensive income attributable to non-controlling interests	(7,056,552)	1,518,205
VII. Earnings per share:		
(1) Basic earnings per share	0.33	0.55
(2) Diluted earnings per share	0.33	0.55

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
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Income Statement
For the three months ended 31 March 2019

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
I. Revenue	1,806,347,804	2,673,337,792
Less: Cost of sales	1,503,088,405	2,165,170,668
Taxes and surcharges	3,618,494	11,119,984
Selling expenses	58,320,440	50,864,259
Administrative expenses	91,608,734	91,501,960
R&D expenses	57,805,691	57,726,310
Financial expenses	(3,854,314)	(208,464)
Including: Interest expenses	14,087,156	10,170,074
Interest revenue	19,031,873	10,664,300
Impairment losses	4,658,266	3,859,005
Credit losses	3,180,512	9,990,238
Add: Other income	105,647,238	1,659,250
Investment income	26,735,833	39,056,195
Including: Income from investment in associates and joint ventures	26,602,033	38,832,831
Gains from changes in fair value	377,595	64,114
Gains/(losses) from asset disposals	9,378,943	(478,303)
II. Operating profit	230,061,185	323,615,088
Add: Non-operating income	1,030	240,382
Less: Non-operating expenses	—	39,534

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
III. Profit before taxation	230,062,215	323,815,936
Less: Income tax	28,557,160	38,123,422
IV. Profit for the period	201,505,055	285,692,514
(1) Profit for the period of continuing operations	201,505,055	285,692,514
(2) Profit for the period of discontinued operations	—	—
V. Other comprehensive income, net of tax	(4,445,972)	(16,775,523)
(1) Items that can not be reclassified subsequently to profit or loss	(4,445,972)	(16,775,523)
Changes in fair value of investments in other equity instruments	(4,445,972)	(16,775,523)
VI. Total comprehensive income for the period	197,059,083	268,916,991

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
For the three months ended 31 March 2019

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	1,421,033,878	1,573,047,383
Proceeds from other operating activities	125,711,892	13,125,971
Sub-total of cash inflows	1,546,745,770	1,586,173,354
Payment for goods and services	(1,471,723,652)	(1,304,602,745)
Payment to and for employees	(343,007,650)	(373,721,724)
Payment of various taxes	(75,480,690)	(131,293,268)
Payment for other operating activities	(35,302,741)	(42,397,732)
Sub-total of cash outflows	(1,925,514,733)	(1,852,015,469)
Net cash inflow from operating activities	(378,768,963)	(265,842,115)
II. Cash flows from investing activities:		
Proceeds from disposal of investments	153,202,240	217,147,951
Investments returns received	17,819,842	18,301,944
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	—	7,262,560
Sub-total of cash inflows	171,022,082	242,712,455
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(279,953,328)	(152,771,575)
Payment for acquisition of investments	(269,502,868)	(223,006,139)
Sub-total of cash outflows	(549,456,196)	(375,777,714)
Net cash inflow from investing activities	(378,434,114)	(133,065,259)

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
III. Cash flow from financing activities:		
Proceeds from new bank loans	478,512,250	245,597,834
Sub-total of cash inflows	478,512,250	245,597,834
Repayments of bank loans	(178,425,960)	(181,000,000)
Payment for dividends, profit distributions or interest	(21,788,884)	(9,085,510)
Payment for other financing activities	(22,015,775)	(31,302,217)
Sub-total of cash outflows	(222,230,619)	(221,387,727)
Net cash inflow from financing activities	256,281,631	24,210,107
IV. Effect of exchange rate changes on cash and cash equivalents	(7,583,688)	8,984,870
V. Net increase in cash and cash equivalents (“()” for decreases)	(508,505,134)	(365,712,397)
Add: Cash and cash equivalents at the beginning of the year	2,627,976,441	1,799,513,559
VI. Cash and cash equivalents at the end of the period	2,119,471,307	1,433,801,162

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
For the nine months ended 31 March 2019

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	1,789,204,603	1,604,565,244
Proceeds from other operating activities	116,141,163	6,391,624
Sub-total of cash inflows	1,905,345,766	1,610,956,868
Payment for goods and services	(1,612,611,913)	(1,542,399,106)
Payment to and for employees	(256,449,271)	(296,084,368)
Payment of various taxes	(41,443,328)	(98,630,607)
Payment for other operating activities	(30,316,075)	(39,988,731)
Sub-total of cash outflows	(1,940,820,587)	(1,977,102,812)
Net cash inflow from operating activities	(35,474,821)	(366,145,944)
II. Cash flows from investing activities:		
Proceeds from disposal of investments	50,000,000	110,089,564
Investments returns received	16,850,021	20,864,084
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	—	6,800,707
Sub-total of cash inflows	66,850,021	137,754,355
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(85,050,601)	(67,861,628)
Payment for acquisition of investments	(528,644,667)	(162,356,139)
Sub-total of cash outflows	(613,695,268)	(230,217,767)
Net cash inflow from investing activities	(546,845,247)	(92,463,412)

Items	For the three months ended 31 March 2019 (Unaudited)	For the three months ended 31 March 2018 (Unaudited)
III. Cash flow from financing activities:		
Proceeds from new bank loans	357,558,000	245,597,834
Sub-total of cash inflows	357,558,000	245,597,834
Repayments of bank loans	(145,400,000)	(181,000,000)
Payment for dividends, profit distributions or interest	(12,600,565)	(8,630,886)
Payment for other financing activities	(18,167,437)	—
Sub-total of cash outflows	(176,168,002)	(189,630,886)
Net cash inflow from financing activities	181,389,998	55,966,948
IV. Effect of exchange rate changes on cash and cash equivalents	(4,983,919)	6,175,503
V. Net increase in cash and cash equivalents (“()” for decreases)	(405,913,989)	(396,466,905)
Add: Cash and cash equivalents at the beginning of the year	2,172,045,025	1,430,201,714
VI. Cash and cash equivalents at the end of the period	1,766,131,036	1,033,734,809

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 Description of retrospective adjustment to comparative figures upon initial application of new financial instruments standards and new lease standards.

Applicable Not applicable

Consolidated Balance Sheet

(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	
Trade and bills receivable	3,417,463,236	3,417,463,236	
Including: Bills receivable	440,706,252	440,706,252	
Trade receivables	2,976,756,984	2,976,756,984	
Prepayments for raw materials	92,445,336	92,445,336	
Other receivables	135,603,164	135,603,164	
Including: 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

Items	31 December 2018	1 January 2019	Adjustment
Current liabilities:			
Current bank loans	276,645,808	276,645,808	
Trade and bills payable	1,508,113,413	1,508,113,413	
Employee benefits payable	445,025,136	445,025,136	
Taxes payable	166,438,867	166,438,867	
Other payables	499,521,371	499,521,371	
Including: Interest payable	13,860,075	13,860,075	
Contract liabilities	179,060,964	179,060,964	
Non-current liabilities due within one year	275,223,750	287,150,035	11,926,285
Total current liabilities	3,350,029,309	3,361,955,594	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	79,900,611	79,900,611	
Other non-current liabilities	262,623,183	262,623,183	
Total non-current liabilities	1,159,523,794	1,201,622,854	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	
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

Description of adjustments to projects :

✓ Applicable Not applicable

The Group has recognised the cumulative effect of initial application of CAS No.21 — Leases (Revised) issued by MOF in 2018 as an adjustment to the opening balance of relevant items at 1 January 2019, and comparative figures has not been restated.

Balance Sheet

(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	
Trade and bills receivable	3,618,173,316	3,618,173,316	
Including: Bills receivable	422,451,391	422,451,391	
Trade receivables	3,195,721,925	3,195,721,925	
Prepayments for raw materials	75,598,848	75,598,848	
Other receivables	984,888,122	984,888,122	
Including: Dividends receivable	13,795,698	13,795,698	
Inventories	680,393,467	680,393,467	
Other 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	

Items	31 December 2018	1 January 2019	Adjustment
Current liabilities:			
Current bank loans	238,556,208	238,556,208	
Trade and bills payable	2,096,084,468	2,096,084,468	
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	222,444,816	222,444,816	
Including: Interest payable	13,813,148	13,813,148	
Non-current liabilities due within one year	269,110,467	269,110,467	
Total current liabilities	3,549,501,936	3,549,501,936	
Non-current liabilities:			
Non-current bank loans	817,000,000	817,000,000	
Deferred income	31,209,940	31,209,940	
Other non-current liabilities	94,093,183	94,093,183	
Total non-current liabilities	942,303,123	942,303,123	
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	
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	

Description of adjustments to projects :

Applicable Not applicable

4.3 Adjustment to relevant items in the financial statements as at the beginning of the year upon initial application of new financial instruments standards, new revenue standards and new lease standards

Applicable Not applicable

4.4 Auditor's report

Applicable Not applicable