

Corporation code: 600019

Corporation abbreviation: Baosteel

# **Baoshan Iron & Steel Co., Ltd.**

## **2016 3rd Quarter Report**

# Table of Contents

I.	Important Notice .....	3
II.	Company's Main Financial Data and Shareholders' Change .....	3
III.	Significant Events.....	6
IV.	Appendix.....	13

### 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, Wu Kunzong, CFO of the Company, and Wang Juan, Director of the Finance Department, attest to the truthfulness, correctness and completeness of the financial statements in this Report.

The 3rd quarter report has not been audited.

### Company's Main Financial Data and Shareholders' Change

The Company's operation highlights

Stable progress in operating performance. The Company has realized total profit of RMB 3.09 billion in the reporting period, with a quarter-on-quarter increase of 8.0%; the Company accumulatively realized total profit of RMB 8.11 billion, with a year-on-year increase of 174.6%.

Continuous improvements in cost reduction. The Company has energetically enhanced its achievements and experience in cost reduction since January and reduced RMB 1.1 billion in cost in the reporting period, with accumulative cost reduction of RMB 5.0 billion, which has outperformed the annual goal and effectively boosted the operating performance.

Delightful expansion in variety market. Two new high-end oriented silicon steel products through self R&D have made their global debut. China's first high-end laminated steel unit has been set up and put into production and super 13Cr oil pipe has been launched in Middle East market.

Zhanjiang Project has been progressing smoothly. Blast furnace system 2# has been doing well with ramp-up. Evident progress has been made in function assessment and product certification, which facilitated the transform from construction to operation. Principal economic indexes of part units have reached the level of or outperformed sample factory.

Practice of clean factory construction. The Company has been awarded “Pioneer Enterprise to Achieve SDGs” at the first appraisal event by Global Compact Network China

Main 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	266,873	234,123	13.99
Net asset attributable to shareholders of listed company	117,898	112,803	4.52
	From the beginning of the year to the end of the reporting	From the beginning of the previous year to the end of the previous reporting	Increase/decrease from the previous year (%)

2016 3<sup>rd</sup> Quarter Report

	period (January - September)	period (January - September)	
Net cash flow from operating activities	9,422	15,400	-38.82
	From the beginning of the year to the end of the reporting period (January - September)	From the beginning of the previous year to the end of the previous reporting period (January - September)	Increase/decrease from the previous year (%)
Operating income	133,435	122,192	9.20
Net profit attributable to shareholders of listed company	5,598	2,254	148.33
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss	5,586	2,075	169.22
Weighted average return-on-equity (%)	4.86	1.98	Up by 2.87ppt.
Basic earnings per share (yuan/share)	0.34	0.14	148.37
Diluted earnings per share (yuan/share)	0.34	0.14	148.37

Non-recurring profit and loss item and amount

√Applicable □ Inapplicable

Unit: RMB Million

Item	Amount of current period (July-September)	Amount from the beginning of the year to the end of the reporting period (January – September)	Notes
Profit and loss from disposal of non-current assets	-59	-267	
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	91	204	
In addition to the effective hedging business related to the Company's normal business, profits & losses on the changes in fair value arising from financial assets and liabilities held for trading as well as returns on investment arising from disposal of financial assets and liabilities held for trading, , and available-for-sale financial assets	255	365	
Other non-operating income and expenditure	24	29	
Other recurring profit and loss item in line with definition of non-recurring profit and loss	0	-280	
Affected amount belonging to minority shareholders (after tax)	-11	-33	
Effect of income tax	-76	-7	
Total	224	11	

## Principal business by segments

Unit: RMB Million

Segments	From the beginning of year to the end of the reporting period (January – September)			From the beginning of the previous year to the end of the previous reporting period (January - September)			Increase/decrease from the previous year (%)		
	Operating income	Operating cost	Gross margin	Operating income	Operating cost	Gross margin	Operating income	Operating cost	Gross margin
Steel manufacture	73,948	61,336	17.1%	75,160	67,407	10.3%	-1.6	-9.0	Up by 6.7 ppts
Processing and distribution	114,255	110,679	3.1%	107,532	104,147	3.1%	6.3	6.3	Down by -0.02 ppts
Chemical industry	5,382	5,028	6.6%	5,850	5,516	5.7%	-8.0	-8.9	Up by 0.9 ppts
E-commerce	25,993	25,942	0.2%	12,651	12,651	0.0%	105.5	105.1	Up by 0.2 ppts
Information technology	2,562	1,798	29.8%	2,732	2,010	26.4%	-6.2	-10.6	Up by 3.4 ppts
Finance	377	184	51.3%	480	234	51.1%	-21.3	-21.6	Up by 0.2 ppts
Offset between segments	-88,815	-87,701		-81,867	-81,718		8.5	7.3	
Total	133,703	117,265	12.3%	122,537	110,249	10.0%	9.1	6.4	Up by 2.3 ppts

Total number of shareholders, Top 10 shareholders and Top 10 holders 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 (persons)		300,952						
Top 10 shareholders								
					Shares pledged or frozen			
					Status	Numbers		
Baosteel Group Corporation	13,130,265,267	79.737	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.	89,836,856	0.546	0	None	0	Unknown		
ICBC Credit Suisse – ICBC – Asset Management for Specific Clients	34,065,811	0.207	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		
Abu Dhabi Investment Authority	32,110,140	0.195	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 – Clients' Fund	30,093,799	0.183	0	None	0	Unknown
Bank of China Limited- E fund stable yield bond securities investment fund	24,979,857	0.152	0	None	0	Unknown
Shareholding of top 10 holders of shares not subject to conditional sales						
			Type and number of shares			
			Type	Number		
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.	89,836,856		RMB ordinary share	89,836,856		
ICBC Credit Suisse – ICBC – Asset Management for Specific Clients	34,065,811		RMB ordinary share	34,065,811		
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		
Abu Dhabi Investment Authority	32,110,140		RMB ordinary share	32,110,140		
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 – Clients' Fund	30,093,799		RMB ordinary share	30,093,799		
Bank of China Limited- E fund stable yield bond securities investment fund	24,979,857		RMB ordinary share	24,979,857		
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> .					

## Significant Events

Sharp changes in major accounting statements and financial indicators and reasons

Applicable    Inapplicable

Iron and steel market was active in the third quarter, with the price bouncing back compared with the second quarter. However, oversupply in iron and steel industry has not changed. CRU and CSPI in the third quarter have enjoyed a respective increase of 1.3% and 8.4% compared with the second quarter. In corresponding period, raw material market has remained low and Platts 62% iron ore index has increased by 5.3 % compared with the second quarter.

The Company has survived such pressure as simultaneous operation of internal production and construction as well as intensive and regular annual maintenance, under the guidance of maximum overall profit, flexibly responded to changes in supply and demand of external markets, focused on such aspects as stable production in manufacturing unit, user protection improvements, enhancement in cost reduction and ramp-up in Zhanjiang Project production line, and fully fulfilled operation objectives.

In the reporting period, the Company has produced 6.748 million tons of iron and 6.934 million tons of steel, sold 5.42 million tons of commercial blank material and realized RMB 3.09 billion of consolidated profit, turning around compared with the third quarter last year;

From the first to third quarter, the Company has accumulatively produced 19.509 million tons of iron and 20.204 million tons of steel, sold 17.271 million tons of commercial blank material and realized RMB 8.11 billion of consolidated profit, representing a YOY increase of 174.6%.

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

3.1.1 In comparison with the number at the beginning of 2016, analysis on items with substantial change in consolidated balance sheet:

Financial assets measured at fair value with the change included in current profit and loss have decreased by RMB 570 million mainly due to decrease in fund operation of financial subsidiaries.

Prepayments have increased by RMB 2.71 billion mainly due to the increase in purchase quantity and cost as well as the effect of new business development.

Other receivables have increased by RMB 840 million mainly due to the effect of provisional estimate on input VAT.

Financial assets purchased under resale agreements have decreased by RMB 2.14 billion mainly due to investment decrease in reverse repurchase of Finance Co., Ltd.

Other current assets have increased by RMB 21.85 billion, mainly due to the increase in low-risk fund operation.

Long-term receivables have decreased by RMB 4.41 billion, mainly due to installments received from the disposal of relevant assets of stainless steel and special steel division.

Construction in progress has decreased by RMB 16.36 billion, mainly because Zhanjiang Project has been subsequently put into production, meaning construction in progress has been transferred into fixed assets.

Other non-current assets have decreased by RMB 2.6 billion, mainly due to intangible assets transferred from land prepayments of Zhanjiang Steel.

Deposits and due to banks have decreased by RMB 4.61 billion, mainly due to reduced deposits of Baosteel Group at Finance Co., Ltd.

Notes payable have increased by RMB 1.55 billion mainly due to increase in fund for purchase paid by notes.

Advances from customers have increased by RMB 4.67 billion, mainly due to more order from customers.

Taxes payable have increased by RMB 3.03 billion, of which, RMB 1.15 billion from VAT and RMB 1.81 billion from income tax.

Non-current liabilities due within one year have increased by RMB 1.86 billion mainly due to more Zhanjiang Steel long-term borrowings due within one year.

Other current liabilities have increased by RMB 10.42 billion, mainly because the Company issued RMB 10 billion SCP in 2016.

Bonds payable have increased by RMB 5.30 billion, mainly because the Company issued RMB 5.00 billion Medium Term Note.

3.1.2 In comparison with 1<sup>st</sup>-3<sup>rd</sup> quarter in 2015, analysis on items with substantial change in consolidated income statement

Financial expenses have decreased by RMB 460 million mainly because exchange loss has decreased by RMB 1.54 billion compared with the same period last year and interest expenses have increased by RMB 850 million.

Investment income has increased by RMB 410 million mainly because income from financial management, equity investment and the like has increased by RMB 120 million and loss in derivative instruments and the like has decreased by RMB 300 million.

3.1.3 In comparison with 1<sup>st</sup>-3<sup>rd</sup> quarter in 2015, analysis on consolidated cash flow statement

From 1<sup>st</sup> to 3<sup>rd</sup> quarter in 2016, the Company has accumulated net cash outflow of RMB 240 million, with net cash inflow of RMB 710 million in the same period last year, representing a YOY cash flow decrease of RMB 950 million.

20) From 1<sup>st</sup> to 3<sup>rd</sup> quarter in 2016, the Company has realized RMB 9.42 billion of accumulative net cash inflow from operating activities, with RMB 5.98 billion less compared with the same period last year, representing a decrease of 38.8%. Where RMB 5.83 billion was from net profit, RMB 7.83 billion was increased in depreciation and amortization of fixed assets with RMB 1.71 billion in financial expenses, RMB 250 million was decreased in assets depreciation reserves and disposal of fixed, intangible and long-term assets as well as other items, and RMB 15.12 billion was from accumulative cash receivable from operating activities. Cash flow has decreased by RMB 5.55 billion due to increase in occupation of inventory funds, decreased by RMB 6.19 billion due to increase in operational receivables, and increased by RMB 6.03 billion due to increase in operational payables.

Excluding the influence from Finance Co., Ltd, net cash inflow from operating activities from 1<sup>st</sup> to 3<sup>rd</sup> quarter was RMB 13.84 billion, decreasing by RMB 480 million compared with RMB 14.32 billion last year. Main reasons for YOY decrease are as follows:

- 21) Net profit from 1<sup>st</sup> to 3<sup>rd</sup> quarter was RMB 5.61 billion, with RMB 2.22 billion in the same period last year, representing an increased flow of RMB 3.39 billion.
  - 22) Depreciation and amortization, assets impairment reserves and investment loss as well as other items have decreased by RMB 1.08 billion compared with the same period last year.
  - 23) As of the end of 3<sup>rd</sup> quarter, inventory has increased by RMB 5.55 billion compared with the beginning of 2016, with RMB 580 million of inventory loss in the same period last year, representing a YOY flow decrease of RMB 6.13 billion.
  - 24) As of the end of 3<sup>rd</sup> quarter, operational receivables have increased by RMB 6.04 billion compared with the beginning of 2016, with RMB 900 million of loss in the same period last year, representing a YOY flow decrease of RMB 6.94 billion.
  - 25) As of the end of 3<sup>rd</sup> quarter, operational payables have increased by RMB 10.28 billion compared with the beginning of 2016, representing a YOY flow increase of RMB 10.28 billion.
- 26) Net cash outflows from investment activities were RMB 23.36 billion, with RMB 6.34 billion more compared with RMB 17.02 billion in the same period last year, representing an increase of 37.3%, which is mainly because the Company increased RMB 18.01 billion of cash outflow for net expense in low-risk fund operation on year-on-year basis, and decreased RMB 11.83 billion of cash outflow for project construction on year-on-year basis.
- 27) Net cash inflows from financing activities were RMB 13.56 billion, increasing by RMB 10.62 billion compared with RMB 2.93 billion in the same period last year, which is mainly because this year's debt financing scale has increased compared with that at the beginning of the year, with cash flow increasing by RMB 15.61 billion while debt financing scale in the same period last year increased, with cash flow increasing by RMB 7.51 billion, which means cash inflow has increased by RMB 8.10 billion year-on-year; dividend distribution and interest expense were RMB 2.63 billion, with RMB 4.26 billion in the same period last year, representing a year-on-year increase of RMB 1.63 billion; equity money paid to Guangzhou Sheet was RMB 1.5 billion, therefore RMB 1.5 billion of flow has been increased year-on-year; RMB 1.19 billion of cash investment has been received due to the establishment of Ouyeel Commerce platform in the same period last year and other factors, and this year Ouyeel Commerce has received RMB 610 billion of capital increase, which indicates RMB 580 million of cash decrease year-on-year.

Progress of significant events as well as analysis and explanation of the influence and solution

Applicable Inapplicable



On September 22, 2016, the Company convened the 12<sup>th</sup> meeting of the sixth session of board of directors, reviewed and approved relevant proposals such as *Proposal on Merger Scheme between Baoshan Iron and Steel Co., Ltd. and Wuhan Iron and Steel Co., Ltd.* for share-swap and consolidation by merger between the Company and Wuhan Iron and Steel Co., Ltd. (hereinafter referred to as "WISCO"), entered into, with WISCO, *Share-swap and Consolidation by Merger Agreement between Baoshan Iron and Steel Co., Ltd. and Wuhan Iron and Steel Co., Ltd.* (hereinafter referred to as "Share-swap and Consolidation by Merger Agreement") subject to conditions precedent and disclosed relevant information on September 23, 2016.

According to Share-swap and Consolidation by Merger Agreement entered into by and between the Company and WISCO, the Company will acquire WISCO through share-swap and consolidation by merger. The Company shall be the merging party and surviving party while WISCO shall be the merged party and non-surviving party. After the completion of share-swap exercise, the Company shall go through the registration change procedures while WISCO shall cancel its registration with authorities.

This merger contains the following specific ways: the Company shall issue A share to all WISCO share-swap shareholders and apply to Shanghai Securities Exchange (hereinafter referred to as "SSE") for listing and circulation of A shares proposed to issue. Meanwhile, WISCO shall cancel its A share registration and go through procedures for cancellation of registration with administration of industry and commerce.

All WISCO existing assets, liabilities, business, staff, contracts, qualification and any other rights and obligations shall be undertaken and inherited by a wholly-owned subsidiary set up by WISCO before cancellation, Wuhan Iron and Steel Limited ("WISL"), of which, since the date of delivery, 100% stake is controlled by Baosteel.

On September 27, 2016, the Company received an Inquiry Letter Regarding Information Disclosure on Report (Draft) of Share Swap and Consolidation by Merger between Baoshan Iron and Steel Co., Ltd. and Wuhan Iron and Steel Co., Ltd. & Related-party Transaction (SZGH [2016] No. 2152, hereinafter referred to as "Inquiry Letter") from SSE. According to requirements of Inquiry Letter, the Company and relevant agencies have replied concerning relevant matters, revised and made supplementary disclosure on *Report of Consolidation by Merger* and its abstract, and disclosed relevant information on October 1, 2016.

The Company proposes to convene the third Extraordinary General Meeting in 2016 on October 28, 2016 and review proposals related to this merger.

Designated media for information disclosure of the Company includes *China Securities News*, *Shanghai Securities News* and *Securities Times* as well as the official website of SSE (<http://www.sse.com.cn>). Information regarding the Company shall be subject to announcements published on abovementioned designated media for information disclosure.

Performance of commitment matters of the Company and shareholders holding over 5% of shares

Applicable  Inapplicable

### 3.3.1 Commitment related to initial public offering

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

- a) 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.

- b) 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 is or might be in competition with the Company. Should Baosteel Group or its subsidiaries engage in any new business, investment or research that might be in competition with the business 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 Hong Kong Exchanges and Clearing Limited and domestic stock exchange of China; 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

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

- a) 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.
- b) 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>) in April 2005.

### 3.3.3 Other commitments

- 31) Commitments Baosteel Group undertook about Luojing 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 Luojing (hereafter, Luojing Related Assets), which the Company intended to purchase. Luojing Related Assets covered 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, RMB 2.8 billion of the unpaid land transfer expense and the Pudong Steel's initial expenses as on the asset-assessing day (30 September 2007), as preliminarily estimated, shall be paid by the Company. Baosteel Group promised:

- 32) If the Company intends to purchase the Luojing Related 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.
- 33) 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 the Company and/or the government (as it 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.

Land in commitments aforementioned involved West Luoqing, East Luoqing and North Energy Gallery. By the end of this report, the Company has paid about RMB 2.34 billion for west land in Luoqing Project with land warrants, 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

34) Commitments Baosteel Group undertook about Desheng Nickel Project:

Baosteel Group advised if the Company would like to invest 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 promised: 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 to the Company 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 and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of December 23, 2010.

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  Inapplicable

The Company estimated that net profit from the beginning of the year to the end of next reporting period attributable to the shareholders of parent company will increase by 600-800% compared with that of the same period last year, which is mainly because:

- 36) Overall cost reduction implements have facilitated the Company's performance. In response to external market change, the Company has focused on itself, revolved around such aspects as reduction in procurement cost, manufacturing cost, out of pocket expenses and loss in spot goods and boosted its cost reduction initiatives, organization streamlining and efficiency improvement, results of which have outperformed than expected and been a solid pillar to current performance improvement.
- 37) Progress has been made in market development and variety structure optimization. The Company has given an active response to changes in China's and international iron and steel markets, strengthened synergy among Shanghai, Fujian and Zhejiang and stabilized users for manufacturing-sale operation with optimum efficiency; the Company has also made aggressive efforts in variety and market developments to enhance manufacturing capability of products with high added-value.
- 38) Significant year-on-year reduction in exchange loss. Last year the central bank reformed the exchange rate to lead RMB exchange rate to be market-oriented, which resulted in substantial depreciation in RMB exchange rate. In strict accordance with management proposal, the Company has exercised conversion for USD short-term financing and determined the exchange loss by re-evaluating EUR short-term financing, medium- and long-term bonds in USD and EUR as per the exchange rate after depreciation which were proposed to be held and not to be converted

provisionally; in 2016, the Company only hold medium- and long-term bonds in USD and EUR and such financing has been dealt with by risk hedging. As a result, exchange loss in 2016 has reduced year-on-year.

Company name	Baoshan Iron & Steel Co., Ltd.
Legal representative	Chen Derong
Date	2016.10.24

## Appendix.

## 40) Financial Statements

## Consolidated Balance Sheet

September 30, 2016

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

Unit: RMB Yuan Audit type: Unaudited

Item	Ending Balance	Beginning Balance
<b>Current assets:</b>		
Monetary fund	9,640,901,831.64	7,816,943,116.11
Deposit reservation for Balance	-	-
Lendings to banks and other financial institutions	-	-
Financial assets measured at fair value and the change included in current gains and losses	303,513,105.72	872,874,998.19
Derivative financial assets	-	-
Bill receivable	7,920,191,411.58	8,192,598,702.78
Accounts receivable	10,837,739,535.89	9,158,063,277.11
Prepayments	6,871,090,581.55	4,159,608,819.61
Interest receivable	111,291,655.00	294,162,019.29
Dividends receivable	23,852,647.00	162,869,833.28
Other receivables	1,898,311,409.64	1,057,234,780.61
Financial assets purchased under resale agreements	-	2,140,000,000.00
Stock	29,121,492,875.14	23,515,760,734.54
Assets classified as held-for-sale	-	-
Non-current assets due within one year	4,811,896,697.00	4,500,000,000.00
Other current assets	29,878,928,298.78	8,032,867,446.36
<b>Total current assets</b>	<b>101,419,210,048.94</b>	<b>69,902,983,727.88</b>
<b>Non-current assets:</b>		
Loans and advances	2,570,976,738.45	2,238,404,977.48
Available-for-sale financial assets	12,714,409,535.81	10,924,024,795.65
Held-to-maturity investments	-	-
Long-term receivables	169,353,433.85	4,579,073,208.90
Long-term equity investment	5,201,689,514.39	5,010,366,850.50
Investment property	368,954,992.48	373,337,165.32
Fixed assets	110,781,736,778.99	91,067,560,315.55
Construction in progress	17,273,635,523.12	33,628,389,473.68
Engineering materials	49,683,255.15	55,433,580.47
Fixed assets disposal	-	-
Intangible assets	11,666,559,186.72	9,251,464,486.88
Development expenditure	-	-
Goodwill	-	-
Long-term prepaid expenses	1,123,144,791.74	1,057,177,388.37
Deferred income tax assets	1,623,690,243.78	1,520,955,982.61
Other non-current assets	1,909,905,691.84	4,513,975,000.00
<b>Total non-current assets</b>	<b>165,453,739,686.32</b>	<b>164,220,163,225.41</b>
<b>Total assets</b>	<b>266,872,949,735.26</b>	<b>234,123,146,953.29</b>
<b>Current liabilities:</b>		
Short-term loan	26,962,118,906.40	27,111,031,934.70
Borrowing from the Central Bank	-	130,730,819.70

2016 3<sup>rd</sup> Quarter Report

Item	Ending Balance	Beginning Balance
Deposits-taking and due to banks	5,398,458,314.41	10,009,980,135.82
Borrowing money	500,000,000.00	198,000,000.00
Financial liabilities measured at fair value and the change included in current gains and losses	14,822,447.04	3,608,651.05
Derivative financial liabilities	-	-
Notes payable	5,983,507,301.30	4,433,892,369.95
Accounts payable	25,559,461,302.79	21,385,905,275.51
Advances from customers	17,140,853,902.77	12,467,881,559.99
Financial assets sold for repurchase	189,175,878.21	-
Fees and commissions payable	-	-
Employee benefits payable	2,396,591,480.05	1,671,753,461.42
Taxes payable	4,723,429,511.32	1,698,315,074.97
Interest payable	372,966,722.81	199,607,814.92
Dividends payable	11,329,912.34	625,765.44
Other payables	2,701,883,039.90	2,283,044,126.16
Non-current liabilities due within one year	2,068,894,287.73	208,114,896.18
Other current liabilities	20,480,742,394.18	10,057,344,262.30
<b>Total current liabilities</b>	<b>114,504,235,401.25</b>	<b>91,859,836,148.11</b>
<b>Non-current liabilities:</b>		
Long term loan	8,130,691,143.19	9,111,026,384.68
Bonds payable	14,050,836,284.03	8,747,373,959.29
Long-term payables	54,304,356.00	82,585,917.00
Long-term employee benefits payable	332,888,437.95	328,307,328.96
Special payables	258,570,000.00	292,916,697.81
Estimated liabilities	-	-
Deferred gains	1,036,816,724.87	1,092,839,458.77
Deferred income tax liabilities	488,419,289.66	454,701,623.19
Other non-current liabilities	-	7,134,514.14
<b>Total non-current liabilities</b>	<b>24,352,526,235.70</b>	<b>20,116,885,883.84</b>
<b>Total Liabilities</b>	<b>138,856,761,636.95</b>	<b>111,976,722,031.95</b>
<b>Owner's equity:</b>		
Share capital	16,466,927,224.00	16,467,517,524.00
Other equity instruments	-	-
Capital reserve	33,777,930,215.48	33,739,882,090.62
Less: treasury stock	81,458,444.00	82,585,917.00
Other comprehensive income	-563,717,331.56	-997,587,960.09
Special reserves	20,190,897.52	10,915,599.63
Surplus reserve	26,520,482,257.74	26,516,654,926.34
General risk provisions	-	-
Undistributed profit	41,757,950,016.35	37,148,447,581.69
Total owners' equity attributable to parent company	117,898,304,835.53	112,803,243,845.19
Minority interests	10,117,883,262.78	9,343,181,076.15
<b>Total owner's equity</b>	<b>128,016,188,098.31</b>	<b>122,146,424,921.34</b>
<b>Total Liabilities and owner's equity</b>	<b>266,872,949,735.26</b>	<b>234,123,146,953.29</b>

Legal representative: Chen Derong CFO: Wu Kunzong Director of the Finance Department: Wang Juan

**Balance Sheet of Parent Company**

September 30, 2016

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

Unit: RMB Yuan Audit type: Unaudited

Item	Ending Balance	Beginning Balance
<b>Current assets:</b>		
Monetary fund	4,186,706,747.93	2,609,809,152.05
Financial assets measured at fair value and the change included in current gains and losses	-	-
Derivative financial assets	-	-
Bill receivable	8,776,275,713.08	9,485,523,681.41
Accounts receivable	17,267,919,031.67	14,528,789,667.02
Prepayments	1,402,594,256.21	1,253,626,615.28
Interest receivable	148,709,434.98	373,908,851.48
Dividends receivable	-	-
Other receivables	209,874,834.92	249,886,362.58
Stock	11,307,046,793.05	10,004,843,968.85
Assets classified as held-for-sale	-	-
Non-current assets due within one year	4,500,000,000.00	4,500,000,000.00
Other current assets	30,567,113,633.04	12,923,012,337.05
Total current assets	78,366,240,444.88	55,929,400,635.72
<b>Non-current assets:</b>		
Available-for-sale financial assets	8,844,897,096.20	8,844,897,096.20
Held-to-maturity investments	-	-
Long-term receivables	2,197,758,380.96	6,645,532,930.56
Long-term equity investment	45,611,401,267.50	46,254,613,054.24
Investment property	-	-
Fixed assets	45,992,404,790.10	49,147,433,841.75
Construction in progress	3,835,836,162.89	2,841,837,566.36
Engineering material	14,528,308.26	29,585,906.85
Fixed assets disposal	-	-
Intangible assets	3,645,990,336.99	3,707,611,299.90
Development expenditure	-	-
Long-term prepaid expenses	53,545,828.09	73,013,638.42
Deferred income tax assets	1,459,686,003.36	851,482,708.40
Other non-current assets	322,140,343.71	396,867,364.20
Total non-current assets	111,978,188,518.06	118,792,875,406.88
Total assets	190,344,428,962.94	174,722,276,042.60
<b>Current liabilities:</b>		
Short-term loan	16,494,465,639.70	19,223,563,658.59
Financial liabilities measured at fair value and the change included in current gains and losses	13,643,167.86	-
Derivative financial liabilities	-	-
Notes payable	3,123,258,299.85	1,520,322,564.34
Accounts payable	13,396,526,327.83	16,361,219,616.35
Advances from customers	10,094,561,607.85	10,723,769,050.31
Employee benefits payable	1,285,861,943.40	1,102,916,994.13
Taxes payable	4,078,599,455.09	2,040,209,581.28
Interest payable	192,850,652.63	52,052,454.92
Dividends payable	-	-
Other payables	295,743,693.20	484,621,748.19
Liabilities classified as held-for-sale	-	-

2016 3<sup>rd</sup> Quarter Report

Item	Ending Balance	Beginning Balance
Non-current liabilities due within one year	-	127,713,600.00
Other current liabilities	20,479,697,507.31	10,057,344,262.30
Total current liabilities	69,455,208,294.72	61,693,733,530.41
<b>Non-current liabilities:</b>		
Long term loan	-	-
Bonds payable	7,000,000,000.00	2,000,000,000.00
Long-term payables	54,304,356.00	82,585,917.00
Long-term employee benefits payables	219,451,130.56	219,451,130.56
Special payables	239,350,000.00	239,350,000.00
Estimated liabilities	-	-
Deferred gains	355,437,374.73	376,156,642.05
Deferred income tax liabilities	475,646,200.35	442,584,276.06
Other non-current liabilities	-	-
Total non-current liabilities	8,344,189,061.64	3,360,127,965.67
Total Liabilities	77,799,397,356.36	65,053,861,496.08
<b>Owner's equity:</b>		
Share capital	16,466,927,224.00	16,467,517,524.00
Other equity instruments	-	-
Capital reserve	32,927,445,378.70	32,919,701,968.51
Less: treasury stock	81,458,444.00	82,585,917.00
Other comprehensive income	-49,822,096.05	-66,043,945.35
Special reserves	-	-
Surplus reserve	26,516,654,926.34	26,516,654,926.34
Undistributed profit	36,765,284,617.59	33,913,169,990.02
Total owners' equity	112,545,031,606.58	109,668,414,546.52
Total Liabilities and owner's equity	190,344,428,962.94	174,722,276,042.60

Legal representative: Chen Derong CFO: Wu Kunzong Director of the Finance Department: Wang Juan



## Consolidated Income Statement

January-September, 2016

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

Unit: RMB Yuan Audit type: Unaudited

Item	Current Amount (July-September)	Amount in previous period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
<b>I. Total operating income</b>	<b>55,499,758,841.53</b>	<b>41,505,449,443.92</b>	<b>133,611,070,919.77</b>	<b>122,449,103,247.91</b>
Of which: Operating income	55,442,527,102.47	41,421,130,947.14	133,435,326,941.85	122,191,738,173.41
Interest income	54,078,866.97	83,576,080.96	166,600,248.07	254,085,111.23
Fee and commission income	3,152,872.09	742,415.82	9,143,729.85	3,279,963.27
<b>II. Total operating cost</b>	<b>52,826,927,388.30</b>	<b>42,885,763,473.54</b>	<b>126,134,817,325.77</b>	<b>119,828,000,330.53</b>
Of which: Operating costs	50,048,248,379.55	38,518,553,767.76	117,118,508,276.81	110,043,923,444.86
Interest expense	42,461,903.73	72,361,073.00	144,840,853.54	204,212,954.99
Fee and commission expense	845,890.47	685,116.22	1,403,487.29	962,722.40
Business tax and surcharges	77,578,403.09	78,545,187.38	375,017,136.23	362,867,392.37
Sales expense	473,827,263.99	523,616,024.85	1,490,326,930.45	1,495,113,825.48
Administrative fees	1,627,485,365.34	1,666,013,432.10	4,989,414,297.97	5,160,154,212.21
Financial expenses	595,961,213.75	1,765,440,524.27	1,752,727,986.12	2,209,712,335.88
Assets impairment loss	-39,481,031.62	260,548,347.96	262,578,357.36	351,053,442.34
Plus: Gains form changes in fair value ("-" For loss)	33,762,042.49	-41,442,738.06	-13,492,616.09	-39,228,785.75
Investment income ("-" For loss)	322,990,925.57	-152,902,026.92	678,841,658.86	271,819,499.45
Including: Investment income from associates and joint ventures	90,374,395.02	-16,788,121.06	201,358,384.22	68,553,565.81
Exchange gains ("-" For loss)	-	-	-	-
<b>III. Operating profit ('-' for loss)</b>	<b>3,029,584,421.29</b>	<b>-1,574,658,794.60</b>	<b>8,141,602,636.77</b>	<b>2,853,693,631.08</b>
Plus: Non-operating income	119,473,266.16	174,993,216.00	289,499,631.89	498,900,995.70
Of which: Loss from disposal of non-current assets	7,037,560.85	91,087,829.01	27,186,163.77	93,757,318.51
Less: Non-operating expenses	63,666,410.08	47,129,616.56	323,758,730.34	400,139,003.27
Of which: Loss from disposal of non-current assets	66,027,104.07	44,970,629.71	294,574,495.77	378,194,856.23
<b>IV. Total profit ("-" For total loss)</b>	<b>3,085,391,277.37</b>	<b>-1,446,795,195.16</b>	<b>8,107,343,538.32</b>	<b>2,952,455,623.51</b>
Less: Income tax expense	881,147,859.38	-473,722,380.20	2,281,691,334.82	631,752,789.12

Item	Current Amount (July-September)	Amount in previous period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
<b>V. Net profit ('-' for net loss)</b>	<b>2,204,243,417.99</b>	<b>-973,072,814.96</b>	<b>5,825,652,203.50</b>	<b>2,320,702,834.39</b>
Net profit attributable to the owner of parent company	2,129,035,271.35	-920,456,069.31	5,597,518,068.10	2,254,026,165.79
Minority gains and losses	75,208,146.64	-52,616,745.65	228,134,135.40	66,676,668.60
<b>VI. Net of tax of other comprehensive income</b>	<b>149,939,738.45</b>	<b>-97,171,939.59</b>	<b>451,757,597.72</b>	<b>-97,393,197.61</b>
Net of tax of other comprehensive income attributable to the owner of parent company	142,961,269.85	-87,762,524.46	433,870,628.53	-83,610,982.88
(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	142,961,269.85	-87,762,524.46	433,870,628.53	-83,610,982.88
1. Shares enjoyed under equity method in investee's other comprehensive income which can be reclassified in gains and losses in subsequent period	2,783,378.85	24,520,490.36	16,221,849.30	23,935,968.95
2. Gains and losses from change in fair value of financial asset available for sale	83,641,535.85	-220,063,304.73	144,720,267.22	-141,561,904.35
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	56,536,355.15	107,780,289.91	272,928,512.01	34,014,952.52
6. Others		-		-

Item	Current Amount (July-September)	Amount in previous period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
Net of tax of other comprehensive income attributable to minority	6,978,468.60	-9,409,415.13	17,886,969.19	-13,782,214.73
<b>VII. Total comprehensive income</b>	<b>2,354,183,156.44</b>	<b>-1,070,244,754.55</b>	<b>6,277,409,801.22</b>	<b>2,223,309,636.79</b>
Total comprehensive income attributable to the owner of the parent company	2,271,996,541.20	-1,008,218,593.77	6,031,388,696.63	2,170,415,182.91
Total comprehensive income attributable to minority	82,186,615.24	-62,026,160.78	246,021,104.59	52,894,453.88
<b>VIII. Earnings per share</b>				
(i) Basic earnings per share	0.13	-0.06	0.34	0.14
(ii) Diluted earnings per share	0.13	-0.06	0.34	0.14

Legal representative: Chen Derong CFO: Wu Kunzong Director of the Finance Department: Wang Juan

## Income Statement of Parent Company

January-September, 2016

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

Unit: RMB Yuan Audit type: Unaudited

Item	Current Amount (July-September)	Amount in previous period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
<b>I. Operating income</b>	<b>22,356,631,919.75</b>	<b>20,700,685,363.67</b>	<b>66,147,163,425.17</b>	<b>66,980,995,730.63</b>
Less: Operating costs	18,483,550,435.95	19,157,013,086.05	54,247,787,711.46	59,674,910,259.76
Business tax and surcharges	35,522,944.24	25,296,729.57	222,253,789.27	186,226,563.96
Sales expense	161,385,617.17	179,612,388.82	464,631,455.74	511,020,299.31
Administrative fees	876,969,305.06	950,587,129.42	2,943,436,828.21	3,260,093,431.98
Financial expenses	205,406,995.29	1,429,405,674.20	787,772,530.14	1,326,029,899.75
Assets impairment loss	-38,791,166.22	97,488,914.33	2,500,785,261.97	23,145,867.28
Plus: Gains form changes in fair value ("-" For loss)	44,230,786.69	-32,913,096.60	-13,643,167.86	-50,814,179.17
Investment income ("-" For loss)	149,502,552.33	-149,059,150.55	314,232,719.91	-2,308,356.03
Including: Investment income from associates and joint enterprises	16,290,045.46	25,945,130.37	80,142,316.57	72,933,093.02
<b>II. Operating profit ("-" for loss)</b>	<b>2,826,321,127.28</b>	<b>-1,320,690,805.87</b>	<b>5,281,085,400.43</b>	<b>1,946,446,873.39</b>
Plus: Non-operating income	54,542,773.58	90,778,996.60	88,214,981.89	331,297,720.27
Less: Non-operating expenses	37,182,276.12	40,451,030.05	244,795,777.33	360,312,443.44
Including: Loss from disposal of non-current assets	37,025,276.12	40,116,030.05	233,749,277.33	349,416,210.98
<b>III. Total profit ("-" For total loss )</b>	<b>2,843,681,624.74</b>	<b>-1,270,362,839.32</b>	<b>5,124,504,604.99</b>	<b>1,917,432,150.22</b>
Less: Income tax expense	706,847,894.81	-519,677,857.48	1,284,374,343.98	191,804,417.27
<b>IV. Net profit ("-" for net loss)</b>	<b>2,136,833,729.93</b>	<b>-750,684,981.84</b>	<b>3,840,130,261.01</b>	<b>1,725,627,732.95</b>
<b>V. Net of tax of other comprehensive income</b>	<b>4,103,898.90</b>	<b>24,469,416.05</b>	<b>16,221,849.30</b>	<b>23,935,968.95</b>
(i) Other comprehensive income which cannot be reclassified in gains and losses in subsequent period	-	-	-	-
1. Changes in net liabilities and net assets	-	-	-	-

2016 3<sup>rd</sup> Quarter Report

Item	Current Amount (July-September)	Amount in previous period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
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	4,103,898.90	24,469,416.05	16,221,849.30	23,935,968.95
1. Shares enjoyed under equity method in investee's other comprehensive income which can be reclassified in gains and losses in subsequent period	4,103,898.90	24,469,416.05	16,221,849.30	23,935,968.95
2. Gains and losses from change in fair value of financial asset available for sale	-	-	-	-
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	-	-	-	-
6. Others	-	-	-	-
<b>VI. Total comprehensive income</b>	<b>2,140,937,628.83</b>	<b>-726,215,565.79</b>	<b>3,856,352,110.31</b>	<b>1,749,563,701.90</b>

Legal representative: Chen Derong CFO: Wu Kunzong Director of the Finance Department: Wang Juan

**Consolidated Cash Flow Statement**

January-September, 2016

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

Unit: RMB Yuan Audit type: Unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering services	157,383,505,993.04	143,765,436,584.20
Net increase in customer deposits and due to banks	-	452,627,570.50
Net increase in borrowings from the central bank	-	22,826,404.17
Net increase in borrowing funds from other financial institutions	302,000,000.00	198,000,000.00
Net decrease in deposits in central bank and due from bank	73,506,840.39	662,494,087.17
Cash received from interest, fees and commissions	181,931,608.81	249,062,327.65
Net increase in borrowing funds	-	-
Net increase in repurchase business funds	-	-
Net increase in sales of repurchased financial assets	189,175,878.21	-
Tax refund	172,745,565.27	93,555,265.92
Other cash received relating to operating activities	1,150,831,833.05	1,006,269,421.63
<b>Subtotal of cash inflows from operating activities</b>	<b>159,453,697,718.77</b>	<b>146,450,271,661.24</b>
Cash paid for purchase of goods and acceptance of services	129,776,711,732.05	117,595,253,347.53
Net increase in loans and advances to customers	197,235,681.31	94,426,128.87
Net increase in deposits in the central bank and due from banks	-	-
Net decrease in customer deposits and due to banks	4,613,452,049.62	-
Net decrease in borrowings from the central bank	130,730,819.70	-
Cash payment of interest, fees and commissions	130,218,295.01	143,348,259.50
Cash paid to and on behalf of employees	6,599,529,843.54	6,603,770,277.42
Payments of taxes	4,562,600,345.62	4,952,122,492.20
Net decrease in sales of repurchased financial assets	-	169,528,930.40
Other cash paid relating to operating activities	4,021,674,811.18	1,492,086,334.80
<b>Subtotal of cash outflows from operating activities</b>	<b>150,032,153,578.03</b>	<b>131,050,535,770.72</b>
<b>Net cash flow from operating activities</b>	<b>9,421,544,140.74</b>	<b>15,399,735,890.52</b>
<b>II. Cash flow from investing activities:</b>		
Cash received from investment retrieving	35,959,814,466.60	15,126,145,996.28
Cash received from investment income	653,282,420.72	516,650,885.84
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	29,236,895.60	17,213,653.28

Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
Net cash received from disposal of subsidiaries and other business units	-	-7,641,688.30
Other cash received relating to investing activities	4,931,885,883.57	5,291,731,537.91
<b>Subtotal of cash inflows from investing activities</b>	<b>41,574,219,666.49</b>	<b>20,944,100,385.01</b>
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	6,422,479,276.62	18,252,940,148.38
Cash paid for Investment	58,329,941,926.35	19,305,797,139.71
Net increase in pledged loans	-	-
Net cash paid by subsidiaries and other business units	-	3,652,765.63
Other cash paid relating to investing activities	178,598,777.46	399,362,493.91
<b>Subtotal of cash outflows from investing activities</b>	<b>64,931,019,980.43</b>	<b>37,961,752,547.63</b>
<b>Net cash flows from investing activities</b>	<b>-23,356,800,313.94</b>	<b>-17,017,652,162.62</b>
<b>III. Cash flow from financing activities:</b>		
Cash received from investors	606,179,874.00	1,190,407,100.00
Including: Cash of subsidiaries received from minority shareholders' investment	606,179,874.00	1,190,407,100.00
Cash received from borrowings	45,966,990,502.55	76,153,559,807.37
Cash received from issuing bonds	15,000,000,000.00	3,579,379,203.84
Other cash received relating to financing activities	-	-
<b>Subtotal of cash inflows from financing activities</b>	<b>61,573,170,376.55</b>	<b>80,923,346,111.21</b>
Cash paid for debt repayment	45,361,521,281.62	72,227,763,543.82
Cash for distribution of dividends, profits or interest payments	2,626,149,208.10	4,260,913,161.42
Where: Dividends, profits paid by subsidiaries to minority shareholders	88,368,990.22	88,134,518.90
Cash paid for repurchasing the Company's stock	27,154,088.00	1,500,000,000.00
<b>Subtotal of cash outflows from financing activities</b>	<b>48,014,824,577.72</b>	<b>77,988,676,705.24</b>
<b>Net cash flow from financing activities</b>	<b>13,558,345,798.83</b>	<b>2,934,669,405.97</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>134,354,563.09</b>	<b>-605,710,768.70</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>-242,555,811.28</b>	<b>711,042,365.17</b>
Plus: opening balance of cash and cash equivalents	9,108,888,292.15	11,291,289,583.07
<b>VI. Ending balance of cash and cash equivalents</b>	<b>8,866,332,480.87</b>	<b>12,002,331,948.24</b>

Legal representative: Chen Derong CFO: Wu Kunzong Director of the Finance Department: Wang Juan

## Cash Flow Statement of Parent Company

January-September, 2016

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

Unit: RMB Yuan Audit type: Unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering services	73,494,156,869.80	72,041,140,080.23
Tax refund	76,901,697.11	18,657,137.28
Other cash received relating to operating activities	239,410,798.61	121,173,397.05
<b>Subtotal of cash inflows from operating activities</b>	<b>73,810,469,365.52</b>	<b>72,180,970,614.56</b>
Cash paid for purchase of goods and acceptance of services	58,872,866,850.69	69,403,785,111.04
Cash paid to and on behalf of employees	3,927,735,708.58	4,019,880,190.95
Payments of taxes	2,426,077,704.69	2,769,260,868.73
Other cash paid relating to operating activities	215,063,862.70	225,705,331.94
<b>Subtotal of cash outflows from operating activities</b>	<b>65,441,744,126.66</b>	<b>76,418,631,502.66</b>
<b>Net cash flow from operating activities</b>	<b>8,368,725,238.86</b>	<b>-4,237,660,888.10</b>
<b>II. Cash flow from investing activities:</b>		
Cash received from investment retrieving	15,800,000,000.00	10,952,500,000.00
Cash received from investment income	398,979,481.40	337,595,901.54
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	17,783,502.62	10,759,109.72
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	-
Other cash received relating to investing activities	4,998,305,331.53	5,347,978,383.15
<b>Subtotal of cash inflows from investing activities</b>	<b>21,215,068,315.55</b>	<b>16,648,833,394.41</b>
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	3,503,988,709.27	3,910,690,858.51
Cash paid for investment	35,386,553,024.00	11,860,000,000.00
Net cash paid by subsidiaries and other business units	-	-
Other cash paid relating to investing activities	148,133,777.46	399,362,493.91
<b>Subtotal of cash outflows from investing activities</b>	<b>39,038,675,510.73</b>	<b>16,170,053,352.42</b>
<b>Net cash flows from investing activities</b>	<b>-17,823,607,195.18</b>	<b>478,780,041.99</b>
<b>III. Cash flow from financing activities:</b>		
Cash received from investors	-	-
Cash received from borrowings	35,874,861,269.24	56,354,823,173.16
Cash received from issuing bonds	15,000,000,000.00	-
Other cash received relating to financing activities	725,831,592.28	-



Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
<b>Subtotal of cash inflows from financing activities</b>	<b>51,600,692,861.52</b>	<b>56,354,823,173.16</b>
Cash paid for debt repayment	38,782,122,605.02	40,962,737,600.93
Cash for distribution of dividends, profits or interest payments	1,649,852,685.44	3,302,721,891.20
Other cash paid for financing activities	117,634,116.53	8,849,575,852.91
<b>Subtotal of cash outflows from financing activities</b>	<b>40,549,609,406.99</b>	<b>53,115,035,345.04</b>
<b>Net cash flow from financing activities</b>	<b>11,051,083,454.53</b>	<b>3,239,787,828.12</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>-19,303,902.33</b>	<b>-506,437,279.82</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>1,576,897,595.88</b>	<b>-1,025,530,297.81</b>
Plus: opening balance of cash and cash equivalents	2,609,809,152.05	6,283,129,815.02
<b>VI. Ending balance of cash and cash equivalents</b>	<b>4,186,706,747.93</b>	<b>5,257,599,517.21</b>

Legal representative: Chen Derong CFO: Wu Kunzong Director of the Finance Department: Wang Juan

41) Audit Report

Applicable Inapplicable