

Corporation code: 600019

Corporation abbreviation: Baosteel

**Baoshan Iron & Steel Co., Ltd.**  
**2016 1<sup>st</sup> Quarter Report**

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### Important Notice

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

All members of the Board of Directors of the Company attended the board meeting.

Chen Derong, Chairman of the Company, Zhu Keping, Chief Accountant, and Wang Juan, Director of the Finance Department in charge of the accounting affairs, attest to the truthfulness, correctness and completeness of the financial statements in this Report.

The 1<sup>st</sup> quarter report has not been audited.

### Major Financial Data and Shareholders’ Change

#### Highlights of Operation

- A profit of RMB 2.18 billion has been realized in the first quarter, RMB 3.28 billion more than that in last 4<sup>th</sup> quarter, but basically the same as that in last 1<sup>st</sup> quarter.
- RMB 7.4 billion of net cash flow arising from operating activities has been realized, RMB 1.62 billion more than that in last 4<sup>th</sup> quarter and RMB 2.32 billion more than that in last 1<sup>st</sup> quarter.
- Significant results have been made in cost reduction, the amount of which has remarkably outperformed the time schedule.
- The Company has been awarded “Excellent Quality” exclusively granted by GAC Toyota to steel industry and once again won Haier “Golden Cube”.
- Overseas emerging market has been explored and self-developed high-alloy special oil casing products with two grades have been exported to Africa market for the first time.
- Zhanjiang Steel project has been progressing well: 2030 cold-rolled production line has totally proceeded to thermal loaded trial run, technical & economic indicators and cost level of primary production lines which are in ramp-up stage have been closing to example factories.

#### Major Financial Data

Unit: RMB Million

|   | At the end of the reporting period | At the end of the previous year | Increase/ decrease from the previous year (%) |
|---|------------------------------------|---------------------------------|---|
| Total assets  | 261,943                            | 234,123                         | 11.88   |
| Net assets attributable to shareholders of the listed company | 114,456                            | 112,803                         | 1.47  |
|   | From the beginning of              | From the beginning of           | Increase/decrease from the previous           |

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|   | the year to the end of the reporting period                       | the previous year to the end of the previous reporting period                       | year (%)                                     |
|---|---|---|--|
| Net cash flow from operating activities   | 7,401   | 5,078   | 45.74  |
|   | From the beginning of the year to the end of the reporting period | From the beginning of the previous year to the end of the previous reporting period | Increase/decrease from the previous year (%) |
| Business incomes  | 35,273  | 41,386  | -14.77                                       |
| Net profit attributable to shareholders of the listed Company                                     | 1,529   | 1,547   | -1.20  |
| Net profit attributable to shareholders of the listed Company less non-recurring gains and losses | 1,520   | 1,523   | -0.15  |
| Weighted average return-on-equity (%)   | 1.35  | 1.34  | Up by 0.01 ppts.                             |
| Basic earnings per share (RMB)  | 0.09  | 0.09  | -1.18  |
| Diluted earnings per share (RMB)  | 0.09  | 0.09  | -1.18  |

Items and amount of non-recurring gains and losses

√Applicable □Not applicable

Unit: RMB Million

| Item  | Amount in the reporting period | Notes |
|---|--------------------------------|-------|
| Gains and losses from disposal of non-current assets  | -60                            |       |
| Government subsidy calculated in current gains and losses, but related to normal operating activities, except consecutive fixed government subsidy in lines with policies, rules and certain standards  | 51                             |       |
| Gains and losses from change of fair value for holding held-for-trading financial assets and liabilities, investment income at the disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, except effective hedging operations related to normal operating activities | 26                             |       |
| Other net non-operating income and expenditure  | 4                              |       |
| Affected amount belonging to minority shareholders (after tax)  | -10                            |       |
| Effect of income tax  | -3                             |       |
| Total   | 8                              |       |

Principal business by segments

Unit: RMB Million

| Segment                     | Operating revenues | Operating costs | Gross margin | YoY change in gross margin |
|-----------------------------|--------------------|-----------------|--------------|----------------------------|
| Steel manufacturing         | 22,473             | 19,450          | 13.5%        | Up by 1.1 ppts             |
| Processing and distribution | 31,616             | 30,359          | 4.0%         | Up by 0.8 ppts             |

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|                         |         |         |       |                  |
|-------------------------|---------|---------|-------|------------------|
| Information technology  | 849     | 606     | 28.6% | Up by 0.5 ppts   |
| E-commerce              | 4,864   | 4,869   | -0.1% | Down by 0.2 ppts |
| Chemical                | 1,739   | 1,651   | 5.0%  | Down by 0.2 ppts |
| Finance                 | 135     | 69      | 48.9% | Down by 4.2 ppts |
| Offset between segments | -26,304 | -26,071 |       |                  |
| Total                   | 35,372  | 30,933  | 12.5% | Up by 0.9 ppts   |

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

Unit: share

| Total number of shareholders (people)   |   | 306,477                     |                                     |                          |         |                    |
|---|---|-----------------------------|-------------------------------------|--------------------------|---------|--------------------|
| Top 10 shareholders   |   |                             |                                     |                          |         |                    |
| Name (Full name)  | Shares at the end of the reporting period | Shareholding proportion (%) | Shares subject to conditional sales | Shares pledged or frozen |         | Shareholder nature |
|   |   |                             |                                     | Status                   | Numbers |                    |
| Baosteel Group Corporation  | 13,130,265,267                            | 79.734                      | 0                                   | None                     | 0       | State-owned        |
| China Securities Finance Co., Ltd.  | 444,813,261                               | 2.701                       | 0                                   | None                     | 0       | State-owned        |
| Central Huijin Asset Management Co., Ltd  | 122,230,300                               | 0.742                       | 0                                   | None                     | 0       | State-owned        |
| Hong Kong Securities Clearing Company Ltd.  | 77,328,209                                | 0.470                       | 0                                   | None                     | 0       | Unknown            |
| Ping An Annuity Insurance Company - Ping An Annuity's Rich Stock Portfolio of Rich Pension Entrusted Management Product | 32,970,563                                | 0.200                       | 0                                   | None                     | 0       | Unknown            |
| National Social Security Fund 118 Portfolio   | 32,122,411                                | 0.195                       | 0                                   | None                     | 0       | Unknown            |
| Bank of China Limited- E fund stable yield bond securities investment fund  | 31,179,857                                | 0.189                       | 0                                   | None                     | 0       | Unknown            |
| Bank of China Limited-China AMC new economy flexible configured hybrid securities investment fund                       | 30,593,576                                | 0.186                       | 0                                   | None                     | 0       | Unknown            |
| FIL Investment Management (Hong Kong) Limited. – Customer Fund  | 29,586,699                                | 0.180                       | 0                                   | None                     | 0       | Unknown            |

| ICBC Credit Suisse Asset – ICBC – Asset Management for Specific Customer  | 29,165,821   | 0.177                      | 0              | None | 0 | 未知 |
|---|--|----------------------------|----------------|------|---|----|
| Top 10 holders of shares not subject to conditional sales   |  |                            |                |      |   |    |
| Name  | Number of shares not subject to conditional sales  | Type and numbers of shares |                |      |   |    |
|   |  | Type                       | Numbers        |      |   |    |
| Baosteel Group Corporation  | 13,130,265,267   | RMB ordinary share         | 13,130,265,267 |      |   |    |
| China Securities Finance Co., Ltd.  | 444,813,261  | RMB ordinary share         | 444,813,261    |      |   |    |
| Central Huijin Asset Management Co., Ltd  | 122,230,300  | RMB ordinary share         | 122,230,300    |      |   |    |
| Hong Kong Securities Clearing Company Ltd.  | 77,328,209   | RMB ordinary share         | 77,328,209     |      |   |    |
| Ping An Annuity Insurance Company - Ping An Annuity's Rich Stock Portfolio of Rich Pension Entrusted Management Product | 32,970,563   | RMB ordinary share         | 32,970,563     |      |   |    |
| National Social Security Fund 118 Portfolio   | 32,122,411   | RMB ordinary share         | 32,122,411     |      |   |    |
| Bank of China Limited- E fund stable yield bond securities investment fund  | 31,179,857   | RMB ordinary share         | 31,179,857     |      |   |    |
| Bank of China Limited-China AMC new economy flexible configured hybrid securities investment fund                       | 30,593,576   | RMB ordinary share         | 30,593,576     |      |   |    |
| FIL Investment Management (Hong Kong) Limited. – Customer Fund  | 29,586,699   | RMB ordinary share         | 29,586,699     |      |   |    |
| ICBC Credit Suisse Asset – ICBC – Asset Management for Specific Customer  | 29,165,821   | RMB ordinary share         | 29,165,821     |      |   |    |
| Remarks on affiliation, alliance or collusion among the aforementioned shareholders                                     | The Company is not aware of any connected relationship among other shareholders mentioned above or any parties acting in concert specified in <i>Measures for the Administration of Acquisitions by Listed Companies</i> . |                            |                |      |   |    |
| Remarks on shareholder holding preferred stocks with voting right restored and their shares                             |  |                            |                |      |   |    |

The number of shareholders with preferred stock, Top 10 holders with preferred stock and shareholding of Top 10 holders with preferred stock not subject to conditional sales as of the end of reporting period

Applicable Not applicable

#### Significant Events

Changes in major accounting statements and financial indicators and reasons

Applicable Not applicable

Macroscopic environment remained complicated and varied in 2016, therefore, there still is a long way for steel “de-capacity”. Purchasing and selling market has bounced back and forth in price since the beginning of the year. However, steel price has undergone substantial fluctuation especially after Spring Festival. In the face of varied and complicated operating environment, the Company seized the chance of “periodically getting better” to continue its improvement in customer service and user experience, to reduce cost from several aspects throughout all systems and to effectively stabilize profit; meanwhile, construction progress, ramping-up speed, market expansion and operating results of Zhanjiang Steel have been controlled as a whole. Thanks to efficient implementation of measures such as better grasp of market opportunity and internal digging up for efficiency improvement, the Company has outperformed in 1<sup>st</sup> quarter business results. Accumulative iron output was 6.266 million tons, steel output was 6.533 million tons and commercial billets sales was 5.616 million tons; RMB 2.18 billion of total consolidated profit was realized, increasing by 299% compared to last 4<sup>th</sup> quarter and keeping almost the same year-on-year.

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

3.1.1 Compared with the number at beginning of 2016, analysis on items with big change in the consolidated balance sheet:

Due to provisions demand from the Company, monetary fund has increased by RMB 5.51 billion.

Other current assets have increased by RMB 20.86 billion, mainly due to increase in low-risk capital operation of the Company.

Loans and advances to customers have decreased by RMB 670 million, mainly due to decrease in Finance Company’s loan for companies of the Group.

Other non-current assets have decreased by RMB 2.86 billion, mainly due to intangible assets transferred from prepayments for land of Zhanjiang Steel.

Taxes payable has increased by RMB 1.79 billion, of which, input tax to be deducted which has been transferred into other non-current assets has increased by RMB 1.02 billion, income tax payable has increased by RMB 480 million, VAT payable has increased by RMB 200 million.

Other current liabilities have increased by RMB 10.13 billion, mainly due to increase in short-term financing bonds issued by the Company.

Bonds payable have increased by RMB 5.1 billion, mainly due to increase in medium term notes issued by the Company.

3.1.2 Compared to those in 1<sup>st</sup> quarter in 2015, analysis on items with big change of consolidated income statement:

Financial expenses has increased by RMB 330 million year-on-year, mainly due to integrated impact, e.g. investment projects, the fact that after conversion of RMB-foreign currency debt, interest rates were higher in RMB financing than foreign currency financing and low-risk capital operation for idle funds (the income has been reflected in “investment income” item). Interest expenditure has increased by RMB 200 million year-on-year; Interest income has decreased by

RMB 90 million year-on-year, mainly due to decrease in long-term principal receivable of Wusong Lot. Provisioned interest income in 1<sup>st</sup> quarter has decreased by RMB 80 million year-on-year.

3.1.3 Compared to those in 1<sup>st</sup> quarter in 2015, analysis on items with big change of consolidated cash flow statement:

Net cash inflow in 1<sup>st</sup> quarter was RMB 5.22 billion, with RMB 1.19 billion in the same period last year, increasing by RMB 4.03 billion year-on-year.

Net cash inflow arising from operating activities was RMB 7.40 billion in 1<sup>st</sup> quarter, with a year-on-year increase of RMB 2.32 billion, representing a growth rate of 45.7%, of which, the Company made a net profit of RMB 1.54 billion, increased flow of RMB 2.69 billion in depreciation and amortization of fixed assets and RMB 510 million in financial expense and decreased flow of RMB 60 million in other items such as asset impairment reserves and disposal of fixed, intangible and long-term assets with accumulative cash receivable from operating was RMB 4.68 billion. The occupation of inventory funds rose and cash flow increased by RMB 370 million; receivables from operating activities rose and cash flow decreased by RMB 340 million; payables from operating activities rose and cash flow increased by RMB 3.43 billion.

Without regard to the impact of Finance Co., the net cash inflow arising from operating activities was RMB 4.91 billion, RMB 760 million more than RMB 4.15 billion at the same period last year. The year-on-year increase was caused by the following reasons:

Payables from operating activities at the end of 1<sup>st</sup> quarter has increased by RMB 1.48 billion than that at the beginning of the year, with RMB 620 million less for the same period of last year, increasing cash flow of RMB 2.1 billion year-on-year.

Receivables from operating activities at the end of 1<sup>st</sup> quarter has increased by RMB 890 million than that at the beginning of the year, with RMB 60 million more for the same period of last year, decreasing cash flow of RMB 830 million year-on-year.

Inventory at the end of 1<sup>st</sup> quarter has increased by RMB 370 million than that at the beginning of the year, with RMB 190 million less for the same period of last year, decreasing cash flow of RMB 560 million year-on-year.

Items such as net profit, depreciation and amortization, asset impairment reserves and investment loss have increased cash flow of RMB 50 million year-on-year.

Net cash outflow arising from investing activities was RMB 22.48 billion, RMB 15.07 billion more than RMB 7.41 billion at the same period last year, representing a growth rate of 203.4%, mainly due to net year-on-year increase of RMB 17.99 billion resulting from low-risk capital operation and year-on-year decrease of RMB 2.88 billion in project construction.

Net cash inflow arising from financing activities was RMB 20.32 billion, RMB 16.49 billion more than RMB 3.83 billion at the same period last year. Among which, debt financing scale increased by RMB 20.79 billion than that of the beginning of 2016, with an increase of RMB 3.14 billion at the same period last year, representing an increased cash inflow of RMB 17.65 year-on-year; Ouyeel



E-commerce Platform was established in the same period last year, absorbing RMB 1.02 billion cash investment, with cash flow decreased by RMB 1.02 billion year-on-year.

Progress and impacts of major events and analysis and description of solutions

Applicable Not applicable

Commitments and performance of the Company, shareholders with over 5% shares

Applicable Not applicable

### 3.3.1 Commitments related with the initial public offering (IPO)

Baosteel Group undertook the following two commitments as at the establishment of the Company:

All related party transactions with the Company will be carried out in compliance with relevant laws, regulations and rules set by the authorities and will not damage the legitimate interest of the Company nor its non-controlling shareholders.

Baosteel Group will not directly participate in any business activity or directly own an interest in any business, activity or entity that might pose competition to the Company's current operating business. However, Baosteel Group can maintain its existing shares in the Company, as well as manage and develop the existing business which may or may not be in competition with the Company. Should Baosteel Group (including its wholly-owned and holding subsidiaries or other associates) engage in any new business, investment or research that might be in competition with the principal products or services of the Company in the future, it has agreed to grant the Company pre-emptive rights to develop or acquire the said business.

These commitments will stay in force under two conditions: A. the Company is listed on the Hong Kong Stock Exchange and domestic stock exchange of China; and, B. Baosteel Group owns no less than 30% of the Company's issued shares.

In addition, on June 13, 2001, and September 6, 2002, Baosteel Group further pledged to uphold these two commitments after the Company's acquisition of the assets related to construction of its phase three project and all remaining assets thereof.

These commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* dated 21st June 2001 and 12th September 2002 and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) as well.

### 3.3.2 Commitments related with re-financing

Commitments made in the Prospectus of additional public offering by Baosteel Group:

The Company has the right to acquire, at any time it thinks appropriate, Baosteel Group's assets and businesses which may be in competition with the Company.

The Company shall enjoy the priority of similar business opportunities acquired by Baosteel Group, who will not invest until the Company gives up the commercial opportunities.

These commitments were publicly posted on official website of the Shanghai Stock Exchange(<http://www.sse.com.cn>) .

### 3.3.3 Other commitments

- Commitments Baosteel Group undertook about Luoqing Land:

Baosteel Group Shanghai Pudong Iron & Steel Co., Ltd. (hereinafter, Pudong Steel), a wholly owned subsidiary of Baosteel Group, was offering its construction-in-progress and related fixed assets in Luoqing (hereinafter, Luoqing Assets), which the Company intended to purchase. Luoqing Assets cover an area of 3.228 million m<sup>2</sup>, for which Pudong Steel has paid some initial expenses, but not the land transfer expense. When the assets are to be purchased, the unpaid land transfer expense and the Pudong Steel's initial expenses as on the asset-assessing day (30 September 2007), RMB 2.8 billion as preliminarily estimated, shall be paid by the Company. Baosteel Group promises:

- If the Company intends to purchase the Luoqing assets, Baosteel Group and/or Pudong Steel would help the Company to go through the transfer procedures and other matters as required by the Company.
- In the event of the total actual expense exceeding RMB 2.8 billion for the procedures, Baosteel Group and/or Pudong Steel shall fully cover the exceeding amount in time, by means of paying to the Company and/or the government (as is required).

The aforementioned commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* dated December 12, 2007 and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) as well.

Land in commitments aforementioned involved with West Luoqing, East Luoqing and North Energy Gallery. By the end of this report, the Company has signed west land transfer contract of Luoqing Project with relevant Shanghai governmental departments, and paid RMB 2.34 billion for land-transferring, about RMB 20 million for north energy gallery land with land warrants. Relevant warrants for east land are in the process. And its land-transferring fees have not been paid yet.

- Commitments Baosteel Group undertook about Desheng Nickel Project:

Baosteel Group sought the Company's opinion of investment in the Desheng Nickel Project on December 16, 2010 in written form of "Solicit Letter about Investment on Desheng Nickel Project", "Commitments about Desheng Nickel Project". The Company agreed that Baosteel Group could invest in the project, but retained the right to purchase the equity of the project. Baosteel Group promises: When the Company wants to acquire the equity of the project, it would transfer its share of equity of the project at a fair price in line with relative laws, regulations, and other documents and on basis of asset evaluation results as conducted by an individual assets evaluation agency.

These commitments stay in force under two conditions: (a) the company is listed at a stock exchange and (b) Baosteel Group owns no less than 30% of the Company's issued shares.

The aforementioned commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* dated December 23, 2010 and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) as well.

During the reporting period, Baosteel Group and the Company did not breach any of the aforementioned commitments.

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

Applicable Not applicable

|                      |                                |
|----------------------|--------------------------------|
| Corporation name     | Baoshan Iron & Steel Co., Ltd. |
| Legal Representative | Chen Derong                    |
| Date                 | April 27, 2016                 |

## Appendix

- Financial statements

### Consolidated Balance Sheet

March 31, 2016

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

Unit: Yuan Currency: RMB Type of audit: unaudited

| Item  | Closing Balance           | Opening Balance           |
|---|---------------------------|---------------------------|
| <b>Current assets:</b>  |                           |                           |
| Monetary fund   | 13,328,836,494.41         | 7,816,943,116.11          |
| Financial assets measured at fair value and the change included in current gains and losses | 489,182,295.38            | 872,874,998.19            |
| Notes receivable  | 8,910,268,139.01          | 8,192,598,702.78          |
| Accounts receivable   | 8,181,798,289.07          | 9,158,063,277.11          |
| Prepayments   | 4,149,065,317.49          | 4,159,608,819.61          |
| Interests receivable  | 388,981,751.94            | 294,162,019.29            |
| Dividend receivable   | 150,869,833.28            | 162,869,833.28            |
| Other receivables   | 1,392,598,773.64          | 1,057,234,780.61          |
| Financial assets purchased under resale agreements  | 2,000,000,000.00          | 2,140,000,000.00          |
| Inventory   | 24,048,881,159.14         | 23,515,760,734.54         |
| Non-current assets due within 1 year  | 4,500,000,000.00          | 4,500,000,000.00          |
| Other current assets  | 28,897,163,719.70         | 8,032,867,446.36          |
| <b>Total current assets</b>   | <b>96,437,645,773.06</b>  | <b>69,902,983,727.88</b>  |
| <b>Non-current assets:</b>  |                           |                           |
| Loans and advances to customers   | 1,564,114,746.62          | 2,238,404,977.48          |
| Available-for-sale financial assets   | 10,991,357,649.02         | 10,924,024,795.65         |
| Long-term receivables   | 4,603,335,508.68          | 4,579,073,208.90          |
| Long-term equity investment   | 5,041,807,421.20          | 5,010,366,850.50          |
| Investment properties   | 369,252,523.42            | 373,337,165.32            |
| Fixed assets  | 99,696,543,186.23         | 91,067,560,315.55         |
| Construction in progress  | 27,195,211,169.52         | 33,628,389,473.68         |
| Engineering materials   | 55,107,434.04             | 55,433,580.47             |
| Intangible assets   | 11,742,360,645.71         | 9,251,464,486.88          |
| Long-term prepaid expenses  | 1,049,381,689.35          | 1,057,177,388.37          |
| Deferred income tax assets  | 1,544,653,949.29          | 1,520,955,982.61          |
| Other non-current assets  | 1,652,361,421.83          | 4,513,975,000.00          |
| <b>Total non-current assets</b>   | <b>165,505,487,344.91</b> | <b>164,220,163,225.41</b> |
| <b>Total assets</b>   | <b>261,943,133,117.97</b> | <b>234,123,146,953.29</b> |
| <b>Current liabilities:</b>   |                           |                           |
| Short-term borrowings   | 32,713,704,355.53         | 27,111,031,934.70         |

| Item   | Closing Balance           | Opening Balance           |
|--|---------------------------|---------------------------|
| Borrowings from Central Bank   | 169,989,814.23            | 130,730,819.70            |
| Deposits from customers and banks and other financial institutions   | 11,934,022,416.54         | 10,009,980,135.82         |
| Taking from banks and other financial institutions   | 198,000,000.00            | 198,000,000.00            |
| Financial liabilities measured by change of fair value which is calculated in the current gains and losses | 215,411,212.27            | 3,608,651.05              |
| Notes payable  | 3,792,606,040.92          | 4,433,892,369.95          |
| Accounts payable   | 22,269,540,044.81         | 21,385,905,275.51         |
| Receipts in advance  | 13,138,639,875.01         | 12,467,881,559.99         |
| Employee benefits payable  | 1,732,469,870.75          | 1,671,753,461.42          |
| Taxes payable  | 3,492,424,284.13          | 1,698,315,074.97          |
| Interest payable   | 215,188,790.66            | 199,607,814.92            |
| Dividends payable  | 10,138,501.63             | 625,765.44                |
| Other payable  | 2,545,312,606.79          | 2,283,044,126.16          |
| Non-current liabilities due within one year  | 198,200,391.62            | 208,114,896.18            |
| Other current liabilities  | 20,184,543,760.22         | 10,057,344,262.30         |
| <b>Total current liabilities</b>   | <b>112,810,191,965.11</b> | <b>91,859,836,148.11</b>  |
| <b>Non-current liabilities:</b>  |                           |                           |
| Long-term borrowings   | 9,352,268,232.89          | 9,111,026,384.68          |
| Bonds payable  | 13,849,331,275.66         | 8,747,373,959.29          |
| Long-term payable  | 82,585,917.00             | 82,585,917.00             |
| Long-term employee benefits payable  | 328,371,972.49            | 328,307,328.96            |
| Special payable  | 292,916,697.81            | 292,916,697.81            |
| Deferred earnings  | 1,065,241,367.54          | 1,092,839,458.77          |
| Deferred income tax liabilities  | 454,528,723.92            | 454,701,623.19            |
| Other non-current liabilities  | 7,919,282.25              | 7,134,514.14              |
| <b>Total non-current liabilities</b>   | <b>25,433,163,469.56</b>  | <b>20,116,885,883.84</b>  |
| <b>Total liabilities</b>   | <b>138,243,355,434.67</b> | <b>111,976,722,031.95</b> |
| <b>Owners' equity</b>  |                           |                           |
| Capital stock  | 16,467,517,524.00         | 16,467,517,524.00         |
| Capital reserve  | 33,743,292,412.98         | 33,739,882,090.62         |
| less: treasury stock   | 82,585,917.00             | 82,585,917.00             |
| Other comprehensive income   | -885,120,084.53           | -997,587,960.09           |
| Special reserve  | 19,556,825.91             | 10,915,599.63             |
| Surplus reserve  | 26,516,654,926.34         | 26,516,654,926.34         |
| Retained earnings  | 38,676,973,306.70         | 37,148,447,581.69         |
| <b>Total owners' equity attributable to the parent company</b>   | <b>114,456,288,994.40</b> | <b>112,803,243,845.19</b> |
| Minority interests   | 9,243,488,688.90          | 9,343,181,076.15          |
| <b>Total owners' equity</b>  | <b>123,699,777,683.30</b> | <b>122,146,424,921.34</b> |

| Item  | Closing Balance           | Opening Balance           |
|---|---------------------------|---------------------------|
| <b>Total liabilities and owners' equity</b> | <b>261,943,133,117.97</b> | <b>234,123,146,953.29</b> |

Legal Representative: Chen Derong    Person in Charge of Accounting Affairs: Zhu Keping, CFO  
 Person in Charge of Accounting Body: Wang Juan, Director of Finance Department

### Balance Sheet of Parent Company

March 31, 2016

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

Unit: Yuan Currency: RMB    Type of audit: unaudited

| Item   | Closing Balance           | Opening Balance           |
|--|---------------------------|---------------------------|
| <b>Current assets:</b>   |                           |                           |
| Monetary fund  | 3,369,816,230.45          | 2,609,809,152.05          |
| Notes receivable   | 11,256,335,355.34         | 9,485,523,681.41          |
| Accounts receivable  | 16,527,874,442.65         | 14,528,789,667.02         |
| Prepayments  | 1,270,416,820.64          | 1,253,626,615.28          |
| Interests receivable   | 399,309,011.10            | 373,908,851.48            |
| Other receivables  | 219,855,448.21            | 249,886,362.58            |
| Inventory  | 9,760,307,912.54          | 10,004,843,968.85         |
| Non-current assets due within 1 year   | 4,500,000,000.00          | 4,500,000,000.00          |
| Other current assets   | 29,022,802,584.70         | 12,923,012,337.05         |
| <b>Total current assets</b>  | <b>76,326,717,805.63</b>  | <b>55,929,400,635.72</b>  |
| <b>Non-current assets:</b>   |                           |                           |
| Available-for-sale financial assets  | 8,844,897,096.20          | 8,844,897,096.20          |
| Long-term receivables  | 6,669,532,930.56          | 6,645,532,930.56          |
| Long-term equity investment  | 46,283,559,399.71         | 46,254,613,054.24         |
| Fixed assets   | 47,709,136,928.58         | 49,147,433,841.75         |
| Construction in progress   | 3,115,640,230.91          | 2,841,837,566.36          |
| Engineering materials  | 32,656,665.86             | 29,585,906.85             |
| Intangible assets  | 3,687,074,328.81          | 3,707,611,299.90          |
| Long-term prepaid expenses   | 66,524,368.31             | 73,013,638.42             |
| Deferred income tax assets   | 855,103,421.27            | 851,482,708.40            |
| Other non-current assets   | 396,853,153.25            | 396,867,364.20            |
| <b>Total non-current assets</b>  | <b>117,660,978,523.46</b> | <b>118,792,875,406.88</b> |
| <b>Total assets</b>  | <b>193,987,696,329.09</b> | <b>174,722,276,042.60</b> |
| <b>Current liabilities:</b>  |                           |                           |
| Short-term borrowings  | 23,930,391,000.00         | 19,223,563,658.59         |
| Financial liabilities measured by change of fair value which is calculated in the current gains and losses | 215,411,212.27            | 0.00                      |
| Notes payable  | 1,164,684,568.64          | 1,520,322,564.34          |

| Item  | Closing Balance           | Opening Balance           |
|---|---------------------------|---------------------------|
| Accounts payable                            | 14,289,000,999.10         | 16,361,219,616.35         |
| Receipts in advance                         | 9,878,949,581.15          | 10,723,769,050.31         |
| Employee benefits payable                   | 1,140,770,541.74          | 1,102,916,994.13          |
| Taxes payable                               | 3,046,985,680.00          | 2,040,209,581.28          |
| Interest payable                            | 92,405,854.25             | 52,052,454.92             |
| Other payable                               | 371,951,094.79            | 484,621,748.19            |
| Non-current liabilities due within one year | 131,961,600.00            | 127,713,600.00            |
| Other current liabilities                   | 20,178,308,466.21         | 10,057,344,262.30         |
| <b>Total current liabilities</b>            | <b>74,440,820,598.15</b>  | <b>61,693,733,530.41</b>  |
| <b>Non-current liabilities:</b>             |                           |                           |
| Bonds payable                               | 7,000,000,000.00          | 2,000,000,000.00          |
| Long-term payable                           | 82,585,917.00             | 82,585,917.00             |
| Long-term employee benefits payable         | 219,451,130.56            | 219,451,130.56            |
| Special payable                             | 239,350,000.00            | 239,350,000.00            |
| Deferred earnings                           | 370,070,085.61            | 376,156,642.05            |
| Deferred income tax liabilities             | 442,584,276.06            | 442,584,276.06            |
| <b>Total non-current liabilities</b>        | <b>8,354,041,409.23</b>   | <b>3,360,127,965.67</b>   |
| <b>Total liabilities</b>                    | <b>82,794,862,007.38</b>  | <b>65,053,861,496.08</b>  |
| <b>Owners' equity</b>                       |                           |                           |
| Capital stock                               | 16,467,517,524.00         | 16,467,517,524.00         |
| Capital reserve                             | 32,923,718,076.03         | 32,919,701,968.51         |
| Less: treasury stock                        | 82,585,917.00             | 82,585,917.00             |
| Other comprehensive income                  | -68,897,299.95            | -66,043,945.35            |
| Special reserve                             | 1,969,862.59              | 0.00                      |
| Surplus reserve                             | 26,516,654,926.34         | 26,516,654,926.34         |
| Retained earnings                           | 35,434,457,149.70         | 33,913,169,990.02         |
| <b>Total owners' equity</b>                 | <b>111,192,834,321.71</b> | <b>109,668,414,546.52</b> |
| <b>Total liabilities and owners' equity</b> | <b>193,987,696,329.09</b> | <b>174,722,276,042.60</b> |

Legal Representative: Chen Derong    Person in Charge of Accounting Affairs: Zhu Kebing, CFO  
Person in Charge of Accounting Body: Wang Juan, Director of Finance Department

### Consolidated Income Statement

January-March 2016

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

Unit: Yuan Currency: RMB    Type of audit: unaudited

| Item                             | Current-period           | Previous-period Amount   |
|----------------------------------|--------------------------|--------------------------|
| <b>I. Total operating income</b> | <b>35,342,212,342.10</b> | <b>41,473,161,551.79</b> |
| Including: operating income      | 35,273,451,418.64        | 41,385,948,528.95        |

| Item   | Current-period           | Previous-period Amount   |
|--|--------------------------|--------------------------|
| Interest income  | 65,932,025.56            | 85,672,983.21            |
| Fee and commission income  | 2,828,897.90             | 1,540,039.63             |
| <b>II. Total operating costs</b>   | <b>33,047,542,242.38</b> | <b>39,246,764,183.09</b> |
| Including: operating costs   | 30,870,575,487.19        | 36,624,748,206.03        |
| Interest expense   | 61,942,596.63            | 64,376,881.94            |
| Fee and commission expenses  | 111,394.49               | 168,197.30               |
| Business taxes and levies  | 139,091,603.47           | 106,006,006.67           |
| Sales expense  | 489,970,204.81           | 498,467,964.44           |
| Administrative expense   | 1,147,707,124.42         | 1,744,224,971.48         |
| Financial expense  | 528,419,688.13           | 199,419,902.29           |
| Impairment losses of assets  | -190,275,856.76          | 9,352,052.94             |
| Add: Gains from changes in fair values (Losses are indicated by "-")   | -175,957,189.92          | -75,942,286.94           |
| Investment income (Losses are indicated by "-")  | 69,188,740.66            | 29,513,658.39            |
| Including: Income from investments in associates and joint ventures  | 33,845,086.81            | 7,423,522.53             |
| Gains from exchange (Losses are indicated by "-")  | 0.00                     | 0.00                     |
| <b>III. Operating profit (Losses are indicated by "-")</b>   | <b>2,187,901,650.46</b>  | <b>2,179,968,740.15</b>  |
| Add: Non-operating income  | 71,131,699.06            | 48,109,561.78            |
| Including: Gains from disposal of non-current assets   | 9,521,202.31             | 2,533,029.31             |
| Less: Non-operating expenses   | 76,320,122.04            | 23,126,904.61            |
| Including: Losses from disposal of non-current assets  | 69,994,123.15            | 20,661,619.43            |
| <b>IV. Total profit ( Total losses are indicated by "-")</b>   | <b>2,182,713,227.48</b>  | <b>2,204,951,397.32</b>  |
| Less: income tax expense   | 644,383,094.19           | 568,225,769.79           |
| <b>V. Net profit (Net losses are indicated by "-")</b>   | <b>1,538,330,133.29</b>  | <b>1,636,725,627.53</b>  |
| Net profit attributable to the owner of the parent Company   | 1,528,525,725.01         | 1,547,150,249.71         |
| Minority interests   | 9,804,408.28             | 89,575,377.82            |
| <b>VI. Net after-tax of other comprehensive income</b>   | <b>115,993,337.78</b>    | <b>-40,595,723.67</b>    |
| Net of tax of other comprehensive income attributable to the owner of parent company   | 112,467,875.56           | -43,511,239.68           |
| (i) Other comprehensive income which cannot be reclassified in gains and losses in subsequent period   |                          |                          |
| 1. Changes in net liabilities and net assets resulting from re-measuring defined benefit plan  |                          |                          |
| 2. Shares enjoyed under equity method in investee's other comprehensive income which cannot be reclassified in gains and losses in subsequent period |                          |                          |
| (ii) Other comprehensive income which will be reclassified in gains and losses in subsequent period  | 112,467,875.56           | -43,511,239.68           |
| 1. Shares enjoyed under equity method in   |                          |                          |



| Item   | Current-period          | Previous-period Amount  |
|--|-------------------------|-------------------------|
| investee's other comprehensive income which can be reclassified in gains and losses in subsequent period |                         |                         |
| 2. Gains and losses from change in fair value of financial asset available for sale                      | 48,308,793.90           | 13,436,789.10           |
| 3. Gains and losses from held-to-maturity investment reclassified as financial asset available for sale  |                         |                         |
| 4. Effective part of gains and losses from cash flow hedging   |                         |                         |
| 5. Translation difference of foreign currency financial statements                                       | 64,159,081.66           | -56,948,028.78          |
| 6. Others  |                         |                         |
| Net of tax of other comprehensive income attributable to minority  | 3,525,462.22            | 2,915,516.01            |
| <b>VII. Total comprehensive income</b>   | <b>1,654,323,471.07</b> | <b>1,596,129,903.86</b> |
| Total comprehensive income attributable to the owner of the parent company                               | 1,640,993,600.57        | 1,503,639,010.03        |
| Total comprehensive income attributable to minority shareholders   | 13,329,870.50           | 92,490,893.83           |
| <b>VIII. Earnings per share</b>  |                         |                         |
| (i) Basic earnings per share (Yuan/ Share)   | 0.09                    | 0.09                    |
| (ii) Diluted earnings per share(Yuan/ Share)   | 0.09                    | 0.09                    |

Legal Representative: Chen Derong    Person in Charge of Accounting Affairs: Zhu Keping, CFO  
Person in Charge of Accounting Body: Wang Juan, Director of Finance Department

### Income Statement of Parent Company

January-March 2016

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

Unit: Yuan Currency: RMB    Type of audit: unaudited

| Item   | Current-period           | Previous-period Amount   |
|--|--------------------------|--------------------------|
| <b>I. Total operating income</b>                                     | <b>20,866,602,666.08</b> | <b>23,515,470,816.31</b> |
| Less: Operating Cost   | 17,770,507,992.67        | 20,535,285,484.58        |
| Operating taxes and surcharges                                       | 85,730,702.70            | 52,656,176.23            |
| Sales expense  | 153,041,185.04           | 151,365,152.60           |
| Administrative expense   | 610,675,490.98           | 1,194,057,614.99         |
| Financial expense  | 178,615,356.39           | 17,075,693.52            |
| Impairment losses of assets  | -171,872,032.02          | -38,907,916.33           |
| Add: Gains from changes in fair values (Losses are indicated by "-") | -215,411,212.27          | -91,332,927.09           |

| Item  | Current-period          | Previous-period Amount  |
|---|-------------------------|-------------------------|
| Investment income (Losses are indicated by "-")   | 39,125,298.02           | 11,358,612.44           |
| Including: Income from investments in associates and joint ventures   | 31,012,982.96           | 19,207,139.10           |
| <b>II. Operating profit (Losses are indicated by "-")</b>   | <b>2,063,618,056.07</b> | <b>1,523,964,296.07</b> |
| Add: Non-operating income   | 16,012,588.96           | 17,073,419.81           |
| Including: Gains from disposal of non-current assets  | 0.00                    | 0.00                    |
| Less: Non-operating expenses  | 61,585,426.42           | 11,440,925.72           |
| Including: Losses from disposal of non-current assets   | 61,535,926.42           | 11,380,924.76           |
| <b>III. Total profit ( Total losses are indicated by "-")</b>   | <b>2,018,045,218.61</b> | <b>1,529,596,790.16</b> |
| Less: income tax expense  | 496,758,058.93          | 375,342,762.07          |
| <b>IV. Net profit (Net losses are indicated by "-")</b>   | <b>1,521,287,159.68</b> | <b>1,154,254,028.09</b> |
| <b>V. Other net after-tax comprehensive income</b>  | <b>-2,853,354.60</b>    | <b>2,291,846.80</b>     |
| (i). Other comprehensive income that cannot be reclassified into gains and losses in future   |                         |                         |
| 1. Changes in net liabilities and net assets resulting from re-measuring defined benefit plan   |                         |                         |
| 2. Proportion held in the invested entities' other comprehensive incomes that cannot be reclassified into gains or losses under the Equity Method |                         |                         |
| (ii) Other comprehensive incomes that will be reclassified into gains and losses in future  | -2,853,354.60           | 2,291,846.80            |
| 1. Proportion held in the invested entities' other comprehensive incomes that will be reclassified into gains or losses under the Equity Method   | -2,853,354.60           | 2,291,846.80            |
| 2. Gains and losses from change of fair value of available-for-sale financial assets  |                         |                         |
| 3. Gains and losses from available-for-sale financial assets reclassified from Held-to-maturity investment  |                         |                         |
| 4. Valid part of gains and losses from cash flow hedge  |                         |                         |
| 5. Translation difference arising from translation of financial statements denominated in foreign currencies                                      |                         |                         |
| 6. Others   |                         |                         |
| <b>VI. Total comprehensive income</b>   | <b>1,518,433,805.08</b> | <b>1,156,545,874.89</b> |

Legal Representative: Chen Derong    Person in Charge of Accounting Affairs: Zhu Keping, CFO  
Person in Charge of Accounting Body: Wang Juan, Director of Finance Department

**Consolidated Cash Flow Statement**

January-March 2016

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

Unit: Yuan Currency: RMB Type of audit: unaudited

| <b>Item</b>   | <b>Current-period Amount</b> | <b>Previous-period Amount</b> |
|---|------------------------------|-------------------------------|
| <b>I. Cash flows from Operating Activities:</b>   |                              |                               |
| Cash receipts from sale of goods and rendering of services  | 41,670,190,255.36            | 48,092,888,038.24             |
| Net increase in customers' deposit and deposits from banks and other financial institutions       | 1,928,078,568.75             | 1,064,042,907.02              |
| Net increase in borrowings from Central Bank  | 39,258,994.53                | 47,628,291.38                 |
| Net decrease in loans and advances to customers   | 706,793,459.33               | 246,928,369.96                |
| Cash receipts from interest, fees and commissions   | 68,421,825.88                | 86,534,656.17                 |
| Receipts of tax refunds   | 101,024,983.92               | 52,197,229.21                 |
| Other cash receipts relating to operating activities  | 503,022,399.45               | 79,067,637.29                 |
| <b>Sub-total of cash inflows from operating activities</b>  | <b>45,016,790,487.22</b>     | <b>49,669,287,129.27</b>      |
| Cash payments for goods purchased and services received   | 33,492,028,341.86            | 40,222,006,226.46             |
| Net increase in balance with the central bank and due from banks and other financial institutions | 152,959,022.27               | 215,501,486.35                |
| Cash payments for interest, fees and commissions  | 73,152,909.25                | 85,986,073.15                 |
| Cash payments to and on behalf of employees   | 2,127,658,570.19             | 2,215,784,351.43              |
| Payments of various types of taxes  | 1,251,118,425.98             | 1,139,339,517.69              |
| Net decrease in financial assets sold under repurchase agreements                                 | 0.00                         | 169,528,930.40                |
| Other cash payments relating to operating activities  | 519,227,878.78               | 543,248,180.51                |
| <b>Sub-total of cash outflows from operating activities</b>                                       | <b>37,616,145,148.33</b>     | <b>44,591,394,765.99</b>      |
| <b>Net Cash Flows from Operating Activities</b>   | <b>7,400,645,338.89</b>      | <b>5,077,892,363.28</b>       |
| <b>II. Cash Flows from Investing Activities:</b>  |                              |                               |
| Cash receipts from disposals and recovery of investments  | 5,767,672,351.74             | 1,142,486,275.55              |
| Cash receipts from investment income  | 126,046,278.96               | 38,942,491.82                 |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets    | 14,084,991.61                | 11,491,530.15                 |
| Other cash receipts relating to investing activities  | 13,939,445.74                | 27,944,110.23                 |
| <b>Sub-total of cash inflows from investing activities</b>  | <b>5,921,743,068.05</b>      | <b>1,220,864,407.75</b>       |

| Item  | Current-period Amount     | Previous-period Amount   |
|---|---------------------------|--------------------------|
| Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets     | 2,956,920,724.55          | 5,839,466,679.22         |
| Cash payments to investments  | 25,398,306,307.41         | 2,778,867,463.06         |
| Other cash payments relating to investing activities  | 49,297,777.46             | 12,272,230.43            |
| <b>Sub-total of cash outflows from investing activities</b>   | <b>28,404,524,809.42</b>  | <b>8,630,606,372.71</b>  |
| <b>Net Cash Flows from investing activities</b>   | <b>-22,482,781,741.37</b> | <b>-7,409,741,964.96</b> |
| <b>III. Cash Flows from Financing Activities:</b>   |                           |                          |
| Cash receipts from capital contributions  | 2,250,000.00              | 1,020,000,000.00         |
| Including: cash receipts from capital contributions from minority shareholders of subsidiaries        | 2,250,000.00              | 1,020,000,000.00         |
| Cash receipts from borrowings   | 25,373,396,161.53         | 19,160,650,283.55        |
| Cash receipts from issuing bonds  | 15,000,000,000.00         | 3,456,095,915.27         |
| Other cash receipts relating to financing activities  |                           |                          |
| <b>Sub-total of cash inflows from financing activities</b>  | <b>40,375,646,161.53</b>  | <b>23,636,746,198.82</b> |
| Cash repayments of borrowings   | 19,580,605,305.33         | 19,472,192,823.28        |
| Cash payments for distribution of dividends or profits or settlement of interest expenses             | 474,296,546.44            | 336,563,490.86           |
| Including: payments for distribution of dividends or profits to minority shareholders of subsidiaries | 0.00                      | 1,600,000.00             |
| <b>Sub-total of cash outflows from financing activities</b>   | <b>20,054,901,851.77</b>  | <b>19,808,756,314.14</b> |
| <b>Net Cash Flows from Financing Activities</b>   | <b>20,320,744,309.76</b>  | <b>3,827,989,884.68</b>  |
| <b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>                       | <b>-19,669,792.85</b>     | <b>-307,125,770.95</b>   |
| <b>V. Net Increase in Cash and Cash Equivalents</b>   | <b>5,218,938,114.43</b>   | <b>1,189,014,512.05</b>  |
| Add: Opening balance of Cash and Cash Equivalents   | 9,108,888,292.15          | 11,291,289,583.07        |
| <b>VI. Closing Balance of Cash and Cash Equivalents</b>   | <b>14,327,826,406.58</b>  | <b>12,480,304,095.12</b> |

Legal Representative: Chen Derong    Person in Charge of Accounting Affairs: Zhu Keping, CFO  
Person in Charge of Accounting Body: Wang Juan, Director of Finance Department

### Cash Flow Statement of Parent Company

January-March 2016

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

Unit: Yuan    Currency: RMB    Type of audit: unaudited

| Item  | Current-period Amount     | Previous-period Amount   |
|---|---------------------------|--------------------------|
| <b>I. Cash flows from Operating Activities:</b>   |                           |                          |
| Cash receipts from sale of goods and rendering of services  | 19,377,699,095.05         | 24,117,837,516.79        |
| Receipts of tax refunds   | 76,901,697.11             | 18,572,070.61            |
| Other cash receipts relating to operating activities  | 31,772,690.92             | 22,864,338.57            |
| <b>Sub-total of cash inflows from operating activities</b>  | <b>19,486,373,483.08</b>  | <b>24,159,273,925.97</b> |
| Cash payments for goods purchased and services received   | 19,219,085,915.43         | 19,911,016,952.16        |
| Cash payments to and on behalf of employees   | 1,291,024,419.46          | 1,375,243,754.29         |
| Payments of various types of taxes  | 500,596,130.01            | 416,055,585.10           |
| Other cash payments relating to operating activities  | 39,173,052.87             | 42,175,593.63            |
| <b>Sub-total of cash outflows from operating activities</b>                                       | <b>21,049,879,517.77</b>  | <b>21,744,491,885.18</b> |
| <b>Net cash flows from operating activities</b>   | <b>-1,563,506,034.69</b>  | <b>2,414,782,040.79</b>  |
| <b>II. Cash Flows from Investing Activities:</b>  |                           |                          |
| Cash receipts from disposals and recovery of investments  | 3,200,000,000.00          | 3,400,000,000.00         |
| Cash receipts from investment income  | 26,379,315.06             | 9,018,602.74             |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets    | 10,009,305.00             | 7,433,380.76             |
| Other cash receipts relating to investing activities  | 91,805,221.80             | 100,847,459.98           |
| <b>Sub-total of cash inflows from investing activities</b>  | <b>3,328,193,841.86</b>   | <b>3,517,299,443.48</b>  |
| Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets | 1,272,516,399.15          | 1,180,255,877.20         |
| Cash payments to investments  | 21,200,000,000.00         | 2,800,000,000.00         |
| Net cash paid by subsidiaries and other operating units   |                           |                          |
| Other cash payments relating to investing activities  | 47,662,777.46             | 12,272,230.43            |
| <b>Sub-total of cash outflows from investing activities</b>                                       | <b>22,520,179,176.61</b>  | <b>3,992,528,107.63</b>  |
| <b>Net Cash Flows from Investing Activities</b>   | <b>-19,191,985,334.75</b> | <b>-475,228,664.15</b>   |
| <b>III. Cash Flows from Financing Activities:</b>   |                           |                          |
| Cash receipts from borrowings   | 25,251,065,250.00         | 9,331,425,200.58         |
| Cash receipts from issuing bonds  | 15,000,000,000.00         | 0.00                     |
| Other cash receipts relating to financing activities  | 2,102,592,369.49          | 0.00                     |
| <b>Sub-total of cash inflows from financing activities</b>  | <b>42,353,657,619.49</b>  | <b>9,331,425,200.58</b>  |

| <b>Item</b>   | <b>Current-period Amount</b> | <b>Previous-period Amount</b> |
|---|------------------------------|-------------------------------|
| Cash repayments of borrowings   | 20,578,386,953.02            | 11,224,578,508.86             |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | 205,006,182.58               | 103,774,913.02                |
| Other cash repayments relating to financing activities                                    | 26,711,036.51                | 895,284,618.03                |
| <b>Sub-total of cash outflows from financing activities</b>                               | <b>20,810,104,172.11</b>     | <b>12,223,638,039.91</b>      |
| <b>Net Cash Flows from Financing Activities</b>   | <b>21,543,553,447.38</b>     | <b>-2,892,212,839.33</b>      |
| <b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>           | <b>-28,054,999.54</b>        | <b>-138,654,352.68</b>        |
| <b>V. Net Increase in Cash and Cash Equivalents</b>                                       | <b>760,007,078.40</b>        | <b>-1,091,313,815.37</b>      |
| Add: Opening balance of Cash and Cash Equivalents   | 2,609,809,152.05             | 6,283,129,815.02              |
| <b>VI. Closing Balance of Cash and Cash Equivalents</b>                                   | <b>3,369,816,230.45</b>      | <b>5,191,815,999.65</b>       |

Legal Representative: Chen Derong    Person in Charge of Accounting Affairs: Zhu Keping, CFO  
Person in Charge of Accounting Body: Wang Juan, Director of Finance Department

● Auditing Report

□Applicable √Not applicable