

**BAOSHAN IRON & STEEL CO., LTD.**  
**600019**

**2012 Third Quarter Report**

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## §1 Important Notice

1.1 The Board of Directors and the Board of Supervisors of Baoshan Iron & Steel Co., Ltd. (hereinafter “the Company”), along with their directors, supervisors and senior executives, hereby guarantee that the 2012 Third Quarter Report (hereinafter the Report) is free from false statement, misleading information or grave material omission, and assume relevant separate and joint responsibilities in regard to the truth, the accuracy and the integrity of the contents of the Report.

1.2 Eight of the nine directors attended the board meeting. While Director Zhu Junsheng was absent from the board meeting due to occupation of other work, Director Ma Guoqiang was entrusted, by Mr. Zhu himself, to vote on his behalf.

1.3 The third quarter financial report of the Company is unaudited.

1.4

The person in charge of the Company	He Wenbo, Chairman of the Board of Directors
The person in charge of the accounting affairs	Zhu Keping, Chief Financial Officer
The person responsible for the accounting department	Li Qiqiang, Director of the Accounting Department

He Wenbo, Chairman of the Company, Zhu Keping, Chief Financial Officer (the person in charge of the accounting affairs), and Li Qiqiang, Director of the Accounting Department (the person responsible for the Accounting Department), warrant the truthfulness and completeness of the financial statements in this Report.

## §2 Company Profile

### 2.1 Major accounting and financial highlights

	As at the end of the reporting period	As at the end of last year	Increase/decrease (%)
Total assets (RMB Million)	225,317	231,100	-2.50
Owner's equity (or shareholder's equity) (RMB Million)	113,264	106,495	6.36
Net assets per share attributable to shareholders of listed company (RMB/Share)	6.47	6.08	6.36
	January-September 2012		Year-on-year increase/decrease (%)
Net cash flow from operating activities (RMB Million)	13,544		135.24
Net cash flow per share from operating activities (RMB/Share)	0.77		135.24
	The reporting period (July-September)	From the beginning of the year to the end of	Year-on-year increase/decrease (%)

		the reporting period (January-September)	
Net profit attributable to shareholders of the listed company (million RMB)	1,181	10,791	-4.88
Basic earnings per share (RMB/share)	0.07	0.62	-4.88
Basic earnings per share net of non-recurring gains and losses (RMB/share)	0.04	0.17	-44.20
Diluted earnings per share (RMB/share)	0.07	0.62	-4.88
Weighted average return on equity (%)	1.09	9.82	-0.12 ppts
Weighted average return on equity net of non-recurring gains and losses (%)	0.58	2.73	-0.52 ppts

**Items after non-recurring gains and losses and amounts:**

Unit: Million RMB

Item	From the beginning of the year to the end of the reporting period (January-September)
Profit and loss from disposal of non-current assets	9,675
Investment income from held-for-trading financial assets	17
Net increase from other non-operating activities	701
Effect of income taxes	-2,595
Effect of minority interest (after tax)	-10
Total	7,788

## 2.2 Total number of shareholders and particulars of the top 10 tradable shareholders without trading restriction as at the end of the reporting period:

Unit: Share

Total number of shareholders at the end of the reporting period		556,046
Shares held by the top 10 tradable shareholders		
Shareholder (full name)	Number of tradable shares not subject to trading restriction held at the end of the reporting period	Type of share
Baosteel Group Corp.	13,128,825,267	RMB ordinary share
International Finance—Standard Chartered—Government of Singapore Investment Corporation PTE. LTD.	64,658,168	RMB ordinary share
Zhangjiagang Free Trade Zone Qianxing Investment & Trading Co., Ltd.	63,419,861	RMB ordinary share
Rugao Changrong Ore Storage Limited	62,777,182	RMB ordinary share
Zhangjiagang Free Trade Zone Lixin Investment Co., Ltd.	48,894,600	RMB ordinary share
Zhangjiagang Free Trade Zone Rongrun	45,524,951	RMB ordinary share

International Trade Co., Ltd.		
Industrial and Commercial Bank of China—Shanghai Stock Exchange 50 ETF Fund	45,116,392	RMB ordinary share
Zhangjiagang Free Trade Zone Rixiang International Trade Co., Ltd.	42,120,356	RMB ordinary share
Zhangjiagang Hongda Transportation Co., Ltd.	41,544,158	RMB ordinary share
Ningbo Free Trade Zone Hongguang Trade Co., Ltd.	40,804,594	RMB ordinary share

Note: On September 17, 2012, the Company held the second interim Shareholders' Meeting of 2012, and approved the "Proposal of repurchasing the Company's share by means of centralized bidding". On September 21, 2012, the *Report on Share Repurchase by Baoshan Iron & Steel* was published on *China Securities News*, *Shanghai Securities News* and *Securities Times* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) as well.

The Company carried out the first share repurchase on September 21, 2012, repurchasing 14,891,100 shares, or 0.09% of the Company's total shares, with the highest price at 4.65 RMB/share and the lowest 4.62 RMB/share, and paying a total of about RMB 69.087 million (including commission).

As at the end of this reporting period, the Company repurchased 117,008,838 shares in total, or 0.67% of the Company's total shares, with the highest price at 4.65 RMB/share and the lowest 4.62 RMB/share, and paying a total of about RMB 0.54 billion (including commission).

As of October 15, 2012, the Company repurchased 217,009,969 shares, or 1.2% of the Company's total shares, with the highest price at 4.65 RMB/share and the lowest 4.51 RMB/share, and paying a total of about RMB 0.998 billion (including commission).

### 2.3 Holders and underwriter of the convertible bonds during the reporting period

Number of holders of convertible bonds at the end of the reporting period		8,845
Underwriter of the Company's Convertible Bonds		Baosteel Group Corp.
Top ten holders of Baosteel Convertible Bond		
Holder	Bonds held at the end of the reporting period (RMB)	Percentage (%)
China Pacific Life Insurance Co., Ltd.	1,690,577,000	16.91
New China Life Insurance Co., Ltd.	1,449,378,000	14.49
National Council for Social Security Fund—305 Combo	499,158,000	4.99
Huatai Life Insurance Company Ltd.—Dividend-unit-linked product	404,168,000	4.04
China Everbright Bank Co., Ltd.-- ICBC Ruixin bond security investment fund	403,166,000	4.03
New China Life Insurance Co., Ltd.--Wanneng-Deyi financial bond, fund account	384,108,000	3.84
China Petroleum Finance Co., Ltd.	383,936,000	3.84
China Petroleum Finance Co., Ltd.	377,073,000	3.77

Citic Securities Co., Ltd.	313,649,000	3.14
China Pacific Insurance (group) Co., Ltd.	250,961,000	2.51

### §3 Significant Events

#### 3.1 Particulars of and reasons for material changes in major accounting items and financial indicators of the Company

Applicable  Not Applicable

The third quarter of 2012 saw continued global economy turbulence, coupled with the slow-down in domestic economic growth. Affected by the low demands from the international markets, the steel export encountered continuing drop. The domestic downstream industries such as automobile, shipbuilding, and machinery also had low demands, intensifying the supply and demand conflicts in the steel industry, and triggering a continuing drop of the steel price. Starting from September, spurred by the good news of macro-control policies such as the collective approval of infrastructure construction projects and the launch of QE3 on targeted date, the steel price rebounded. Nevertheless, the average steel price of the third quarter fell remarkably on a sequential basis. Faced with the low market demands, the steel plants began to do reparation and maintenance and cut their production. As a result, the crude steel output dropped slightly. But such a reduction was unable to bring fundamental change to the situation of over supply. Major steel enterprises still had a record high in their inventories. At the same time, prices for major raw materials and fuels such as iron ore and coal declined significantly, relieving some pressures for the steel plants. In the third quarter, the steel industry was faced with three main sources of pressure—excess capacity, deficient demands, and capital shortfalls. The whole industry suffered from a more serious loss.

In the third quarter, the Company's iron, steel, and the sales of iron and steel products totaled 5.61 million, 5.69 million, and 5.881 million tons respectively, realizing a consolidated pre-tax profit of RMB 47.99 billion, RMB 8.19 billion less than that of the same period last year.

On September 1, 2012, the Company sold the equities of three companies affiliated to the business units of Stainless Steel and Special Steel, gaining an income of RMB 0.49 billion. The three companies are Ningbo Baoxin, STAL Precision, and Rihong Stainless Steel. Up until then, the related assets and equities of the above-mentioned two business units were all sold, and the Company gained RMB 9.58 billion in total from the sell. As at the end of the third quarter, it realized a consolidated profit of RMB 1.54 billion, RMB 900 million more than that of the same period last year. The accumulated profit of the first three quarters totaled RMB 13.87 billion (including the loss of RMB 0.74 billion from the business units of Stainless Steel and Special Steel in the first quarter), RMB 5.64 billion more than that of the same period last year.

In the fourth quarter, with further measures for stable growth to be taken by the government, it is estimated that the steel price will be stabilizing. But it will remain difficult to turn the excess supply around, and the outlook of domestic steel market will remain cautious. The possible rebound of the raw materials such as iron ore will further squeeze the profitability of steel plants. The size of output will also be affected by the relatively concentrated annual and regular check and maintenance of the Company. The Company will continue to enforce the control over cash flows and inventories to lower the operational risks on one hand, and bring its advantage to full play by tapping on the internal potential and raising efficiency to secure a stable performance on the other hand.

Particulars of and reasons for material changes in major accounting items:

#### **Compared with the third quarter of 2011:**

Financial expenses increased by RMB 0.23 billion, since in the third quarter of 2012, RMB depreciated against US dollars, by 0.25%, whereas RMB appreciated against US dollars by 1.80% at the same time last year. This has resulted in a decrease in the gains from exchange.

Asset impairment loss increased by RMB 0.11 billion. This is because in the third quarter of 2012, the provision on value decline of the inventories was reversed by RMB 0.03 billion, while in the same period last year, RMB 0.1 billion was reversed.

Investment income rose by RMB 0.58 billion or 570%, mainly due to the gains of RMB 0.49 billion from the disposal of equities of Ningbo Baoxin, STAL Precision and Rihong Stainless Steel.

Income tax expenses increase by RMB 0.29 billion, or 322%, as the advance payment of income tax in 2011 was quite high, and in the third quarter of 2011, the tax privileges were confirmed in advance.

### **Compared with the first three quarters of 2011:**

In the first three quarters in 2012, the Company realized a net profit of RMB 10.84 billion. Leaving out the influence of the non-recurring gains and losses from selling the related assets of the business units of Stainless Steel and Special Steel (gains from disposal of the assets RMB 9.09 billion, gains from disposal of their subsidiaries RMB 0.49 billion and the effect of income taxes RMB 2.4 billion), and taking into account the depreciation and amortization of fixed assets RMB 8.94 billion, as well as the financial expenses and other items RMB -0.33 billion, the Company had a cash receivable of RMB 12.14 billion. Because the inventory capital rose by RMB 0.86 billion, and the receivables and payables from operating activities decreased by RMB 2.26 billion, the Company realized a net cash inflow of RMB 13.54 billion. Without considering the impact of the Finance Co., the net cash inflow arising from operating activities was RMB 12.83 billion, RMB 7.22 billion higher than the RMB 5.61 billion net cash inflow at the same period last year. The main reasons for this increase are as follows:

① Leaving out the effect of the non-recurring gains and losses from the sale of the related assets of the business units of Stainless Steel and Special Steel (gains from disposal of the assets RMB 9.09 billion, gains from disposal of their subsidiaries RMB 0.49 billion and the effect of income taxes RMB 2.4 billion), net profit from operating activities was RMB 3.34 billion lower than that of the same period last year, reducing net cash inflow;

② Cash flow decreased because the depreciation, amortization and other items decreased by RMB 1.08 billion from that of the same period last year;

③ Cash flow related with the financial expenses and other items increased by RMB 0.14 billion compared with that of the same period last year;

④ Inventories was RMB 0.86 billion more than that of the beginning of the year, while the inventory increase was RMB 6.39 billion. As a result, the year-on-year inventory flow increased by RMB 5.53 billion;

⑤ Cash flow from receivables and payables from operating activities increased by RMB 1.56 billion, while that in the same period last year was a decrease of RMB 4.23 billion. As a result, the cash flow has a year-on-year increase of RMB 5.8 billion.

Net cash inflow from investing activities totaled RMB 13.17 billion, an increase of RMB 22.84 billion compared to the same period last year. Leaving out the factor of the Finance Co., the net cash inflow from investing activities was RMB 13.21 billion, increasing by RMB 22.46 billion compared with the net cash outflow of RMB 9.24 billion at the same period last year. This is caused by the following factors: a year-on-year increase of RMB 20.44 billion in cash receivables from disposal of fixed assets, intangible assets, and other long-term assets, as well as

from the disposal of subsidiaries (mainly from the sale of the related assets of the business units of Stainless Steel and Special Steel), a year-on-year decrease of RMB 0.59 billion in purchasing fixed assets, and a year-on-year decrease of RMB 0.53 billion in cash payment for investment.

Net cash outflow from financing activities totaled RMB 21.72 billion, a rise of RMB 28.99 billion compared to the same period last year. Leaving out the factor of the Finance Co., the net cash outflow from financing activities was RMB 21.5 billion, an increase of RMB 28.05 billion from the net cash inflow of RMB 6.55 billion at the same time last year. The Company paid RMB 4.52 billion for dividends and interests, a decrease of RMB 1.52 billion compared to the same period last year. This is mainly because compared to the same period last year, the dividend payment was RMB 1.75 billion less, the payment for other activities related with financing increased by RMB 0.54 (cash payment for share repurchase), and the net borrowings reduced, registering a year-on-year outflow increase of RMB 29.1 billion.

**Compared with the end of 2011:**

Monetary capital increased by RMB 5.68 billion, or 40%, mainly due to cash received from the sale of related assets of the business units of Stainless Steel and Special Steel, as well as the preparation for payment of the share repurchase.

Accounts receivable increased by RMB 3.65 billion, or 52%, mainly due to the accounts receivable from the raw material purchase of the related assets of the business units of Stainless Steel and Special Steel.

Interests receivable increased by RMB 0.64 billion, or 5548%, mainly due to the interests of long-term receivables related with the sale of the related assets of the business units of Stainless Steel and Special Steel.

Dividends receivable decreased by RMB 0.22 billion, or 89%, mainly due to the fact that Baosteel International received the dividends from Henan Longyu Energy.

Non-current liabilities due within one year increased by RMB 4.3 billion, or 888%, mainly including the long-term receivables due within one year from the sale of the related assets of Stainless Steel and Special Steel.

Long-term receivables increased by RMB 18.02 billion, or 65777%, mainly due to the asset transfer payment from the sale of the related assets of the business units of Stainless Steel and Special Steel.

Construction in progress decreased by RMB 7.15 billion or 44% from that of the beginning of the year, due to the provisional estimate accounting of the Phase Two project of Meishan Steel, the subsidiary of the Company.

Deferred income tax assets increased by RMB 0.37 billion, or 31%, mainly because the Company's subsidiary, Meishan Steel, according to its loss in the first three quarters of 2012, confirmed the deferred income tax assets of RMB 0.32 billion.

Non-current borrowings due within one year decreased by RMB 10.63 billion, or 63%, mainly because the Company discounted RMB 10 billion of medium-term notes and paid for the long-term US dollar borrowings due within one year.

Deferred income tax liabilities increased by RMB 2.2 billion, or 693%, mainly because that in this period, provisions were made for the income tax related with the land value increment concerning the assets of the business units of Stainless Steel and Special Steel.

**3.2 Progress of significant events, their influences, and analysis and explanation of their solutions**

Applicable Inapplicable



1. On the sale of the related assets of the business units of Stainless Steel and Special Steel  
On March 15, 2012, the Company held the first interim Shareholders' Meeting of 2012, and approved the "Proposal of selling the assets of the Stainless Steel Business Unit and the Special Steel Business Unit".

On April 1, 2012, the Company completed the settlement of the following items: related assets of the Stainless Steel Business Unit and the Special Steel Business Unit, 100% equity of Shanghai Special Materials Co., Ltd. held by Baoshan Iron & Steel Co., Ltd., 58.50% equity of Baoyin Special Steel Tubes, 94.5% equity of Shanghai No. 5 Steel Gas Co., Ltd., and 9.71% equity of AVIC Special Materials Industry Co., Ltd. (Xi'an). The transferred assets and equities totaled RMB 41.31 billion.

On September 1, 2012, the Company completed the settlement of the following equities previously held by the Company: 54% equity of Ningbo Baoxin Stainless Steel, 40% equity of STAL Precision Stainless Steel, and 20% equity of Rihong Stainless Steel (Shanghai). The above equities had a benchmark price of RMB 2.59 billion. Currently, the Company has kicked off the check of the financial statements as of the date of the equity settlement.

## 2. On share repurchase

On September 17 2012, the second interim Shareholders' Meeting was held, and the "Proposal of repurchasing the Company's share by means of centralized bidding" was approved. On September 24, 2012, October 9 and October 16 of 2012, reports on the first repurchase and its progress were issued respectively.

On October 10, 2012, the Company held the first meeting for bondholders of "08 Baosteel Bond". The meeting approved the "Proposal of not requesting the Company to pay the debts prior to maturity and to provide additional warranties". The "Resolution of the First "08 Baosteel" Bondholders' Meeting" was published on October 11, 2012.

The announcement was published on *China Securities News*, *Shanghai Securities News*, *Securities Time*, and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) as well.

## 3.3 Performances of the undertakings given by the Company, its shareholders and its ultimate controllers

Applicable Inapplicable

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

(1) 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 minority shareholders.

(2) 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, Baosteel Group 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.

#### 2. Commitments made in Issuance Prospectus by Baosteel Group:

(1) 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;

(2) 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;

(3) Baosteel Group is committed to helping dealing with the relevant property certificates for buildings and lands after the Company completed the mergers and acquisitions. These commitments were publicly posted on official website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) in April 2005.

#### 3. Commitments Baosteel Group undertook about Luoqing Land:

Baosteel Group Shanghai Pudong Iron and Steel Co., Ltd. (hereafter, Pudong Steel), a wholly owned subsidiary of Baosteel Group, was offering its construction-in-progress and related fixed assets in Luoqing (hereafter, 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:

(1) If the Company intends to purchase the Luoqing assets, Baosteel Group and/or Pudong Steel would help the Company go over the transfer procedures and other matters as required by the Company.

(2) In the event of the total actual expense exceeding RMB2.8 billion for the procedures, Baosteel Group and/or Pudong Steel shall fully cover the exceeding amount in time, by means of paying the Company and/or the government (as is required). The aforementioned commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of 12 December 2007.

#### 4. Supplementary commitments about the land involved in 2005 share capital increase of the Company:

Baosteel Group issued a written statement to the Company on 11 April 2008 concerning the land use right and change in its area:

As regards the piece of land whose use right has been suspended due to change in Baoshan land planning program, Baosteel Group shall fully cover the possible losses (including, but not limited to, the cost of the land and the interests involved, relocation expenses, and loss on production stoppage) arising from the loss of the land use right within 30 days.

Baosteel Group shall try its best to help when the Company applies to relevant official departments for the use right of the land in question or when the Company uses the land in the manner it is used now.

These commitments were included in *Prospectus of Convertible Bonds with Call Warrants*, which was publicly posted on official website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) dated June 18, 2008.

5. Commitments the Company undertook about land use right in 2005 increase in share capital:

(1) The Company intended to purchase, with the capital raised from the issuance of 5 billion new shares, from Baosteel Group 23 pieces of state-allocated land and 14 pieces of “idle running” land. After the completion of the transactions, the Company would go over the procedures of changing the state-allocated land into state-owned transferable land and changing the “idle running” land into state-owned transferable land with no limits in right;

(2) The Company and related companies that came under control of the Company after the acquisition shall negotiate in an active manner with relevant administrative offices to go over the procedures, within 18 months after the land acquisition, of the certificates for using the state-owned land or for owning the estates of the aforementioned pieces of land. The land users of the aforementioned land shall be registered in the Company or related companies that came under control of the Company after the acquisition.

On April 1, 2012, the Company completed all asset settlement of its business units of Stainless Steel and Special Steel. The land mentioned in No. 4 and No. 5 was within the scope of this asset sale, therefore, the Baosteel Group and the Company were exempted from the related obligations naturally.

6. Commitments Baosteel Group undertook about Desheng Nickel Project:

Baosteel Group sought the Company’s opinion of investment on 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 on the project, but retained that 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 estimating results as conducted by an individual estimating organization.

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* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of 23December 2010.

7. Commitments Baosteel Group undertook about Zhanjiang Iron & Steel Project:

Baosteel Group sought the Company’s opinion of investment on the Zhanjiang Iron & Steel Project on April 7, 2011 in written form of “Solicit Letter about Investment on Zhanjiang Iron & Steel Project,” and “Commitments about Zhanjiang Iron & Steel Project”. Baosteel Group promises: in case that the Company decides to give up this business opportunity, when the Company wants to acquire the equity of the project in future, Baosteel Group will transfer its share of equity of the project at a fair price in line with relative laws, regulations, and other normative documents and on the basis of asset evaluation results as conducted by an independent evaluation organization.

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* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of 13 April 2011.

8. Commitments Baosteel Group undertook about not reducing its shareholdings during the period of share increase and the legal time limit:

During the period from 27 September 2011 to 28 December 2011, and on 16 January 2012, Baosteel Group accumulatively purchased 175,307,826 more shares of the Company through the trading system of Shanghai Stock Exchange, accounting for about 1.00% of the Company's shares. After the two purchases, the Group owns 13,128,825,267 shares of the Company, accounting for 74.9% of the total issued shares of the Company. Baosteel Group planned to continue purchasing shares of the Company in its own name from the secondary market in the following 12 months after its first increase of shares on 27 September 2011. The accumulative increase shall not exceed 2% of the Company's issued shares (including this accumulative increase). Baosteel Group promised that during the share increase period and the legal time limit, it will not reduce its holding of shares.

The Company published the details of the share increase in *China Securities News*, *Shanghai Securities News* and *Securities Times*, as well as on the website of Shanghai Stock Exchange on 28 September 2011 and 17 January 2012.

The aforementioned commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of 28 September 2011 and 17 January 2012.

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

3.4 Warnings and explanations of the reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period (if any) or significant changes of it as compare to the same period last year

Applicable Inapplicable

3.5 Implementation of the cash dividend distribution policy in the reporting period

Applicable Inapplicable

Chairman: He Wenbo  
Baoshan Iron & Steel Co., Ltd  
27 October 2012

## §4 Appendix

4.1

## Consolidated Balance Sheet

30 September 2012

Prepared by: Baoshan Iron &amp; Steel Co., Ltd.

Unit: RMB Unaudited

Item	30 September 2012	31 December 2011
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	20,060,519,958.79	14,379,464,105.74
Held-for-trading financial assets	194,143,840.95	352,804,683.86
Notes receivable	11,298,525,951.41	12,860,113,254.16
Accounts receivable	10,630,369,305.43	6,983,893,119.47
Payments in advance	5,306,784,311.45	5,298,265,694.46
Interests receivable	652,355,248.32	11,757,749.94
Dividends receivable	27,990,563.34	246,648,970.16
Other receivables	1,224,641,430.49	1,227,688,540.03
Inventories	31,573,706,383.35	37,389,713,386.91
Non-current assets due within one year	4,778,635,536.00	483,907,475.02
<b>Total of current assets</b>	<b>85,747,672,529.53</b>	<b>79,234,256,979.75</b>
<b>NON-CURRENT ASSETS</b>		
Disbursement of loans and advances	3,410,116,584.26	3,410,144,438.27
Available-for-sale financial assets	1,475,929,711.21	1,504,972,994.37
Held-to-maturity investment	50,000,000.00	-
Long-term receivables	18,042,771,375.00	27,388,500.00
Long-term equity investment	4,175,258,825.96	4,498,487,312.97
Investment property	568,254,852.80	487,474,698.00
Fixed assets	94,513,564,202.56	115,371,361,577.46
Construction in progress	9,135,146,356.31	16,282,590,033.75
Construction materials	346,437,927.39	805,812,260.74
Intangible assets	6,142,964,420.75	8,126,173,826.75
Long-term deferred expenses	28,965,065.57	42,017,928.52
Deferred income tax assets	1,559,811,468.29	1,188,689,741.88
Other non-current assets	120,385,899.21	120,375,537.42
<b>Total of non-current assets</b>	<b>139,569,606,689.31</b>	<b>151,865,488,850.13</b>
<b>TOTAL ASSETS</b>	<b>225,317,279,218.84</b>	<b>231,099,745,829.88</b>
<b>CURRENT LIABILITIES</b>		
Short-term borrowings	34,165,073,502.66	38,876,457,632.91
Receipt of deposits and deposits from other financial institutions	8,027,521,368.21	8,433,585,032.21
Loans from other financial institutions	1,100,000,000.00	300,000,000.00
Tradable financial liabilities	3,048,175.94	-
Notes payable	3,394,326,856.26	2,677,585,618.61
Accounts payable	20,993,487,739.45	19,270,699,108.70
Advance receipts	10,534,530,212.87	10,789,724,318.08
Financial assets sold for under repurchase agreement	734,480,957.12	-
Staff remuneration payable	1,559,200,263.23	1,553,291,216.55
Taxes payable	-856,654,598.42	-987,589,062.21
Interests payable	237,905,949.33	316,050,944.68
Dividends payable	64,156,099.56	18,082,635.32
Other payables	861,746,913.52	780,610,181.71
Non-current liabilities due within one year	6,184,148,657.56	16,809,668,448.29
<b>Total of current liabilities</b>	<b>87,002,972,097.29</b>	<b>98,838,166,074.85</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	5,730,557,943.29	7,325,679,720.00

Bonds payable	9,727,343,598.57	8,918,663,150.96
Specific payables	296,588,814.35	911,415,731.15
Deferred income tax liabilities	2,512,897,884.47	316,780,621.85
Other non-current liabilities	962,577,864.49	1,319,044,230.80
<b>Total non-current liabilities</b>	<b>19,229,966,105.17</b>	<b>18,791,583,454.76</b>
<b>Total liabilities</b>	<b>106,232,938,202.46</b>	<b>117,629,749,529.61</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital	17,512,048,088.00	17,512,048,088.00
Capital reserve	37,325,188,728.70	37,330,639,029.54
Less: treasury shares	535,634,218.82	-
Special reserve	17,415,859.75	11,788,986.69
Surplus reserve	21,132,255,172.18	21,132,255,172.18
Undistributed profits	38,043,043,019.09	30,754,305,445.21
Foreign currency translation difference	-230,580,372.78	-245,545,838.69
Total shareholder's equity attributable to the parent company	113,263,736,276.12	106,495,490,882.93
Minority interest	5,820,604,740.26	6,974,505,417.34
<b>Total shareholder's equity</b>	<b>119,084,341,016.38</b>	<b>113,469,996,300.27</b>
<b>TOTAL OF LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>	<b>225,317,279,218.84</b>	<b>231,099,745,829.88</b>

Legal representative:

**He Wenbo**

Person-in-charge of accounting affairs:

**Zhu Keping**

Head of the accounting department:

**Li Qiqiang**

**Balance Sheet of the Parent Company**

30 September 2012

Prepared by: Baoshan Iron &amp; Steel Co., Ltd.

Unit: RMB Unaudited

Item	30 September 2012	31 December 2011
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	12,480,832,702.31	8,826,002,497.24
Notes receivable	12,397,786,024.16	14,028,815,911.13
Accounts receivable	9,942,585,097.83	6,896,778,182.66
Payments in advance	2,282,256,392.10	2,480,162,457.76
Interests receivable	631,777,808.23	-
Other receivables	246,735,348.41	503,609,047.98
Inventories	17,178,107,582.57	24,621,659,766.83
Non-current assets due within one year	4,500,000,000.00	-
Other current assets	2,366,362,460.95	5,864,685,966.51
<b>Total of current assets</b>	<b>62,026,443,416.56</b>	<b>63,221,713,830.11</b>
<b>NON-CURRENT ASSETS</b>		
Long-term receivables	18,000,000,000.00	-
Long-term equity investment	25,460,896,536.14	27,673,450,448.67
Fixed assets	62,004,368,183.80	90,615,546,715.70
Construction in progress	3,453,323,460.15	3,393,924,415.94
Construction materials	79,819,482.84	38,286,961.88
Intangible assets	1,628,045,780.21	3,913,518,973.35
Long-term deferred expenses	1,652,785.75	14,394,666.51
Deferred income tax assets	427,308,853.47	418,690,604.77
Other non-current assets	117,905,780.14	117,905,780.14
<b>Total of non-current assets</b>	<b>111,173,320,862.50</b>	<b>126,185,718,566.96</b>
<b>TOTAL ASSETS</b>	<b>173,199,764,279.06</b>	<b>189,407,432,397.07</b>
<b>CURRENT LIABILITIES</b>		
Short-term borrowings	8,625,532,317.74	20,351,326,028.98
Tradable financial liabilities	3,048,175.94	-
Notes payable	56,590,319.60	61,722,416.46
Accounts payable	28,223,561,720.87	26,574,715,743.14
Advance receipts	8,539,531,154.74	10,265,421,675.61
Staff remuneration payable	990,995,141.89	1,073,164,972.01
Taxes payable	402,347,665.55	-112,094,016.84
Interests payable	42,974,353.50	250,161,146.79
Other payables	112,874,428.87	202,869,701.83
Non-current liabilities due within one year	5,675,675,740.86	16,758,001,068.29
<b>Total of current liabilities</b>	<b>52,673,131,019.56</b>	<b>75,425,288,736.27</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	3,062,703,000.00	4,410,630,000.00
Bonds payable	9,231,786,512.67	8,918,663,150.96
Specific payables	237,970,000.00	769,908,534.23
Deferred income tax liabilities	2,502,658,306.38	282,207,189.74
Other non-current liabilities	584,106,486.19	980,722,628.04
<b>Total non-current liabilities</b>	<b>15,619,224,305.24</b>	<b>15,362,131,502.97</b>
<b>Total liabilities</b>	<b>68,292,355,324.80</b>	<b>90,787,420,239.24</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital	17,512,048,088.00	17,512,048,088.00
Capital reserve	37,301,159,241.01	37,207,402,138.54
Less: treasury shares	535,634,218.82	-
Surplus reserve	21,132,255,172.18	21,132,255,172.18
Undistributed profits	29,497,580,671.89	22,768,306,759.11
<b>Total shareholder's equity</b>	<b>104,907,408,954.26</b>	<b>98,620,012,157.83</b>

<b>TOTAL OF LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>	<b>173,199,764,279.06</b>	<b>189,407,432,397.07</b>
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*Legal representative:*

**He Wenbo**

*Person-in-charge of accounting affairs:*

**Zhu Kebing**

*Head of the accounting department:*

**Li Qiqiang**



4.2

## Consolidated Profit Statement

### January to September 2012

Prepared by: Baoshan Iron &amp; Steel Co., Ltd.

Unit: RMB Unaudited

Item	July-September 2012	July-September 2011	January-September 2012	January-September 2011
<b>I. TOTAL OPERATING REVENUE</b>	47,985,504,901.52	56,175,351,307.22	146,086,148,096.49	167,324,609,437.76
Including: Operating income	47,889,269,104.02	56,078,004,726.02	145,790,999,205.89	167,067,101,091.54
Interest income	95,319,389.52	96,929,108.23	290,482,748.60	252,477,464.84
Handling charges and commission income	916,407.98	417,472.97	4,666,142.00	5,030,881.38
<b>II. TOTAL OPERATING EXPENSE</b>	47,209,226,069.08	54,948,793,152.96	143,033,905,429.00	159,509,674,906.15
Including: Operating cost	44,824,414,613.61	52,457,613,595.33	135,065,608,499.31	151,552,710,512.91
Interest expenses	73,365,213.76	51,847,674.86	207,482,506.83	147,588,023.59
Handling charges and commission expenses	179,562.15	79,624.23	458,358.60	243,425.39
Business tax and surcharges	42,291,606.85	129,927,227.73	176,780,445.94	370,386,046.25
Sales expenses	479,739,092.72	507,257,871.89	1,372,093,612.96	1,390,591,891.71
Administrative expenses	1,647,120,574.20	1,996,292,670.27	5,540,378,766.47	6,059,405,564.92
Financial expenses	181,158,457.78	-48,116,277.31	680,654,333.07	17,978,236.26
Loss on the asset impairment	-39,043,051.99	-146,109,234.04	-9,551,094.18	-29,228,794.88
Add: Gains from change in fair value ("-" for loss)	-35,506,895.11	-7,249,826.11	-1,230,174.24	-13,936,381.24
Investment gains ("-" for loss)	678,708,580.08	101,224,598.17	1,086,092,495.14	279,647,141.74
Including: Gains from investment in associates and joint ventures	57,913,756.24	60,207,148.95	166,504,060.69	152,474,705.36
<b>III. TOTAL OPERATING PROFIT ("-" for loss)</b>	1,419,480,517.41	1,320,532,926.32	4,137,104,988.39	8,080,645,292.11
Add: Non-operating income	147,261,464.49	163,661,397.20	10,374,157,906.02	277,385,961.75
Less: Non-operating expenses	31,422,221.71	42,289,597.90	641,706,676.58	129,115,127.69
Including: Loss from disposal of non-current assets	19,083,256.89	30,677,758.59	588,746,426.73	85,748,482.09
<b>IV PRE-TAX PROFIT ("-" for loss)</b>	1,535,319,760.19	1,441,904,725.62	13,869,556,217.83	8,228,916,126.17
Less: Income tax expenses	383,259,325.47	90,880,609.15	3,032,244,081.72	1,552,938,869.05
<b>V. NET PROFIT ("-" for loss)</b>	1,152,060,434.72	1,351,024,116.47	10,837,312,136.11	6,675,977,257.12
Net profit attributable to the equity holder of the parent company	1,181,135,357.00	1,241,734,077.02	10,791,147,191.48	6,321,226,380.83
Minority interest	-29,074,922.28	109,290,039.45	46,164,944.63	354,750,876.29

income				
<b>VI. EARNINGS PER SHARE</b>				
(I) Basic earnings per share	0.07	0.07	0.62	0.36
(I) Diluted earnings per share	0.07	0.07	0.62	0.36
<b>VII. OTHER COMPREHENSIVE INCOME</b>	-71,689,617.33	-176,711,551.18	-61,057,579.64	-220,041,465.16
<b>VIII. TOTAL COMPREHENSIVE INCOME</b>	1,080,370,817.39	1,174,312,565.29	10,776,254,556.47	6,455,935,791.96
Total comprehensive income attributable to the equity holder of the parent company	1,112,506,111.45	1,071,238,203.71	10,730,901,189.01	6,105,225,554.69
Total comprehensive income attributable to minority shareholders	-32,135,294.06	103,074,361.58	45,353,367.46	350,710,237.27

Legal representative:  
**He Wenbo**

Person-in-charge of accounting affairs:  
**Zhu Kebing**

Head of the accounting department:  
**Li Qiqiang**

## Profit Statement of the Parent Company

### January-September 2012

Prepared by: Baoshan Iron &amp; Steel Co., Ltd.

Unit: RMB Unaudited

Item	July-September 2012	July-September 2011	January-September 2012	January-September 2011
<b>I. TOTAL OPERATING REVENUE</b>	30,719,391,765.46	44,017,637,524.54	101,758,173,509.05	133,566,340,287.00
Less: Operating cost	28,514,531,353.81	41,973,189,687.80	94,431,715,598.06	123,093,788,239.41
Business tax and surcharges	1,357,706.96	70,733,182.04	56,568,890.52	211,707,821.17
Sales expenses	168,957,897.40	223,440,847.19	501,694,874.53	592,773,397.83
Administrative expenses	1,188,293,600.45	1,589,473,675.14	4,161,454,130.41	4,741,444,427.37
Financial expenses	-77,628,445.33	-164,179,161.65	31,084,141.99	-207,413,051.92
Loss on the asset impairment	4,394,187.72	-80,520,845.95	-61,725,044.44	30,191,765.48
Add: Gains from change in fair value ("-" for loss)	-30,678,121.91	-	-3,048,175.94	-11,021,542.86
Investment gains ("-" for loss)	656,935,111.60	530,714,026.99	824,011,222.43	906,563,414.46
Including: Gains from investment in associates and joint ventures	24,640,988.59	73,164,164.33	83,713,859.59	201,384,693.40
<b>II. TOTAL OPERATING PROFIT ("-" for loss)</b>	1,545,742,454.14	936,214,166.96	3,458,343,964.47	5,999,389,559.26
Add: Non-operating income	77,695,522.48	115,370,745.87	10,232,318,547.58	137,747,949.00
Less: Non-operating expenses	14,179,505.95	26,899,361.81	594,131,496.20	76,329,100.89
Including: Loss from disposal of non-current assets	14,179,505.95	25,325,008.41	569,581,058.40	64,052,459.44
<b>III. PRE-TAX PROFIT ("-" for loss)</b>	1,609,258,470.67	1,024,685,551.02	13,096,531,015.85	6,060,808,407.37
Less: Income tax expenses	395,761,837.24	-139,782,256.14	2,864,847,485.47	867,123,689.29
<b>IV. NET PROFIT ("-" for loss)</b>	1,213,496,633.43	1,164,467,807.16	10,231,683,530.38	5,193,684,718.08
<b>V. OTHER COMPREHENSIVE INCOME</b>	1,505,180.95	-10,478,524.00	3,437,034.40	-21,786,869.00
<b>VI. TOTAL COMPREHENSIVE INCOME</b>	1,215,001,814.38	1,153,989,283.16	10,235,120,564.78	5,171,897,849.08

Legal representative:  
**He Wenbo**

Person-in-charge of accounting affairs:  
**Zhu Kebing**

Head of the accounting department:  
**Li Qiqiang**

## 4.3

### Consolidated Cash Flow Statement January to September 2012

Prepared by: Baoshan Iron &amp; Steel Co., Ltd.

Unit: RMB Unaudited

Item	January-September 2012	January-September 2011
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash received from sales of goods and provision of services	166,121,416,593.99	188,687,224,130.64
Net increase in loans and advances to customers	800,000,000.00	369,532,350.00
Cash received from interest, handling charges and commissions	288,704,381.16	254,165,801.36
Net increase in financial assets sold for repurchase	734,480,957.12	791,500,000.00
Tax rebates	202,925,114.36	144,206,012.82
Other cash received from activities related to operation	1,553,667,080.56	1,623,436,832.55
<b>Subtotal of cash inflow from operating activities</b>	<b>169,701,194,127.19</b>	<b>191,870,065,127.37</b>
Cash paid for goods purchased and services rendered	142,976,374,093.81	169,620,897,297.58
Net decrease in deposits from customers and placements from banks and other financial institutions	408,065,820.75	249,122,175.54
Net increase in loans and advances to customers	44,458,665.77	441,314,629.68
Net increase in deposits with central bank and other financial institutions	505,245,865.34	390,334,832.21
Cash payment for interest, handling charges and commissions	102,228,133.62	107,767,876.92
Cash paid to and on behalf of employees	6,086,820,347.19	6,142,037,423.49
Taxes paid	2,992,629,862.53	6,542,857,724.66
Other cash paid for activities related to operating activities	3,041,317,634.66	2,618,110,665.78
<b>Subtotal of cash outflow from operating activities</b>	<b>156,157,140,423.67</b>	<b>186,112,442,625.86</b>
<b>Net cash flow from operating activities</b>	<b>13,544,053,703.52</b>	<b>5,757,622,501.51</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash received from disposal of investments	2,689,654,188.49	1,742,293,872.46
Cash received from gains in investments	556,073,984.89	399,515,502.67
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	18,517,468,791.60	23,557,107.30
Net cash received from disposal of subsidiaries and other business units	1,958,947,369.24	13,008,611.00
Other cash received relating to investment activities	328,029,359.71	99,347,222.25
<b>Subtotal of cash inflow from investment activities</b>	<b>24,050,173,693.93</b>	<b>2,277,722,315.68</b>
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	8,641,280,511.98	9,227,013,568.43
Cash paid for investments	2,260,169,386.04	2,694,425,266.14
Net cash received from subsidiaries and other business units	-17,557,703.60	28,040,441.35
Other cash paid related to investment activities	58,149.92	5,907,414.55

<b>Subtotal of cash outflow from investment activities</b>	<b>10,883,950,344.34</b>	<b>11,955,386,690.47</b>
<b>Net cash flow from investment activities</b>	<b>13,166,223,349.59</b>	<b>-9,677,664,374.79</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash received by absorbing investments	320,002,368.25	211,881,350.11
Including: Cash received by subsidiaries from minority shareholder's investments	320,002,368.25	211,881,350.11
Cash received from borrowings	51,428,968,584.10	52,438,859,259.26
Cash received from issuing of bonds	993,500,000.00	-
<b>Subtotal of cash inflow from financing activities</b>	<b>52,742,470,952.35</b>	<b>52,650,740,609.37</b>
Cash repayments of debts	68,968,067,494.74	38,893,301,649.74
Cash payments for distribution of dividends or profits, or cash payments for interests	4,957,794,827.00	6,489,644,262.35
Including: Dividends and profits paid by subsidiaries to minority shareholders	151,372,940.28	187,988,186.69
Cash payment for share repurchase	535,634,218.82	-
<b>Subtotal of cash outflow from financing activities</b>	<b>74,461,496,540.56</b>	<b>45,382,945,912.09</b>
<b>Net cash flow from financing activities</b>	<b>-21,719,025,588.21</b>	<b>7,267,794,697.28</b>
<b>IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>-95,907,133.91</b>	<b>-30,920,858.24</b>
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,895,344,330.99</b>	<b>3,316,831,965.76</b>
Add: Balance of cash and cash equivalents at beginning of the period	13,180,223,388.65	7,937,919,424.23
<b>VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>18,075,567,719.64</b>	<b>11,254,751,389.99</b>

Legal representative:

**He Wenbo**

Person-in-charge of accounting affairs:

**Zhu Keping**

Head of the accounting department:

**Li Qiqiang**

## Consolidated Cash Flow Statement of the Parent Company

### January to September 2012

Prepared by: Baoshan Iron &amp; Steel Co., Ltd.

Unit: RMB Unaudited

Item	January-September 2012	January-September 2011
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash received from sales of goods and provision of services	112,263,712,234.64	153,492,218,305.01
Other cash received from activities related to operation	823,088,312.31	1,412,683,798.33
<b>Subtotal of cash inflow from operating activities</b>	<b>113,086,800,546.95</b>	<b>154,904,902,103.34</b>
Cash paid for goods purchased and services rendered	95,980,409,118.31	132,435,245,047.77
Cash paid to and on behalf of employees	3,682,340,068.14	4,003,920,033.31
Taxes paid	1,029,656,457.25	4,382,442,844.92
Other cash paid for activities related to operating activities	509,372,526.42	700,971,091.80
<b>Subtotal of cash outflow from operating activities</b>	<b>101,201,778,170.12</b>	<b>141,522,579,017.80</b>
<b>Net cash flow from operating activities</b>	<b>11,885,022,376.83</b>	<b>13,382,323,085.54</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash received from disposal of investments	5,406,318,099.30	4,200,000,000.00
Cash received from gains in investments	142,032,845.20	992,191,514.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	18,509,832,008.18	13,793,216.44
Other cash received relating to investment activities	313,111,302.35	86,763,047.21
<b>Subtotal of cash inflow from investment activities</b>	<b>24,371,294,255.03</b>	<b>5,292,747,777.75</b>
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	4,368,508,085.09	4,635,911,972.21
Cash paid for investments	2,734,682,945.00	5,271,673,650.00
Other cash paid related to investment activities	58,149.92	4,114,419.41
<b>Subtotal of cash outflow from investment activities</b>	<b>7,103,249,180.01</b>	<b>9,911,700,041.62</b>
<b>Net cash flow from investment activities</b>	<b>17,268,045,075.02</b>	<b>-4,618,952,263.87</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		-
Cash received from borrowings	16,083,219,041.95	37,254,989,977.68
Other cash received related to financing activities	3,755,068,260.84	-
<b>Subtotal of cash inflow from financing activities</b>	<b>19,838,287,302.79</b>	<b>37,254,989,977.68</b>
Cash repayments of debts	40,389,577,628.44	33,323,222,881.32
Cash payments for distribution of dividends or profits, or cash payments for interests	4,311,596,265.21	6,106,933,230.62
Cash paid for share repurchase	535,634,218.82	-
Other cash paid related to financing activities	-	4,654,151,241.96
<b>Subtotal of cash outflow from financing activities</b>	<b>45,236,808,112.47</b>	<b>44,084,307,353.90</b>
<b>Net cash flow from financing activities</b>	<b>-25,398,520,809.68</b>	<b>-6,829,317,376.22</b>

<b>IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>-99,716,437.10</b>	<b>2,460,950.36</b>
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,654,830,205.07</b>	<b>1,936,514,395.81</b>
Add: Balance of cash and cash equivalents at beginning of the period	8,826,002,497.24	4,076,704,419.19
<b>VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>12,480,832,702.31</b>	<b>6,013,218,815.00</b>

*Legal representative:*

**He Wenbo**

*Person-in-charge of accounting affairs:*

**Zhu Kebing**

*Head of the accounting department:*

**Li Qiqiang**